

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

**DATE:** January 28, 2010

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Economic Regulation (Clapp, Kaproth)  
Office of the General Counsel (Klancke) *PPD 15-KK-JS*

**RE:** Docket No. 090493-WS – Application for transfer of majority organizational control of Parkland Utilities, Inc., holder of Certificate Nos. 242-W and 185-S in Broward and Palm Beach Counties, from National Development Corporation to East Coast Equity Management Corporation.  
Counties: Broward and Palm Beach

**AGENDA:** 02/09/10 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Klement

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\090493.RCM.DOC

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### Case Background

Parkland Utilities, Inc. (Parkland or utility) is a Class B utility providing water service to approximately 805 water and 787 wastewater customers in Broward and Palm Beach Counties. The utility's service area is located in the South Florida Water Management District (SFWMD), and lies within a critical water supply problem area. The utility's 2008 annual report shows annual operating revenues of \$308,099 and \$507,246 and net operating losses of \$52,394 and \$10,328 for water and wastewater, respectively.

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The Commission granted the utility Certificate Nos. 242-W and 185-S in 1976.<sup>1</sup> Since then the Commission has approved one amendment to the utility's service territory.<sup>2</sup>

On October 28, 2009, Ronald M. Nunes, Michael K. Bergen, and the East Coast Equity Management Corporation (ECEMC) (buyers) submitted an application for the transfer of majority organizational control of the utility from Seymour Baskin, Marvin Kamin, and James R. Allen (sellers). On September 30, 2009, the sellers and the buyers entered into an agreement which provides that the buyers would purchase 100 percent of the 10,000 shares of common stock in the utility, with 522.4 shares to Mr. Bergen, 2,164.1 shares to Mr. Nunes, and 7,313.5 shares to ECEMC. The closing took place on October 23, 2009, subject to Commission approval.

The purpose of this recommendation is to address the application for transfer of majority organizational control. The Commission has jurisdiction to consider this matter pursuant to Section 367.071, Florida Statutes.

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<sup>1</sup> Order No. 7092, issued January 22, 1976, in Docket Nos. 750640-W and 750641-S, In Re: Application of Parkland Utilities, Inc., for certificates to operate water and sewer systems in Broward County, Florida.

<sup>2</sup> Order No. PSC-01-0974-FOF-WS, issued April 20, 2001, in Docket No. 001825-WS, In re: Application. for amendment of Certificates 242-W and 185-S to include additional territory in Broward and Palm Beach Counties by Parkland Utilities, Inc.

### Discussion of Issues

**Issue 1:** Should the transfer of majority organizational control be approved?

**Recommendation:** Yes, the transfer of majority organizational control of Parkland Utilities, Inc., Certificate Nos. 242-W and 185-S, to Ronald M. Nunes, Michael K. Bergen, and the East Coast Equity Management Corporation is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the utility's water and wastewater certificates and should be retained by the utility. The tariff pages reflecting the transfer should be effective for services provided or connections made on or after the stamped approval date on the tariff sheets. (Clapp, Kaproth, Klancke)

**Staff Analysis:** Pursuant to Section 367.071, Florida Statutes, on October 28, 2009, the buyers applied for a transfer of majority organizational control of Parkland as a result of the purchase of all of the corporation's stock. As stated in the case background, the agreement was executed and the closing occurred on October 23, 2009. Pursuant to Section 367.071(1), Florida Statutes, the agreement for the transfer of majority organizational control was made contingent upon Commission approval.

The application is in compliance with the governing statute, Section 367.071, Florida Statutes, and Rule 25-30.037(3), Florida Administrative Code, pertaining to an application for transfer of majority organizational control. A description of the territory granted to Certificate Nos. 242-W and 185-S is appended to this memorandum as Attachment A.

The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to this application were received and the time for the filing of such objections has expired. A copy of the warranty deed, in the name of Parkland Utilities, Inc., for the land on which the water treatment facilities are located was provided.

Staff has verified that the utility is current on filing its annual reports through 2008 and regulatory assessment fees (RAFs) through June 30, 2009. The utility will continue to be responsible for filing annual reports and RAFs for 2009 and future years.

The application contains a statement that the buyers performed a reasonable investigation of the utility system. The utility has a water system with treatment facility; however, wastewater service is provided through a bulk arrangement with Broward County's regional system. Staff has confirmed with the Florida Department of Environmental Protection (DEP) that the utility's wastewater collection system is currently in environmental compliance with DEP standards. The Broward County Health Department has no outstanding notices of violation issued for the water system. Staff has also confirmed with SFWMD that the utility is in good standing.

The utility was constructed in 1975 to serve a large residential housing development in north Broward County. In 2001, the Commission approved an amendment to the utility's service territory which granted it territory in Palm Beach County in Order No. PSC-01-0974-FOF-WS. In the early 1980s, Mr. Nunes and Mr. Bergen were hired by the company that owned and operated the utility. Mr. Nunes has a Class C water operator's license and Mr. Bergen has a

Class A license for both water and wastewater systems. The utility's current management and operations personnel will remain with the utility. The buyers believe their knowledge and experience will allow them to maintain quality utility service for the utility's customers. In addition, the buyers provided a statement of intent to fulfill the commitments, obligations, and representations of the sellers with regard to utility matters. The sellers are all retirement age and are interested in divesting the utility asset.

