

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: May 22, 2014

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (Rieger) *SR*
Division of Accounting and Finance (Kelly, Springer) *MS*
Division of Economics (Bruce) *SA*
Office of the General Counsel (Crawford) *JSC* *CBP* *JK*

RE: Docket No. 130176-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 Jumper Creek Utility Company in Sumter County.

AGENDA: 06/05/14 – Regular Agenda – Proposed Agency Action for Issues 2 and 3 - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Balbis

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Recommendations for Docket Nos. 130171-WS, 130176-WS, 130172-WS, 130173-WU, 130174-WU, and 130175-WS should be placed consecutively on the Agenda. Docket No. 130176-WS should be considered in conjunction with Docket No. 130171-WS.

Case Background

On June 24, 2013, Jumper Creek Utility Company (Jumper Creek 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 and is not in a water use caution area. According to Aqua's 2012 Annual Report, the Utility serves 41 water and 41 wastewater customers in a subdivision known as Jumper Creek.

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 previously owned by Aqua in five different counties. Jumper Creek, 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. Water and wastewater rates for most of the Aqua systems were approved in 2012 in a file and suspend rate case.¹ For Jumper Creek, rates and charges were approved at the time of the 2011 transfer to Aqua in Docket No. 100114-WS.² 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.³ There was an amendment to the water certificate territory in 1991.⁴ A transfer was made to USA Utilities Unit 2, Inc., in 1992.⁵ In 1993, there was a name change to Sumter Water Company, Inc.⁶ In 1996, there was a transfer of Majority Organizational Control.⁷ In 1997, there was a transfer to Crystal River Utilities, Inc.⁸ In 1999, there was a transfer of Majority Organizational Control.⁹ In 2003, there was an acquisition of stock by

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, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

² 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.

³ 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.

⁴ See Order No. 25012, issued September 4, 1991, in Docket No. 910586-WU, In re: Application for Amendment of Certificate No. 507-W in Sumter County by Homosassa Utilities, Inc.

⁵ See Order No. PSC-92-1113-FOF-WS, issued October 5, 1992, in Docket No. 920176-WS, In re: Application for transfer of Certificates Nos. 507-W and 441-S in Sumter County from Homosassa Utilities, Inc. to U.S.A. Utilities Unit 2, Inc.

⁶ 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.

⁷ 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.

⁸ 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.

⁹ See Order No. PSC-99-0483-FOF-WS, issued March 8, 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.

Philadelphia Suburban and resulting transfer of controlling interest.¹⁰ In 2004, there was a fictitious name change to Aqua Utilities Florida, Inc.¹¹ In 2006, there was an acknowledgment of corporate reorganization and name change from AquaSource Utilities, Inc. to Aqua Utilities Florida, Inc. (Aqua)¹² The most recent Commission-approved certificate activity to Certificate Nos. 507-W and 441-S was a 2011 amendment to include Jumper Creek¹³

Combined with The Woods, the Jumper Creek water and wastewater territories are presently included within Certificate Nos. 507-W and 441-S. The Jumper Creek territories are recommended to be deleted from those certificates in Docket No. 130171-WS, regarding the transfer application concerning The Woods. In the instant docket, those same territories are recommended to be issued new certificate numbers as part of the transfer to Jumper Creek.

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-03-0163-FOF-WS, issued February 3, 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 Arrendondo Utility Company, Inc., Crystal River Utilities, Inc., Jasmine Lakes Utilities Corporation, Lake Suzy Utilities, Inc., and Ocala Oaks Utilities, Inc.

¹¹ 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; Arrendondo 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.

¹² 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 Arrendondo 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.

¹³ See Order No. PSC 11-0377B-PAA-WS, issued November 22, 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 the issuance of Certificate Nos. 667-W and 570-S to Jumper Creek Utility Company?

Recommendation: Yes. The transfer of Aqua's water and wastewater systems and the issuance of Certificate Nos. 667-W and 570-S to Jumper Creek Utility Company is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as Jumper Creek'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), Florida Administrative Code, (F.A.C.). Jumper Creek should be responsible for filing the Utility's 2013 Annual Report and paying 2014 Regulatory Assessment Fees (RAFs) and should be responsible for filing all future annual reports and RAFs. (Kelly, Springer, Bruce, Rieger)

Staff Analysis: On June 24, 2013, Jumper Creek filed an application for approval of the transfer of Aqua's Jumper Creek water and wastewater systems and Certificate Nos. 507-W and 441-S on behalf of Aqua. 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 filed with the Commission and the time for doing so has expired. The application contains a description of the Utility's water and wastewater service territories, 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 Jumper Creek 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 of \$10 was paid for the portion of the assets attributable to water and wastewater service.

