

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, 2005

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

FROM: Division of Economic Regulation (Johnson, Redemann)
Office of the General Counsel (Gervasi)

RE: Docket No. 040534-SU – Application For Amendment Of Certificate No. 492-S
To Delete Territory In Franklin County By SGI Utility, LLC.
County: Franklin

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

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\040534.RCM.DOC

Case Background

SGI Utility, LLC (SGI or utility) is a Class C utility on St. George Island. The utility (formerly known as Resort Village Utility, Inc.) was granted Certificate No. 492-S in Order No. PSC-94-1524-FOF-SU, issued on December 12, 1984.¹ By Order No. PSC-02-0658-PAA-SU, issued on May 14, 2002, the utility was transferred to SGI Utility, Inc.² Water service is provided by Water Management Services, Inc.

On June 10, 2004 the utility applied for an amendment to Wastewater Certificate No. 492-S to delete its entire service territory in Franklin County, Florida, pursuant to Rule 25-30.036(4), Florida Administrative Code, and cancel Certificate No. 492-S. The Commission has jurisdiction pursuant to Section 367.045, Florida Statutes.

¹ Docket No. 93111-SU, In Re: Application for Certificate to Operate Wastewater Utility in Franklin County by Resort Village Utility, Inc.

² Docket No. 991812-SU, In Re: Application for Transfer of Certificate No. 492-S in Franklin County from Resort Village Utility, Inc. to SGI Utility, LLC.

Discussion of Issues

Issue 1: Should the Commission approve SGI Utility, LLC's amendment application to delete its entire service territory and cancel Certificate No. 492-S?

Recommendation: Yes, the Commission should approve SGI Utility, LLC's application to delete its entire service territory and cancel Certificate No. 492-S effective on the date of the Commission vote. (Redemann, Johnson)

Staff Analysis: As stated in the Case Background, on June 10, 2004, SGI applied for an amendment to delete the entire service territory and cancel Wastewater Certificate No. 492-S in Franklin County, Florida, pursuant to Rule 25-30.036(4), Florida Administrative Code.

The application is in compliance with the governing statute, Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for amendment of certificate. The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to the application have been received and the time for filing such has expired. The local planning agency was provided notice of the application and did not file a protest to the amendment. The Department of Community Affairs has identified no growth management concerns with the removal of the wastewater system.

The utility is part of a project on St. George Island commonly known as Resort Village. The utility originally applied for a PSC certificate because it intended to serve a hotel, convention center, restaurant, and various recreational and supporting facilities. Since receiving a PSC certificate, the development plan for Resort Village has been changed to condominium units and single family residences.

The utility stated that it is not operational and has no customers. Currently, service is provided to an affiliated hotel in the service area through an aerobic treatment system. There is no specific charge for wastewater service. Therefore, it is exempt from Commission regulation. According to the revised development plan, the hotel is to be converted to condominium units.

A wastewater treatment plant was constructed in 2002, but was never placed into service. The utility intends to remove the wastewater treatment plant and allow the property owners to install individual, privately-owned aerobic treatment systems which would be exempt from Commission regulation. Wastewater service to the condominiums would be exempt pursuant to Section 367.022(7), Florida Statutes, which provides that nonprofit corporations, associations or cooperatives providing service solely to members who own and control such nonprofit corporations, associations or cooperatives are exempt from Commission regulation. Staff has contacted the Department of Environmental Protection and learned that it does not oppose removing the wastewater treatment plant.

Staff verified that the utility filed its Annual Reports for 2003 and prior years, in accordance with Rule 25-30.110, Florida Administrative Code. No Annual Report is needed for 2004. Further, no penalties are outstanding for delinquent reports. Staff also verified that the utility has paid its Regulatory Assessment Fees for 2004 and prior years, in accordance with Rule

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25-30.120, Florida Administrative Code, and no penalties or interest are outstanding for delinquent payments.

Based on the above information, staff recommends that the Commission approve SGI Utility, LLC's application to delete its entire service territory and cancel Certificate No. 492-S effective on the date of the Commission vote.

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Issue 2: Should the docket be closed?

Recommendation: Yes, because no further action is necessary, the docket should be closed.
(Gervasi)

Staff Analysis: Because no further action is necessary in this docket, the docket should be closed.