

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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12 OCT -9 AM 10:15

COMMISSION
CLERK

DATE: October 9, 2012
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Jennifer S. Crawford, Attorney Supervisor, Office of the General Counsel
RE: Docket No. 120206-WS - Joint application for transfer of water and wastewater facilities of Mad Hatter Utility, Inc. to Florida Governmental Utility Authority in Pasco County, and request of cancellation of Certificates 340-W and 297-S.

Please add the attached Administrative Recommendation to the 120206-WS docket file.

Cc: Avy Smith
Stephen B. Fletcher

DOCUMENT NUMBER-DATE

06871 OCT-9 12

FPSC-COMMISSION CLERK



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

DATE: October 9, 2012

TO: Jennifer S. Crawford, Attorney Supervisor, Office of the General Counsel

FROM: Avy Smith, Public Utility Analyst II, Division of Accounting & Finance
Stephen B. Fletcher, Public Utilities Supervisor, Division of Accounting & Finance *SB*

RE: Administrative approval of a transfer to a governmental entity in Docket No. 120206-WS, Joint application for transfer of water and wastewater facilities of Mad Hatter Utility, Inc. to Florida Governmental Utility Authority in Pasco County, and request for cancellation of Certificate Nos. 340-W and 297-S.

Mad Hatter Utility, Inc. (Mad Hatter or Utility) is a Class A water and wastewater utility providing service to approximately 3,570 water and 3,012 wastewater customers in Pasco County. Water and wastewater rates were last established for this Utility in its 1993 rate case.¹

On July 26, 2012, Mad Hatter filed an application for transfer of its water and wastewater facilities to Florida Governmental Utility Authority (FGUA) and cancellation of Certificate Nos. 340-W and 297-S. 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 an Agreement for Purchase and Sale of Water and Water Assets between Mad Hatter and FGUA, dated May 17, 2012, the effective date of the transfer. Pursuant to Section 367.071(4)(a), F.S., and Rule 25-30.037(4)(e), Florida Administrative Code (F.A.C.), the Utility included a statement that the FGUA obtained the most recent income statements, the most recent 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 customer deposits and accrued interest through closing will be transferred to the FGUA, and maintained by the FGUA in accordance with its policies and procedures. The Utility has paid all outstanding regulatory assessment fees. On September 24, 2012, Mad Hatter filed its 2011 annual report and remitted payment of penalties totaling \$2,150 pursuant to Rule 25-30.110(7)(b), F.A.C. The Utility will not be under the Commission's jurisdiction on December 31, 2012; therefore, no annual report needs to be filed for 2012.

The Commission has jurisdiction pursuant to Section 367.071, F.S. Also, 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, staff

¹ See Order No. PSC-93-0295-FOF-WS, issued February 24, 1993, in Docket No. 910637-WS, In re: Application for rate increase in Pasco County by Mad Hatter Utility, Inc.

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Docket No. 120206-WS

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believes that the application is in compliance with Section 367.071(4)(a), F.S., and Rule 25-30.037(4), F.A.C. Staff recommends that the Commission acknowledge the transfer of the water and wastewater systems to the FGUA as a matter of right, pursuant to Section 367.071(4)(a), F.S., and cancel Certificate Nos. 340-W and 297-S effective May 17, 2012. In addition, staff recommends that the docket be closed because no further action is necessary.