

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Notice of sale of assets
of Regency Utilities, Inc. in
Duval County to Jacksonville
Electric Authority, and request
for cancellation of Certificate
Nos. 197-W and 143-S.

DOCKET NO. 010986-WS
ORDER NO. PSC-02-0060-FOF-WS
ISSUED: January 8, 2002

The following Commissioners participated in the disposition of
this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

ORDER APPROVING TRANSFER OF REGENCY UTILITIES TO GOVERNMENTAL
AUTHORITY, CANCELLING CERTIFICATES NOS. 197-W AND 143-S AND
CLOSING DOCKET

BY THE COMMISSION:

BACKGROUND

Regency Utilities, Inc. (Regency or utility) is a Class B utility serving approximately 1,627 water and 1,352 wastewater equivalent residential connections (ERCs) in Duval County. Pursuant to Order No. 6448, issued January 9, 1975, in Dockets Nos. 74425-W and 74426-S, Regency was granted Water Certificate No. 197-W and Wastewater Certificate No. 143-S. The utility is within the St. Johns River Water Management District (SJRWMD). The utility's 2000 annual report shows total operating revenue of \$323,528 for water and \$763,935 for wastewater and net operating income of \$37,844 and \$24,899, for water and wastewater, respectively.

On July 19, 2001, the utility filed an application for transfer of facilities to JEA (formerly known as the Jacksonville Electric Authority). The transfer includes Regency's entire

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service area except for the area which encompasses the Regency Square Mall (Mall). Since the time of the closing on April 10, 2001, Regency has purchased bulk water and wastewater services from JEA and resold the services to the Mall customers at Regency's purchase price. It is contemplated that the remaining service area will meet the reseller exemption under Section 367.022(8), Florida Statutes. We have jurisdiction pursuant to Section 367.071, Florida Statutes.

APPROVAL OF TRANSFER AND CANCELLATION OF CERTIFICATES NOS. 197-W AND 143-S

Regency was issued Certificates Nos. 197-W and 143-S pursuant to Order No. 6448, on January 9, 1975, in Dockets Nos. 74425-W and 74426-S. The utility's certificates were amended twice to extend the utility's service territory; by Order No. 8045, issued November 16, 1977, in Docket No. 770504-WS, and by Order No. 9518, issued September 3, 1980, in Docket No. 800151-WS.

On July 19, 2001, we received an application to transfer Regency's facilities to JEA pursuant to Section 367.071, Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code. Included with the application is a copy of the transfer agreement between the two parties. The application states that the closing should take place on or before June 30, 2001. We have confirmed that the closing actually took place on April 10, 2001. Therefore, April 10, 2001, is the effective date of the sale.

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. As such, no notice of the transfer is required, pursuant to Rule 25-30.030(9), Florida Administrative Code, and no filing fees apply, pursuant to Section 367.071(3), Florida Statutes. The application is in compliance with Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code.

The application contains a statement that JEA obtained Regency's most recent income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction pursuant to Rule 25-30.037(4)(e), Florida Administrative Code. Pursuant to Rule 25-30.037(4)(g), Florida

Administrative Code, the application includes a statement that the customer deposits and interest were applied to the final Regency billing and any excess owed to customers was paid by check. Additionally, pursuant to the requirements of Rule 25-30.037(4)(h), Florida Administrative Code, a statement was included that Regency would pay outstanding regulatory assessment fees (RAFs). The utility has filed all annual reports through 2000 and no annual report is due for 2001. In addition, all RAFs have been paid through April 10, 2001, and there are no outstanding penalties, interest, or refunds due.

We find that the application is in compliance with all provisions of Rule 25-30.037, Florida Administrative Code. Therefore, we approve, as a matter of right, the transfer of the Regency facilities to JEA and cancel Certificates Nos. 197-W and 143-S as of April 10, 2001.

RETENTION OF THE MALL

According to the Water and Sewer Asset Purchase Agreement included with the application, JEA specifically excluded the Regency Square Mall service area, which Regency is required to service under the Utility Agreement. The agreement requires Regency to continue to provide the resale of service to this area until the first of two events occurs: 1) JEA accepts assignment of the Utility Agreement from Regency, or 2) midnight, June 30, 2004.

Since the closing on April 10, 2001, Regency has purchased bulk service from JEA and resold the service to customers within the Regency Square Mall. Regency included a statement in its application that it resells the water and wastewater services provided by JEA at a rate which is exactly equal to the purchase price of the bulk services, allocated among the retail customers on a monthly basis. Therefore, we find that Regency is exempt from further Commission regulation pursuant to Section 367.022(8), Florida Statutes.

Based on the foregoing, it is

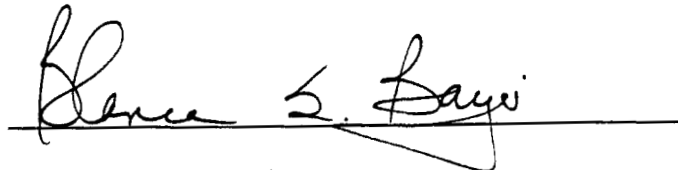
ORDERED by the Florida Public Service Commission that the transfer of Regency Utility's facilities to JEA is approved as a matter of right. It is further

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ORDERED that Certificates Numbers 197-W and 143-S are cancelled as of April 10, 2001. Regency is ordered to return the Certificates to this Commission for cancellation within 20 days of the date of this order. It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission this 8th day of January, 2002.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a horizontal line.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

LDH

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak

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Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.