

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: August 2, 2007

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Clapp, Kaproth)
Office of the General Counsel (Young)

RE: Docket No. 070381-SU – Application for transfer of wastewater facilities to City of Sebring in Highlands County and cancellation of Certificate No. 349-S by Harder Hall - Howard, Inc.
County: Highlands

AGENDA: 08/14/07 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\070381.RCM.DOC

Case Background

Harder Hall - Howard, Inc. (Harder Hall or utility) is a Class C utility providing wastewater service to approximately 420 equivalent residential units in Highlands County. The utility's 2006 annual report indicates that the utility had gross revenue of \$101,008 and net operating loss of \$27,830.

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The utility's wastewater system was originally issued Certificate No. 349-S in 1984.¹ The utility was subsequently transferred twice and its territory amended once.²

On June 21, 2007, Harder Hall submitted an application for transfer of facilities to the City of Sebring (the City) and for cancellation of Certificate No. 349-S. The Commission has jurisdiction pursuant to section 367.071, Florida Statutes.

¹ Order No. 12878, issued January 13, 1984, in Docket No. 830209-S (AP), In Re: Application of Harder Hall, Inc., for a certificate to operate a sewer system in Highlands County, Florida, Pursuant to Section 367.171, Florida Statutes.

² Order No. 19855, issued August 22, 1988, in Docket No. 880204-SU, In re: Joint Petition to Transfer Assets of Harder Hall Corporation and Certificate 349-S in Highlands County from HHR Associates to Security Savings and Loan Association. Order No. 24713, issued June 25, 1991, in Docket No. 910149-SU, In re: Application for transfer of Certificate No. 349-S from Security Savings and Loan Association to Harder Hall – Howard, Inc. in Highlands County. Order No. PSC-92-1185-AS-SU, issued October 19, 1992, in Docket Nos. 920093-SU, In re: Application for amendment of Certificate No. 349-S to include additional territory in Highland County by Harder Hall – Howard, Inc. and 920069-SU, In re: Complaint against Harder Hall - Howard, Inc. for alledge infringement upon certificated area in Highlands County served by Highlands Utilities Corporation.

Discussion of Issues

Issue 1: Should the transfer of Harder Hall – Howard, Inc. wastewater facilities to the City of Sebring and the cancellation of Certificate No. 349-S be approved?

Recommendation: Yes. The transfer of Harder Hall – Howard, Inc. wastewater facilities to the City of Sebring should be approved, as a matter of right, pursuant to section 367.071(4)(a), Florida Statutes, and Certificate No. 349-S should be cancelled effective December 1, 2006. (Clapp, Kaproth, Young)

Staff Analysis: On June 21, 2007, Harder Hall filed an application to transfer the utility's service territory and facilities to the City pursuant to section 367.071(4)(a), Florida Statutes, and rule 25-30.037(4), Florida Administrative Code and for cancellation of Certificate No. 349-S. According to the application, the City began providing service to the customers on December 1, 2006. Therefore, December 1, 2006, is the effective date of the transfer.

The City and utility agreed to the transfer of the wastewater facilities, with the exception of the wastewater treatment plant which is having dismantled. Harder Hall's wastewater system has been interconnected with the City's system. 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 utility holds no customer deposits. Therefore, no deposits or accumulated interest will be transferred to the City or applied to the customer accounts. The application also stated that the City received the utility's most recent available income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction.

In accordance with rule 25-30.110, Florida Administrative Code, Harder Hall filed its annual reports for 2006 and prior years. Pursuant to rule 25-30.120, Florida Administrative Code, the utility's RAFs for 2006 and all prior years have been paid. No penalties or interest are outstanding for annual reports or RAF payments. The utility is not required to submit RAFs or an annual report for 2007 as the utility was transferred in 2006 to a governmental entity.

Based on the above, staff recommends that the application is in compliance with the provisions of rule 25-30.037, Florida Administrative Code. Pursuant to section 367.071(4)(a), Florida Statutes, the transfer of land and facilities to a governmental authority shall be approved as a matter of right. Therefore, staff recommends that the transfer of Harder Hall's land and facilities to the City should be approved, as a matter of right, and Certificate No. 349-S should be cancelled, effective December 1, 2006.

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Issue 2: Should this docket be closed?

Recommendation: Yes. No further action need be taken and the docket may be closed.
(Young)

Staff Analysis: No further action need be taken and the docket may be closed.