

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: June 15, 2015
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Adam Hill, Engineering Specialist, Division of Engineering JBS
RE: Docket No. 140188-SU_. Application for approval of transfer of Certificate No. 538-S from Zachary Taylor Camping & Lodge, Inc. to Taylor Arcade, Inc. d/b/a Zachary Taylor RV Resort in Okeechobee County.

Please file the attached in the "Documents" tab of the above mentioned docket file.

Thank you.

COMMISSIONERS:
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STATE OF FLORIDA



DIVISION OF ENGINEERING
TOM BALLINGER
DIRECTOR
(850) 413-6910

Public Service Commission

June 15, 2015

Mr. Steven Tsangaris
Tsangaris Law Group, PL
623 E. Tarpon Ave.
Tarpon Springs, FL 34689

Re: Docket No. 140188-SU – Application for approval of transfer of Certificate No. 538-S from Zachary Taylor Camping & Lodge, Inc. to Taylor Arcade, Inc. d/b/a Zachary Taylor RV Resort in Okeechobee County.

Dear Mr. Tsangaris:

We have reviewed Taylor Arcade, Inc.'s (Taylor Arcade or Buyer) application submitted on September 24, 2014. After reviewing this information, we find this application to be deficient. The specific deficiencies are identified below:

Deficiencies

1. **Purchase Price.** Rule 25-30.037(2)(g)(1), Florida Administrative Code (F.A.C.), requires that the contract for sale include the purchase price and terms of payment. While the contract specifies the combined purchase price and terms of payment for Zachary Taylor Camping and Lodge, Inc. (Utility) and Zachary Taylor Camping and Lodge (RV Park), it does not indicate how the purchase price is allocated or assigned to each. Please provide the dollar amount paid for the wastewater system and RV Park separately.
2. **Assets and Liabilities.** Rule 25-30.037(2)(g)(2), F.A.C., requires a list of the dollar amount of the assets purchased and liabilities assumed or not assumed, including those of nonregulated operations or entities. Please provide a list of the specific assets and liabilities including the dollar amounts allocated to each.
3. **Financial Ability.** Rule 25-30.037(2)(j), F.A.C., requires a "statement indicating how the transfer is in the public interest, including a summary of the buyer's experience in water or wastewater utility operations, a showing of the buyer's financial ability to provide service, and a statement that the buyer will fulfill the commitments, obligations, and representations of the seller with regard to the utility matter." Exhibit A of the application contains a statement regarding the buyer's experience in the water and wastewater utility industry. However, Exhibit A does not contain a showing of the buyer's financial ability to provide service. Please provide a showing of Taylor Arcade, Inc.'s financial ability to

provide service, such as a recent financial statement showing Taylor Arcade, Inc.'s assets and liabilities.

4. **Financial Statements.** Rule 25-30.037(2)(k), F.A.C., requires a list of all entities upon which the applicant is relying to provide funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the seller. In Exhibit F of the application, the Buyer provided the statement "N/A" yet it also lists a principal of the buyer. Please provide financial statements of any person or entity with an ownership interest greater than 10 percent.
5. **Contract for Sale.** Rule 25-30.037(2)(h), F.A.C., requires that the contract for sale include the disposition of (a) Customer deposits and interest thereon; (b) Any guaranteed revenue contracts; (c) Developer agreements; (d) Customer advances; (e) Debt of the utility; (f) Leases. Please provide an explanation for the items mentioned above.
6. **Contract for Sale.** Section 367.071(1), Florida Statutes (F.S.), requires that the sale of a utility may occur prior to commission approval if the contract for sale, assignment, or transfer is made contingent upon commission approval. The contract as filed does not contain this provision. Please present evidence that this contract is in compliance with this statute or please provide mitigating evidence on why Zachary Taylor Camping & Lodge, Inc. (Seller) should not be subject to a an administrative fine pursuant to Section 367.161, F.S., for this apparent violation of Section 367.071(1), F.S.
7. **Additional Consideration.** Rule 25-30.037(2)(g)(3), F.A.C., requires a description of all consideration between the parties, for example, promised salaries, retainer fees, stock, stock options, and assumption of obligations. Please provide a description of all consideration between the buyer and the seller.

Additional Information

Territory Description and Notices. Rule 25-30.030(2)(b), F.A.C., requires a complete and accurate description of the territory served. Staff's review of the provided territory description has revealed that the map does not close as written, and the area described does not agree with the map provided in the application. Please provide an updated territory description that is complete and accurate. Additionally, Rule 25-30.030, F.A.C., requires notice to be sent to certain entities. Please provide evidence that these entities have been noticed using the accurate territory description.

Tax returns. Rule 25-30.037(2)(o), F.A.C., requires a statement from the buyer that it has obtained or will obtain copies of all federal income tax returns of the seller. The application has a statement that the buyer will obtain these copies and submit them in a separate filing. Please provide an update on the attempt to obtain the federal income tax returns of the seller.

Mr. Steve Tsangaris

June 15, 2015

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We will be unable to proceed with the transfer process until the deficiencies identified in this letter have been corrected and the additional requested information is provided. These corrections should be submitted as soon as possible, but no later than July 15, 2015, to the following address:

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Should you have any questions concerning the information in this letter, please feel free to contact Mr. Adam Hill by phone at (850) 413-6425 or e-mail ahill@psc.state.fl.us for technical questions, or the Commission attorney on this matter, Mr. John Villafrate by phone at (850) 413-6220 or e-mail JVillaf@psc.state.fl.us for legal questions. Please include the docket number on all submissions to the Commission Clerk.

Sincerely,



Tom Ballinger, Director
Division of Engineering

TB:tj

cc: Office of Commission Clerk (DN 140188-SU)

Adam Hill

John Villafrate