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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20230111-SU

Application for authority to transfer  
wastewater facilities and Certificate  
No. 537-S in Okeechobee County from The  
Vantage Development Corporation to  
Vantage Oaks Utility, LLC..

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 20

COMMISSIONERS  
PARTICIPATING: CHAIRMAN MIKE LA ROSA  
COMMISSIONER ART GRAHAM  
COMMISSIONER GARY F. CLARK  
COMMISSIONER ANDREW GILES FAY  
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Tuesday, June 18, 2024

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK  
Court Reporter and  
Notary Public in and for  
the State of Florida at Large

PREMIER REPORTING  
TALLAHASSEE, FLORIDA  
(850) 894-0828

1 P R O C E E D I N G S

2 CHAIRMAN LA ROSA: Let's move to Item No. 20.

3 MS. WATTS: Good morning, Commissioners.

4 Item No. 20 is staff's recommendation on  
5 Vantage Oaks Utility, LLC's, application for  
6 authority to transfer water -- wastewater  
7 facilities and Certificate No. 537-S in Okeechobee  
8 County from The Vantage Development Corporation to  
9 the Vantage Oaks Utility, LLC.

10 Vantage Oaks has -- provides wastewater  
11 services to approximately 174 mobile home park  
12 connections within the Vantage Oaks mobile home  
13 community in a single general service customer.

14 Issue No. 3 addresses proper net book value  
15 for the wastewater system. Issue No. 4 addresses  
16 whether an acquisition adjustment is warranted with  
17 its application. Vantage Oaks provided a signed  
18 and notarized bill of sale for the anticipated  
19 utility in the amount of 3,700.

20 Staff conducted an audit and issued its audit  
21 report on March 13th. In this report, the net book  
22 value of the utility assets was determined to be  
23 approximately 57,000.

24 Counsel for Vantage Oaks filed a letter on  
25 March 18th stating that the utility and its

1 consultants have reviewed the information and did  
2 not have any issues with the conclusions in the  
3 audit report.

4 Based on the bill of sale filed with the  
5 application, the result of the audit and the  
6 acquisition adjustment rule in effect at the time  
7 the petition was filed, staff prepared the  
8 recommendation is that is before you now.

9 On Friday afternoon, counsel filed an updated  
10 bill of sale in the amount of 57,409. This amount  
11 equals the net book value for the system as  
12 determined in the staff's audit report.

13 Mr. Deterding is present to address the  
14 Commission with respect to this item on behalf of  
15 the utility. Staff is also available to answer any  
16 questions.

17 CHAIRMAN LA ROSA: Excellent. Thank you.

18 And, Mr. Deterding, I will recognize you.

19 MR. DETERDING: Thank you, Commissioner.

20 F. Marshall Deterding here on behalf of  
21 Vantage Oaks Utility, LLC.

22 Just a little background so you can understand  
23 my question -- my issue with item number -- or  
24 Issue No. 4.

25 This utility came to me in 2023, mid-2023,

1 with a question about utility operations. I took a  
2 look at what they told me and realized that this  
3 was a regulated utility. They had acquired it a  
4 year prior. I informed them that they needed to  
5 get their information together and get a filing  
6 into the Public Service Commission for transfer as  
7 the buyer -- the seller had not informed them that  
8 they were a regulated utility.

9 In any case, this is the result of -- this  
10 transfer is the result of a transfer of a mobile  
11 home park and a very small that went along with it.  
12 The mobile home park was acquired for \$5 million,  
13 and all of it was as one entity, as opposed to a  
14 separate utility entity.

15 So I recommended to them that they separate  
16 out the utility into a separate entity -- which  
17 they did -- and to transfer the assets of the  
18 utility from the mobile home park to the utility  
19 company. They did so, and by a bill of sale. And  
20 in order to avoid the issue of an acquisition  
21 adjustment, I recommended that they do that at the  
22 net book value, that that be the amount on the bill  
23 of sale. Well, on the seller's books, that was  
24 \$3,700.

25 The staff determined, as they've indicated,

1           that the net book value was \$57,000. So now staff  
2           is proposing a acquisition adjustment for the  
3           difference, which, in accordance with NARUC, is  
4           appropriate.

5                       However, as we stated in the original  
6           application, the buyer allocated \$3,700 of the  
7           purchase price to the wastewater facilities in  
8           order to reflect an estimate of the rate base at  
9           the date of transfer. Well, the whole point of  
10          that was to avoid dealing with an acquisition  
11          adjustment.

