

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: April 24, 2014

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (Rieger) *SPR PV*
Division of Accounting and Finance (Frank, Springer) *DF*
Division of Economics (Thompson) *ETD*
Office of the General Counsel (Gilcher) *ALM*
get JFC

RE: Docket No. 130171-WS – Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to The Woods Utility Company in Sumter County.

AGENDA: 05/09/14 – Regular Agenda – Proposed Agency Action for Issue 2 and 3 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Balbis

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: To Be Considered in Conjunction with Docket No. 130176-WS

Case Background

On June 24, 2013, The Woods Utility Company (The Woods or Utility) filed an application for the transfer of Certificate Nos. 507-W and 441-S on behalf of Aqua Utilities Florida, Inc. (Aqua) in Sumter County. The service area is located in the Southwest Florida Water Management District (SWFWMD) and is not in a water use caution area. According to Aqua's 2012 Annual Report, the Utility serves 66 water and 59 wastewater customers in a subdivision known as The Woods.

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COMMISSION CLERK

The present application for transfer approval is one of six active applications that have been simultaneously filed with the Commission. These applications request transfer approval of water and wastewater systems owned by Aqua in five different counties. The Woods, along with the utilities who filed the other five transfer applications, have been recently created, and share common management and ownership.

According to its 2012 Annual Report, Aqua had total revenues of \$15,773,003 (\$9,646,699 for water and \$6,126,304 for wastewater). It provided service to 62 water systems and 30 wastewater systems within 17 counties. Aqua's rates and charges were last approved in 2012 in a file and suspend rate case.¹ Recently, Aqua made a decision to cease operations in the state. As a result, 53 water systems and 26 wastewater systems owned by Aqua have been transferred to non-jurisdictional entities. The remaining nine water systems and four wastewater systems owned by Aqua have not yet been transferred and are the subject of the six applications discussed above.

Certificate Nos. 507-W and 441-S were originally granted in 1988 under the name of Homosassa Utilities, Inc.² There was an amendment to the water certificate territory in 1991.³ A transfer was made to USA Utilities Unit 2, Inc., in 1992.⁴ In 1993, there was a name change to Sumter Water Company, Inc.⁵ In 1996, there was a transfer of Majority Organizational Control.⁶ In 1997, there was a transfer to Crystal River Utilities, Inc.⁷ In 1999, there was a transfer of Majority Organizational Control.⁸ In 2003, there was an acquisition of stock by Philadelphia Suburban and resulting transfer of controlling interest.⁹ In 2004, there was a fictitious name

¹ See Order No. PSC-12-0102-FOF-WS, issued March 5, 2012, in Docket No. 100330-WS, In re: Application for increase in water/wastewater rates in Alachua, Brevard, Desoto, Hardee, Highland, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

² See Order No.19848, issued August 22, 1988, in Docket No. 880013-WS, In re: Application of Homosassa Utilities, Inc. for water and sewer certificates under grandfather rights, Sumter County, Florida.

³ See Order No.25012, issued September 04, 1991, in Docket No. 910586-WU, In re: Application for Amendment of Certificate No. 507-W in Sumter County by Homosassa Utilities, Inc.

⁴ See Order No. PSC-92-1113-FOF-WS, issued October 05, 1992, in Docket No. 920176-WS, In re: Application for transfer of Certificates Nos. 507-W and 441-S from Homosassa Utilities, Inc. in Sumter County, Florida.

⁵ See Order No. PSC-93-1418-FOF-WS, issued September 29, 1993, in Docket No. 930614-WS, In re: Request for name change on Certificate Nos. 507-W and 441-S in Sumter County from USA Utilities Unit 2, Inc. to Sumter Water Company, Inc.

⁶ See Order No. PSC-96-0666-FOF-WS, issued May 14, 1996, in Docket No 951330-WS, In re: Application for approval of transfer of majority organizational control of Certificates Nos. 507-W and 441-S held by Sumter Water Company, Inc. in Sumter County from T.O. Sullivan to John H. Hotaling.

⁷ See Order No. PSC-97-0312-FOF-WS, issued March 24, 1997, in Docket No. 960643-WS, In re: Application for transfer of Certificates Nos. 507-W and 441-S in Sumter County from Sumter Water Company, Inc. to Crystal River Utilities, Inc.

⁸ See Order No. PSC-99-0483-FOF-WS, issued March 08, 1999, in Docket No. 981508-WS, In re: Application for approval of transfer of majority organizational control of Crystal River Utilities, Inc., holder of Certificate Nos. 123-W, 396-W, 507-W, 441-S, 53-W, 594-W, and 510-S in Polk, Sumter, Lake, Citrus, and Palm Beach Counties, to AquaSource Utility, Inc.

