

State of Florida



Public Service Commission

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

DATE: February 8, 2001
TO: Alice Crosby, Division of Legal Services
Division of Records and Reporting
FROM: Patricia Brady, Division of Water and Wastewater *BGM*
RE: Docket No. 001788-WS, Application for transfer of facilities of AquaSource Utility, Inc. to Charlotte County, and for cancellation of certificate Nos. 565-W and 493-S held by AquaSource in Charlotte County. *PD [Signature]*

AquaSource Utility, Inc. (AquaSource or utility) is a Class A water and wastewater utility providing service to Charlotte, Highlands, Lake, Lee, and Polk Counties, Florida. This transfer applies only to the utility's Charlotte County facilities and certificates. According to AquaSource's 1999 annual report, the utility provided service in Charlotte County to approximately 3,559 water and 3,262 wastewater customers with combined revenues in Charlotte County of \$3,304,272 and combined operating income of \$314,936.

On December 13, 2000, an application was filed on behalf of AquaSource to transfer its Charlotte County facilities to Charlotte County and cancel its Charlotte County certificates. The application, as filed, was in compliance with Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code. A copy was provided of the "Rotonda West Utility System Asset Acquisition Agreement" (Agreement) executed by and between Charlotte County and AquaSource. The Agreement was executed by the Charlotte County Commission on October 24, 2000, by the adoption of Resolution Number 2000-147. The purchase price was \$23,750,000. The closing occurred on December 15, 2000, at which time the utility facilities became non-jurisdictional.

A statement was provided with the application confirming that Charlotte County had obtained from the Commission and AquaSource the most recently available income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction as applicable to the purchased assets. Pursuant to Section 5.05(B) of the Agreement, provision was made for credit to be given to Charlotte County at the closing for the liabilities assumed for customer deposits and unused application fees or charges, including any interest due thereon through the date of closing.

The application also provided a statement that all regulatory assessment fees (RAFs) for AquaSource had been paid in full and that 2000 RAFs will be paid by AquaSource in connection with the payment of such fees for its other systems subject to the Commission's jurisdiction. Further the application states there are no fines or refunds owed. According to Commission records, the utility is current on annual reports and RAFs through 1999 and

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has no outstanding fees, fines or refunds owed. Since the closing occurred prior to December 31, 2000, pursuant to Rule 25-30.110(3), Florida Administrative Code, the obligation for the utility to file a 2000 annual report on its Charlotte County systems does not apply. The utility's original certificates have been returned for cancellation.

Based on the above, staff finds that the application is in compliance with Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4), 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 AquaSource Utility, Inc. to Charlotte County. Certificate Nos. 565-W and 493-S should be canceled and this docket should be closed.

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cc: Division of Regulatory Oversight (Messer)
Division of Economic Regulation (Mailhot)