

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for ) DOCKET NO. 910467-SU  
transfer of Certificate No. ) ORDER NO. PSC-92-0193-FOF-SU  
175-S from Vista Villages, ) ISSUED: 04/13/92  
Inc. to Forest Park Property )  
Owners' Association, Inc. in )  
Lee County, Florida. )  
\_\_\_\_\_)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman  
SUSAN F. CLARK  
J. TERRY DEASON  
BETTY EASLEY

ORDER APPROVING TRANSFER

AND

NOTICE OF PROPOSED AGENCY ACTION

ORDER ESTABLISHING RATE BASE FOR PURPOSES OF THE TRANSFER

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein establishing rate base for purposes of the transfer is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

Vista Villages, Inc. (Vista Villages) is the holder of Certificate No. 175-S in Lee County, Florida. Vista Villages provides wastewater service to approximately 437 customers in Forest Park, which is a mobile home community located in North Fort Myers.

The utility was purchased by the Forest Park Property Owners' Association (Forest Park or Association) in November of 1990. When the Commission became aware of the sale, Forest Park was advised

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that Commission approval of the transfer is required. Forest Park was also advised that it could apply for an exemption if it met the requirements of Section 367.022, Florida Statutes.

By letter dated January 18, 1991, Forest Park requested an exemption from Commission jurisdiction as a nonprofit association. In order to qualify for the exemption, an association must provide service only to its members. Since 153 of the 437 customers served by the utility are not members of the Association, Forest Park does not qualify for exemption as a nonprofit association. Forest Park was advised that it would have to file a transfer application or a revised application for exemption.

On March 29, 1991, this Commission received an application for the transfer of Vista Villages to Forest Park. The application, as filed, was incomplete. The instant Docket was opened to process the application and Forest Park was advised of the deficiencies.

Subsequent thereto, on May 13, 1991, Forest Park filed a revised application for exemption as a nonprofit corporation. Docket No. 910621-SU was opened to consider the exemption request. Since Forest Park does not meet the statutory requirements, as set forth above, the Commission issued Order No. 25326 on November 12, 1991, denying the request for exemption and closing the docket.

On February 7, 1992, Forest Park completed its application for transfer of the utility. Although the transfer took place on November 7, 1990, we will not initiate show cause proceedings since Forest Park filed an application for approval of the transfer upon becoming aware of the requirement. Also, the Sales Agreement between Vista Villages and Forest Park contains the provision that the sale is contingent upon Commission approval.

#### Application

Except as discussed previously, the application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and Florida Administrative Code Rules. In particular, the application contains:

1. A filing fee in the amount of \$900, as prescribed by Rule 25-30.020, Florida Administrative Code.

2. Proof of compliance with the noticing provisions of Rule 25-30.030, Florida Administrative Code, including notice to the customers of the system being transferred.
3. Evidence that the Utility owns the land upon which its facilities are located, as required by Rule 25-30.037, Florida Administrative Code.

An objection to the application was filed by customers of the utility because of a discrepancy in the territory description contained in the notice. After Forest Park amended the territory description and renoticed the affected customers, the objection was withdrawn. No other objections have been received and the time for filing such has expired.

Forest Park has hired Envirotech Operating Services (Envirotech) to operate the wastewater plant. Envirotech employs 15 certified plant operators and currently operates 23 water plants and 115 wastewater treatment plants in Florida. Therefore, we believe that Forest Park, with the assistance of Envirotech, has the technical ability to operate the utility. Also, based on information filed with the application, it appears that Forest Park has the financial resources to operate the system.

According to the Department of Environmental Regulation (DER), Forest Park has entered into a Consent Order with DER which provides for the interconnection of its wastewater system with North Fort Myers Utility, Inc. (North Fort Myers). The interconnection is scheduled to take place within 3 months. At that time, Forest Park will close the wastewater plant and become a bulk customer of North Fort Myers.

Based on the foregoing, we find that the transfer of Certificate No. 175-S from Vista Villages to Forest Park is in the public interest and it is approved. Since Vista Villages is unable to locate Certificate No. 175-S, the Certificate will be reissued in the name of Forest Park. The territory, which Certificate No. 175-S authorizes the utility to serve, is described in Attachment A of this Order.

#### Rate Base

Rate base for Vista Villages was previously established by Order No. 22829, issued on April 18, 1990, in Docket No. 891161-SU.

According to that Order, rate base for the utility was \$24,802 as of December 31, 1989.

According to the utility's books, rate base is \$23,469 as of November 9, 1990. An audit of the books and records has been conducted to determine rate base at the time of transfer.