⁹ See Order No. PSC-03-0163-FOF-WS, issued February 03, 2003, in Docket No. 021023-WS, In re: Joint application for approval of acquisition by Philadelphia Suburban Corporation of stock of AquaSource Utility, Inc., and resulting transfer of controlling interest of Arredondo Utility Company, Inc., Crystal River Utilities, Inc., Jasmine Lakes Utilities Corporation, Lake Suzy Utilities, Inc., and Ocala Oaks Utilities, Inc.

change to Aqua.¹⁰ In 2006, there was an acknowledgment of corporate reorganization and name change to Aqua.¹¹ The most recent Commission approved certificate activity to Certificate Nos. 507-W and 441-S was an amendment to the water and wastewater certificates.¹² This amendment dealt with a residential area in Sumter County known as Jumper Creek. The Jumper Creek water and wastewater territories are recommended to be deleted in the present docket, and in Docket No. 130176-WS, those same territories are recommended to be issued new certificate numbers.

This recommendation addresses the transfer of the water system and wastewater system, the net book values of the water system and wastewater system at the time of transfer, and whether an acquisition adjustment should be approved. The Commission has jurisdiction pursuant to Section 367.071, Florida Statutes (F.S.).

¹⁰ See Order No. PSC-04-0715-FOF-WS, issued July 21, 2004, in Docket No. 040359-WS. In re: Application for authority to operate under fictitious name, Aqua Utilities Florida, Inc., by AquaSource Utility, Inc., holder of Certificates 268-S, 503-S, 585-W, 371-S, 441-W, and 424-W; Arredondo Utility Company, Inc., holder of Certificate Nos. 549-W and 479-S; Crystal River Utilities, Inc., holder of Certificate Nos. 441-S, 507-W, 510-S, 594-W, 396-W, 123-W, and 053-W; Jasmine Lakes Utilities Corporation, holder of Certificate Nos. 110-W and 083-S; Lake Suzy Utilities, Inc., holder of Certificate Nos 514-S and 599-W; and Ocala Oaks Utilities, Inc., holder of Certificate No. 346-W.

¹¹ See Order No. PSC-06-0973-FOF-WS, issued November 22, 2006, in Docket No. 060643-WS, In re: Joint application for acknowledgment of corporate reorganization and request for approval of name change of Certificate 268-S in Lee County from AquaSource Utility, Inc. d/b/a Aqua Utilities Florida, Inc.; Certificates 479-S and 549-W in Alachua County from Arredondo Utility Company, Inc. d/b/a Aqua Utilities Florida, Inc.; Certificates 053-W, 441-S, and 507-W in Palm Beach and Sumter Counties from Crystal River Utilities, Inc. d/b/a Aqua Utilities Florida, Inc.; and Certificate 346-W in Marion County from Ocala Oaks Utilities, Inc. d/b/a Aqua Utilities Florida, Inc. to Aqua Utilities Florida, Inc.; for cancellation of Certificates 424-W, 371-S, 441-W, 503-S, and 585-W in Highlands, Lake, and Polk Counties held by AquaSource Utility, Inc. d/b/a Aqua Utilities Florida, Inc.; Certificates 123-W, 510-S, and 594-W in Lake and Polk Counties held by Crystal River Utilities, Inc. d/b/a Aqua Utilities Florida, Inc.; and Certificates 083-S and 110-W in Pasco County held by Jasmine Lakes Utilities Corporation d/b/a Aqua Utilities Corporation d/b/a Aqua Utilities Florida, Inc.; and for amendment of Certificates 422-W, 120-S, 106-W, 154-S, 209-W, 506-S, and 587-W in Highlands, Lake, Pasco, and Polk Counties held by Aqua Utilities Florida, Inc.

¹² See Order No. PSC-11-0377-PAA-WS, issued September 12, 2011, in Docket No. 100114-WS, In re: Application for approval of transfer of Horizon Homes of Central Florida, Inc. and five Land Group, LLC's water and wastewater systems to Aqua Utilities Florida, Inc., and for amendment of Certificate Nos. 507-W and 441-S, in Sumter County.

Discussion of Issues

Issue 1: Should the Commission approve the transfer of Aqua Utilities Florida, Inc., water and wastewater systems and Certificate Nos. 507-W and 441-S to The Woods Utility Company, including the deletion of the Jumper Creek territory?

