



Public Service Commission

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

DATE: DECEMBER 23, 2003

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (CLAPP, ROMIG) *CLAPP ROMIG*
OFFICE OF THE GENERAL COUNSEL (JAEGER) *JAEG*

RE: DOCKET NO. 030636-WS - APPLICATION FOR TRANSFER OF FACILITIES TO THE CITY OF EDGEWATER IN VOLUSIA COUNTY, AND FOR CANCELLATION OF CERTIFICATE NOS. 374-W AND 323-S, BY TERRA MAR VILLAGE UTILITIES, INC.
COUNTY: VOLUSIA

AGENDA: 01/06/04 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\030636WS.RCM

CASE BACKGROUND

Terra Mar Village Utilities, Inc. (Terra Mar or utility) is a Class C water and wastewater utility providing service in Volusia County, Florida. The utility serves approximately 252 residential customers. The system is located in a priority water resource caution area of the St. Johns River Water Management District. The utility's 2002 annual report indicates that the Terra Mar had gross revenue of \$118,094 and \$63,018 and net operating income of \$17,117 and (\$24,279) for water and wastewater, respectively.

The water and wastewater systems were originally issued Certificate Nos. 374-W and 323-S pursuant to Order No. 11267, in Docket No. 810394-WS, issued October 26, 1982, In re: Application of Terra Mar Village Utilities, Inc., for water and sewer certificates and for a staff assisted rate case. On July 16, 2003,

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the utility filed an application with the Commission for the approval of the transfer of Terra Mar to the City of Edgewater (the City) and cancellation of Certificate Nos. 374-W and 323-S.

This recommendation addresses the transfer to the City of Edgewater. The Commission has jurisdiction pursuant to Sections 367.045, 367.071(4)(a), and 367.081, Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code.

DISCUSSION OF ISSUES

ISSUE 1: Should the transfer of the Terra Mar water and wastewater facilities in Volusia County to the City of Edgewater be approved?

RECOMMENDATION: Yes. The transfer of the Terra Mar facilities in Volusia County to the City of Edgewater should be approved, as a matter of right pursuant to Section 367.071(4)(a), Florida Statutes. Certificate Nos. 374-W and 323-S should be cancelled, effective July 25, 2003. (CLAPP, ROMIG, JAEGER)

STAFF ANALYSIS: On July 16, 2003, Terra Mar filed an application to transfer its facilities to the City pursuant to Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code. Included with the application is a copy of the Agreement for Sale and Purchase, which states the closing date was July 25, 2003.

Pursuant to Section 367.071(4)(a), Florida Statutes, the transfer of facilities to a governmental authority shall be approved as a matter of right. As such, no notice of the transfer is required and no filing fees apply. The application had no deficiencies. 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 the City obtained Terra Mar'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-

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30.037(4)(e), Florida Administrative Code. A statement that the customer deposits, less any unpaid balances, will be refunded to the customers as required by Rule 25-30.037(4)(g), Florida Administrative Code, was also included in the application.

Additionally, pursuant to the requirements of Rule 25-30.037(4)(h), Florida Administrative Code, a statement was included that Terra Mar has no outstanding regulatory assessment fees (RAFs) and no fines or refunds are owed. Staff verified that the utility paid RAFs through December 31, 2002, filed all annual reports through 2002, and that there are no outstanding penalties, refunds or interest as of December 31, 2002. On November 12, 2003, Terra Mar paid water RAFs of \$3,075 and wastewater RAFs of \$1,588 based on water revenues of \$68,342 and wastewater revenues of \$35,286 for the period January 1 through July 25, 2003. The amount of revenue reported and RAFs paid appears reasonable. The buyer, City of Edgewater, as a governmental authority, is not responsible for RAFs on revenues after July 26, 2003. Also, pursuant to Rule 25-30.110(3), Florida Administrative Code, the utility is not responsible for filing an annual report for 2003.

Staff recommends that the application is in compliance with all provisions of Rule 25-30.037, Florida Administrative Code. Pursuant to Section 367.071(4)(a), Florida Statutes, the transfer of facilities to a governmental authority shall be approved as a matter of right. Therefore, staff recommends that the transfer of Terra Mar's facilities in Volusia County to The City of Edgewater should be approved, as a matter of right, and Certificate Nos. 374-W and 323-S should be cancelled, effective July 25, 2003.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: This docket should remain open until the conclusion of pending Docket No. 030828-WS, Complaint Nos. 512346 and 533120W contesting high water and wastewater bills for December 2002 and April 2003, respectively, filed by Mr. Harold Shriver against Terra Mar Village Utilities, Inc., in Volusia County, and until Certificate Nos. 374-W and 323-S are cancelled administratively. (JAEGER)

STAFF ANALYSIS: This docket should remain open until the conclusion of pending Docket No. 030828-WS, Complaint Nos. 512346 and 533120W contesting high water and wastewater bills for December 2002 and April 2003, respectively, filed by Mr. Harold Shriver against Terra Mar Village Utilities, Inc., in Volusia County, and until Certificate Nos. 374-W and 323-S are cancelled administratively.