

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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**DATE:** April 23, 2015

**TO:** Office of Commission Clerk (Stauffer)

**FROM:** Division of Engineering (P. Buys, King)  
Division of Accounting and Finance (T. Brown, Norris)  
Division of Economics (Bruce, Hudson)  
Office of the General Counsel (Janjic)

**RE:** Docket No. 150020-WS – Joint application of GCP REIT II and Sun Communities Operating Limited Partnership for authority for transfer of majority organizational control of Sunlake Estates Utilities, L.L.C.

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

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Brisé

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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### Case Background

Sunlake Estates Utilities, LLC, (Sunlake) is a water and wastewater utility serving approximately 460 customers in Lake County. Sunlake did not provide any annual report information as it has not started charging water and wastewater rates.

Prior to 2014, Sunlake was statutorily exempt from the Commission's regulation because it provided water and wastewater services without specific compensation. However, in response to certain water usage permitting requirements, Sunlake wanted to start charging for water to discourage excess usage. On June 27, 2013, Sunlake filed an application for original water and

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wastewater certificates and initial rates and charges. The Commission approved the petition in January, 2014.<sup>1</sup>

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.).

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<sup>1</sup> Order No. PSC-14-0018-PAA-WS, issued January 7, 2014, in Docket No. 130180-WS, In re: Application for original certificates to provide water and wastewater services in Lake County by Sunlake Estates Utilities, LLC.

### Discussion of Issues

**Issue 1:** Should the application for transfer of majority organizational control of Sunlake Estates Utilities, LLC, in Lake 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 and wastewater certificates, 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, T. Brown, Bruce)

**Staff Analysis:** This application is for the transfer of majority organizational control of Sunlake Estates Utilities, 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 Sunlake, which is appended to this recommendation as Attachment A. The application does not involve transfer of the facilities and Sunlake will continue to lease the land where the water and wastewater treatment plants are currently located. The evidence of the lease has previously been provided to the Commission.<sup>2</sup>

#### 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 has 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.<sup>3</sup> Based on its review, staff believes the documents show that Sun Communities OLP has the financial capability to operate the water and wastewater systems. 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 Lake County which are regulated by

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<sup>2</sup> Order No. PSC-14-0018-PAA-WS, issued January 7, 2014, in Docket No. 130180-WS, In re: Application for original certificates to provide water and wastewater services in Lake County by Sunlake Estates Utilities, LLC.

<sup>3</sup> Document No. 00116-15, in Docket No. 150020-WS.

the Commission. In addition, Sun Communities, Inc., also operates approximately seven systems that are either unregulated or regulated by county governments. Staff recommends that the water and wastewater systems appear to be in satisfactory conditions and are in compliance with Florida Department of Environmental Protection. Based on the above, it appears that Sunlake and Sun Communities OLP has demonstrated the technical and financial ability to provide service to the existing service territory.

#### Rates and Charges

The Utility's rates and charges were last approved in an original certificate docket in 2014.<sup>4</sup> The Utility's existing rates and charges are shown on Schedule Nos. 1 and 2. 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 and wastewater certificates, 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.

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<sup>4</sup> Order No. PSC-14-0018-PAA-WS, issued January 7, 2014, in Docket No. 130180-WS, In re: Application for original certificates to provide water and wastewater service in Lake County by Sunlake Estates Utilities, L.L.C.

**Issue 2:** Should this docket be closed?

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

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

**Sunlake Estates Utilities, L.L.C.**

**Lake County**

**Description of Water and Wastewater Territory**

A portion of Sections 12 and 13, Township 18 South, Range 25 East, being in Lake County, Florida being described as follows:

