

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of ) DOCKET NO. 900408-WS  
Certificates Nos. 435-W and 366-S ) ORDER NO. 23970  
from Springside, Inc. to Springside ) ISSUED: 1-8-91  
at Manatee, Ltd. in Levy County, )  
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The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman  
THOMAS M. BEARD  
BETTY EASLEY  
GERALD L. GUNTER  
FRANK S. MESSERSMITH

ORDER APPROVING TRANSFER

AND

NOTICE OF PROPOSED AGENCY ACTION

ORDER ESTABLISHING RATE BASE FOR PURPOSES  
OF THIS TRANSFER

BY THE COMMISSION:

Notice is hereby given by the Florida Public Service Commission that the action discussed herein is final except for the establishment of rate base, which is preliminary in nature and which will become final unless a person whose interests are substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Background

On May 7, 1990, an application was filed with this Commission for approval of the transfer of Certificates Nos. 435-W and 366-S from Springside, Inc. to Springside at Manatee, Ltd. (Springside at Manatee) in Levy County, Florida. Springside, Inc. provides service to approximately 30 customers of the Springside at Manatee Mobile Home Subdivision in Chiefland.

In October, 1988, Springside at Manatee purchased Springside, Inc. and the mobile home subdivision it serves. We became aware of the sale when Springside at Manatee requested assistance in completing the 1989 annual report. On February 1, 1990, an application package was sent to Springside at Manatee, allowing 60 days for the filing of the application.

The sale occurred prior to Commission approval; however, Springside at Manatee filed the application for approval of the

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transfer upon being notified of the requirements of Section 367.071, Florida Statutes.

#### Application

Except as discussed previously, the application is in compliance with Section 367.071, Florida Statutes, and other statutes and administrative rules concerning an application for transfer. In particular, the notarized application contains:

- 1) A filing fee in the amount of \$300, as prescribed by Rule 25-30.020, Florida Administrative Code.
- 2) Proof of notice to interested governmental and regulatory agencies and all utilities within a four-mile radius of the territory, and proof of advertisement in a newspaper of general circulation in Levy County, as prescribed by Rule 25-30.030, Florida Administrative Code.
- 3) Proof of notice to all customers of record pursuant to Rule 25-30.030(2)(g), Florida Administrative Code.
- 4) Evidence that the utility owns the land upon which its facilities are located as required by Rule 25-30.035(3)(f), Florida Administrative Code.

No objections to the application have been received and the time for filing such has expired. The territory being transferred is described in Attachment A of this Order, which by reference is incorporated herein.

Springside at Manatee has hired Doyle Frierson, owner of Gulf Coast Utility, to operate the utility. Mr. Frierson has a Class C license and has been in the utility business for ten years. Springside at Manatee's financial statement indicates that it has sufficient funds to operate the utility. Therefore, since Springside at Manatee has an experienced operator and has the financial ability to provide quality service, we find that the transfer is in the public interest and it is approved. Springside at Manatee is directed to return Certificates Nos. 435-W and 366-S to this Commission within 30 days of the date of this Order for entry reflecting the transfer.

#### Rate Base

An audit of the books and records of the utility has been conducted to determine rate base at the time of transfer.

Springside, Inc. was granted original certificates in 1985 when the Commission was given jurisdiction in Levy County (Docket No. 840235-WS, Order No. 15432). Since 1985, Springside, Inc. has added plant in the amount of \$10,284 and \$2,750 for water and sewer, respectively. As a result, plant-in-service at the date of transfer is \$86,319 for water and \$188,218 for sewer.

Land for the entire development is shown on Springside, Inc.'s books and records; land for the plant sites is not shown separately. However, land dedicated for utility use was identified in the original cost study performed in 1985. Since there have been no changes since 1985, the value of the land dedicated for utility use remains at \$1,522 for water and \$5,422 for sewer.

Springside, Inc. depreciated plant for tax purposes causing depreciation to be overstated on its books. We have adjusted accumulated depreciation using a 3% composite rate. Accumulated depreciation is, therefore, found to be \$11,436 and \$26,927 for water and sewer, respectively.

