



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: March 7, 2000

TO: Jason Fudge, Division of Legal Services
Division of Records and Reporting

FROM: Patricia Brady, Division of Water and Wastewater *pb B/Sr And*

RE: Docket No. 991818-WS, Application for transfer of Certificates 407-W and 343-S held by Fisherman's Cove of Stuart, Inc. in Martin County to the Martin County Board of Commissioners.

Fisherman's Cove of Stuart, Inc. (Fisherman's Cove or utility) is a Class C water and wastewater utility providing service to Fisherman's Cove Subdivision in Martin County, Florida. According to its 1998 annual report, the utility serves 524 residential connections with combined water and wastewater revenues of \$263,070 and a combined net operating income of \$34,663.

Fisherman's Cove was granted its current Certificates Nos. 407-W and 343-S by Order No. 12136, issued June 13, 1983, and Order No. 12787, issued December 15, 1983, in Docket No. 810318-WS. The latter order was subsequent to hearing upon protest of the former order. There have been no actions affecting the utility's service territory since the issuance of these orders.

At their August 24, 1999 agenda, the Martin County Board of Commissioners adopted a resolution approving a Purchase and Sale Agreement (Contract) with Fisherman's Cove in which the utility's internal water distribution and wastewater collection lines would be connected with Martin County's systems and the utility's existing plant dismantled and removed. The closing, which was contingent upon the utility completing all interconnection work to the Contract specifications, was originally anticipated to be completed by December 31, 1999.

As a consequence, on December 6, 1999, the utility filed an application for the Commission to acknowledge the transfer. The application contained a copy the Contract which indicates that the assets of the utility were to be acquired for \$1,000,000 of which \$20,000 will be retained by Martin County pending confirmation that the utility's water and wastewater plants have been decommissioned in accordance with all necessary permits and authority.

By letter filed February 28, 2000, Martin County formally notified the Commission that the interconnection had occurred on February 17, 2000, making that the effective date of the transfer. While closing document are not anticipated to be signed until March 15, 2000, since Martin County is not acquiring deed to plant at the closing, the interconnection to Martin County's systems represents the transfer of regulatory authority.

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Pursuant to provisions of the Contract, a list of customer deposits and the accrued interest thereon will be transferred to Martin County as a credit against the purchase price at the closing. The application also contains a statement that Martin County had obtained the most recently available income and expense statement, balance sheet, statement of rate base for regulatory purposes and contributions-in-aid-of-construction. The utility has no open dockets pending before the Commission and disposition of gross-up funds for contributions-in-aid-of-construction is not an issue for this utility.

Finally, the application attests that any outstanding regulatory assessment fees (RAFs), will be paid by the seller out of the proceeds from the last billing cycle. According to Commission records, the utility is current on annual reports and RAFs up through the end of 1998. The utility will owe 1999 RAFs for the full year and 2000 RAFs up through the billing cycle represented by the interconnection on February 17, 2000. Since the utility is no longer regulated by the Commission, it will not be necessary for the utility to file 1999 or 2000 Annual Reports. Instead, payment of 1999 and 2000 RAFs should be accompanied by an affidavit signed by an officer of the utility attesting to the revenues collected during 1999 and from January 1, 2000, up through February 17, 2000, billing cycle.

Based on the above, staff finds that the application is in compliance with Section 367.071, Florida Statutes, and Rule 25-30.037, Florida Administrative Code. Pursuant to Section 367.071(4)(a), Florida Statutes, the sale of facilities to a governmental authority shall be approved as a matter of right. An order should be issued within thirty days acknowledging the transfer of facilities from Fisherman's Cove of Stuart, Inc. to Martin County and the cancellation of Certificates Nos. 407-W and 343-S. Furthermore the docket should be closed upon the issuance of the order.

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cc: Division of Water and Wastewater (Daniel)