

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: July 20, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (M. Watts) *TB*
Division of Economics (Bruce) *OP*
Office of the General Counsel (Thompson) *JSC*

RE: Docket No. 20220203-WS – Application for amendment of Certificate Nos. 552-W and 481-S in Marion County, by C.F.A.T. H2O, Inc.

AGENDA: 08/01/23 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: ~~Schedule immediately before Docket No. 20220062-WS~~

AI
7/20/23

Case Background

On November 18, 2022, C.F.A.T. H2O, Inc. (CFAT or Utility) filed an application with the Florida Public Service Commission (Commission) for a quick-take amendment to Certificate No. 481-S to add wastewater territory in Marion County. During staff's review of the application, staff discovered that: (1) the Utility would need to delete some territory as well as add territory, disqualifying it from the quick-take amendment process; and (2) the amendments affected both the water and wastewater certificates. Accordingly, the docket title was changed to reflect the addition of the water certificate and the change from a quick-take amendment to a regular amendment. In addition, CFAT remitted the additional filing fee and additional documentation required.

The territory currently served by the CFAT water and wastewater systems (the CFAT territory) was originally added to the territory served by Tradewinds Utilities, Inc. (Tradewinds) through

an amendment to Tradewinds' water and wastewater certificates in 1988.¹ The CFAT territory was some distance away from the Tradewinds service territory, and was served by a separate water and wastewater system. Due to a foreclosure on the bank that held the title to the utility assets serving the CFAT territory, the Resolution Trust Corporation (RTC) was appointed its receiver in 1991. Subsequently, the Commission granted a joint application by RTC and Tradewinds to delete the CFAT territory from Tradewinds' certificated service territory and to grant RTC water and wastewater Certificate Nos. 552-W and 481-S.² On November 8, 1993, CFAT filed an application for transfer of Certificate Nos. 552-W and 481-S from RTC to CFAT.³ Since that time, CFAT has undergone one transfer of majority organizational control.⁴

When the CFAT territory was originally added to Tradewinds' certificated service territory in 1988, the portion of the territory in Section 16, Township 14 South, Range 22 East, Marion County, was erroneously described as being in the East half of the Northeast quarter of Section 16. However, the customers being served by the CFAT system were located in the East half of the Northwest quarter of Section 16. This appears to have been an error that has carried forward in subsequent iterations of CFAT's certificated area. The error was discovered during the processing of the application to transfer CFAT to CSWR-Florida Utility Operating Company, LLC (CSWR) in Docket No. 20220062-WS. To ensure that the service territory being conveyed in the sale and noticed pursuant to Rule 25-30.030, F.A.C., was accurate, the amendment sought in the instant docket should be addressed before the transfer request in Docket No. 20220062-WS is granted. Therefore, CFAT is requesting that the currently certificated area in Section 16 be deleted and the territory pertaining to Section 16 be added.

This recommendation addresses the Utility's request to extend its water and wastewater service territory and to delete a portion of its water and wastewater service territory. The Commission has jurisdiction pursuant to Section 367.045, Florida Statutes (F.S.).

¹Order No. 19688, issued July 19, 1988, in Docket No. 19880552-WS, *In re: Application by Tradewinds Utilities, Inc. for amendment to Certificate Nos. 405-W and 342-S in Marion County, Florida.*

²Order No. PSC-93-0368-FOF-WS, issued March 9, 1993 in Docket No. 19921260-WS, *In re: Application for certificates to provide water and wastewater service in Marion County by The Resolution Trust Corporation and for amendment of Certificates [sic] Nos. 405-W and 342-S by Tradewinds Utilities, Inc. to reflect transfer of territory.*

³Order No. PSC-94-0701-FOF-WS, issued June 8, 1994, in Docket No. 19931080-WS, *In re: Application for transfer of Certificates [sic] Nos. 552-W and 481S from The Resolution Trust Corporation to C.F.A.T. H2O, Inc. in Marion County.*