12                      So after seeing the staff recommendation, I  
13          contacted them and expressed my concern that we did  
14          not -- that the whole point was to try and avoid  
15          and acquisition adjustment. And then on Friday, I  
16          filed a revised a bill of sale reflecting the net  
17          book value as determined by staff, so that, in  
18          effect, Issue 4, the staff is -- proposed  
19          acquisition adjustment is not appropriate, because  
20          the purchase price is now equal to the net book  
21          value.

22                      This can be resolved quite simply by simply  
23          eliminating Issue No. 4. It does not -- there is  
24          no appropriate net book value -- no appropriate  
25          acquisition adjustment any longer because of the

1 revised bill of sale. So that is my request.

2 CHAIRMAN LA ROSA: Okay. Can I get just maybe  
3 staff to kind of weigh in? So if I am -- Mr.  
4 Deterding, if I understand you correctly here, you  
5 are -- you have given us copies of this bill of  
6 sale. What you are stating is that with this bill  
7 of sale, Item No. 4 goes away. Can I get staff to  
8 comment on that?

9 MR. SANDY: Good morning, Mr. Chair. Ryan  
10 Sandy from the Office of General Counsel.

11 To your question, we received the new bill of  
12 sale from Mr. Deterding on Friday, and the  
13 Commission has broad discretion in determining  
14 whether the valuations set forth in that new bill  
15 of sale is appropriate or valid.

16 Ultimately, it's incumbent upon the  
17 Commissioners to make a determination as to whether  
18 Mr. Deterding's explanation is appropriate, and if  
19 you find that it is appropriate, then that would  
20 negate Issue 4.

21 CHAIRMAN LA ROSA: Commissioners, is there  
22 questions? Further questions?

23 Commissioner Fay, you are recognized.

24 COMMISSIONER FAY: Thank you, Mr. Chairman.

25 I just -- I have a question for staff. So

1 reading Mr. Deterding's correspondence, and then  
2 the change that's proposed.

3 So with this transfer, there is an audit  
4 process that occurs. It doesn't look like, from  
5 the recommendation, that that value changed at any  
6 point. Was it -- I mean, did staff originally  
7 communicate a different value and then the  
8 recommendation proposed in that book value, or was  
9 that just -- I mean, this -- was it the value the  
10 entire time?

11 MR. SEWARDS: Justin Swards with Commission  
12 staff.

13 Staff's recommended net book value, it came  
14 from our audit. It didn't change from that process  
15 moving forward. So once the auditors analyzed the  
16 books, they came up with the \$57,409, and that was  
17 what we ultimately recommended.

18 COMMISSIONER FAY: Okay. Great. So there  
19 wasn't any change?

20 MR. SEWARDS: No.

21 COMMISSIONER FAY: Okay. Gotcha.

22 Yeah. So, Mr. Chairman, I will just make a  
23 comment unless there are any questions. I don't  
24 want to --

25 CHAIRMAN LA ROSA: Any further questions?

1           COMMISSIONER FAY: Okay. So this -- it seems  
2           pretty simple to me, Mr. Chairman. I mean, I think  
3           the audit lays it out as it does. I interpret  
4           everything staff did as being right to lead us to  
5           this conclusion. But I also think Mr. Deterding  
6           has represented his client well here as far as  
7           what's proposed with the bill of sale and a  
8           potential resolution from this.

9           I would just argue, Mr. Chairman, that -- and  
10          I am happy to make a motion that it doesn't -- it  
11          doesn't negate Issue 4 -- Issue 4 doesn't  
12          disappear, but my motion would just include that we  
13          would say that, no, we should -- an acquisition  
14          adjustment should not be made on Issue 4, if my  
15          colleagues want to support that. But I will -- I  
16          will wait for you to entertain any other questions  
17          or comments, and then I am happy to make a motion.

18          MS. HELTON: Mr. Chairman -- Commissioner Fay,  
19          I am sorry. If we could do just maybe one little  
20          friendly amendment. I am not sure that the -- I do  
21          think if you accept -- if you move to accept Mr.  
22          Deterding's revised bill of sale, then I do think  
23          that Issue 4 would be mooted out, is that correct?

24          MS. CRAWFORD: Yes.

25          COMMISSIONER FAY: So just for clarity, there



1           would -- there would not be a decision on Issue 4,  
2           it would just be deemed moot?

