

State of Florida



Public Service Commission

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

11 SEP 22 AM 10:33

COMMISSION
CLERK

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

DATE: September 22, 2011

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Walden) *Walden*
Office of the General Counsel (Young) *Young* *CRB* *W*

RE: Docket No. 110216-WU – Application for amendment of Certificate No. 347-W to delete territory in Marion County by Marion Utilities, Inc.

AGENDA: 10/04/11 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Balbis

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\110216.RCM.DOC

Case Background

Marion Utilities, Inc. (Marion or utility) is a Class A utility which provides service in Marion County to approximately 6,000 water and 109 wastewater customers. The utility is primarily in the St. Johns River Water Management District, all of which is considered a Water Resource Caution Area. The utility's 2010 annual report shows a combined water and wastewater annual operating revenue of \$1,563,720 and a net operating income of \$56,854.

On July 1, 2011, pursuant to Section 367.045, Florida Statutes, the utility applied for an amendment to delete from Water Certificate No. 347-W, a subdivision called International Villas. The subdivision has an independent water system to maintain continuity of water service to the 28 apartments. The Commission has jurisdiction pursuant to Section 367.045, Florida Statutes (F.S.).

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Discussion of Issues

Issue 1: Should the Commission approve Marion's application for amendment to delete the International Villas system from its Water Certificate No. 347-W?

Recommendation: Yes. The Commission should approve the application filed by Marion Utilities, Inc. to delete territory, as reflected on Attachment A, from its certificated service area, effective the day of the Commission's vote. The resultant order should serve as Marion's amended certificate and should be retained by the Utility. (Walden)

Staff Analysis: As stated, on July 1, 2011, Marion applied for an amendment to delete a subdivision known as International Villas (Logans Run) from its certificated area. The water system serving the International Villas development is owned by Gupta Realty Corp. of Daytona Beach. Marion added this system to its certificate in 1983, and has billed the customers and collected the monthly revenues since then.

The water treatment facilities are owned by Mr. Avinash Gupta. While there are 28 apartments available for residents, only about half are occupied and the cash flow from the customers make the operation of this system no longer economically feasible for Marion Utilities. Marion has contacted the owner of the realty company that manages the apartments, providing the name of the plant operator should the property owner want to continue that arrangement. The City of Ocala has a water system adjacent to the development should the property owner be interested in obtaining water from the city's system. There are no outstanding issues of compliance with the Department of Environmental Protection (DEP). DEP has been notified of Marion's intent to cease its operation of this water plant and system.

Marion has indicated that it will close all customer accounts and refund any deposits collected when the plant operation is returned to the plant owner. Staff has contacted the property manager to determine whether the provision of water service to the residents will be included in the rent or billed by the owner. Staff will continue to follow up with the property manager to determine whether the system will be exempt pursuant to Section 367.022(5), F.S., if the cost of water is included in the customer's rent, or whether the utility will need a certificate and rates and charges if the utility wishes to continue to charge for water service pursuant to 367.021(12), F.S.

An adequate service territory map and a territory description have been provided as prescribed by Rule 25-30.036(3)(e) and (i), Florida Administrative Code (F.A.C.). A description of the territory requested to be deleted by the utility is appended to this recommendation as Attachment A. The utility has submitted an affidavit consistent with Section 367.045(2)(d), F.S., that it has tariffs and annual reports on file with the Commission. In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, F.A.C. Notice has been provided to each of the customers. No objections to the application have been received and the time for filing such has expired.

Staff recommends that it is in the public interest to approve the application filed by Marion Utilities, Inc. to amend its water certificate to delete the territory shown on Attachment A

Docket No. 110216-WU
Date: September 22, 2011

from its certificated service area. The resultant Commission order should serve as Marion's amended certificate and should be retained by the Utility.

Docket No. 110216-WU
Date: September 22, 2011

Issue 2: Should this docket be closed?

Recommendation: Yes, if staff's recommendations in Issues 1 is approved, no further action is required, and the docket should be closed. (Young)

Staff Analysis: If Issue 1 is approved, no further action is required, and the docket should be closed.

MARION UTILITIES, INC.
INTERNATIONAL VILLAS a/k/a LOGANS RUN
DESCRIPTION OF WATER TERRITORY TO BE DELETED
MARION COUNTY

In Township 15 South, Range 21 East, a portion of Sections 21 and 28:

The East 1/2 of the Southwest 1/4 of the Southeast 1/4 of said Section 21;

The East 1/2 of the Southwest 1/4 of the Southeast 1/4 of said Section 28.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Marion Utilities, Inc.
pursuant to
Certificate Number 347-W

to provide water service in Marion County 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, canceled or revoked by Order of this Commission.

| <u>Order Number</u> | <u>Date Issued</u> | <u>Docket Number</u> | <u>Filing Type</u> |
|---------------------|--------------------|----------------------|--------------------|
| 10566 | 02/03/82 | 820018-W | Amendment |
| 11104 | 08/26/82 | 820107-W | Amendment |
| 11568 | 01/31/83 | 810259-W | Amendment |
| 11650 | 02/23/83 | 820527-W | Amendment |
| 12653 | 11/03/83 | 830168-W | Amendment |
| 13264 | 05/04/84 | 840109-WU | Amendment |
| 13674 | 09/12/84 | 850058-WU | Amendment |
| 14498 | 06/24/85 | 850167-WU | Amendment |
| 14519 | 06/27/85 | 850094-WU | Amendment |
| 15533 | 01/09/86 | 850847-WU | Amendment |
| 15676 | 02/17/86 | 860109-WU | Amendment |
| 17682 | 06/09/87 | 870543-WU | Amendment |
| 18014 | 06/19/87 | 870809-WU | Amendment |
| 18016 | 08/09/87 | 870795-WU | Amendment |
| 19578 | 06/08/88 | 880547-WU | Amendment |
| 21239 | 05/16/89 | 890396-WU | Amendment |
| 21240 | 05/16/89 | 890397-WU | Amendment |
| 22648 | 03/08/90 | 891381-WU | Amendment |
| 22976 | 05/24/90 | 900152-WU | Amendment |
| 23944 | 12/28/90 | 900558-WU | Transfer/Amendment |
| 24028 | 01/24/91 | 900779-WU | Amendment |
| 24653 | 06/11/91 | 910495-WU | Amendment |
| 25563 | 01/03/92 | 910793-WU | Amendment |
| 25565 | 01/03/92 | 910770-WU | Amendment |
| PSC-92-0743-FOF-WU | 07/30/92 | 920159-WU | Amendment |
| PSC-97-0683-FOF-WU | 06/11/97 | 970117-WU | Amendment |
| PSC-97-0831-FOF-WU | 07/11/97 | 970119-WU | Amendment |
| PSC-98-0429-FOF-WU | 03/26/98 | 971498-WU | Deletion |
| PSC-98-0452-FOF-WU | 03/31/98 | 961531-WU | Amendment |
| PSC-02-1047-FOF-WU | 08/02/02 | 991104-WU | Amendment |
| PSC-03-0337-PAA-WU | 03/10/03 | 020650-WU | Transfer/Deletion |
| PSC-03-1343-PAA-WU | 11/24/03 | 020928-WU | Amendment |
| * | * | 110216-WU | Deletion |

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