

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: November 18, 2004

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Johnson, Kaproth)
Office of the General Counsel (McAuliffe, Helton)

RE: Docket No. 040988-WU – Application for transfer of water facilities to Marion County, and cancellation of Certificate No. 485-W, by Quail Meadow Utilities, Inc.

AGENDA: 11/30/04 – Regular Agenda – Interested Persons May Participate

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\040988.RCM.DOC

Case Background

Quail Meadow Utilities, Inc. (Quail Meadow or utility) is a Class C water utility providing service to a development located in Marion County. The utility serves approximately 421 residential customers. The system is located in a water resource caution area of the Southwest Florida Water Management District. The utility's 2003 annual report indicates gross revenue of \$114,920 and a net operating loss of \$742.

Quail Meadow was granted Certificate No. 485-W pursuant to Order No. 17211, issued February 20, 1987, in Docket No. 861604-WU, In Re: Application of Quail Meadow Utilities, Inc., for a water certificate in Marion County. On June 17, 2004, the Marion County Board approved the acquisition of Quail Meadow for a purchase price of \$330,000. On August 31, 2004, an application was filed for the transfer of the utility to Marion County and for the cancellation of Certificate No. 485-W.

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This recommendation addresses the transfer to Marion County. The Commission has jurisdiction pursuant to Section 367.071(4), Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code.

Issue 1: Should the transfer of Quail Meadow Utilities, Inc.'s water facilities to Marion County be approved?

Recommendation: Yes. The transfer of Quail Meadow Utilities, Inc.'s water facilities to Marion County should be approved, as a matter of right pursuant to Section 367.071(4)(a), Florida Statutes. Certificate No. 485-W should be cancelled effective September 1, 2004. (Johnson, Kaproth)

Staff Analysis: On August 31, 2004, Quail Meadow filed a completed application to transfer its water facilities to Marion County pursuant to Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4) and (5), Florida Administrative Code. According to the application, Marion County took over operations of Quail Meadow on September 1, 2004. Therefore, the effective date of the transfer is September 1, 2004.

Pursuant to Section 367.071(4)(a), Florida Statutes, the transfer of facilities to a governmental authority shall be approved as a matter of right. As such, no notice of the transfer is required and no filing fees apply.

The application contains a statement that the County obtained Quail Meadow's most recent income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction pursuant to Rule 25-30.037(4)(e), Florida Administrative Code. The application contains a statement that there were no customer deposits to be transferred.

Quail Meadow has no outstanding regulatory assessment fees and no fines or refunds are owed. The utility has filed its 2003 annual report and paid its 2003 RAFs and there are no outstanding penalties and interest. Quail Meadow has paid the RAFs for the period of January 1, 2004 through September 1, 2004. Quail Meadow is not required to file an annual report for the period of January 1, 2004 through September 1, 2004 because of being transferred to Marion County.

Staff recommends that the application is in compliance with all provisions of Rule 25-30.037, Florida Administrative Code. Pursuant to Section 367.071(4)(a), Florida Statutes, the transfer of facilities to a governmental authority shall be approved as a matter of right. Therefore, staff recommends that the transfer of Quail Meadow to Marion County should be approved, as a matter of right and Certificate No. 485-W should be cancelled effective September 1, 2004.

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Issue 2: Should this docket be closed?

Recommendation: Yes. Since there are no pending issues in this docket, the docket should be closed upon the issuance of a final order. (McAuliffe, Helton)

Staff Analysis: Since there are no pending issues in this docket, the docket should be closed upon the issuance of a final order.