The utility recorded \$229,243 as utility plant-in-service (UPIS). This amount has been adjusted to reflect plant additions that the utility failed to capitalize on its books. Therefore, UPIS is \$232,617.

Accumulated depreciation has been adjusted to account for depreciation associated with the plant additions. As a result, accumulated depreciation is \$91,628.

According to Rule 25-30.570, Florida Administrative Code, contributions-in-aid-of-construction (CIAC) are imputed for assets expensed for tax purposes. The utility expensed \$3,663 of plant additions on its 1989 Federal Income Tax Return. CIAC, which has been adjusted accordingly, is \$211,595.

CIAC amortization has been adjusted to account for the amortization associated with the increase in CIAC. Therefore, CIAC amortization is \$89,724.

Based on the adjustments, rate base is \$23,168 as of November 7, 1990, the date of transfer. Our calculation of rate base is shown on Schedule No. 1, with adjustments shown on Schedule No. 2.

The rate base calculation does not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments. It is used purely to establish the net book value of the property being transferred.

#### Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the original cost calculation. In the absence of extraordinary circumstances, it is Commission policy that the purchase of a system at a premium or discount shall not affect the rate base calculation. Since the circumstances in this transfer do not appear to be extraordinary and Forest Park has not requested an

acquisition adjustment, an acquisition adjustment has not been included in the calculation of rate base.

Rates and Charges

Vista Village's current rates and charges became effective on May 9, 1990, pursuant to Order No. 22829, issued in Docket No. 891161-SU. Rule 25-9.044(1), Florida Administrative Code requires the new owner of a utility to adopt and use the rates, classification and regulations of the former owner unless authorized to change by this Commission.

Forest Park has not requested to change the rates and charges and we see no reason to change them at this time. Forest Park shall continue to charge the rates and charges approved in Vista Village's tariff until authorized to change by the Commission. Forest Park has filed a revised tariff reflecting the change in ownership. The tariff shall be effective for services rendered or connections made after the stamped approval date on the tariff sheets.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of Certificate No. 175-S from Vista Villages, Inc., 4342 South Gulf Circle, North Fort Myers, Florida 33903, to Forest Park Property Owners Association, 5200 Forest Park Drive, North Fort Myers, Florida 33917, is hereby approved. Certificate No. 175-S will be reissued in the name of Forest Park. It is further

ORDERED that rate base, which for transfer purposes reflects the net book value, is \$23,168 as of November 7, 1990. It is further

ORDERED that Forest Park shall continue to charge the rates and charges approved in Vista Village's tariff until authorized to change by this Commission. It is further

ORDERED that the provision of this Order establishing rate base for the purpose of this transfer, is issued as proposed agency action, and shall become final and effective unless an appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the

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"Notice of Further Proceedings or Judicial Review" attached hereto.  
It is further

ORDERED that in the event that no timely protest is received  
and this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission, 13th day of  
April, 1992.



STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

ALC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action establishing rate base for the purpose of the transfer is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida

Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 4, 1992. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ATTACHMENT A

VISTA VILLAGES, INC.

Territory Description

The following described lands located in Section 36, Township 43 South, Range 24 East, Lee County, Florida:

Beginning at the Northwest corner of said Section 36; run thence South 89°46'50" East, along the North line of said Section 36 and the center line of a roadway easement 50 feet wide, 25 feet either side of said center line as declared by C.C.M. Book 5 at Page 661 of the Public Records of Lee County, Florida, for 1650 feet; thence South 00°19'40" East, 132 feet; thence South 89°46'50" East, 330 feet; thence North 00°19'40" West, 132 feet to the Northwest corner of Lot 19, Block A, Sherwood Forest Mobile Home Subdivision; thence South 89°46'48" East, 592.67 feet to the Northeast corner of the said Sherwood Forest Mobile Home Subdivision, said point also being on the West boundary of Hart Road; thence South 02°43'18" East, 660 feet, more or less, along said West boundary of Hart Road to the intersection with the center line of Forest Park Drive; thence North 89°46'48" West, 294 feet, more or less, along the said center line of Forest Park Drive to the intersection with the Northerly extension of the East boundary of Block B, Sherwood Forest Mobile Home Subdivision; thence South 00°19'36", 660 feet, more or less, along said East boundary of Block B to the Southeast corner of said Block B; thence North 89°47'24" West, 2310 feet to the Southwest corner of Block D, Forest Mobile Home Subdivision, said point also being on the West boundary of said Section 36; thence North 00°19'36", 1319.72 feet along said West boundary to the Point of Beginning. Project Name: Forest Park Mobile Home Park.