

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for Transfer) DOCKET NO. 960642-WU
of Certificate No. 551-W in) ORDER NO. PSC-97-0187-FOF-WU
Citrus County from Seven Rivers) ISSUED: February 18, 1997
Utilities, Inc. to Crystal)
Rivers Utilities, Inc.)
_____)

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
SUSAN F. CLARK
J. TERRY DEASON
JOE GARCIA
DIANE K. KIESLING

ORDER APPROVING TRANSFER

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING RATE BASE FOR PURPOSES OF THE
TRANSFER, AND APPROVING CUSTOMER DEPOSITS AND LATE FEE

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein regarding the establishment of rate base and approving customer deposits and late fee is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

On May 23, 1996, Crystal River Utilities, Inc. (Crystal River) filed an application with this Commission for approval of the transfer of assets and Certificate No. 551-W from Seven Rivers Utilities, Inc. (Seven Rivers) to Crystal River. Seven Rivers is a Class C utility company that currently serves approximately 154 customers in Citrus County.

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FPSC-RECORDS/REPORTING

Crystal River currently holds Certificate No. 396-W and provides service to approximately 46 customers in Citrus County. Crystal River was granted Certificate No. 396-W by Order No. PSC-96-1539-FOF-WU, issued on December 17, 1996, in Docket No. 960717-WU.

Application

The application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules. In particular, the application contains a filing fee in the amount of \$750, in accordance with Rule 25-30.020, Florida Administrative Code. Crystal River also provided evidence that the utility owns the land upon which its facilities are located, pursuant to Rule 25-30.037(2)(g), Florida Administrative Code.

In addition, Crystal River provided proof of compliance with the noticing requirements set forth in Rule 25-30.030, Florida Administrative Code. No objections to the application were 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. It should be noted that the territory description attached to Order No. PSC-93-0877-AS-WU, issued on June 10, 1993, which granted the original service area for Certificate No. 551-W, contained two typographical errors. Line 7 of the final paragraph reads, "Line of Lots 46 and 46 . . ." Line 10 of the final paragraph reads, "along the North right-of-way South 88°49'19" West, 473.10 feet to . . ." Lines 7 and 10 are hereby amended to read, "Line of Lots 45 and 46 . . ." and "along the North right-of-way South 88°49'19" West, 673.10 feet to . . .," respectively.

With regard to Crystal River's technical ability to operate the utility, Crystal River intends to retain H2O Utility Services, Inc. (H2O) to operate and maintain the system. H2O currently operates and maintains over eighty systems in Florida. The Department of Environmental Protection (DEP) was contacted regarding violations. According to DEP, there are no outstanding notices of violation against the utility. Further, according to the information provided with the application, it appears that Crystal River has the financial resources to continue to operate the utility.

Based on the forgoing, we find that the transfer of assets and Certificate No. 551-W from Seven Rivers to Crystal River is in the public interest and it is approved. However, because Crystal River holds Certificate No. 396-W in Citrus County, we find it

appropriate to cancel Certificate No. 551-W and amend Certificate No. 396-W to include the territory which Seven Rivers was authorized to serve by Certificate No. 551-W. Crystal River has returned Certificate No. 396-W to the Commission for amendment to include the territory served by Seven Rivers. Certificate No. 551-W has also been returned to the Commission for cancellation.

Rate Base

Crystal River has proposed a net book value of \$17,713 for the acquired assets. That amount was derived using audited details in Seven River's last staff assisted rate case, Docket No. 940726-WU. Order No. PSC-95-0342-FOF-WU, issued on March 13, 1995, in that docket, established rate base at \$20,236 as of June 30, 1994. Crystal River adjusted the rate base to reflect additional depreciation and amortization through December 31, 1995.

Crystal River's rate base included a property held for future use adjustment and a separate provision for working capital. Those items are typically removed when rate base is established in a transfer proceeding. Our calculation of rate base, with adjustments, is as follows:

	<u>12/31/95</u>	<u>Adjustments</u>	<u>Balance</u>
Utility plant In Service	183,830	0	183,830
Land	3,826	0	3,826
Accumulated Depreciation	(77,273)	0	(77,273)
CIAC	(155,792)	0	(155,792)
Accum. Amort. of CIAC	62,710	0	62,710
Future Plant	(3,173)	3,173	0
Working Capital Allowance	<u>3,585</u>	<u>(3,585)</u>	<u>0</u>
Net Book Value	<u>17,713</u>	<u>(412)</u>	<u>17,301</u>

An acquisition adjustment results when the purchase price differs from the original cost calculation. In the absence of extraordinary circumstances, it is Commission policy that the

purchase of a utility at a premium or discount shall not affect the rate base calculation. Because the circumstances in this exchange do not appear to be extraordinary, and an acquisition adjustment has not been requested by Crystal River, no acquisition adjustment is included in the calculation of rate base.

Therefore, we find rate base, which for transfer purposes reflects the net book value, to be \$17,301 as of December 31, 1995. 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 for working capital and used and useful adjustments.