Commence at the southwest corner of the Southeast  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of said Section 12, and run N.89°50'56"W, 400.00 feet, for a Point of Beginning; thence, continue, N.89°50'56"W, along said south boundary line 253.58 feet; thence, leaving said south boundary line, N.00°10'35"E.1253.54 feet; thence, N.89°48'54"W., 35.87 feet; thence, N.00°21'15"W., 42.00 feet to the south right-of-way line of South Em-En-El Grove Road; thence, S.89°48'54"E., along said south right-of-way line, 689.00 feet; thence, continue, S.89°48'54"E., along said south right-of-way line, 95.23 feet to a point of curvature; thence, along said right-of-way line, along said curve to the right, having a radius of 560.19 feet, an arc length of 274.35 feet, a chord length of 271.62 feet and a chord bearing of S.75°47'05"E., thence, S.61°45'16"E., along said south right-of-way line, 100.80 feet; thence, along said south right-of-way line, along a curve to the left, having a radius of 385.00 feet, an arc length of 374.33 feet, a chord length of 359.76 feet and a chord bearing of S.89°36'28"E.; thence, N.62°32'19"E., along said south right-of-way line, 100.00 feet; thence, along said south right-of-way line, along a curve to the right, having a radius of 597.00 feet, an arc length of 288.08 feet, a chord length of 285.29 feet and a chord bearing of N.76°21'42"E.; thence, S.89°48'54"E., along said south right-of-way line, 153.67 feet; thence, S.89°55'13"E., along said south right-of-way line, 1280.81 feet; thence, leaving said south right-of-way line, S.00°06'53"E., along the west right-of-way line of Thomas Boat Landing Road, 1293.73 feet to the south boundary line of said Section 12; thence, continue along said west right-of-way line, S.00°22'13"W., 1007.84 feet to the ordinary high water line of Lake Yale; thence, leaving said west right-of-way line, along the ordinary high water line of Lake Yale, the following nineteen (19) courses; (1) thence, N.69°33'59"W., 58.11 feet; (2) thence, N.86°38'05"W., 24.79 feet; (3) thence, S.80°09'07"W., 49.34 feet; (4) thence, S.59°17'50"W., 105.49 feet; (5) thence, S.51°54'45"W., 56.92 feet; (6) thence, S.53°46'02"W., 48.77 feet; (7) thence, S.49°15'28"W., 59.70 feet; (8) thence, S.58°19'14"W., 75.82 feet; (9) thence, S.47°08'38"W., 41.26 feet; (10) thence, S.55°39'24"W., 51.45 feet; (11) thence, S.62°08'53"W., 111.80 feet; (12) thence, S.64°27'27"W., 55.68 feet; (13) thence, S.52°28'52"W., 58.80 feet; (14) thence, S.55°19'56"W., 58.33 feet; (15) thence, S.53°53'24"W., 53.84 feet; (16) thence, S.46°00'44"W., 53.77 feet; (17) thence, S.50°09'30"W., 58.94 feet; (18) thence, S.46°55'52"W., 20.66 feet; (19) thence, S.72°48'21"W., 32.13 feet; thence, leaving the ordinary high water line of Lake Yale, N.45°14'05"W., 285.56 feet; thence, N.89°47'48"W., 165.69 feet; thence, N.89°51'08"W., 1339.46 feet; thence, N.00°08'20"E., along said west boundary line of the Northeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of said Section 13, 992.97 feet; thence, leaving said west boundary line, N.89°52'52"W., 400.00 feet; thence, N.00°08'20"W., 330.65 feet to the Point of Beginning.

AND

Commence at the southwest corner of the Southeast  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of Section 12, Township 18 South, Range 25 East, Lake County, Florida and run N.89°50'56"W., along the south boundary line of Block 57 of the Plat of HIGLEY, as filed in or about April 2, 1884, in the Public Records of Lake County, Florida, 400.00 feet to a point on the west boundary line of the eastern 400 feet of the North  $\frac{1}{4}$  of Block 58 of said Plat of HIGLEY; thence, continue, N.89°50'56"W., along said south boundary line, 253.58 feet, to a point on the east boundary line of the west 674.28 feet of said Block 57; thence, leaving said south boundary line, N.00°10'35"E., along said east boundary line, 1253.54 feet; thence, leaving said east boundary line, N.89°48'54"W., 35.87 feet; thence, N.00°21'15"W., 42.00 feet to the south right-of-way of South Em-En-El Grove Road; thence, S.89°48'54"E., 689.00 feet; thence, continue, S.89°48'54"E., 375.51 feet for a Point of Beginning; thence, continue, S.89°48'54"E., 508.40 feet to the most easterly corner of said Tract "A"; thence, S.62°32'19"W; thence, along a curve to the right, having a radius of 319.00 feet, an arc length of 310.16 feet, a chord length of 298.08 feet and a chord bearing of N.89°36'28"W.; thence, N.61°45'16"W., 116.97 feet to the Point of Beginning.