3           MS. HELTON: Right. The only reason Issue 4  
4           was brought before you was because based on the  
5           audit that staff analyzed, there would have been a  
6           negative acquisition adjustment based on the net  
7           book value that the staff found. And Mr. Deterding  
8           is, in effect, agreeing now with that net book  
9           value, the revised net book value. And because the  
10          net book value does not, in effect, create a  
11          negative acquisition adjustment, then that issue  
12          does not need to be before you. You do not vote on  
13          it.

14          MS. CRAWFORD: And for clarity, the order  
15          would reflect that because there is now a match  
16          between the allocated cost to the purchase of the  
17          utility and the net book value, no acquisition  
18          adjustment is appropriate under the rule.

19          When there is no negative acquisition  
20          adjustment identified, usually it's a single issue.  
21          What is the net book value? Is an acquisition  
22          adjustment appropriate? The answer here, if you  
23          accept Mr. Deterding's argument, would be no.

24          COMMISSIONER FAY: Okay. Yeah. I mean, I am  
25          -- I am not familiar with just sort of removing

1 issues instead of voting on them, but if -- I think  
2 that we are saying the same thing, maybe just in  
3 different ways. And so if the Commission could  
4 take it up by essentially, what you are saying, not  
5 speaking to Issue 4 or --

6 MS. HELTON: Well, maybe if I could make a  
7 recommendation that you move to accept Mr.  
8 Deterding's revised bill of sale, which, in effect,  
9 makes it not necessary for the Commission to vote  
10 on the acquisition -- to determine whether there is  
11 an acquisition adjustment.

12 COMMISSIONER FAY: Okay. I would be  
13 comfortable with that. I just -- I would be sort  
14 of careful for us to, when we have an issue in  
15 front of us to vote on, to decide that for whatever  
16 reason that issue no longer needs to be voted on.  
17 I think your clarity is sufficient for me, and so I  
18 would be comfortable with that, unless my  
19 colleagues have anything else they want to --

20 CHAIRMAN LA ROSA: Commissioner Clark.

21 COMMISSIONER CLARK: That addressed my  
22 concern. Yeah, that was it.

23 CHAIRMAN LA ROSA: Okay. Yeah, and I  
24 understand and digest two.

25 So we go back, then, to our motion, do we need

1 to restate it.

2 COMMISSIONER FAY: Sure.

3 Mr. Chairman, what I would do is I would move  
4 to approve all issues, except for Issue 4, on Item  
5 No. 20. And for Issue No. 4, we would just deem  
6 that moot for the record by accepting Mr.  
7 Deterding's revised bill of sale that was submitted  
8 in the record to the Commission.

9 CHAIRMAN LA ROSA: Understood.

10 COMMISSIONER CLARK: Second.

11 CHAIRMAN LA ROSA: So hearing a motion and  
12 hearing a second.

13 All those in favor signify by saying yay.

14 (Chorus of yays.)

15 CHAIRMAN LA ROSA: Yay.

16 Opposed no.

17 (No response.)

18 CHAIRMAN LA ROSA: Show, then, that Item No.  
19 20 passes.

20 Thank you.

21 MR. DETERDING: Thank you, Commissioner.

22 CHAIRMAN LA ROSA: Staff, thank you for the  
23 clarification. And thank you, Commissioner Fay,  
24 for getting us through that.

25 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

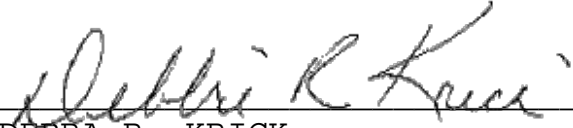
STATE OF FLORIDA )  
COUNTY OF LEON )

I, DEBRA KRICK, Court Reporter, do hereby  
certify that the foregoing proceeding was heard at the  
time and place herein stated.

IT IS FURTHER CERTIFIED that I  
stenographically reported the said proceedings; that the  
same has been transcribed under my direct supervision;  
and that this transcript constitutes a true  
transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative,  
employee, attorney or counsel of any of the parties, nor  
am I a relative or employee of any of the parties'  
attorney or counsel connected with the action, nor am I  
financially interested in the action.

DATED this 2nd day of July, 2024.

  
DEBRA R. KRICK  
NOTARY PUBLIC  
COMMISSION #HH31926  
EXPIRES AUGUST 13, 2024