Facility Description and Compliance

The Jumper Creek water treatment system consists of two wells with liquid chlorination used for disinfection. The wastewater treatment plant is rated at 35,000 gallons per day, permitted on an annual average daily flow. A two-cell rapid infiltration basin (percolation pond) is utilized for effluent disposal. Staff contacted the Florida Department of Environmental Protection (DEP) concerning the Utility's compliance status relative to any Notices of Violation or any DEP consent orders. DEP stated that the system is not subject to any outstanding violations or consent orders.

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, Jumper Creek's directors have considerable Florida-specific expertise in private utility ownership within the state. The directors of Jumper Creek 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 Jumper Creek 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 Jumper Creek¹⁴ 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 Waterworks, Inc.,¹⁵ Lakeside Waterworks, Inc.,¹⁶ LP Waterworks, Inc.,¹⁷ and several of the systems previously owned by Aqua.¹⁸

¹⁴ 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.

¹⁵ 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.

¹⁶ 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.

¹⁷ 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.

¹⁸ 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 certain water and wastewater facilities and Certificate No. 002-W of Aqua Utilities Florida, Inc. to Brevard Waterworks, Inc. 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.

Staff requested a three-year projected budget to further evaluate the ability of Jumper Creek to maintain operations of the Utility going forward. The projected budget included data on net operating income, cost of capital, and rate base. The projections are reasonable and include future capital improvements, as well as anticipated increases in costs. Based on the above, it appears that Jumper Creek has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

The Utility's existing rates and charges were last approved in a transfer docket.¹⁹ The Utility's existing rates and charges are shown on Schedule No. 1. 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.

Regulatory Assessment Fees 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 2013 Annual Report. Jumper Creek should be responsible for filing the Utility's 2013 Annual Report and paying 2014 RAFs and should be responsible for filing all future annual reports and RAFs.

Conclusion

Based on the above, staff recommends that the transfer of Jumper Creek's water and wastewater systems and the issuance of Certificate Nos. 667-W and 570-S to Jumper Creek Utility Company is in the public interest and should be approved effective the date of the Commission vote. The Jumper Creek territories are described in Attachment A. The resultant order should serve as Jumper Creek'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. Jumper Creek should be responsible for filing the Utility's 2013 Annual Report and paying 2014 RAFs and should be responsible for filing all future annual reports and RAFs.

¹⁹ See Order No. PSC-11-0377-PAA-WS, issued September 12, 2011, in Docket No. 100114-WS, In re: Application 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.

Issue 2: What are the appropriate net book values for the Jumper Creek water and wastewater systems as of March 28, 2013?

Recommendation: For transfer purposes, the net book values (NBVs) of the water and wastewater systems are \$261,128 and \$131,072, respectively, as of March 28, 2013. Within 30 days of the date of the final order, Jumper Creek 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 when filed. (Kelly)

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. 2 and 3.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected water and wastewater UPIS balances of \$510,770 and \$388,477, respectively, as of March 28, 2013. Audit staff determined that all Commission adjustments have been properly made. Therefore, staff recommends UPIS balances as of March 28, 2013, of \$510,770 and \$388,477, for water and wastewater respectively, as shown on Schedule Nos. 2 and 3.

Land and Land Rights

The value of land and land rights was last established by Order No. PSC-11-0377-PAA-WS.²⁰ At that time, the Commission approved a land value of \$2,272 for water and \$18,722 for wastewater. No adjustments have been identified by staff. Therefore, staff recommends land and land rights of \$2,272 for water and \$18,722 for wastewater.

Accumulated Depreciation

The Utility's general ledger reflects accumulated depreciation balances of \$119,911 and \$100,925, for water and wastewater respectively, as of March 28, 2013. Audit staff determined depreciation accruals to UPIS were not posted in March 2013. As a result, accumulated depreciation should be increased by \$1,598 for water and by \$1,349 for wastewater. Therefore, staff recommends the Utility's accumulated depreciation balances as of March 28, 2013, should be \$121,509 and \$102,274, for water and wastewater respectively, as shown on Schedule Nos. 2 and 3.

