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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 120162-WS

APPLICATION FOR TRANSFER OF
FACILITIES, AND CERTIFICATE NOS.
524-W AND 459-S, FROM SILVER FOX
UTILITY COMPANY, LLC, TO HOMETOWN
CANADA UTILITY, INC., IN PASCO
COUNTY.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 3

COMMISSIONERS
PARTICIPATING: CHAIRMAN RONALD A. BRISÉ
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Tuesday, June 25, 2013

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

1 P R O C E E D I N G S

2 **CHAIRMAN BRISÉ:** Okay. We're going to go
3 ahead and move on to item number 3.

4 **MS. GOLDEN:** Good morning, Commissioners.
5 Martha Golden with Commission staff.

6 Item 3 is the application to transfer Silver
7 Fox Utility to Hometown Canada Utility. At this time --
8 staff is recommending that the transfer should be
9 approved. At this time we can answer questions or
10 discuss each issue.

11 **CHAIRMAN BRISÉ:** Okay. Thank you. Are there
12 questions?

13 Commissioner Balbis.

14 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

15 I have a few questions for staff. And some of
16 these I asked during my briefing, and so it may be a
17 repeat. But, you know, one of the concerns that I did
18 have was on the technical and financial ability of
19 Hometown Canada, and what jumped out at me is that
20 they've only been authorized to conduct business in
21 Florida since February 17th of 2012. Is that correct?

22 **MS. GOLDEN:** That's correct. In staff's
23 review to determine whether or not a buyer has financial
24 or technical ability, for financial ability we review
25 the buyer's personal financial statements and we look at

1 assets and liabilities and determine if they have enough
2 money to actually cover the purchase price or to cover
3 the debt on the purchase, and then also do they have
4 enough funds if they needed to put additional funds into
5 the utility, and we believe that this buyer does.

6 And regarding technical ability, we did notice
7 and we had some initial concerns because the buyer has
8 not operated the utility before, but they have hired
9 personnel to handle the day-to-day functions. They have
10 a licensed contract operator, they've hired an
11 engineering consultant. These are people that we're
12 familiar with. They also have accounting staff. The
13 billing and customer relations person is the same person
14 that was working for the prior utility, so she's very
15 familiar with the customer base and with the utility.

16 As I mentioned, initially we did have some
17 concerns, but through the course of this docket we've
18 had an opportunity to ask for additional information
19 from the buyer. They've been very cooperative and
20 responsive with everything that we've asked for. We
21 also had a conference call quite a few months ago where
22 the buyer was on the conference call with all of the
23 different individuals that he's hired to handle his
24 operations in Florida, and that did give us a certain
25 level of comfort with the buyer.

1 **COMMISSIONER BALBIS:** Okay. The -- you
2 indicated that they've hired contract operators to
3 operate the system. Is it the same company -- are they
4 using the same company that was operating before the
5 acquisition or is it a new company?

6 **MS. GOLDEN:** I believe it may be a different
7 company.

8 **COMMISSIONER BALBIS:** Okay. And then the
9 other concern I had was the difference, the difference
10 from what staff determined and what was in rate base for
11 the value of the utility system itself and what was
12 included in the purchase price. Could you elaborate a
13 little bit on that discrepancy and what impact, if any,
14 it will have on rates down the road.

15 **MS. GOLDEN:** Yes. The buyer actually
16 purchased the entire mobile home park. This utility
17 provides service to Arbor Oaks Mobile Home Park, and the
18 buyer purchased the mobile home park, which included the
19 utility facilities. And in the course of that purchase
20 they allocated a certain amount that they said this was
21 allocated to the utility purchase. It was really not a
22 separate negotiated purchase for the utility. It's just
23 an allocation that they made.

24 As far as the rates would go, the Commission
25 practice is, is that we determine what the rate base is

1 based on the actual, the utility assets, and we would
2 not necessarily take into account that overstatement of
3 that purchase price. We have not recommended that an
4 acquisition adjustment be made. In this case it would
5 be a positive acquisition adjustment. The company has
6 not requested it, and truly this is not a true purchase
7 price. This is just a designation they made in the
8 course of this purchase. It would not affect rates.

9 **COMMISSIONER BALBIS:** Okay. Thank you.

10 That's all I have.

11 **CHAIRMAN BRISÉ:** Okay. Any further questions
12 or comments? Okay. We are in posture to accept a
13 motion.

14 **COMMISSIONER GRAHAM:** Move staff.

15 **COMMISSIONER BROWN:** Second.

16 **CHAIRMAN BRISÉ:** Okay. It's been moved and
17 seconded. All in favor, say aye.

18 (Vote taken.)

19 (Agenda item concluded.)

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1 STATE OF FLORIDA)
2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

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I, LINDA BOLES, CRR, RPR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 28th day of June, 2013.

Linda Boles
LINDA BOLES, CRR, RPR
FPSC Official Commission Reporters
(850) 413-6734