

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:** December 23, 2014

**TO:** Office of Commission Clerk (Stauffer)

**FROM:** Division of Engineering (Lee) *KZ PV T2*  
Division of Accounting and Finance (Frank) *DF BOG*  
Division of Economics (Bruce) *EB*  
Office of the General Counsel (Crawford, Mapp) *J.W.D. ALM RBM*

**RE:** Docket No. 140038-SU – Application for transfer of majority organizational control of Crooked Lake Park Sewerage Co. in Polk County, to Glenbrook Properties, LLC, a Florida limited liability company.

**AGENDA:** 01/08/15– Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

### Case Background

Crooked Lake Park Sewerage Company (Crooked Lake or Company) is a Class C wastewater utility serving approximately 324 wastewater customers in Polk County. According to Crooked Lake's 2013 Annual Report, total gross revenues were \$129,567 and total operating expenses were \$126,602.

On December 13, 1957, Polk County granted a franchise to Park Water Company to operate a water and wastewater system. In 1978, the wastewater treatment plant and collection system were sold to Warner Southern College, and the name was changed to Crooked Lake Park Sewerage Company. On September 30, 1988, the Company was sold, but continued to operate under the existing name. Polk County came under the Florida Public Service Commission's

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(Commission) jurisdiction on July 11, 1996. In 1998, the Commission granted the Company grandfather Certificate No. 517-S for its wastewater system.<sup>1</sup>

On February 21, 2014, the Company filed its application for transfer of majority organizational control and name change to Glenbrook Properties, LLC (Glenbrook). The application, as filed, contained several deficiencies and those deficiencies were corrected on June 11, 2014. Further, Crooked Lake has a pending application for a staff-assisted rate case in Docket No. 130178-SU.

On December 17, 2014, additional information was received that Crooked Lake did not want to change its name and the application should be amended to reflect a transfer of majority organizational control only, with no name change.

The Commission has jurisdiction in this case pursuant to Section 367.071, Florida Statutes (F.S.).

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<sup>1</sup> See Order No. PSC-98-1247-FOF-SU, issued September 21, 1998, in Docket No. 961478-SU, In re: Application for grandfather certificate to operate a wastewater utility in Polk County by Crooked Lake Park Sewerage Company.

### **Discussion of Issues**

**Issue 1:** Should the application for transfer of majority organizational control of Crooked Lake Park Sewerage Company in Polk County to Glenbrook Properties, LLC be approved?

**Recommendation:** Yes. The transfer of majority organizational control to Glenbrook Properties, LLC, is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the wastewater certificate, with the territory described in Attachment A. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). (Lee, Frank, Bruce)

**Staff Analysis:** This application is for the transfer of majority organizational control of Crooked Lake Park Sewerage Company to Glenbrook Properties, LLC. Based on staff's review, the application is in compliance with the governing statute, Section 367.071, F.S., and Rule 25-30.037(3), F.A.C., concerning applications for transfer of majority organizational control.

### **Noticing, Territory, and Ownership**

The applicant provided proof of compliance with the noticing provisions set forth in Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed with the Commission, and the time for doing so has expired. The notice contains a description of the territory for the Company, which is appended to this recommendation as Attachment A. The application also contains evidence of ownership including deeds for the land upon which the wastewater treatment facilities are located pursuant to Rule 25-30.037(3)(i), F.A.C.

### **Technical and Financial Ability**

Pursuant to Rule 25-30.037(3)(f), F.A.C., the application contains statements describing the technical and financial ability of the applicant to provide service to the proposed service area. Staff has reviewed the financial statement of Glenbrook and the accompanying affidavit asserting that the Buyer will supply the necessary funds if there is need for system improvements above the level of internal funding.<sup>2</sup> Based on its review, staff believes the documents show that Glenbrook has the financial capability to operate the utility. Since assuming ownership, Glenbrook has taken actions that include retaining a new service contractor to improve the operations and, as a result, the Company has received no new DEP enforcement actions since then. Based on the above, staff believes that Glenbrook has demonstrated the technical and financial ability to provide service to the existing service territory.

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<sup>2</sup> See Document No. 06519-14, in Docket No. 140038-SU.

### Rate Base and Rates

A transfer of majority organizational control involving stock transfers does not affect the rate base. Therefore, it has been Commission practice that rate base and acquisition adjustments are not considered in cases involving stock transfers.

The Company's rates and charges were last approved in a staff-assisted rate case approved in 2007.<sup>3</sup> Subsequently, the rates were reduced to reflect the expiration of the four-year amortization of the rate case expense approved in 2007. The miscellaneous service charges, customer deposits, and service availability charges have been approved by the Commission in various other dockets.<sup>4</sup> The existing rates and charges are shown on Schedule No. 1. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by the Commission. Therefore, staff recommends that the existing rates and charges remain in effect until a change is authorized by the Commission in a subsequent proceeding.

### Conclusion

Based on the above, staff recommends that the transfer of majority organizational control to Glenbrook Properties, LLC is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the wastewater certificate, with the territory described in Attachment A. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, F.A.C.

