

State of Florida



Public Service Commission

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

DATE: August 26, 2002
TO: Alice Crosby, Office of the General Counsel
FROM: Thomas Walden, Division of Economic Regulation
 Sue Jones, Division of Economic Regulation
RE: Docket No. 020376-WU; Application for transfer of water facilities to Marion County and for cancellation of Certificate No. 601-W.

Palm Cay Utilities, Inc. (Palm Cay) is a Class C water utility in Ocala in Marion County, serving one general service and 791 residential customers. The 2001 annual report lists operating revenues of \$187,752 with a net operating loss of \$2,621. Palm Cay has only this one water system.

On April 26, 2002, Palm Cay filed an application with this Commission for acknowledgment of the transfer of the water system to Marion County, and cancellation of Certificate No. 601-W, pursuant to Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code. Pursuant to Section 367.022(2), F. S., any system owned by a governmental agency is exempt from PSC regulation.

The application was filed in accordance with Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4), F.A.C., as noted above. According to the application, customer deposits were transferred to Marion County. Marion County reviewed the utility's 2000 annual report including the income statement, balance sheet, and rate base. The county held a public hearing on March 5, 2001 to consider the following additional points: physical condition of the facilities; reasonableness of the contract terms and purchase price; impact of the sale upon the utility customers; additional investment required; alternatives to the sale; and, the ability of the county to provide service. The contract for sale required the seller to apply to the Commission for approval of the sale to the County (see Section 16 of contract).

Staff has verified that the Palm Cay Utilities, Inc. has paid RAFs through December 31, 2001, filed all annual reports through 2001, and that no interest, penalties, or refunds are due or outstanding as of December 31, 2001. The transfer of this utility to a governmental authority, Marion County, was effective March 26, 2002. The application indicated the applicable regulatory assessment fees for the period of January 1, 2002 through March 25, 2002 are the responsibility of Palm Cay Utilities, Inc. The utility has indicated that the payment for these regulatory fees for this period will be delivered via Federal Express on August 26, 2002. The buyer, Marion County, as a governmental agency, will not be required to pay regulatory assessment fees after the date of acquisition. Also, Marion County will be exempt from filing an annual report for 2002 because of its governmental agency status.

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

Staff finds the application in compliance with all provisions of Rule 25-30.037(4), F. A. C..

DOCUMENT NUMBER 09003 AUG 26 2002
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and recommends that an administrative order be issued recognizing the transfer of facilities from the utility to the County, and that Certificate No. 601-W be canceled. The order should be delayed until the RAFs are paid. The utility should be directed to return Certificate No. 601-W to the Commission staff for cancellation. Further, staff recommends that this docket be closed upon receipt of RAFs and subsequent issuance of the order.

TJW

cc: Sue Jones
Division of Commission Clerk and Administrative Services
docket file

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