Springside, Inc.'s books indicate that it collected \$100 in January, 1988 from one customer for a meter installation. The Commission set a \$100 meter installation charge and system capacity charges of \$325 for water and \$950 for sewer, effective December 31, 1985. Although Springside, Inc. has added eleven customers since 1985, as indicated above it only collected \$100 from one customer. Therefore, contributions-in-aid-of-construction (CIAC) has been adjusted to reflect imputed charges for all eleven customers. CIAC is \$4,675 for water and \$10,450 for sewer.

CIAC amortization has been calculated using a 3% composite rate. CIAC amortization is \$251 for water and \$561 for sewer.

An acquisition adjustment results when the purchase price differs from the rate base calculation. Springside at Manatee purchased the utility in conjunction with the mobile home subdivision for a total of \$187,500; the purchase price of the utility is estimated to be \$26,355. Although a large negative acquisition adjustment results from this sale, the circumstances do not appear to be extraordinary. In the absence of extraordinary circumstances, it is Commission policy that the purchase of a utility system at a premium or discount shall not affect the rate base calculation. Therefore, an acquisition adjustment is not included in rate base.

As a result of the adjustments set forth herein, rate base is \$71,981 for the water system and \$156,824 for the sewer system, as

of October 21, 1988, the date of transfer. Our calculation of rate base is shown on Schedules Nos. 1 and 2 for the water and sewer systems, respectively, with adjustments shown on Schedule No. 3.

The rate base calculation is used purely to establish the net book value of the property being transferred and does not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments.

Rates and Charges

The present rates and charges approved for Springside, Inc. are as follows:

Water Rates

(Monthly Charges)

Residential and General Service

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8" x 3/4"	\$ 4.75
3/4"	7.13
1"	11.86
1 1/2"	23.75
2"	38.94
3"	76.00
4"	118.75
<u>Gallonage Charge</u> per 1,000 gallons	.65

Sewer Rates

(Monthly Charges)

Residential

<u>Meter Size</u>	<u>Base Facility Charge</u>
All Sizes	\$ 4.75
<u>Gallonage Charge</u> per 1,000 gallons	.65

General Service

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8" x 3/4"	\$ 4.75
3/4"	7.13
1"	11.86
1 1/2"	23.75
2"	38.00
3"	76.00
4"	118.75
<u>Gallage Charge</u> per 1,000 gallons	.65

Service Availability Charges

Water

<u>Description</u>	<u>Amount</u>
System Capacity Charge:	
Residential - per ERC	\$ 325
All others - per gallon	\$ .93
Meter Installation Fee	
5/8" x 3/4"	\$ 100
Over 5/8" x 3/4"	Actual Cost

Sewer

<u>Description</u>	<u>Amount</u>
System Capacity Charge	
Residential - per ERC	\$ 950
All others - per gallon	\$ 3.39

Springside, Inc.'s tariffs do not include miscellaneous service charges or customer deposits.

ORDER NO. 23970  
DOCKET NO. 900408-WS  
Page 6

Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates, classification and regulations of the former owner until authorized to change by the Commission. Springside at Manatee has not requested a change in the rates and charges and we see no reason to change them at this time. Therefore, Springside at Manatee shall continue to charge the rates and charges currently approved for Springside, Inc. Springside at Manatee is directed to file a tariff reflecting the transfer within thirty days of the date of the order. The tariff shall be effective for service provided or connections made after the stamped approval date on the tariff.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of Certificates Nos. 435-W and 366-S from Springside, Inc., 531 Long Palm Drive, Lakeland, Florida 33803, to Springside at Manatee, Ltd., 5001 Phillips Highway #7B, Jacksonville, Florida 32207, is hereby approved. Springside at Manatee, Ltd. shall return Certificates Nos. 435-W and 366-S to this Commission within 30 days of the date of this Order for entry reflecting the transfer. It is further

ORDERED that rate base, for the purpose of this transfer which reflects net book value, is \$71,981 for water and \$156,824 for sewer. It is further