Rates and Charges

Seven Rivers' current rates and charges became effective on April 28, 1995, pursuant to Order No. PSC-95-0342-FOF-WU, issued on March 13, 1995, in Docket No. 940726-WU. 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 operating company unless authorized to change by the Commission.

Crystal River has not requested to change the rates and we see no reason to change them at this time. Crystal River has, however, requested to charge the customer deposits and a \$5.00 late charge approved in its tariff. Following are the current rates and charges authorized by Seven Rivers' tariff and the customer deposits and late fee which Crystal River has requested to charge.

Water Residential Service (Monthly Rates)

Base Facility Charge Meter Size

	<u>Rates</u>
5/8" x 3/4"	\$ 7.56
3/4"	\$ 11.34
1.0"	\$ 18.90
1.5"	\$ 37.79
2.0"	\$ 60.47
3.0"	\$ 120.94
4.0"	\$ 188.97
6.0"	\$ 377.93

Gallonge Charge (Per 1,000 Gallons)

\$ 2.22

Miscellaneous Service Charges

Initial Connection	\$ 15.00
Normal Reconnection	\$ 15.00
Violation Reconnection	\$ 15.00
Premises Visit	\$ 10.00

Service Availability Charges

Plant Capacity Charge	\$ 150.00
Main Extension Charge	\$ 150.00
Service Line Extension and Tap	\$ 100.00
Meter Installation Charge (under 2.0")	\$ 100.00
Meter Installation Charge (over 2.0")	Actual Cost

Deposits
(Seven Rivers)

5/8" x 3/4" Meter	\$ 21.00
Meter Test Deposit:	
5/8" x 3/4" Meter	\$ 20.00
1.0" Meter	\$ 25.00
2.0" Meter	Actual Cost

Requested Deposits
(Crystal River)

<u>Meter Size</u>	<u>Residential</u>	<u>General Service</u>
5/8" x 3/4"	\$ 20.00	\$ 20.00
1.0"	\$ 50.00	\$ 50.00
1.5"	\$ 100.00	\$ 100.00
Over 2.0"	4 160.00	\$ 160.00

We find these rates and charges to be reasonable and they are approved. Further, we find the request to charge the customers of Seven Rivers the deposits approved in its Crystal River's tariff, as set forth above, to be reasonable and it is approved. We also find Crystal River's request to charge a \$5.00 late fee, as approved in its tariff, to be reasonable and it is approved. Crystal River shall continue to charge these rates and charges until authorized to change by this Commission in a subsequent proceeding. Crystal River has filed a tariff reflecting the change in ownership and the rates and charges approved herein. The rates and charges shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets.

Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, no further action is necessary and this docket shall be closed.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of assets and Certificate No. 551-W from Seven Rivers Utilities, Inc., Post Office Box 26572, Tampa, Florida 33623, to Crystal River Utilities, Inc., Post Office Box 520247, Longwood, Florida 32752, is hereby approved. It is further

ORDERED that Certificate No. 396-W, held by Crystal River Utilities, Inc., is hereby amended to include the territory described in Attachment A of this Order. It is further

ORDERED that Certificate No. 551-W, held by Seven Rivers Utilities, Inc., is hereby cancelled. It is further

ORDERED that rate base, which for transfer purposes reflects the net book value of the system, is \$17,301 as of December 31, 1995. It is further

ORDERED that Crystal River Utilities, Inc. shall charge Seven River Utilities, Inc.'s customers the rates and charges approved in the body of this Order until authorized to change by this Commission in a subsequent proceeding. It is further

ORDERED that Crystal River Utilities, Inc.'s request to charge the deposits and a \$5.00 late fee, as set forth in the body of this Order, is hereby approved. It is further

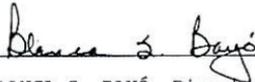
ORDERED that the rates and charges approved herein shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

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

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By ORDER of the Florida Public Service Commission, this 18th
day of February, 1997.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a horizontal line.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

ALC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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, approving customer deposits and late fee 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 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on March 11, 1997. 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.

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 wastewater 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

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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 wastewater 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.

Crystal River Utilities, Inc.
Territory Description

Seven Rivers System

Citrus County

HOMOSASSA VILLA TERRACE UNIT 11 WATER SYSTEM is situated in the Northeast 1/4 of Section 24, Township 19 South, Range 17 East; Citrus County, Florida, being a recorded subdivision - Sub. 0110, Pb. 1, Pg. 52, further shown on the County Aerial No. 72D, County Map 218A and further being described as follows:

