

REC'D 10/14/10

State of Florida



Public Service Commission

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

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

DATE: October 14, 2010

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Jones-Alexis, Brady, Simpson, Hillier, Kaproth)
Office of the General Counsel (Klancke) *CND - KEF FOR JSC*

RE: Docket No. 100377-WU – Application for transfer of water facilities to Marion County, and amendment of Certificate No. 363-W, by Sunshine Utilities of Central Florida, Inc.

YMK/PAJ CS *MS* *JS* *with* *CRB* *(P)*

AGENDA: 10/26/10 – 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\100377.RCM.DOC

Case Background

Sunshine Utilities of Central Florida, Inc. (Sunshine or Utility) is a Class B Utility providing water service to approximately 3,378 residential customers in Marion County. Wastewater service is provided by septic tanks. The Utility is within the St. Johns River Water Management District in the Water Resource Caution Area, as designated in accordance with Rule 40C-23.001, Florida Administrative Code (F.A.C.). The Utility's 2009 annual report indicates that the Utility had gross operating revenues of \$995,982 and a net operating loss of (\$121,114).

DOCUMENT NUMBER - DATE:

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FPSC-COMMISSION CLERK

Sunshine was originally granted Certificate No. 363-W for its water system in 1982.¹ The Utility has had 19 amendments and transfers since it received its certificate, including the Lake View Hills water system which was acquired in 1989. Additional territory was added to the Lake View Hills system in 1998.² On September 13, 2010, Sunshine filed an application for transfer of its Lake View Hills system, which currently serves approximately 65 residential customers, to Marion County, Florida.

The purpose of this recommendation is to acknowledge the transfer of Sunshine's Lake View Hills water system to Marion County as a matter of right and to amend Sunshine's Certificate No. 363-W to reflect the deletion of that territory. The Commission has jurisdiction, pursuant to Section 367.071, Florida Statutes (F.S.).

¹ Order No. 11138, issued September 3, 1982, in Docket No. 810386-W (MC), In re: Application of SUNSHINE UTILITY COMPANY for a certificate to operate a utility in Marion County, Florida.

² Order No. 20707, issued February 6, 1989, in Docket No. 880907-WU, In re: Application of SUNSHINE UTILITIES for transfer of Certificate No. 398-W in Marion County from Utility Systems, Inc.; Order No. PSC-98-0385-FOF-WU, issued March 11, 1998, in Docket No. 971297-WU, In re: Application for amendment of Certificate No. 363-W by Sunshine Utilities of Central Florida, Inc. in Marion County.

Discussion of Issues

Issue 1: Should the transfer of Sunshine's Lake View Hills water system to Marion County be acknowledged as a matter of right, and should Certificate No. 363-W be amended to reflect the deletion of territory?

Recommendation: Yes. The transfer of Sunshine's Lake View Hills water system to Marion County should be acknowledged as a matter of right pursuant to Section 367.071(4)(a), F.S. Certificate No. 363-W should be amended to reflect the deletion of the Lake View Hills territory effective August 2, 2010, the effective date of the transfer. A description of the territory being deleted is appended to this recommendation as Attachment A. The resultant order should serve as Sunshine's water certificate and should be retained by Sunshine. (Jones-Alexis, Brady, Simpson, Hillier, Kaproth, Klancke)

Staff Analysis: Sunshine filed for a transfer of its Lake View Hills facilities and amendment of Certificate No. 363-W on August 17, 2010. The Lake View Hills system currently serves approximately 65 residential customers. Staff estimates that the transfer of this system equates to an annual loss of revenue for the Utility in the amount of \$12,988. The Utility's application was found to be deficient. Responses to the deficiencies were filed on September 13, 2010. 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.

On July 7, 2010, the Utility and Marion County executed a Standard Asset Purchase & Sale Agreement, in addition to an amended and restated Closing Statement, a Utility Easement and Bill of Sale, and an Assignment and Assumption of Permits, Certificates and Approvals. Copies of these contracts were included in the application. The date that Marion County officially assumed responsibility over the Lake View Hills system is the effective date of the transfer, August 2, 2010.

The application contains a statement that Marion County has received a copy of Sunshine's 2009 Annual Report, which includes the Utility's most recent 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), F.A.C. The Utility also included a statement indicating that all customer deposits and interest were refunded to customers on August 11, 2010. In accordance with Rule 25-30.120, F.A.C., Regulatory Assessment Fees (RAFs) for the period ended June 30, 2010, and all prior periods have been paid. The Utility has committed that it will pay the RAFs due through the August 2, 2010, transfer date by January 30, 2011. Sunshine Utilities has also filed its annual reports for 2009 and all prior years.