²⁰ 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.

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 \$157,236 and \$221,828, respectively; and accumulated amortization of CIAC balances of \$26,509 and \$47,381, respectively. Audit staff determined that amortization of CIAC accruals were not posted in March 2013. As a result, accumulated amortization of CIAC should be increased by \$322 for water by \$594 for wastewater. Therefore, staff recommends that the Utility's accumulated amortization of CIAC balances for water and wastewater as of March 28, 2013, are \$26,831 and \$47,975, respectively, as shown on Schedule Nos. 2 and 3.

Net Book Value

The Utility's general ledger reflected NBVs of \$262,404 and \$131,827, respectively, for water and wastewater as of March 28, 2013. Based on the adjustments described above and as shown on Schedule Nos. 2 and 3, staff recommends that the NBVs for the Utility's water and wastewater systems as of March 28, 2013, are \$261,128 and \$131,072, respectively, for a total NBV of \$392,200. Schedule Nos. 2 and 3 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 Jumper Creek's water and wastewater systems for transfer purposes are \$261,128 and \$131,072, respectively, as of March 28, 2013. Within 30 days of the date of the final order, Jumper Creek 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 when filed.

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 \$208,895 for the water system and \$104,855 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 adjustment, which is \$104,448 for the water system and \$52,427 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. (Kelly)

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 25-30.3071, F.A.C., a positive acquisition adjustment results when the purchase price is greater than the NBV and a negative acquisition adjustment results when the purchase price is less than the NBV. Rule 25-30.371, F.A.C., further states that a positive acquisition adjustment shall not be included in rate base absent proof of extraordinary circumstances. Positive acquisition adjustments, if approved, increase rate base. With respect to negative acquisition adjustments, Rule 25-30.371, F.A.C., states that no negative acquisition adjustment shall be included in rate base if the purchase price is greater than 80 percent of the NBV. If the purchase price is equal to or less than 80 percent of the NBV, a negative acquisition adjustment shall be included in rate base equal to 80 percent of the NBV, less the purchase price. Negative acquisition adjustments reduce rate base. The Utility and its assets were purchased for \$10. In Issue 2, staff recommends that the appropriate NBV to be \$392,200. 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 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 19 years for the wastewater assets.

The calculation of Jumper Creek’s acquisition adjustment is shown below. Staff allocated the purchase price of \$10 based on the relative ratio of water and wastewater net book value.

Table 3-1

Calculation of Negative Acquisition Adjustment		
	<u>Water System</u>	<u>Wastewater System</u>
Net book value as of March 28, 2013	\$261,128	\$131,072
80 percent of net book value	208,902	104,858
Purchase price	<u>7</u>	<u>3</u>
Negative acquisition adjustment	<u>\$208,895</u>	<u>\$104,855</u>

Conclusion

Pursuant to Rule 25-30.0371, F.A.C., a negative acquisition adjustment of \$208,895 for the water system and \$104,855 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 adjustment, which is \$104,448 for the water system and \$52,427 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.

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 Jumper Creek has provided proof that its general ledgers have been updated to reflect the Commission approved balances as of March 28, 2013. (Crawford)

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 Jumper Creek has provided proof that its general ledgers have been updated to reflect the Commission approved balances as of March 28, 2013.

JUMPER CREEK-WATER

SUMTER COUNTY

Township 21 South, Range 22 East

Section 24

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 S89°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 N00°02'51"W along said East line a distance of 362.66 feet; thence S89°55'28"W a distance of 320.00 feet; thence N00°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 S89°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 S00°01'42"E parallel to said West line a distance of 2,297.15 feet; thence N89°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 N00°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 N89°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 N00°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 N00°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.

