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Public Service Commission

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

DATE: September 4, 2003
TO: Martha Brown, General Counsel
FROM: Cheryl Johnson, Economic Regulation *CJ 10/20/03*
RE: Docket No. 030589-WS Joint Application for transfer of water and wastewater facilities of East Pasco Utilities, Inc. to Pasco County, and request for cancellation of Certificates No. 137-W and 098-S

East Pasco Utilities, Inc. (East Pasco or utility) is a Class B utility that provides water and wastewater in Pasco County. The utility holds Certificate Nos. 137-W and 098-S and has been operating under our jurisdiction since 1973. The utility serves approximately 1,693 water customers and 1,068 wastewater customers. The utility's 2002 annual report lists operating revenues of \$221,846 and \$248,303 with a net operating loss of \$6,238 and net operating income of \$33,433 for the respective water and wastewater systems.

On July 2, 2003, East Pasco and Pasco County (County), jointly filed an application with the Commission for the acknowledgment of the transfer of East Pasco to the County and cancellation of Certificate No. 137-W and 098-S pursuant to Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037, Florida Administrative Code. A copy was provided of the Purchase & Sale Agreement executed by the County and East Pasco for a purchase price of \$2,841,000, which is subject to adjustments for new equivalent residential connections added by the utility between the time of execution of the agreement and the closing. The closing is scheduled to occur in September, 2003. The County is exempt from the Commission's regulation pursuant to Section 367.022 (2), Florida Statutes.

Pursuant to Rule 25-30.037(4)(g), Florida Administrative Code, the application indicates that the customer deposits and the accumulated interest will be transferred to the County, and the credit for the customer deposits will be applied to the purchase price. In addition, a statement was provided with the application confirming that the County had obtained East Pasco's most recently available 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.

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Finally, according to our records and the application, the utility's annual reports and regulatory assessment fees (RAFs) are current through December 31, 2002 and there are no outstanding fines owed. East Pasco will pay the estimated 2003 RAFs and file the final Regulatory Assessment Fee Return the day of the closing. In addition, after undergoing a diligent search, East Pasco could not locate its original certificates for water and wastewater. The utility has no open dockets pending before the Commission.

DOCUMENT NUMBER-DATE

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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 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 recommends 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 or transfer of facilities to a governmental authority is approved as a matter of right. Therefore, an order should be issued acknowledging the transfer of the facilities from East Pasco to the County. Staff will administrative close this docket and cancel the certificates upon receipt of the RAFs.

cc: Division of Economic Regulation (Mailhot, Kaproth)
Division of the Commission Clerk and Administrative Services