Recommendation: Yes. The transfer of The Woods water and wastewater systems and Certificate Nos. 507-W and 441-S is in the public interest, and should be approved effective the date of the Commission vote. The Woods territories being transferred and the Jumper Creek territories being deleted out of Certificate Nos. 507-W and 441-S are described in Attachment A. The resultant order should serve as The Woods' certificates and should be retained by the Utility. The Utility's existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code, (F.A.C.). The Woods should be responsible for filing the Utility's 2013 annual reports and paying 2014 Regulatory Assessment Fees (RAFs) and should be responsible for filing all future annual reports and RAFs. (Frank, Springer, Thompson, Rieger)

Staff Analysis: On June 24, 2013, The Woods filed an application for approval of the transfer of Aqua's The Woods water and wastewater systems and Certificate Nos. 507-W and 441-S in Sumter County. As stated in the case background, the Jumper Creek water and wastewater territories and The Woods water and wastewater territories are both presently included within Certificate Nos. 507-W and 441-S. The Jumper Creek water and wastewater territories are recommended to be deleted in the present docket, and in Docket No. 130176-WS, those same territories are recommended to be issued new certificate numbers to Jumper Creek. The application is in compliance with the governing statute, Section 367.071, F.S., and Administrative Rules concerning applications for transfer of certificates. The closing occurred on March 28, 2013, contingent upon Commission approval, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

The application contains proof of compliance with the noticing provisions set forth in Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were timely filed with the Commission. The application contains a description of the Utility's authorized service territory, which is appended to this recommendation as Attachment A. The application contains a copy of a Quit Claim Deed that was executed on March 29, 2013, as evidence that The Woods owns the land upon which the water and wastewater treatment facilities are located pursuant to Rule 25-30.037(2)(q), F.A.C.

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(h) and (i), F.A.C., the application contains a copy of the Purchase Agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. There are no customer deposits, guaranteed revenue contracts, developer agreements, customer advances, leases, or debt of Aqua that must be disposed of with regard to the transfer. According to the Purchase Agreement, the total purchase price is \$10 for the

portion of the assets attributable to the water and wastewater service, with 100 percent of the purchase price paid in cash at the closing. As previously noted, the sale took place on March 28, 2013, subject to Commission approval, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

The Woods' water treatment system consists of a single well with an aerator, filters used for iron control, and liquid chlorination used for disinfection. The wastewater treatment plant is rated at 15,000 gallons per day (gpd), permitted on a three month rolling average daily flow. A two-cell rapid infiltration basin (percolation pond) is utilized for effluent disposal. Staff has verified that the water and wastewater systems are currently in compliance with all Florida Department of Environmental Protection applicable standards.

Technical and Financial Ability

Pursuant to Rule 25-30.037(1)(j), F.A.C., the application contains statements describing the technical and financial ability of the applicant to provide service to the proposed service area. According to the application, The Woods has considerable Florida-specific expertise in private utility ownership within the state. The directors of The Woods have been in the water and wastewater utility management, operations, and maintenance industry for many years, providing service to more than 550 Florida facilities throughout their careers. Further, the application indicates that the President and Vice President of The Woods have 28 and 36 years, respectively, of operation or ownership of utilities, including a number of utilities previously regulated by the Commission. Staff also reviewed the personal financial statements for the President and Vice President of The Woods¹³ and did not identify any concerns. The application indicates that operating, billing, collection, and customer services will be provided by contract through an affiliated entity, U.S. Water Services Corporation (U.S. Water), which currently provides such services to utilities serving approximately 80,000 customers in Florida. The President of U.S. Water is part owner of other systems regulated by the Commission, including Harbor

¹³ See Document No. 02835-12 in Docket No. 120148-WU, In re: Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.

waterworks, Inc.,¹⁴ Lakeside Waterworks, Inc.,¹⁵ LP Waterworks, Inc.,¹⁶ and several of the systems previously owned by Aqua.¹⁷

Staff requested a three-year projected budget to further evaluate the ability of The Woods to maintain operations of the Utility going forward. The projected budget included data on net operating income, cost of capital, and rate base. Analysis of this data showed that The Woods intends to invest significant capital into replacement of an aging infrastructure, add worker safety improvements, and add infrastructure to improve the reliability of service to the ratepayers. Based on the above, it appears that The Woods has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

The Utility's rates and charges were last approved in a file and suspend rate case in 2012.¹⁸ In 2013, in accordance with Section 367.0816, F.S., the rates were subsequently reduced to reflect the expiration of rate case expense approved in 2009.¹⁹ The Utility's existing rates and charges are shown on Schedule Nos. 1 and 2. Rule 25-9.044(1), F.A.C., provides that, in the case of a 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. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by the Commission in a subsequent proceeding.

¹⁴ See: Order No. PSC-12-0587-PAA-WU, issued October 29, 2012, in Docket No. 120148-WU, In re: Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.

¹⁵ See Order No. PSC-13-0425-PAA-WS, issued September 18, 2013, in Docket No. 120317-WS, In re: Application for approval to transfer water and wastewater system Certificate Nos. 567-W and 494-S in Lake County from Shangri-La by the Lake Utilities, Inc. to Lakeside Waterworks, Inc.