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<sup>3</sup> See Order No. PSC-07-0077-PAA-SU, issued January 29, 2007, in Docket No. 060406-SU, In re: Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

<sup>4</sup> See Order Nos. PSC-98-1247-FOF-SU, issued September 21, 1998, in Docket No. 961478-SU, In re: Application for grandfather certificate to operate a wastewater utility in Polk County by Crooked Lake Park Sewerage Company; and PSC-99-2116-PAA-SU, issued October 25, 1999, in Docket No. 980778-SU, In re: Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

**Issue 2:** Should this docket be closed?

**Recommendation:** Yes. If the Commission approves staff's recommendation in Issue 1, this docket should be closed. (Crawford, Mapp)

**Staff Analysis:** If the Commission approves staff's recommendation in Issue 1, this docket should be closed.

**CROOKED LAKE PARK SEWERAGE COMPANY**

**POLK COUNTY**

**WASTEWATER SERVICE AREA**

Parcels or tracts of land situated, lying and being in Township 30 South, Range 27 East, Polk County, Florida and more particularly described as follows:

1. The SE 1/4 of the SE 1/4 of Section 26; AND
2. The North 1/2 of the NE 1/4 of Section 35, less and except that portion west of SR 25 (US Highway 27); AND
3. Beginning at the Northwest corner of Section 36, T. 30 S., R. 27 E.; run thence S. 00°05'00" W. with the W. line of said Section 801.90' for a point of beginning; thence S. 89°25'00" E., 1109.00'; thence S. 16°23'00" E., 1086.00' to the lake shore of Crooked Lake; thence along the shore line of said Crooked Lake to the West line of said Section (S. 47° W., 2,000' more or less); thence along said Section line N. 00°05'00" E., 2529.90', more or less to the place of beginning; AND
4. Also beginning at the Northwest corner of Section 36, T. 30 S., R. 27 E.; run thence S. 00°05'00" West with the West line of said Section 801.90' for a point of beginning; thence N. 00°05'00" E. along said Section line 156.30'; thence S. 89°25'00" E., 20.00' thence S. 00°05'00" W., 156.30'; thence N. 89°25'00" W., 20.00' to the place of beginning; being a strip of land 20.00' wide and 156.30' long East of and parallel to the West line of said Section; AND
5. From the Northeast corner of the SE 1/4 of the NE 1/4 of the NE 1/4 of said Section 35, run Westerly along the North line of said fraction 2646.94' to the Easterly right-of-way line of SR 25; thence S. 22°01'00" W. (a distance of approximately 2,300 feet) along the Easterly right-of-way of said SR 25 (US Highway 27) to the Southerly boundary of Crooked Lake Park, Tract No. 1, as recorded in Plat Book 38, Page 40 of the Public Records of Polk County, Florida; thence S. 56°28'25" E. along said Southerly boundary 1790.00', more or less, to the shore of Lake Caloosa; thence Northeasterly along said waters edge to the East line of said Section 35; thence Northerly along said East line of Section 35 to the point of beginning. AND

**CROOKED LAKE PARK SEWERAGE COMPANY**

**POLK COUNTY**

**WASTEWATER SERVICE AREA**

6. Beginning at the Northeast corner of the SE 1/4 of the N.W. 1/4 of the NE 1/4 of Section 35, T. 30 S., R. 27 E., Polk County, Florida; run W. 1308.76' to SR 25 (US Highway 27); thence Northeasterly along said road 700.00' for the point of beginning; thence run Northeasterly along said right-of-way 200.00'; thence E. 250.00'; thence Southwesterly to a point lying 250.00' E. of the point of beginning; thence W. 250.00' to the point of beginning. AND
7. Beginning at the Northeast corner of the SE 1/4 of the NW 1/4 of the NE 1/4 of Section 35, T. 30 S., R. 27 E., Polk County, Florida; thence run W. 1308.76' to the Easterly right-of-way of SR 25 (US Highway 27); thence run Northeasterly along right-of-way 900.00' to the point of beginning; thence run N. 22°01'00" E. along right-of-way 335.00'; thence S. 67°59'00" E., 231.45'; thence S. 22°01'00" W., 240.50'; thence W. 250.00' to the point of beginning. AND
8. That portion of the N. 1/2 of the NW 1/4 of Section 35, T. 30 S., R. 27 E. lying E. of SR 25 (US Highway 27).

**FLORIDA PUBLIC SERVICE COMMISSION**  
**Authorizes**  
**Crooked Lake Park Sewerage Company**  
**Pursuant to**  
**Certificate Number 517-S**

to provide wastewater service in Polk County accordance with the provision of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-98-1247-FOF-SU	09/21/1998	961478-SU	Grandfather Certificate
*	*	140038-SU	Transfer of Majority Organizational Control

\*Order Number and date to be provided at time of issue.



**Crooked Lake Park Sewerage Company  
 Monthly Wastewater Rates**

**Residential Service**

Base Facility Charge – All Meter Sizes	\$15.46
Charge Per 1,000 gallons 8,000 gallon cap	\$3.06

**General Service**

Base Facility Charge by Meter Size	
5/8" x 3/4"	\$15.46
3/4"	\$23.19
1"	\$38.66
1 1/2"	\$77.30
2"	\$123.69
3"	\$247.38
4"	\$386.52
6"	\$773.04
Charge Per 1,000 gallons	\$3.67

**Bulk Service**

College Park (per unit)	\$15.46
Charge Per 1,000 gallons 8,000 gallon cap per unit	\$3.06

**Initial Customer Deposits**

Residential Service 5/8" x 3/4"	\$45.00
General Service 5/8" x 3/4"	\$45.00
All Other Meter Sizes	2 times average estimated bill

**Miscellaneous Service Charges**

Initial Connection Charge	\$15.00
Normal Reconnection Charge	\$15.00
Violation Reconnection Charge	Actual Cost
Premises Visit Charge (in lieu of disconnection)	\$15.00

**Service Availability Charge**

<b><u>Main Extension Charge</u></b>	
Residential – Per ERC (ERC = 250 GPD)	\$150.00
<b><u>Plant Capacity Charge</u></b>	
Residential – Per ERC (ERC = 250 GPD)	\$450.00