

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: March 5, 2012
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Melissa C. Jones-Alexis, Regulatory Analyst II, Division of Economic Regulation *meja*
RE: Docket No. 120011-WS, Joint notice of transfer of Rainbow Springs Utilities, L.C., and water and wastewater assets located in Marion County to the City of Dunnellon, Florida and request for cancellation of certificates.

Please add the attached document to the above-referenced docket file. This document is a memo dated February 24, 2012, to GCL/Lawson recommending that the Commission acknowledge the transfer of Rainbow Springs' water and wastewater facilities and territory to the City of Dunnellon as a matter of right, pursuant to Section 367.071(4)(a), F.S.; cancel Certificate Nos. 355-W and 311-S effective December 30, 2011; and close the docket as no further action is necessary. Thank you.

Attachment

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

DATE: February 24, 2012

TO: Michael T. Lawson, Senior Attorney, Office of the General Counsel

FROM: Melissa C. Jones-Alexis, Regulatory Analyst II, Division of Economic Regulation
Kathleen L. Kaproth, Professional Accountant Specialist, Division of Economic Regulation

RE: Administrative approval of a transfer to a governmental entity in Docket No. 120011-WS, Joint notice of transfer of Rainbow Springs Utilities, L.C., and water and wastewater assets located in Marion County to the City of Dunnellon, Florida and request for cancellation of certificates.

Handwritten notes:
 MKGA
 KK
 JS
 ALM
 CROB

Rainbow Springs Utilities, L.C. (Rainbow Springs or Utility) is a Class B water and wastewater utility located in southwest Marion County in the St. Johns River Water Management District. The Utility serves approximately 2,440 water and 1,482 wastewater customers. Rainbow Springs' 2010 annual report indicates that the Utility had combined gross operating revenues of \$1,088,291 and net operating income of \$77,496.

In 1982, the Commission granted Rainbow Springs Certificate Nos. 355-W and 311-S.¹ The Utility subsequently experienced a name change in 1995² and a transfer of majority organizational control in 1998.³ On January 6, 2012, Rainbow Springs applied for the transfer of its water and wastewater facilities and territory to the City of Dunnellon (City) and cancellation of its Certificate Nos. 355-W and 311-S. Pursuant to Section 367.071(4), Florida Statutes (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 included a copy of the Agreement for Purchase and Sale of Water and Wastewater Assets By and Between Rainbow Springs Utilities, L.C. and City of Dunnellon, Florida (Agreement), dated December 28, 2011. The closing on the sale of the Utility's facilities took place on December 30, 2011, the effective date of the transfer. Pursuant to Rule 25-30.037(4)(d), the application affirmed that following the closing on the sale of Rainbow Springs' facilities, the Utility retained no assets that would constitute a system providing or proposing to

¹ See Order No. 10846, issued June 3, 1982, in Docket No. 810352-WS, In re: Application of Rainbow Springs Utilities, Inc. for a water and sewer certificate in Marion County, Florida.

² See Order No. PSC-95-1305-FOF-WS, issued October 24, 1995, in Docket No. 950599-WS, In re: Request for name change on Certificates Nos. 355-W and 311-S in Marion County from Rainbow Springs Utilities, Inc. to Rainbow Springs Utilities, L.C.

³ See Order No. PSC-98-0593-FOF-WS, issued April 27, 1998, in Docket No. 971195-WS, In re: Application for transfer of majority organizational control of Rainbow Springs Utilities, L.C., holder of Certificates Nos. 311-S and 355-W in Marion County, from Rainbow Springs Limited, a Florida limited partnership, to the individual shareholders of Chase Ventures, Inc.

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provide water or wastewater service to the public for compensation. The Agreement specifically indicated that purchased assets included plant facilities and equipment, including treatment, storage, distribution, transmission, collection, and disposal facilities.

The application contained a statement that the City obtained from Rainbow Springs a copy of 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 Section 367.071(4)(a), F.S., and Rule 25-30.037(4)(e), F.A.C. In accordance with Rule 25-30.037(4)(g), F.A.C., the application specified that all Utility customers with deposits on hand were credited with accrued interest as of November 15, 2011. A list of outstanding deposits and accrued interest from that date through the closing date was provided with the application. These outstanding deposits were transferred to the City at closing, as stated in the application, and will be maintained by the City in accordance with its policies and procedures.

Rainbow Springs has paid regulatory assessment fees (RAFs) for January 1 through December 30, 2011, and all prior years, pursuant to Rule 25-30.120, F.A.C. No RAFs were accrued or due from that time forward. In accordance with Rule 25-30.110, F.A.C., Rainbow Springs has filed annual reports for 2010 and prior years. The Utility should not be required to file a 2011 annual report since it was not jurisdictional as of December 31, 2011, pursuant to Rule 25-30.110(3), F.A.C.

The Commission has jurisdiction pursuant to Sections 367.071 and 367.022(2), F.S., and Rule 25-30.037(4), F.A.C. In addition, pursuant to Section 2.07(C)(4)d of the Administrative Procedures Manual, staff has been given administrative authority to approve transfers to governmental entities that are in compliance with Section 367.071(4)(a), F.S., and are not controversial in nature. Based on the above discussion, staff believes that the application is in compliance with Section 367.071(4)(a), F.S., and Rule 25-30.037(4), F.A.C., and is not controversial in nature. Therefore, staff recommends that the Commission acknowledge the transfer of Rainbow Springs' water and wastewater facilities and territory to the City as a matter of right, pursuant to Section 367.071(4)(a), F.S., and cancel Certificate Nos. 355-W and 311-S effective December 30, 2011. Staff further recommends that the docket be closed as no further action is necessary.