Beginning at a point of commencement - the Northeast corner of Section 24 and running due West along the North line of Section 24, 1373.08 feet to the Point of Beginning. From the Point of Beginning, going due South along the center line of Country Club Place a distance of 405.00 feet to a point. Thence going due East along the center line of Grant Drive 283.51 feet to a point of curvature. Thence along the curve having a radius of 2315.10 feet, an arc of 232.74 feet, a chord of 230.78 feet and a chord bearing of North 87°08'00" East to a point. Thence going due South along the center line of Citrus Avenue 611.50 feet to a point of curvature. Thence along the curve having a radius of 470.00 feet, an arc of 738.27 feet, a chord of 666.26 feet and a chord bearing of South 45°00'00" West to a point. Thence going due North a distance of 10 feet to a point. Thence going due West a distance of 170.00 feet to a point. Thence going due North along the center line of Country Club Place a distance of 390.00 feet to a point. Thence going due West along the Center line of Pershing Avenue a distance of 983.35 feet to a point on the center line of Rosedale Avenue and also a point of curvature. Thence along the curve have a radius of 1378.24 feet, an arch of 225.99 feet, a chord of 225.66 feet and a chord bearing of North 04°24'35" East to a point. Thence continuing due North along the center line of Rosedale Avenue a distance of 850.00 feet to a point on the North Section line of Section 24. Thence going due East along the North Section line, a distance of 1090.00 feet to the Point of Beginning.

KENWOOD NORTH WATER SYSTEM is situated in the West 1/2 of the Northwest 1/4 of the Northeast 1/4 of Section 25, Township 19 South, Range 17 East; Citrus County, Florida, being an unrecorded subdivision 1D000, further shown on the County Aerial No. 73A, County Map 219A and being further described as follows:

From a Point of Beginning - Being the Southwest corner of the Northwest 1/4 of Section 25, Township 19 South, Range 17 East, North 00°25'47" West 1288.98 feet to a point on the South right-of-way of Grover Cleveland Boulevard. Thence along the South right-of-way - South 89°58'00" East, 666.04 feet to a point. Thence leaving the South right-of-way South 00°18'48" East, 1292.47 feet to a point. Thence North 89°39'48" West, 663.43 feet to the Point of Beginning.

MEADOW STREET WATER SYSTEM is situated within Green Acres Pb. 5, Pg. 4, Sub. 0200 within the Southeast 1/4 of Section 36, Township 19 South, Range 17 East and within Green Acres Subdivision No. 1, Sub. 0210 Pb. 5, Pg. 5, within the North 1/2 of the Southwest 1/4 in Section 31, Township 19 South, Range 18 East; Citrus County, Florida, and further shown on the County Aerial 86C, County Map 375C, being further described as follows:

From a point of commencement being the Southeast corner of Section 36, Township 19 South, Range 17 East North a distance of 1966.84 feet to the Point of Beginning on the North right-of-way of Meadow Street. Thence South 89°44'44" West, 332.02 feet to a point. Thence leaving the right-of-way North 00°04'49" East, 623.43 feet to a point. Thence South 89°29'56" East, 331.09 feet to a point. Thence South 00°05'32" East, 622.00 feet to the Point of Beginning. Further being the East 1/2 of Lot 22 within Section 36, Township 19 South, Range 17 East.

Also the following within Section 31, Township 19 South, Range 18 East.

Beginning at the point of commencement being the Southwest corner of Section 31, North 1294.56 feet to the Point of Beginning: Thence North 00°13'45" East, 622.28 feet to a point on the South right-of-way of Meadow Street. Thence North 88°49'19" East, 336.54 feet to a point on the right-of-way. Thence leaving the right-of-way South 00°14'28" West, 624.90 feet to a point. Thence 89°15'59" West, 336.37 feet to the Point of Beginning, being Lot 40.

Beginning at a point of commencement being the Southwest corner of Section 31, North 1966.84 feet to a point on the North right-of-way of Meadow Street. Thence along the right-of-way North 88°49'19" East, 336.55 feet to the Point of Beginning on the West Property

Line of Lot 42. Thence North 00°14'28" East 624.90 feet to a point. Thence along the North Property line of Lots 42 and 43,

North $88^{\circ}22'40''$ East, 673.54 feet to a point on the Northeast corner of Lot 43. Thence South $00^{\circ}15'54''$ West, 630.13 feet to a point on the North right-of-way of Meadow Street. Thence along the North right-of-way, South $88^{\circ}49'19''$ West, 673.10 feet to the Point of Beginning, being Lots 42 and 43.

Beginning at a point of commencement, being the Southwest corner of Section 31, North 1966.84 feet to a point on the North right-of-way of Meadow Street. Thence along the North right-of-way, North $88^{\circ}49'19''$ East, 1346.20 feet to the Point of Beginning on the West Property Line of Lot 45. Thence North $00^{\circ}16'37''$ East, 632.74 feet to the Northwest corner of Lot 45. Thence along the North Property Line of Lots 45 and 46, North $88^{\circ}22'40''$ East, 673.56 feet to the Northeast corner of Lot 46. Thence South $00^{\circ}18'02''$ West, 637.96 feet to a point on the North right-of-way of Meadow Street. Thence along the North right-of-way South $88^{\circ}49'19''$ West, 673.10 feet to the Point of Beginning, being Lots 45 and 46.