⁴Order No. PSC-06-0593-FOF-WS, issued July 7, 2006, in Docket No. 20060028-WS, *In re: Application for transfer of majority organizational control of C.F.A.T. H2O, Inc., holder of Certificates 552-W and 481-S in Marion County, from Ronald Chase to Floyd and Eugenia Segarra and Charles deMenzes.*

Discussion of Issues

Issue 1: Should the Commission approve C.F.A.T. H2O, Inc.'s application for amendment of Certificate Nos. 552-W and 481-S to add and delete territory from its certificated water and wastewater service territory in Marion County?

Recommendation: Yes. The Commission should amend Certificate Nos. 552-W and 481-S to include the territory as described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as CFAT's amended certificate and should be retained by the Utility. The Utility should charge future customers in the territory added herein the rates and charges contained in its current tariffs until a change is authorized by the Commission in a subsequent proceeding. (M. Watts, Bruce)

Staff Analysis: The Utility's application to amend its authorized service territory is in compliance with the governing statute, Section 367.045, F.S., and Rule 25-30.036, Florida Administrative Code (F.A.C.). The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, F.A.C. On April 14, 2023, Marion County Utilities (County) timely filed an objection to the application and requested a hearing. Staff contacted the County to clarify its specific objections, as well as to describe for the County the Commission's hearing process. CFAT contacted the County as well for clarification of the County's concerns. After reviewing the information received during these discussions, on June 8, 2023, the County withdrew its objection to the territory amendment.⁵

CFAT provided adequate service territory maps and territory descriptions to the Commission. A description of the territory requested to be deleted and added by the Utility, as well as the resulting service territory description, is appended to this recommendation as Attachment A. The Utility submitted an affidavit with its November 18, 2022, application consistent with Rule 25-30.036(2)(q), F.A.C., stating that it has tariffs and annual reports on file with the Commission.

Pursuant to the transfer from The Resolution Trust Corporation to the Utility, the Commission established rate base for transfer purposes and set rates and charges on June 8, 1994.⁶ As explained in the Case Background, the owner of both CFAT and Tradewinds has been serving the customers included in the request for extension of service territory in the instant docket since 1988, when the CFAT territory was added to Tradewinds. Therefore, no additional facilities will be needed to serve these customers. Given the long history of service to these customers, staff believes CFAT's financial ability to serve the proposed territory to be adequate.

There are currently no outstanding Consent Orders or Notices of Violation from the Florida Department of Environmental Protection. The Utility has filed its 2022 Annual Report and has paid its 2022 Regulatory Assessment Fees. Based on the foregoing analysis, staff recommends that CFAT has the financial and technical ability to serve the amended territory.

⁵Document No. 03558-2023.

⁶Order No. PSC-94-0701-FOF-WS, issued June 8, 1994, in Docket No. 19931080-WS, *In re: Application for transfer of Certificates [sic] Nos. 552-W and 481S from The Resolution Trust Corporation to C.F.A.T. H2O, Inc. in Marion County.*

Conclusion

Based on the information above, staff recommends that the Commission should amend Certificate Nos. 552-W and 481-S to include the territory as described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as CFAT's amended certificate and should be retained by the Utility. The Utility should charge future customers in the territory added herein the rates and charges contained in its current tariffs until a change is authorized by the Commission in a subsequent proceeding.

Issue 2: Should this docket be closed?

Recommendation: If the Commission approves staff's recommendation, no further action will be necessary, and this docket should be closed upon issuance of the order. (Thompson)

Staff Analysis: If the Commission approves staff's recommendation, no further action will be necessary, and this docket should be closed upon issuance of the order.

