

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: September 30, 2010

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Golden, Donohoe, Kaproth)
Office of the General Counsel (Saylor)

Handwritten initials: JS, K, ALM, JSC, and a circled mark.

RE: Docket No. 100366-WU – Joint application for acknowledgment of sale of land and facilities located in Pasco and Hillsborough Counties, Florida to Pasco County, and cancellation of Certificate No. 235-W, by C. S. Water Company, Inc. Counties: Pasco and Hillsborough

AGENDA: 10/12/10 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\100366.RCM.DOC

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COMMISSION
CLERK

Case Background

C. S. Water Company, Inc. (Crystal Springs or utility) is a Class C water utility providing service to approximately 417 customers in Pasco and Hillsborough Counties. The utility is located in the Northern Tampa Bay Water Use Caution Area of the Southwest Florida Water Management District (SWFWMD). The utility's 2009 annual report shows gross revenue of \$61,093 and a net operating loss of \$690.

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The utility was originally issued Certificate No. 235-W in 1975.¹ Since then, the utility has been transferred once and its certificate has been amended once to include additional service territory.²

On July 26, 2010, Crystal Springs filed an application for transfer of its water system to Pasco County and cancellation of Certificate No. 235-W. The Commission has jurisdiction pursuant to Section 367.071, Florida Statutes (F.S.).

¹ Order No. 6997, issued November 14, 1975, in Docket No. 750544-W, In re: Application of C. S. Water Company, Inc., for a certificate to operate a water system in Pasco County, Florida.

² Order No. 25026, issued September 9, 1991, in Docket No. 910593-WU, In re: Application for transfer of majority organizational control of C. S. Water Company, Inc. from Robert Thomas to Clyde and Judith Biston in Hillsborough and Pasco Counties and Order No. 24374, issued April 17, 1991, in Docket No. 900805-WU, In re: Application of C. S. Water Company, Inc. for amendment of Certificate No. 235-W in Pasco and Hillsborough Counties.

Discussion of Issues

Issue 1: Should the transfer of the water facilities of C. S. Water Company, Inc. to Pasco County be acknowledged, as a matter of right, and Certificate No. 235-W be cancelled?

Recommendation: Yes. The transfer of the Crystal Springs water territory and facilities to Pasco County should be acknowledged, as a matter of right, pursuant to Section 367.071(4)(a), F.S., and Certificate No. 235-W should be cancelled effective July 1, 2010, which was the closing date of the sale. Crystal Springs should be required to pay all outstanding regulatory assessment fees (RAFs) for January 1, 2010, through July 1, 2010, by March 31, 2011. (Golden, Donoho, Kaproth, Saylor)

Staff Analysis: Crystal Springs applied for a transfer of its facilities and territory to Pasco County on July 26, 2010, pursuant to Section 367.071, F.S., and Rule 25-30.037(4), Florida Administrative Code (F.A.C.), and cancellation of Certificate No. 235-W. The closing on the sale of the utility facilities took place on July 1, 2010. Therefore, July 1, 2010, is the effective date of the transfer.

Pursuant to Section 367.071(4)(a), F.S., the sale 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 is in compliance with Section 367.071(4)(a), F.S., and Rule 25-30.037(4), F.A.C.

The application contains a statement that Pasco County obtained Crystal Springs' most recent income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction. In addition, a statement was provided indicating that the utility has no customer deposits on hand, therefore, no deposits were transferred to the County.

The utility has filed all annual reports through 2009 and paid all RAFs through December 31, 2009. Because the utility will not be jurisdictional as of December 31, 2010, no annual report needs to be filed for 2010. However, Crystal Springs should be required to pay all outstanding RAFs for January 1, 2010, through July 1, 2010, by March 31, 2011.

Staff recommends that the transfer of the Crystal Springs water territory and facilities to Pasco County should be acknowledged, as a matter of right, pursuant to Section 367.071(4)(a), F.S., and Certificate No. 235-W should be cancelled effective July 1, 2010, which was the closing date of the sale. Crystal Springs should be required to pay all outstanding RAFs for January 1, 2010, through July 1, 2010, by March 31, 2011.

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Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, this docket should be closed because no further action is necessary. (Sayler, Golden)

Staff Analysis: If the Commission approves staff's recommendation in Issue 1, this docket should be closed because no further action is necessary.