



Public Service Commission

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

DATE: February 25, 2002
TO: Alice Crosby, Office of The General Counsel Services
Blanca Bayó, Division of the Commission Clerk & Administrative Services
FROM: Cheryl Johnson, Division of Economic Regulation
Re: Docket No. 020055-WS - Application by United Water Florida, Inc. and JEA for transfer of facilities to JEA, and cancellation of Certificates No. 236-W and 179-S in Nassau, Duval and St. Johns Counties.

United Water Florida, Inc., (UWF or utility) is a Class A water and wastewater utility. UWF owns and operates potable water production, treatment, storage, transmission, and distribution systems and wastewater collection, treatment and effluent disposal systems, located in Duval, Nassau and St. Johns Counties. According to its 2000 annual report, United Water Florida, Inc. serves approximately 32,256 water and 25,096 wastewater customers with combined water and wastewater revenues of \$31,211,262 and a combined net operating income of \$6,179,582.

The Commission granted UWF's grandfather certificates for its Duval County systems in Docket Nos. 74453-W and 74452-S, by Order No. 7023 issued December 3, 1975. The Nassau County systems were acquired in Docket No. 890759-WS by Order No. 22794, issued April 10, 1990. The St. Johns County systems were acquired in Docket No. 891110-WS by Order No. 23111, issued June 25, 1990. In Order No. 24335, the Commission decided that it had exclusive jurisdiction over the utility. An appeal of the Commission's order was filed by St. John County. On June 5, 1992, the First District Court of Appeals of the State of Florida affirmed the Commission's order and held that the Commission had exclusive jurisdiction over the utility. The Commission granted the consolidation of the service areas in Nassau and St. Johns Counties in Certificates Nos. 236-W and 179-S in Docket No. 920877-WS by Order No. PSC-93-0201-FOF-WS, issued March 15, 1993.

On January 17, 2002, UWF and Jacksonville Electric Authority (JEA) jointly filed an application to transfer its facilities to JEA and to cancel its certificates. The application included a copy of the UWF's "Agreement of Purchase and Sale of Water and Wastewater Assets" (Agreement), which was filed with the Commission. According to the Agreement, the total purchase price for the transfer of assets is \$219,000,000, subject to the terms, adjustments and provisions described in the contract at the closing. The closing was finalized on December 28, 2001.

AUS
CAF
CMP
COM
CTR
ECR
GCL
OPC
MMS
SEC
OTH

A statement was provided in the application that JEA has obtained the utility's most recently available income and expense statement, balance sheet, statement of rate base for regulatory purposes and contributions-in-aid-of-construction. According to the application, JEA will assume the liabilities and obligations of the developer agreements. The utility held no customer deposits and has no pending dockets before the Commission.

DOCUMENT NUMBER-DATE

03187 MAR 20 02

FPSC-COMMISSION CLERK

The utility is current with its regulatory assessment fees and its annual report. The regulatory assessment fees for 2001 will be paid by UWF when due in March, 2002. The application further states that there are no fines or refunds owed. Staff has confirmed that the utility is current on annual reports and RAFs through 2000 and has no outstanding fees, fines or refunds. Pursuant to Rule 25-30.110(3), Florida Administrative Code, the utility is not required to file an annual report for the year 2001, since the closing occurred prior to December 31, 2001.

Section 2.07(C)(11), Administrative Procedures Manual, grants the Director of the Division of Records and Reporting, in coordination with the appropriate industry division and the Division of Legal Services, the authority to administratively approve the transfer of utilities from private to governmental agencies when filed and processed in accordance with Chapter 367.

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 UWF to JEA cancellation of Certificates Nos. 236-W and 179-S. Furthermore the docket should be closed upon the issuance of the order.

S:\PSC\ECO\WP\020055.adm

cc: Division of Economic Regulation (Kummar, Mailhot)
Division of Administration (Knight)