The utility's rates and charges were originally established in 1976 pursuant to Order No. 7092. A staff-assisted rate case and two limited proceeding dockets were subsequently processed for changes in water and wastewater rates.<sup>3</sup> There have also been multiple price index and pass through applications processed for the utility. Rule 25-9.044(1), Florida Administrative Code, provides that in the case of change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by the Commission. The new owner has not requested a change; therefore, the existing rates and charges shown on Attachment B should continue in effect.

Based on the above, staff recommends that the application for transfer of majority organizational control of Parkland Utilities, Inc., Certificate Nos. 242-W and 185-S, to Ronald M. Nunes, Michael K. Bergen, and the East Coast Equity Management Corporation is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the utility's water and wastewater certificates and should be retained by the utility. The tariff pages reflecting the transfer should be effective for services provided or connections made on or after the stamped approval date on the tariff sheets.

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<sup>3</sup> Order No. 24417, issued April 23, 1991, in Docket No. 900598-WS, In re: Application for staff-assisted rate case in Broward County by Parkland Utilities, Inc.; Order No. PSC-92-0868-FOF-SU, issued August 25, 1992, in Docket No. 920598-SU, In re: Application for limited proceeding increase of sewer rates in Broward County by Parkland Utilities, Inc.; and Order No. PSC-93-0209-FOF-WU, issued February 10, 1993, in Docket No. 921101-WU, In re: Application for limited proceeding increase in water rates in Broward County by Parkland Utilities, Inc.

Docket No. 090493-WS

Date: January 28, 2010

**Issue 2:** Should this docket be closed?

**Recommendation:** Yes, because no further action is necessary, this docket should be closed.  
(Klancke)

**Staff Analysis:** Because no further action is necessary, this docket should be closed.

**Description of Service Area**  
**Parkland Utilities, Inc.**  
**Broward and Palm Beach Counties**

In Section 2, Township 48 South, Range 41 East, Broward County:

The North half, less and except:

the East 3/4 of the East half of the East half;

that portion of the West half of the West half of the East half of the East half, lying and being north of the south line of the north 2123 feet; and,

the East 1320 feet of the north 1320 feet (as measured along the north and east lines).

In Section 35, Township 47 South, Range 41 East, Broward County:

All of said Section 35, lying southerly of the Hillsboro Canal and State Road 827.

In Section 26, Township 47 South, Range 41 East, Palm Beach County:

All of said Section 26, lying southerly of the Hillsboro Canal and State Road 827

**FLORIDA PUBLIC SERVICE COMMISSION**  
**authorizes**  
**Parkland Utilities, Inc.**  
**pursuant to**  
**Certificate Number 242-W**

to provide water service in Broward and Palm Beach Counties in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
7092	01/22/76	750640-W	Original Certificate
PSC-01-0974-FOF-WS	04/20/01	001825-WS	Amendment
*	*	090493-WS	Transfer of Majority Organizational Control

**\*Order Number and date to be provided at time of issuance.**

**FLORIDA PUBLIC SERVICE COMMISSION**  
**authorizes**  
**Parkland Utilities, Inc.**  
**pursuant to**  
**Certificate Number 185-S**

to provide wastewater service in Broward and Palm Beach Counties in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
7092	01/22/76	750641-S	Original Certificate
PSC-01-0974-FOF-WS	04/20/01	001825-WS	Amendment
*	*	090493-WS	Transfer of Majority Organizational Control

**\*Order Number and date to be provided at time of issuance.**



Parkland Utilities, Inc.

Monthly Service Rates

Water

Residential and General Service

Meter Size:	
5/8" x 3/4"	\$ 8.92
3/4"	13.48
1"	22.44
1 1/2"	44.93
2"	71.85
3"	143.74
4"	224.64
6"	449.27
8"	718.83
Charge Per 1,000 gallons	\$2.65

Wastewater

Meter Size:	Residential Service
All Meter Sizes	\$ 13.19
Charge per 1,000 Gallons (10,000 Gallon Cap)	\$6.57

Meter Size:	General Service
5/8" x 3/4"	\$ 13.19
3/4"	19.83
1"	33.07
1 1/2"	66.20
2"	105.89
3"	211.78
4"	330.91
6"	661.75
8"	1,058.89
Charge per 1,000 gallons	\$6.57

**Miscellaneous Service Charges**

	Water	Wastewater
Initial Connection Fee	\$15.00	\$15.00
Normal Reconnection Fee	15.00	15.00
Violation Reconnection Fee	15.00	Actual Cost
Premises Visit Fee (in lieu of disconnection)	10.00	15.00

**Service Availability Charges**

Meter Installation Fee	Water	Wastewater
5/8"x3/4" meter	\$100.00	N/A
1"	150.00	
1 1/2"	250.00	
2"	350.00	
3"	600.00	
Over 3"	Actual Cost	
Plant Capacity Charge		
Per residential ERC*	250.00	1,200.00
All others – per gallon	0.7143	3.43

\*Water ERC = 350 GPD, Wastewater ERC = 350 GPD