JUMPER CREEK-WASTEWATER

SUMTER COUNTY

Township 21 South, Range 22 East

Section 24

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 S89°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 N0°02'51"W along said East line a distance of 362.66 feet; thence S89°55'28"W a distance of 320.00 feet; thence N00°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 S89°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 S00°01'42"E parallel to said West line a distance of 2,297.15 feet; thence N89°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 N00°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 N89°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 N00°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 N00°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
Jumper Creek Utility Company
Pursuant to
Certificate Number 667-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>
*	*	130176-WS	Transfer/New Certificate

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

FLORIDA PUBLIC SERVICE COMMISSION
Authorizes
Jumper Creek Utility Company
Pursuant to
Certificate Number 570-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>
*	*	130176-WS	Transfer/New Certificate

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

Jumper Creek

**Monthly Water Rates
 Residential and General Service**

Base Facility Charge for All Meter Sizes	\$ 25.25
Charge Per 1,000 gallons	
0 - 10,000 gallons	\$ 0.00
Over 10,000 gallons	\$ 2.52

**Monthly Wastewater Rates
 Residential and General Service**

Flat Rate	\$ 40.44
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Service Availability Charges

Meter Installation Charge	
5/8" x 3/4"	\$220.00
All Others	Actual Cost

Initial Customer Deposits

5/8"	<u>Water</u> \$50.00	<u>Wastewater</u> \$ 80.00
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Miscellaneous Service Charges

	<u>Water</u>		<u>Wastewater</u>	
	Normal Hours	After Hours	Normal Hours	After Hours
Initial Connection	\$22.00	\$33.00	\$22.00	\$33.00
Normal Reconnection	\$22.00	\$33.00	\$22.00	\$33.00
Violation Reconnection	\$35.00	\$55.00	Actual Cost	Actual Cost
Premises Visit	\$22.00	\$33.00	\$22.00	\$33.00
Late Payment Fee	\$ 5.00	N/A	\$ 5.00	N/A

Returned Check Charge

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

**Jumper Creek Utility Company
Water System
Schedule of Net Book Value as of March 28, 2013**

Description	Utility			Staff
	Proposed	Adjustment		Recommended
Utility Plant In Service	\$510,770	\$0		\$510,770
Land & Land Rights	2,272	-		2,272
Accumulated Depreciation	(119,911)	(1,598)	A	(121,509)
CIAC	(157,236)	-		(157,236)
Amortization of CIAC	<u>26,509</u>	<u>322</u>	B	<u>26,831</u>
Net Book Value	<u>\$262,404</u>	<u>(\$1,276)</u>		<u>\$261,128</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.	(\$1,598)
B. Amortization of CIAC To reflect appropriate amount of accumulated amortization of CIAC.	<u>\$322</u>
 Total Adjustments to Net Book Value as of March 28, 2013	 <u>(\$1,276)</u>

Jumper Creek Utility Company
Water System
Schedule of Staff Recommended Account Balances as of March 28, 2013

Account			Accumulated
No.	Description	UPIS	Depreciation
304	Structures & Improvements	6,486	1,065
307	Wells & Springs	59,477	12,560
310	Power Generation Equipment	1,967	213
311	Pumping Equipment	4,375	510
320	Water Treatment Equipment	275,782	81,981
331	Transmission & Dist. Mains	85,232	12,649
333	Services	38,840	6,208
334	Meter and Meter installation	11,570	6,272
335	Hydrants	<u>27,042</u>	<u>50</u>
	Total	<u>\$510,770</u>	<u>\$121,509</u>

Jumper Creek Utility Company
Wastewater System
Schedule of Net Book Value as of March 28, 2013

Description	Utility			Staff
	Proposed	Adjustment		Recommended
Plant	\$388,477	\$0		\$388,477
Land	18,722	-		18,722
Accumulated Depreciation	(100,925)	(1,349)	A	(102,274)
CIAC	(221,828)	-		(221,828)
Accumulated Amortization - CIAC	<u>47,381</u>	<u>594</u>	B	<u>47,975</u>
Net Book Value	<u>\$131,827</u>	<u>(\$755)</u>		<u>\$131,072</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.	(\$1,349)
B. Amortization of CIAC To reflect appropriate amount of accumulated amortization of CIAC.	<u>\$594</u>
Total Adjustments to Net Book Value as of March 28, 2013	<u>(\$755)</u>

Jumper Creek Utility Company
Wastewater System
Schedule of Staff Recommended Account Balances as of March 28, 2013

Account			Accumulated
No.	Description	UPIS	Depreciation
354	Structures & Improvements	\$8,231	\$712
360	Collection Sewers Force	32,796	6,954
361	Collection Sewers Gravity	83,951	11,893
362	Special Collecting Structure	54,509	8,628
371	Pumping Equipment	50,572	17,560
380	Treatment & Disposal Equipment	<u>158,418</u>	<u>56,526</u>
	Total	\$388,477	\$102,274