¹⁶ See Order No. PSC-14-0130-PAA-WS, issued March 17, 2014, in Docket No. 130055-WS, In re: Application for approval of transfer of LP Utilities Corporation's water and wastewater systems and Certificate Nos. 620-W and 533-S, to LP Waterworks, Inc., in Highlands County.

¹⁷ See Docket No. 130171-WS, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to The Woods Utility Company in Sumter County; Docket No. 130172-WS, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 501-W and 435-S of Aqua Utilities Florida, Inc. to Sunny Hills Utility Company in Washington County; Docket No. 130173-WU, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate No. 053-W of Aqua Utilities Florida, Inc.'s to Lake Osborne Waterworks, Inc. in Palm Beach County; Docket No. 130174-WU, In re: Application for approval of transfer of Aqua Utilities Florida, Inc.'s water systems and Certificate No. 002-W in Brevard County; and Docket No. 130175-WS, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 422-W and 359-S of Aqua Utilities Florida, Inc. to HC Waterworks, Inc. in Highlands County.

¹⁸ See Order No. PSC-12-0102-FOF-WS, issued March 5, 2012, in Docket No. 100330-WS, In re: Application for increase in water/wastewater rates in Alachua, Brevard, DeSoto, Hardee, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

¹⁹ See Order No. PSC-10-0297-PAA-WS, issued May 10, 2010, in Docket No. 080121-WS, In re: Application for increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

Regulatory Assessment Fees (RAFs) and Annual Reports

Staff has verified that the Utility is current on RAFs for the calendar year ended December 31, 2013. The Utility received an extension to file its annual report for 2013. The Woods should be responsible for filing the Utility's 2013 annual reports and paying 2014 Regulatory Assessment Fees (RAFs) and should be responsible for filing all future annual reports and RAFs.

Conclusion

Based on the above, staff recommends that the transfer of The Woods water and wastewater systems and Certificate Nos. 507-W and 441-S is in the public interest, and the deletion of the Jumper Creek territory from Certificate Nos. 507-W and 411-S should be approved effective the date of the Commission vote. The Woods territories being transferred and the Jumper Creek territories being deleted out of Certificate Nos. 507-W and 441-S are described in Attachment A. The resultant order should serve as The Wood's certificates and should be retained by the Utility. The Utility's existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The Woods should be responsible for filing the Utility's 2013 annual reports and paying 2014 RAFs and should be responsible for filing all future annual reports and RAFs.

Issue 2: What are the appropriate net book values for The Wood's water and wastewater systems for transfer purposes?

Recommendation: For transfer purposes, the net book values (NBVs) of The Woods's water and wastewater systems are \$320,488 and \$89,042, respectively, as of March 28, 2013. Within 30 days of the date of the final order, The Woods should be required to provide general ledgers which show its books have been updated to reflect the Commission-approved balances as of March 28, 2013. The adjustments should be reflected in the Utility's 2013 annual report. (D. Frank)

Staff Analysis: The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. Staff's recommended NBV, as described below, is shown on Schedule Nos. 3 and 4.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected water and wastewater UPIS balances of \$492,504 and \$185,484, respectively, as of March 28, 2013. The audit staff determined that all Commission adjustments have been properly made. Therefore, staff recommends water and wastewater UPIS balances, as of March 28, 2013, of \$492,504 and \$185,484, respectively, as shown on Schedule Nos. 3 and 4.

Land and Land Rights

The value of land and land rights was last established by Order No. PSC-02-1739-PAA-WS.²⁰ At that time, the Commission approved a land value of \$7,500 for wastewater. The utility is a reseller of water and has no treatment plant in use. No adjustments have been identified by staff. Therefore, staff recommends land and land rights of \$0 for water and \$7,500 for wastewater.

Accumulated Depreciation

The Utility's general ledger reflects accumulated depreciation balances of \$171,721 and \$101,315, for water and wastewater respectively, as of March 28, 2013. Audit staff determined that the Utility did not post depreciation accruals for UPIS for March 2013. As a result, accumulated depreciation should be increased by \$1,345 for water and by \$305 for wastewater. Therefore, staff recommends the Utility's water and wastewater accumulated depreciation balances as of March 28, 2013, should be \$173,066 and \$101,620, respectively, as shown on Schedule Nos. 3 and 4.

²⁰ See Order No. PSC-02-1739-PAA-WS, issued December 10, 2002, in Docket No. 990374-WS, In re: Application for certificates to operate a water and wastewater utility in Highlands County by The Woodlands of Lake Placid, L.P., and for deletion of portion of wastewater territory in Certificate No. 361-S held by Highlands Utilities Corporation.

Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

As of March 28, 2013, the Utility's general ledger reflects water and wastewater CIAC balances of \$90,583 and \$65,285, respectively; and accumulated amortization of CIAC balances of \$91,620 and \$62,963, respectively. The water accumulated amortization of CIAC balance was adjusted by \$14 to reflect the appropriate amount of amortization of CIAC. Therefore, staff recommends that the Utility's CIAC balances as of March 28, 2013, for water and wastewater are \$90,583 and \$65,285, respectively; and accumulated amortization of CIAC balances for water and wastewater are \$91,634 and \$62,963, respectively, as shown on Schedule Nos. 3 and 4.

Net Book Value

The Utility's general ledger reflected NBVs of \$321,819 and \$89,347, respectively, for water and wastewater as of March 28, 2013. Based on the adjustments described above and as shown on Schedule Nos. 3 and 4, staff recommends that the NBVs for the Utility's water and wastewater systems as of March 28, 2013, are \$320,488 and \$89,042, respectively, for a total NBV of \$409,530. Schedule Nos. 3 and 4 also contain the National Association of Regulatory Utility Commissioners Uniform System of Accounts and balances for UPIS and accumulated depreciation as of March 28, 2013.

Conclusion

Based on the above, staff recommends that the NBVs of The Woods' water and wastewater systems for transfer purposes are \$320,488 and \$89,042, respectively, as of March 28, 2013. Within 30 days of the date of the final order, The Woods should be required to provide general ledgers which show its books have been updated to reflect the Commission-approved balances as of March 28, 2013. The adjustments should be reflected in the Utility's 2013 annual report.

Issue 3: Should an acquisition adjustment be recognized for rate-making purposes?

Recommendation: Yes. Pursuant to Rule 25-30.0371, F.A.C., a negative acquisition adjustment of \$256,382 for the water system and \$71,232 for the wastewater system should be recognized for rate-making purposes. Beginning with the date of the issuance of the order approving the transfer, 50 percent of the negative acquisition, which is \$128,191 for the water system and \$35,616 for the wastewater system, should be amortized over a seven-year period and the remaining 50 percent should be amortized over the remaining life of the assets. (D. Frank)

Staff Analysis: An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. Pursuant to Rule 25-30.0371(3), F.A.C., if the purchase price is equal to or less than 80 percent of net book value, a negative acquisition adjustment shall be included in rate base and will be equal to 80 percent of net book value less the purchase price. Pursuant to Rule 25-30.0371(4)(b)2., F.A.C., if the purchase price is equal to or less than 50 percent of the net book value, then 50 percent of the negative acquisition adjustment is amortized over a seven-year period and 50 percent amortized over the remaining life of the assets, beginning with the date of the issuance of the order approving the transfer of assets. The Utility estimates that the remaining life of the applicable water assets is 20 years and 23 years for the wastewater assets.

The calculation of The Wood's acquisition adjustment is shown below. Staff allocated the purchase price of \$10 based on the relative ratio of water and wastewater NBV.

Table 3-1

Calculation of Negative Acquisition Adjustment		
	Water System	Wastewater System
Net book value as of March 28, 2013	\$320,488	\$89,042
80 percent of net book value	\$256,390	\$71,234
Purchase price	\$8	\$2
Negative acquisition adjustment	\$256,382	\$71,232

Conclusion:

Pursuant to Rule 25-30.0371, F.A.C., a negative acquisition adjustment of \$256,382 for the water system and \$71,232 for the wastewater system should be recognized for rate-making purposes as of March 28, 2013. Beginning with the date of the issuance of the order approving the transfer, 50 percent of the negative acquisition adjustment, which is \$128,191 for the water system and \$35,616 for the wastewater system, should be amortized over a seven-year period and the remaining 50 percent should be amortized over the remaining life of the assets as discussed above.

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Issue 4: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued and the docket should be closed administratively after The Woods has provided proof that its general ledgers have been updated to reflect the Commission-approved balances as of March 28, 2013. (Gilcher)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued and the docket should be closed administratively after The Woods has provided proof that its general ledgers have been updated to reflect the Commission-approved balances as of March 28, 2013.

THE WOODS - WATER

SUMTER COUNTY

Township 22 South, Range 21 East

Section 12

The Southwest 1/4 of Southeast 1/4 of Northeast 1/4; and
The 660 South feet of the Southwest 1/4 of Northeast 1/4, less the West 480 feet thereof; and
The North 736 feet of Northwest 1/4 of Southeast 1/4, less the West 489 feet thereof.