C.F.A.T. H2O, Inc.
MARION COUNTY

Legal Description of the Extension Territory

A parcel of land being part of the NE 1/4 of NW 1/4 and the SE 1/4 of NW 1/4 of Section 21, Township 14 South, Range 22 East, Marion County, Florida and being more particularly described as follows:

Beginning at the NE corner of the NW 1/4 of said Section 21, thence run South 00°12'41" West along the east line of the West 1/2 of said Section 21 for 2555.69 feet to the northern right-of-way of NW 70th Street; thence run North 89°36'04" West for 674.92 feet to the western right-of-way of Jacksonville Road; thence run North 13°51'04" East along said right-of-way for 611.53 feet; thence run North 76°23'09" West for 450.97 feet; thence run North 13°36'58" East for 899.69 feet; thence run South 76°33'41" East for 453.52 feet back to said western right-of-way of Jacksonville Road; thence run North 13°46'51" East along said right-of-way for 1114.14 feet to the north line of said NE 1/4 of NW 1/4 of Section 21; thence run East along the north line of said Section 21 for 57.94 feet back to the Point of Beginning. Containing 30.8 acres, more or less.

Legal Description of the Territory Deleted

All of the East 1/2 of the NE 1/4 of Section 21, Township 14 South, Range 22 East, Marion County, Florida. Containing 80 acres, more or less.

C.F.A.T. H2O, Inc.
MARION COUNTY
WATER AND WASTEWATER SERVICE TERRITORY

A parcel of land being part of the SE 1/4 of SE 1/4, the SW 1/4 of SE 1/4, and the NE 1/4 of SE 1/4 of Section 16; and the NE 1/4 of NW 1/4 and the SE 1/4 of NW 1/4 of Section 21, all in Township 14 South, Range 22 East, Marion County, Florida and being more particularly described as follows:

Beginning at the SE corner of said Section 16, thence run West along the south line of said Section 16 for 2640.00 feet to the NE corner of the NE 1/4 of NW 1/4 of Section 21; thence run South 00°12'41" West along the east line of the W 1/2 of said Section 21 for 2555.69 feet to the northern right-of-way of NW 70th Street; thence run North 89°36'04" West for 674.92 feet to the western right-of-way of Jacksonville Road; thence run North 13°51'04" East along said right-of-way for 611.53 feet; thence run North 76°23'09" West for 450.97 feet; thence run North 13°36'58" East for 899.69 feet; thence run South 76°33'41" East for 453.52 feet back to said western right-of-way of Jacksonville Road; thence run North 13°46'51" East along said right-of-way for 1114.14 feet to the north line of said NE 1/4 of NW 1/4 of Section 21; thence run East along the north line of said Section 21 for 57.94 feet to the SW corner of the SW 1/4 of SE 1/4 of Section 16; thence run North along the west line of said SW 1/4 of SE 1/4 for 849.32 feet; thence run East for 1320.00 feet; thence run North for 671.05 feet; thence run East for 1320.00 feet to the east line of Section 16; thence run South along the east line of said Section 16 for 1520.37 feet back to the Point of Beginning. Containing 102.6 acres, more or less.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
C.F.A.T. H2O, Inc.
pursuant to
Certificate Number 552-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, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-93-0368-FOF-WS	03/09/93	19921260-WS	Transfer
PSC-94-0701-FOF-WS	06/08/94	19931080-WS	Transfer
PSC-06-0593-FOF-WS	07/07/06	20060028-WS	TMOC
PSC-97-0206A-FOF-WS	03/05/97	19960095-WS	Amendatory Order
*	*	20220203-WS	Amendment

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

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
C.F.A.T. H2O, Inc.
pursuant to
Certificate Number 481-S

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

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-93-0368-FOF-WS	03/09/93	19921260-WS	Transfer
PSC-94-0701-FOF-WS	06/08/94	19931080-WS	Transfer
PSC-06-0593-FOF-WS	07/07/06	20060028-WS	TMOC
PSC-97-0206A-FOF-WS	03/05/97	19960095-WS	Amendatory Order
*	*	20220203-WS	Amendment

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