



Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

RECORDS AND REPORTING

SEP 23 AM 9:58

RECEIVED-PSC

DATE: SEPTEMBER 23, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER AND WASTEWATER (BRADY) *pb*
DIVISION OF LEGAL SERVICES (FUDGE) *MS* *BSM* *JSW* *JMS*

RE: DOCKET NO. 991206-WS - NOTICE OF ABANDONMENT OF SPRINGSIDE AT MANATEE, LTD. IN LEVY COUNTY BY MR. KENNETH DRUMMOND. COUNTY: LEVY

AGENDA: 10/05/99 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\WAW\WP\991206.RCM

CASE BACKGROUND

Springside at Manatee, Ltd., (Springside or utility) is a Class C water and wastewater utility serving the Springside Mobile Home community in Levy County (County). According to its 1998 annual report, the utility had approximately 52 connections with combined gross revenues of \$22,649 and a combined net operating loss of \$2,866.

On August 18, 1999, the owner of the utility, Mr. Kenneth Drummond, sent a certified letter to the Commission's Division of Water and Wastewater, the County, and the City of Chiefland giving 60 day notice of the abandonment of Springside pursuant to Section 367.165, Florida Statutes.

DOCUMENT NUMBER-DATE

11435 SEP 23 99

PSC-RECORDS/REPORTING

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission acknowledge the abandonment of Springside at Manatee, Ltd.?

RECOMMENDATION: Yes, the Commission should acknowledge the abandonment of Springside at Manatee, Ltd. (BRADY, FUDGE)

STAFF ANALYSIS: As stated in the Case Background, by certified letter dated August 18, 1999, the utility owner, Mr. Kenneth Drummond, gave this Commission, the County, and the City of Chiefland 60 days notice of his intent to abandon the utility pursuant to Section 367.165, Florida Statutes, which requires 60 days' notice prior to the abandonment of a utility. At staff's request, on September 1, 1999, Mr. Drummond filed a more detailed reason for the abandonment. The following is Mr. Drummond's statement in its entirety:

We have given a 60 day notice of abandonment for the referenced utility after several unsuccessful attempts to sell it and/or give it away.

The utility serves 45 customers and we acquired it in conjunction with our purchase of approximately 35 developed mobile home lots and 75 acres of land for future expansion. Although we had some early success with lot sales we have not sold any in the last few years and they have now been sold for back taxes. There is also a question now as to our development rights for the acreage since there has been a land use change.

The utility has always operated at a loss, which we just considered a cost of doing business, however now we have no real estate activity nor any possibility of there being any.

Hopefully we can continue to operate the plants until another operator can be found (in fact we just funded an operating cost shortfall of approximately \$2,000.00), but we are unable to make any commitment beyond the 60 days.

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Subsequent to receiving the notice of the intent to abandon Springside, staff has been in contact with the County Attorney; the local water and wastewater compliance sections of Florida's Department of Environmental Protection (FDEP); the current operator for the utility facilities; the new owner of the land upon which the water facilities are located; and the owner of FIMC Hideaway, Inc. FIMC Hideaway, Inc. is an adjacent mobile home park with water and wastewater facilities regulated by this Commission.

All parties are working as expeditiously as possible on a mutually beneficial solution to this abandonment. FIMC Hideaway, Inc. has indicated, both to Commission staff and to the County, an interest in being named receiver. The matter is being actively pursued by both parties and staff's input on issues relating to economic regulation while under receivership has been solicited and received. However, should there be an interim between the actual abandonment of the utility and the appointment of a receiver, the County is prepared to continue utility operations without interruption of service to utility customers.

Meanwhile, staff is bringing this recommendation to the Commission in order for the Commission to acknowledge Mr. Drummond's intent to abandon Springside. Once a receiver for the utility has been appointed by the Circuit Court, staff will bring another recommendation to the Commission to acknowledge that action. Staff will continue to work with the County, the utility, and the FDEP to ensure continued service to the customers of Springside.

Staff therefore recommends that the Commission acknowledge the abandonment of Springside at Manatee, Ltd., by Mr. Kenneth Drummond effective October 17, 1999.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: No, the docket should remain open until the Commission acknowledges the disposition of the utility by Levy County. (FUDGE)

STAFF ANALYSIS: As of the time of this recommendation, Levy County had not yet decided the disposition of the utility. Therefore, the docket should remain open until the Commission acknowledges the County's actions.