Township 22 South, Range 22 East

Section 7

The Southwest 1/4 of the Southeast 1/4 of the Northwest 1/4 lying West of US Highway No. 301; and

The Southeast 1/4 of the Southwest 1/4 of the Northwest 1/4; and

The Southwest 1/4 of the Southwest 1/4 of the Northwest 1/4; and

The Northwest 1/4 of the Northwest 1/4 of the Southwest 1/4; and

The Northeast 1/4 of the Northwest 1/4 of the Southwest 1/4; and

The Northwest 1/4 of the Northeast 1/4 of the Southwest 1/4 lying West of US Highway No. 301; thereof, all being in Section 7, Township 22 South, Range 22 East.

Township 22 South, Range 21 East

Section 12

The Southeast 1/4 of the Southeast 1/4 of the Northeast 1/4; and

The Northeast 1/4 of the Northeast 1/4 of the Southeast 1/4; thereof, all being in Section 12, Township 22 South, Range 21 East, Sumter County, Florida.

THE WOODS - WASTEWATER

SUMTER COUNTY

Township 22 South, Range 21 East

Section 12

The Southwest 1/4 of Southeast 1/4 of Northeast 1/4; and
The 660 South feet of the Southwest 1/4 of Northeast 1/4, **less** the West 480 feet thereof; and
The North 736 feet of Northwest 1/4 of Southeast 1/4, **less** the West 489 feet thereof.

**Description of Jumper Creek Water and Wastewater Territories
Deleted from Certificate No's 507-W and 441-S
Sumter County**

**Township 21 South, Range 22 East
Section 24**

Jumper Creek Subdivision

All of Tracts or Parcels 4, 5, And 6 of Plat Book 9, Page 5, Sumter County, Florida Records, being a portion of the following described property:

Begin at the Northeast corner of the South 1/2 of the Southwest 1/4 of the Northeast 1/4 of Section 24; thence S.89°54'27"W. along the north line of the South 1/2 of the Southwest 1/4 of the Northeast 1/4 of said Section 24 a distance of 660.60 feet to a point being on the East line of the Northwest 1/4 of the Southwest 1/4 of the Northeast 1/4 of said Section 24; thence N.0°02'51"W. along said East line a distance of 362.66 feet; thence S.89°55'28"W. a distance of 320.00 feet; thence N.0°02'51"W. a distance of 250.00 feet to a point being on the south right-of-way line of County Road 48, having a 100.00 foot wide public right-of-way; thence S.89°55'28"W. along said south right-of-way line a distance of 365.39 feet to a point being 25.00 feet westerly of, when measured perpendicularly to, the West line of the East 1/2 of said Section 24; thence S.0°01'42"E. parallel to said West line a distance of 2,297.15 feet; thence N.89°57'30"E. parallel to the South line of the Northeast 1/4 of the Southwest 1/4 of said Section 24 a distance of 927.35 feet to a point being on the West line of the south 600.00 feet of the east 420.00 feet of the Northwest 1/4 of said Section 24; thence N.0°04'05"W. along said West line a distance of 293.06 feet to a point being on the North line of the south 600.00 feet of the east 420.00 feet of the Northwest 1/4 of the Southeast 1/4 of said Section 24; thence N.89°57'42"E. along said North line a distance of 420.00 feet to a point being on the East line of the Northwest 1/4 of the Southeast 1/4 of said Section 24; thence N.0°04'05"W. along said East line a distance of 728.13 feet to the southeast corner of the Southwest 1/4 of the Northeast 1/4 of said Section 24; thence N.0°04'01"W. along the East line of the Southwest 1/4 of the Northeast 1/4 of said Section 24 a distance of 664.33 feet to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION
Authorizes
The Woods Utility Company
Pursuant to
Certificate Number 507-W

to provide water service in Sumter 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, cancelled, or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
19848	08/22/88	880013-WS	Grandfather Certificate
25012	09/04/91	910586-WU	Amendment
PSC-92-1113-FOF-WS	10/05/92	920176-WS	Transfer of Certificate
PSC-93-1418-FOF-WS	09/29/93	930614-WS	Name Change
PSC-96-0666-FOF-WS	05/14/96	951330-WS	Transfer of Majority Control
PSC-97-0312-FOF-WS	03/24/97	960643-WS	Transfer of Certificate
PSC-99-0483-FOF-WS	03/08/99	981508-WS	Transfer of Majority Control
PSC-03-0163-FOF-WS	02/03/03	021023-WS	Stock Acquisition/Transfer
PSC-04-0715-FOF-WS	07/21/04	040359-WS	Name Change
PSC-06-0973-FOF-WS	11/22/06	060643-WS	Reorganization/Name Change
PSC-11-0377-PAA-WS	09/12/11	100114-WS	Transfer/Amendment
*	*	130171-WS	Transfer/Deletion

