

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-

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12 MAY 15 AM 8:53
COMMISSION
CLERK
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DATE: May 15, 2012
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Melissa C. Jones-Alexis, Regulatory Analyst II, Division of Economic Regulation
RE: Docket No. 120070-WU, Application for transfer of water facilities to City of Sebring, in Highlands County, and cancellation of Certificate No. 536-W, by C & H Utilities, Inc.

Please add the attached document to the above-referenced docket file. This document is a memo dated May 11, 2012, to GCL/Klancke recommending that the Commission acknowledge the transfer of C & H's water facilities and territory to the City of Sebring as a matter of right, pursuant to Section 367.071(4)(a), F.S.; cancel Certificate No. 536-W effective February 28, 2012; and close the docket as no further action is necessary. Thank you.

Enclosure

DOCUMENT NUMBER DATE
03078 MAY 15 2012
FPSC-COMMISSION CLERK

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

DATE: May 11, 2012

TO: Caroline M. Klancke, Senior Attorney, Office of the General Counsel

FROM: Melissa C. Jones-Alexis, Regulatory Analyst II, Division of Economic Regulation
Kathleen L. Kaproth, Professional Accountant Specialist, Division of Economic Regulation

RE: Administrative approval of a transfer to a governmental entity in Docket No. 120070-WU, Application for transfer of water facilities to City of Sebring, in Highlands County, and cancellation of Certificate No. 536-W, by C & H Utilities, Inc.

JS
CMB
AK
P.O.
ALM

C & H Utilities, Inc. (C & H or Utility) is a Class C water utility providing service to approximately 55 residential customers in Highlands County. The Utility is within the South Florida Water Management District in a water use caution area. C & H's 2011 annual report indicates that the Utility had gross revenues of \$8,303 and a net operating loss of \$6,373.

In 1987, the Commission granted C & H Certificate No. 423-S to provide wastewater service in the Valencia Acres subdivision of Highlands County.¹ In 1991, the Utility was granted Certificate No. 536-W to provide water service in the Hickory Ridge subdivision of Highlands County.² Subsequently, the Utility experienced two transfers, including the transfer of its wastewater facilities to a governmental authority, and no amendments.³

On April 2, 2012, the Utility filed an application for transfer of its water facilities and territory to the City of Sebring (City) and cancellation of Certificate No. 536-W. Pursuant to Section 367.071(4), Florida Statutes (F.S.), the sale 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 included a copy of the Bill of Sale between C & H and the City, dated February 28, 2012, the effective date of the transfer. Pursuant to Section 367.071(4)(a), F.S., and

¹ See Order No. 17538, issued May 11, 1987, in Docket No. 861567-SU, In re: Application of C&H Utilities Corporation for transfer of facilities from Highlands Utilities Corporation in Highlands County, Florida.

² See Order No. 25201, issued October 11, 1991, in Docket No. 910600-WU, In re: Application of C & H Utilities, Inc. for a water certificate in Highlands County.

³ See Order No. PSC-95-1505-FOF-WS, issued December 5, 1995, in Docket No. 941037-WS, In re: Application for transfer of facilities and control of Certificates Nos. 536-W and 423-S issued to C & H Utilities, Inc. in Highlands County from Howard E. and Coleen C. Short to Wendell L. and Mary Jane Faircloth; Order No. PSC-10-0693-FOF-SU, issued November 18, 2010, in Docket No. 100387-SU, In re: Application for transfer of wastewater facilities to City of Avon Park, in Highlands County, and cancellation of Certificate No. 423-S, by C & H Utilities, Inc.

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Docket No. 120070-WU

Date: May 11, 2012

Rule 25-30.037(4)(e), Florida Administrative Code (F.A.C.), the application also contained a statement from the City that C & H provided a copy of the Utility's most recent annual report, which included its income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction. In accordance with Rule 25-30.037(4)(g), F.A.C., the Utility specified that it did not require or collect customer deposits; as such, no transfer or refunds of deposits were required at closing. In addition, the Utility provided a statement that it will pay all outstanding regulatory assessment fees (RAFs), fines, or refunds owed within 30 days after the date of the transfer, in conformance with Rule 25-30.037(4)(h), F.A.C.

C & H has paid RAFs for 2011 and all prior years, pursuant to Rule 25-30.120, F.A.C. As previously noted, the Utility stated that it will pay outstanding RAFs within 30 days after the date of the transfer. Although the Utility has not yet paid RAFs for the period January 1 through February 28, 2012, staff has confirmed that the Utility will submit payment in May 2012. Staff notes that payment of RAFs for the aforementioned period is not due until March 31, 2013. Since the transfer of the Utility occurred on February 28, 2012, no RAFs were accrued or due from that time forward. In accordance with Rule 25-30.110, F.A.C., C & H has filed annual reports for 2011 and prior years. The Utility should not be required to file a 2012 annual report since it will not be jurisdictional as of December 31, 2012, pursuant to Rule 25-30.110(3), F.A.C. No penalties or interest are outstanding for annual reports or RAF payments.

The Commission has jurisdiction pursuant to Sections 367.071 and 367.022(2), F.S., and Rule 25-30.037(4), F.A.C. In addition, pursuant to Section 2.07(C)(4)d of the Administrative Procedures Manual, staff has been given administrative authority to approve transfers to governmental entities that are in compliance with Section 367.071(4)(a), F.S., and are not controversial in nature. Based on the above discussion, staff believes that the application is in compliance with Section 367.071(4)(a), F.S., and Rule 25-30.037(4), F.A.C. Therefore, staff recommends that the Commission acknowledge the transfer of C & H's water facilities and territory to the City as a matter of right, pursuant to Section 367.071(4)(a), F.S., and cancel Certificate No. 536-W effective February 28, 2012. Staff further recommends that the docket be closed as no further action is necessary.