ORDERED that Springside at Manatee, Ltd. shall continue to charge the rates and charges currently approved for Springside, Inc., as set forth in the body of this Order, until authorized to change by this Commission. It is further

ORDERED that Springside at Manatee, Ltd. shall file a tariff reflecting the transfer within 30 days of the date of this Order. The tariff shall be effective for service rendered or connections made after the stamped approval date on the tariff. It is further

ORDERED that the provisions of this Order, issued as Proposed Agency Action, shall become final unless an appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

ORDER NO. 23970  
DOCKET NO. 900408-WS  
Page 7

By ORDER of the Florida Public Service Commission, this 8th  
day of JANUARY, 1991.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

ALC

by: Kay Feun  
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action establishing rate base for purposes of this transfer is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on January 29, 1991. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

ORDER NO. 23970  
DOCKET NO. 900408-WS  
Page 8

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ATTACHMENT A

Springside at Manatee, Ltd.  
Levy County  
Territory Description  
(Springside, Inc.)

The following described lands located in portions of Section 25, Township 11 South, Range 13 East, Levy County, Florida:

Section 25

The North 75 feet of the South 1/2 of the Southeast 1/4 of the said Section 25.

AND

the Northwest 1/4 of the Southeast 1/4 of said Section 25

LESS

the North 790 feet of the West 760 feet of the North 1/2 of the Southeast 1/4, and the West 200 feet of the East 600 feet of the North 600 feet of the North 1/2 of the Southeast 1/4 of the said Section 25.

Springside, Inc.

SCHEDULE OF WATER RATE BASE

As of October 21, 1988

<u>DESCRIPTION</u>	<u>BALANCE PER BOOKS</u>	<u>COMMISSION ADJUSTMENTS</u>	<u>BALANCE PER COMMISSION</u>
Utility Plant-in-Service	\$ 86,319	\$ 0	\$ 86,319
Land	0	1,522 (1)	1,522
Accumulated Depreciation	(28,400)	16,964 (2)	(11,436)
Contributions-in-Aid-of- Construction	0	( 4,675) (3)	( 4,675)
CIAC Amortization	<u>0</u>	<u>251 (4)</u>	<u>251</u>
TOTAL	<u>\$ 57,919</u>	<u>\$ 14,062</u>	<u>\$ 71,981</u>

NOTE: Explanations of adjustments appear on Schedule No. 3.

SCHEDULE NO. 2

Springside, Inc.

SCHEDULE OF SEWER RATE BASE

As of October 21, 1988

<u>DESCRIPTION</u>	<u>BALANCE PER BOOKS</u>	<u>COMMISSION ADJUSTMENTS</u>	<u>BALANCE PER COMMISSION</u>
Utility Plant-in-Service	\$188,218	\$ 0	\$188,218
Land	0	5,422 (1)	5,422
Accumulated Depreciation	(59,359)	32,432 (2)	(26,927)
Contributions-in-Aid-of- Construction	0	(10,450) (3)	(10,450)
CIAC Amortization	<u>0</u>	<u>561</u> (4)	<u>561</u>
TOTAL	<u>\$128,859</u>	<u>\$ 27,965</u>	<u>\$156,824</u>

NOTE: Explanations of adjustments appear on Schedule No. 3.

SCHEDULE NO. 3

Springside, Inc.

Rate Base Adjustments

<u>Description</u>	<u>Adjustment</u>	
	<u>Water</u>	<u>Wastewater</u>
<u>Land</u>		
1) To identify land dedicated for utility use	<u>\$ 1,522</u>	<u>\$ 5,422</u>
<u>Accumulated Depreciation</u>		
2) To reflect accumulated depreciation to date using 3% composite rate specified in Order No. 15432.	<u>\$ 16,964</u>	<u>\$ 32,432</u>
<u>Contributions-in-Aid-of-Construction</u>		
3) To reflect imputation of CIAC for eleven customers	<u>\$ (4,675)</u>	<u>\$(10,450)</u>
<u>CIAC Amortization</u>		
4) To reflect CIAC Amortization to date using 3% composite rate established in Order No. 15432	<u>\$ 251</u>	<u>\$ 561</u>