***Order Numbers and dates to be provided at time of issuance.**

FLORIDA PUBLIC SERVICE COMMISSION
Authorizes
The Woods Utility Company
Pursuant to
Certificate Number 441-S

to provide wastewater service in Sumter 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, cancelled, or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
19848	08/22/88	880013-WS	Grandfather Certificate
20518	12/23/88	880485-SU	Transfer of Certificate
PSC-92-1113-FOF-WS	10/05/92	920176-WS	Transfer of Certificate
PSC-93-1418-FOF-WS	09/29/93	930614-WS	Name Change
PSC-96-0666-FOF-WS	05/14/96	951330-WS	Transfer of Majority Control
PSC-97-0312-FOF-WS	03/24/97	960643-WS	Transfer of Certificate
PSC-99-0483-FOF-WS	03/08/99	981508-WS	Transfer of Majority Control
PSC-03-0163-FOF-WS	02/03/03	021023-WS	Stock Acquisition/Transfer
PSC-04-0715-FOF-WS	07/21/04	040359-WS	Name Change
PSC-06-0973-FOF-WS	11/22/06	060643-WS	Reorganization/Name Change
PSC-11-0377-FOF-WS	09/12/11	100114-WS	Transfer/Amendment
*	*	130171-WS	Transfer/Deletion

***Order Numbers and dates to be provided at time of issuance**

**The Woods Utility Company
 Water**

Residential, General, Multi-Family, and Irrigation Service

Base Facility Charge by Meter Size:

5/8" x 3/4"	\$18.92
3/4"	\$28.38
1"	\$47.31
1 1/2"	\$94.61
2"	\$151.38
3"	\$302.77
4"	\$473.07
6"	\$946.15
8"	\$1,513.83
10"	\$2,176.13

Charge per 1,000 gallons – Residential and Irrigation Service	
0 – 6,000 gallons	\$6.46
6,001 – 12,000 gallons	\$9.71
Over 12,000 gallons	\$12.93

Charge per 1,000 gallons – General and Multi-Family Service	\$7.25
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Private Fire Protection Service

2"	\$12.62
3"	\$25.23
4"	\$39.43
6"	\$78.85
8"	\$126.16
10"	\$181.34

Initial Customer Deposits

Residential Service	\$89.06
General Service	2 times average estimated bill

Miscellaneous Service Charges

<u>Schedule of Miscellaneous Service Charges</u>	<u>During Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$22.00	\$33.00
Normal Reconnection Charge	\$22.00	\$33.00
Violation Reconnection Charge	\$35.00	\$55.00
Premises Visit Charge (in lieu of disconnection)	\$22.00	\$33.00
Late Payment Charge	\$5.00	\$5.00

Returned Check Charge

\$50.00 or less	\$25.00
\$50.01 to \$300.00	\$30.00
\$300.01 and above	\$40.00

Service Availability Charges

Administration and Engineering Fee

<u>Development size</u>	
2-50 customers	\$366.00
51-250 customers	\$457.00
Over 250 customers	\$501.00

Main Extension Charge

Per ERC	\$446.00
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Meter Installation Charge

5/8" x 3/4"	\$210.00
All other meter sizes	Actual Cost

Meter With Built-In Backflow Preventer

All Meter Sizes	Actual Cost
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Plant Capacity Charge

Per ERC	\$700.00
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Service Installation Charge

3/4"	\$1,000.00
All other meter sizes	Actual Cost

Stand Alone Backflow Prevention Device

All Types	Actual Cost
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Allowance for Funds Prudently Invested (AFPI)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
January	0.43	5.59	11.11	17.01	23.32
February	0.86	6.05	11.60	17.54	23.88
March	1.28	6.51	12.09	18.06	24.44
April	1.71	6.96	12.58	18.58	25.00
May	2.14	7.42	13.07	19.10	25.56
June	2.57	7.88	13.56	19.63	26.12
July	2.99	8.34	14.05	20.15	26.68
August	3.42	8.79	14.54	20.67	27.24
September	3.85	9.25	15.02	21.19	27.81
October	4.28	9.71	15.51	21.72	28.37
November	4.71	10.17	16.00	22.24	28.93
December	5.13	10.62	16.49	22.76	29.49

*Remaining ERCs 139 (350 GPD/ERC) as of 2008

**The Woods Utility Company
 Wastewater**

Residential Service

All Meter Sizes	\$34.47
Charge per 1,000 gallons *6,000 gallon cap	\$8.88

General Service and Multi-Family

Base Facility Charge by Meter Size:	
5/8" x 3/4"	\$34.47
3/4"	\$51.71
1"	\$86.17
1 1/2"	\$172.35
2"	\$275.75
3"	\$551.52
4"	\$861.74
6"	\$1,723.47
8"	\$2,757.56
10"	\$3,964.00
Charge per 1,000 gallons	\$10.66