Staff recommends that the transfer of Sunshine's Lake View Hills water system to Marion County should be acknowledged as a matter of right pursuant to Section 367.071(4)(a), F.S., and Certificate No. 363-W should be amended to reflect the territory deletion effective August 2, 2010. A description of the territory deleted as a result of this transfer is appended to

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this recommendation as Attachment A. The resultant order should serve as Sunshine's water certificate and should be retained by the Utility.

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Issue 2: Should this docket be closed?

Recommendation: Yes, if staff's recommendation in Issue 1 is approved, the docket should be closed as no further action is required. (Klancke)

Staff Analysis: If staff's recommendation in Issue 1 is approved, the docket should be closed as no further action is required.

Sunshine Utilities of Central Florida, Inc.
Marion County
Description of Deleted Water Territory

Section 1 Township 15 S Range 23 E

Lakeview Hills

The South 1/2 of the Southwest 1/4 of the Southeast 1/4 less and Except that portion lying Easterly of Southeast 118th Avenue and Southeast 118th Court Road, as said Avenue and Road are now constructed.

Township 17 South, Range 23 East

Section 1

Beginning at the southwest corner of Section 1, Township 17 South, Range 23 East, thence N. 89°31'48" E. a distance of 800.00 feet thence N. 89°31'48" E. a distance of 520.99 FEET THENCE n. 00°09'18" W. a distance of 1179.79 feet thence S. 67°22'30" E. a distance of 1401.12 feet thence N. 00°19'53" W. a distance of 1062.45 feet thence S. 89°06'59" W. a distance of 340.00 feet thence S. 00°19'53" E. a distance of 20.00 feet, thence S. 89°06'59" W. a distance of 283.00 Feet thence N. 00°19'53" W. a distance of 59.61 feet thence S. 88°42'57" W a distance of 426.51 feet thence S. 00°19'53" E. a Distance of 173.08 feet, thence N. 67°22'30" W. a distance of 664.00 feet, more or less, thence N. 27°14'14" E. a distance of 340.98 feet more or less, thence N. 71°01'10" W. a distance of 244.18 feet, more or less, thence S. 21°15'10" W. a distance of 324.44 feet thence N. 67°22'30" W. a distance of 331.70 feet thence S. 00°01'09" W. a distance of 470.22 feet thence S. 67°22'30" E. a distance of 233.29 feet, more or less, thence due south a distance of 485.65 feet, thence continue due west a distance of 660.00 feet thence due south a distance of 975.05 to the point of beginning, containing 69 acres, more or less.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Sunshine Utilities of Central Florida, Inc.
pursuant to
Certificate Number 363-W

to provide water service in Marion County in accordance with the provision of Chapter 367, Florida Statutes, 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>
11138	09/03/82	810386-W (MC)	Grandfather
11680	03/07/83	810423-W, 810363-W, 820409-W, 820408-W, 820367-W	Transfer/Amendment
14206	03/21/85	840087-WU	Amendment
14978	09/20/85	840089-WU	Amendment
15296	10/25/85	850280-WU	Amendment
17161	02/06/87	861526-WU	Amendment
17733	06/22/87	870181-WU	Transfer/Amendment
18081	09/01/87	860724-WU	Amendment
20707	02/06/89	880907-WU	Transfer
22239	11/29/89	891177-WU	Name Change
PSC-98-0385-FOF-WU	03/11/98	971297-WU	Amendment
PSC-99-2390-FOF-WU	12/07/99	980543-WU	Amendment
PSC-00-1062-FOF-WU	06/02/00	991681-WU	Amendment
PSC-02-1832-PAA-WU	12/20/02	011632-WU	Amendment
PSC-02-1292-PAA-WU	09/23/02	020256-WU	Transfer/Amendment
PSC-03-0244-FOF-WU	02/20/03	021034-WU	Amendment
PSC-03-1099-FOF-WU	10/02/03	030128-WU	Amendment
PSC-03-1333-PAA-WU	11/24/03	030340-WU	Transfer/Amendment
PSC-04-1032-FOF-WU	10/25/04	040388-WU	Amendment
PSC-06-0478-FOF-WU	06/05/06	060283-WU	Amendment
PSC-10-0557-FOF-WU	09/07/10	100156-WU	Amendment
*	*	100377-WU	Transfer/Amendment

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