AND

Commence at the southwest corner of the Southeast  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of Section 12, Township 18 South, Range 25 East, Lake County, Florida and run N.89°50'56"W., 400.00 feet; thence, continue, N.89°50'56"W., 253.58 feet; thence, N.00°10'35"E., 1253.54 feet; thence, N.89°48'54"W., 35.87 feet; thence N.00°21'15"W., 75.00 feet to the north right-of-way line of South Em-En-El Grove Road; thence, S.89°48'54"E., along said north right-of-way line, 1116.00 feet for a Point of Beginning; thence, N.00°06'04"E., 500.00 feet; thence, S.89°48'54"E., 900.00 feet; thence, S.89°55'13"E., 1311.80 feet; thence, S.00°06'53"E., 500.00 feet to the northeast corner of the Southwest  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of Section 12, Township 18 South, Range 25 East; thence, leaving said east boundary line, N.89°55'13"W., along the north right-of-way line of South Em-En-El Grove Road, 1313.69 feet; thence, N.89°48'54"W., along said north right-of-way line, 900.00 feet to the Point of Beginning.

**FLORIDA PUBLIC SERVICE COMMISSION**

**Authorizes**

**Sunlake Estates Utilities, L.L.C.**

**pursuant to**

**Certificate Number 665-W**

to provide water service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule 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-14-0018-PAA-WS	January 7, 2014	130180-WS	Original Certificate
*	*	150020-WS	Transfer of Majority Organizational Control

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



**FLORIDA PUBLIC SERVICE COMMISSION**

**Authorizes**

**Sunlake Estates Utilities, L.L.C.**

**pursuant to**

**Certificate Number 569-S**

to provide wastewater service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule 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-14-0018-PAA-WS	January 7, 2014	130180-WS	Original Certificate
*	*	150020-WS	Transfer of Majority Organizational Control

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

**Sunlake Estates Utilities, LLC  
Monthly Water Rates**

**Residential and General Service**

**Base Facility Charge by Meter Size**

5/8" x 3/4"	\$10.12
3/4"	\$15.18
1"	\$25.29
1 1/2"	\$50.18
2"	\$80.28
3"	\$160.56
4"	\$250.88
6"	\$501.76

**Charge Per 1,000 Gallons - Residential**

0-5,000 Gallons	\$1.06
Over 5,000 Gallons	\$1.77

<b>Charge Per 1,000 Gallons – General Service</b>	<b>\$1.49</b>
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**Initial Customer Deposits**

**Residential Service**

5/8" x 3/4"	\$60.00
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**General Service**

All Meter Sizes	Two times the average estimated bill
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**Miscellaneous Service Charges**

	Normal Business Hours	After Hours
Initial Connection Charge	\$21.00	\$42.00
Normal Reconnection Charge	\$21.00	\$42.00
Violation Reconnection Charge	\$21.00	\$42.00
Premises Visit Charge (in lieu of disconnection)	\$21.00	\$42.00
NSF Charge	Pursuant to Statute	
Late Payment Charge	\$5.00	

**Service Availability Charge**

**Meter Installation Charge**

5/8 x 3/4"	\$250.00
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**Sunlake Estates Utilities, LLC  
 Monthly Wastewater Rates**

**Residential Service**

Base Facility Charge – All Meter Sizes	\$17.56
Charge Per 1,000 gallons 10,000 gallon cap	\$2.66

**General Service**

Base Facility Charge by Meter Size	
5/8" x 3/4"	\$17.56
3/4"	\$26.34
1"	\$43.90
1 1/2"	\$87.80
2"	\$140.48
3"	\$280.96
4"	\$439.00
6"	\$878.00
Charge Per 1,000 gallons	\$3.19

**Initial Customer Deposits**

Residential Service 5/8" x 3/4"	\$88.00
General Service All Meter Sizes	Two times the average estimated bill

**Miscellaneous Service Charges**

	Normal Business Hours	After Hours
Initial Connection Charge	\$21.00	\$42.00
Normal Reconnection Charge	\$21.00	\$42.00
Violation Reconnection Charge	Actual Cost	Actual Cost
Premises Visit Charge (in lieu of disconnection)	\$21.00	\$42.00
NSF Charge	Pursuant to Statute	
Late Payment Charge	\$5.00	