Initial Customer Deposits

Residential Service	\$135.75
General Service	2 times average estimated bill

Miscellaneous Service Charges

<u>Schedule of Miscellaneous Service Charges</u>	<u>During Hours</u>	<u>After Hours</u>
Initial Connection Fee	\$22.00	\$33.00
Normal Reconnection Fee	\$22.00	\$33.00
Violation Reconnection Fee	Actual Cost	Actual Cost
Premises Visit Fee (in lieu of disconnection)	\$22.00	\$33.00
Late payment	\$5.00	\$5.00

Service Availability Charges

Administration and Engineering Charge

Development size

2-50 customers	\$366.00
51-250 customers	\$457.00
Over 250 customers	\$501.00

Main Extension Charge

Per ERC	\$ 480.00
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Plant Capacity Charge

Per ERC	\$1,300.00
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Service Installation Charge

4"	\$2,000.00
All other meter sizes	Actual Cost

The Woods Utility Company
Water System
Schedule of Net Book Value as of March 28, 2013

Description	Utility			Staff
	Proposed	Adjustment		Recommended
Utility Plant In Service	\$492,504	-		\$492,504
Land & Land Rights	0	-		0
Accumulated Depreciation	(171,721)	(1,345) A		(173,066)
CIAC	(90,583)	-		(90,583)
Amortization of CIAC	<u>91,620</u>	<u>14</u> B		<u>91,634</u>
Net Book Value	<u>\$321,819</u>	<u>(\$1,331)</u>		<u>\$320,488</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of March 28, 2013
Water System**

Explanation	Amount
A. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>(\$1,345)</u>
B. Amortization of CIAC To reflect appropriate amount of amortization of CIAC.	<u>\$14</u>
Total Adjustments to Net Book Value as of March 28, 2013.	<u>(\$1,331)</u>

The Woods Utility Company
Water System
Schedule of Staff Recommended Account Balances as of March 28, 2013

Account			Accumulated
No.	Description	UPIS	Depreciation
302.1	Franchise	\$535	\$203
304.2	Structure and Improvements	1,081	(1,317)
304.3	Structure and Improvements	23,837	4,205
309.2	Supply Mains	4,307	398
311.2	Pumping Equipment	-	(1,856)
311.4	Pumping Equipment	4,851	1,516
320.3	Water Treatment Equipment	256,433	37,096
330.4	Distribution Reservoirs & Standpoints	34,717	4,321
331.4	Transmission and Distribution Mains	16,406	(1,615)
333.4	Meter & Meter Installations	2,359	223
334.4	Meter & Meter Installations	19,841	2,743
339.1	Misc. Equipment	112,728	119,386
340.5	Office Furniture	121	121
343.5	Tools, Shop, and Garage Equipment	<u>15,289</u>	<u>7,644</u>
	Total	<u>\$492,504</u>	<u>\$173,067</u>

The Woods Utility Company
Wastewater System
Schedule of Net Book Value as of March 28, 2013

Description	Utility			Staff
	Proposed	Adjustment		Recommended
Utility Plant In Service	\$185,484	-		\$185,484
Land & Land Rights	7,500	-		7,500
Accumulated Depreciation	(101,315)	(305) A		(101,620)
CIAC	(65,285)	-		(65,285)
Amortization of CIAC	<u>62,963</u>	-		<u>62,963</u>
Net Book Value	<u>\$89,347</u>	<u>(\$305)</u>		<u>\$89,042</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of March 28, 2013
Wastewater System**

Explanation	Amount
A. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>\$(305)</u>
Total Adjustments to Net Book Value as of March 28, 2013.	<u>(\$305)</u>

**The Woods Utility Company
 Wastewater System**

Schedule of Staff Recommended Account Balances as of March 28, 2013

Account No.	Description	UPIS	Accumulated Dep.
352.1	Franchises	\$427.00	\$179
354.2	Structures and Improvements	23,369	1,765
354.4	Structures and Improvements	18,243	3,240
360.2	Collection-Force	9,697	1,333
361.2	Collection-Gravidity	29,905	118
365.2	Flow Measuring Installations	1,061	175
371.3	Pumping Equipment	8,368	1,382
380.4	Treatment and Disposal Equip.	7,566	3,196
380.5	Treatment and Disposal Equip.	224	101
381.4	Plant Sewers	837	401
389.4	Misc. Equip.	81,665	86,289
390.7	Office Furniture	100	100
398.7	Other Tangible Plant	<u>4,024</u>	<u>3,340</u>
	Total	<u>\$185,484</u>	<u>\$101,620</u>