

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: April 23, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (P.Buys, King) *PDG*
Division of Accounting and Finance (Monroe, Norris) *TS*
Division of Economics (Bruce, Hudson) *AMW BS*
Office of the General Counsel (Villafrate) *DH*

RE: Docket No. 150018-WS – Joint application of GCP REIT II and Sun Communities Operating Limited Partnership for authority for transfer of majority organizational control of GCP Fairfield Village, LLC.

AGENDA: 05/05/15 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brisé

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

GCP Fairfield Village, LLC, (Fairfield) is a Class C water and wastewater utility serving approximately 260 customers in Marion County. According to Fairfield's 2013 Annual Report, total gross revenues were \$9,977.

Prior to 2007, Fairfield was statutorily exempt from the Commission's regulation because it provided water and wastewater services without specific compensation. However, in response to certain water use permitting requirements, Fairfield began charging for water to discourage excessive usage. As a result, Fairfield lost its statutory exemption and obtained Certificate Nos.

640-W and 549-S from the Commission.¹ Fairfield never collected rates for wastewater services; therefore, the Commission subsequently cancelled wastewater Certificate No. 594-S and approved the water conservation rates as part of a settlement agreement.² On May 23, 2013, the Commission approved the transfer of Century-Fairfield water system and Certificate No. 640-W to GCP Fairfield Village, LLC.³

On January 6, 2015, a joint application for authority for transfer of majority organizational control was filed by GCP REIT II and Sun Communities Operating Limited Partnership. The application, as filed, did not have any deficiencies. The Commission has jurisdiction in this case pursuant to Section 367.071, Florida Statutes (F.S.).

¹ Order No. PSC-08-0067-FOF-WS, issued January 29, 2008, in Docket No. 070548-WS, In re: Application for certificates to provide water and wastewater services in Marion County by Century – Fairfield Village, Ltd.

² Order No. PSC-08-0435-PAA-WS, issued July 7, 2008, in Docket No. 070548-WS, In re: Application for certificates to provide water and wastewater services in Marion County by Century – Fairfield Village, Ltd.

³ Order No. PSC-13-0217-PAA-WU, issued May 23, 2013, in Docket No. 120188-WU, In re: Application for approval of transfer of Century-Fairfield Village, Ltd. Water system and Certificate No. 640-W in Marion County to GCP Fairfield Village, LLC.

Discussion of Issues

Issue 1: Should the application for transfer of majority organizational control of GCP Fairfield Village, LLC, in Marion County to Sun Communities Operating Limited Partnership be approved?

Recommendation: Yes. The transfer of majority organizational control to Sun Communities Operating Limited Partnership (Sun Communities OLP), is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the water 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 tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code, (F.A.C.). (P. Buys, Bruce, Monroe)

Staff Analysis: This application is for the transfer of majority organizational control of GCP Fairfield Village, LLC, to Sun Communities Operating Limited Partnership. 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 Fairfield, which is appended to this recommendation as Attachment A. The application does not involve transfer of the facilities and Fairfield will continue to lease the land where the water treatment plant is currently located. The evidence of the lease has previously been provided to the Commission.⁴

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 reviewed the consolidated balance sheet of Sun Communities, Inc., (parent company of Sun Communities OLP) and the attestation in the transfer application asserting that Sun Communities, Inc., has the financial ability required to fund future capital expenditures on an "as needed" basis. According to the application, there will be no immediate change in the day-to-day operational management of the systems. Sun Communities OLP is currently engaged in water and wastewater utility service operations in Florida through its ownership of the Saddle Oak Club system in Marion County, Buttonwood Bay in Highlands County, and Water Oak in

⁴ Order No. PSC-13-0217-PAA-WU, issued May 23, 2013, in Docket No. 120188-WU, In re: Application for approval of transfer of Century-Fairfield Village, Ltd. Water system and Certificate No. 640-W in Marion County to GCP Fairfield Village, LLC.

Lake County which are regulated by the Commission. In addition, Sun Communities, Inc., also operates approximately seven systems either unregulated or regulated by county governments.

Fairfield's lead and copper analysis of drinking water exceeded the State Action Level of 0.015 ppm for lead in 2012. The Florida Department of Environmental Protection (DEP) did not take action until 2014. Fairfield provided new samples in 2014 which were within the State Action Level. DEP directed notices to be given, additional samples to be provided, and implementation of a corrosion control treatment plan. Fairfield complied with the notices and additional samples, but intends to ask to defer the plan until after July 2015. Based on the above, staff recommends that Fairfield and Sun Communities have demonstrated the technical and financial capability to provide service to the existing service territory.

Rates and Charges

The Utility's rates and charges, including miscellaneous service charges and a late payment fee, were last approved effective July 7, 2008.⁵ The Utility's 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 this Commission. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by this Commission in a subsequent proceeding.

Conclusion

Based on the above, staff recommends that the transfer of majority organizational control to Sun Communities Operating Limited Partnership is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the water 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.

⁵ Order No. PSC-08-0435-PAA-WS, issued July 7, 2008, in Docket No. 070548-WS, In re: Application for certificates to provide water and wastewater service in Marion County by Century - Fairfield Village, Ltd.

Issue 2: Should this docket be closed?

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

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

GCP Fairfield Village, Ltd.

Marion County

Description of Water Service Territory

Commence at the West $\frac{1}{4}$ corner of Section 4, Township 16 south, Range 21 East, Marion County, Florida; thence North $89^{\circ}56'18''$ East 50.00 feet to the Easterly right-of-way line of Southwest 60th Avenue (100 feet wide) for the Point of Beginning; thence North $00^{\circ}16'09''$ East along the said Easterly right-of-way 1.41 feet; thence North $00^{\circ}17'45''$ East continuing along said Easterly right-of-way 1318.59 feet to the North boundary line of South $\frac{1}{2}$ of the NW $\frac{1}{4}$ of aforesaid Section 4; thence North $89^{\circ}56'18''$ East along the said North boundary line 1276.58 feet; thence South $00^{\circ}15'45''$ West 1979.61 feet more or less to the SE corner of the North $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of said Section 4; thence South $89^{\circ}56'25''$ West along South boundary line of the said North $\frac{1}{2}$, 1277.42 feet to the aforesaid Easterly right-of-way line of Southwest 60th Avenue; thence North $00^{\circ}16'09''$ East along the said Easterly right-of-way 659.57 feet to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

GCP Fairfield Village, Ltd.

pursuant to

Certificate Number 640-W

to provide water service in Marion County in accordance with the provisions of Chapter 367, Florida Statutes, and 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 superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-08-0067-FOF -WS	01/29/08	070548-WS	Original Certificate
PSC-13-0217-PAA-WU	05/23/13	120188-WU	Transfer of Certificate
*	*	150018-WU	Transfer of Majority Organizational Control

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

**GCP Fairfield Village, LLC
Monthly Water Rates**

Residential Service and General Service

Base Facility Charge	\$0
Charge Per 1,000 gallons	
0-7,000 gallons	\$3.50
7,001-12,000 gallons	\$5.50
Over 12,000 gallons	\$0

Miscellaneous Service Charges

	Normal Business Hours	After Hours
Initial Connection Charge	\$30.00	\$40.00
Normal Reconnection Charge	\$30.00	\$40.00
Violation Reconnection Charge	\$30.00	\$40.00
Premises Visit Charge (in lieu of disconnection)	\$30.00	\$40.00
Late Payment Charge	\$5.00	N/A