

State of Florida



Public Service Commission

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COMMISSION CLERK

DATE: November 17, 2009

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Clapp, Kaproth)
Office of the General Counsel (Bennett)

RE: Docket No. 090443-WS – Application for transfer of water and wastewater facilities to Martin County, and cancellation of Certificate Nos. 352-W and 308-S, by Miles Grant Water and Sewer Company.
County: Martin

Handwritten initials and signatures: KK, JS, CRB, JSB, and other illegible marks.

AGENDA: 12/01/09 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\090443.RCM.DOC

Case Background

Miles Grant Water and Sewer Company (Miles Grant or utility) is a Class B utility providing water and wastewater service to approximately 1,290 water and 1,015 wastewater customers in Martin County. The utility is in the South Florida Water Management District (SFWMD). The utility's 2008 annual report indicates that the utility had gross revenue of \$328,893 and \$448,225 and net operating income of (\$11,631) and \$72,011 for water and wastewater, respectively.

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The utility's water and wastewater systems were originally issued Certificate Nos. 352-W and 308-S in 1982.¹ The utility has been transferred twice and its certificates have been amended once to include additional territory since it received its certificates.²

On September 9, 2009, Miles Grant filed an application for transfer of its water and wastewater systems to Martin County (the County) and cancellation of Certificate Nos. 352-W and 308-S. The Commission has jurisdiction pursuant to Section 367.071, Florida Statutes (F.S.).

¹ Order No. 11039, issued July 30, 1982, in Docket No. 810017-WS, In re: Application for certificate of Miles Grant Water and Sewer Company, Inc.

² Order No. 14548, issued July 8, 1985, in Docket No. 850017-WS, In re: Joint petition of Westinghouse Electric Corporation, seller, and Utilities, Inc., purchaser, for the transfer of Majority Organizational control of Miles Grant Water and Sewer Company in Martin County.; Order No. PSC-06-0094-FOF-WS, issued February 9, 2006, in Docket No. 050499-WS, In re: Application for authority to transfer majority organizational control of Utilities, Inc. from Nuon Global Solutions USA, B.V. to Hydro Star, LLC.; and Order No. PSC-08-0703-FOF-WS, issued October 23, 2008, in Docket No. 080342-WS, In re: Application for amendment of Certificates 352-W and 308-S to extend water and wastewater service areas to include certain land in Martin County, by Miles Grant Water and Sewer Company.

Discussion of Issues

Issue 1: Should the transfer of the water and wastewater facilities of Miles Grant Water and Sewer Company to Martin County, Florida be acknowledged as a matter of right and Certificate Nos. 352-W and 308-S be cancelled?

Recommendation: Yes. The transfer of the Miles Grant water and wastewater territory and facilities to Martin County should be acknowledged as a matter of right pursuant to Section 367.071(4)(a), F.S., and Certificate Nos. 352-W and 308-S should be cancelled effective November 9, 2009, which was the closing date of the sale. Miles Grant should be required to pay all outstanding regulatory assessment fees (RAFs) for July 1, 2009, through November 9, 2009, by January 30, 2010. (Clapp, Kaproth, Bennett)

Staff Analysis: As stated in the case background, Miles Grant applied for a transfer of its facilities and territory to Martin County on September 9, 2009, pursuant to Section 367.071, F.S., and Rule 25-30.037(4), Florida Administrative Code, (F.A.C.) The closing on the sale of the utility facilities took place on November 9, 2009.

Pursuant to Section 367.071(4)(a), F.S., the sale of facilities to a governmental authority shall be approved as a matter of right. As such, no notice of the transfer is required and no filing fees apply. The application is in compliance with Section 367.071(4)(a), F.S., and Rule 25-30.037(4), F.A.C.

The application contains a statement that the County obtained Miles Grant's most recent income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction, pursuant to Rule 25-30.037(4)(e), F.A.C. A statement was provided indicating that the utility will transfer its customer deposits to Martin County.

Additionally, pursuant to the requirements of Rule 25-30.037(4)(h), F.A.C., a statement was included that Miles Grant has paid all outstanding regulatory assessment fees (RAFs). The utility has filed all annual reports through 2008 and paid all RAFs through June 30, 2009. Because the utility will not be jurisdictional as of December 31, 2009, no annual report needs to be filed for 2009. However, Miles Grant should be required to pay all outstanding RAFs for July 1, 2009, through November 9, 2009, by January 30, 2010.

Staff recommends that the transfer of the Miles Grant water and wastewater territory and facilities to Martin County should be acknowledged as a matter of right, pursuant to Section 367.071(4)(a), F.S., and Certificate Nos. 352-W and 308-S should be cancelled effective November 9, 2009, which was the closing date of the sale. Miles Grant should be required to pay all outstanding RAFs for July 1, 2009, through November 9, 2009, by January 30, 2010.

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Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, this docket should be closed because no further action is necessary. (Bennett, Clapp)

Staff Analysis: If the Commission approves staff's recommendation in Issue 1, this docket should be closed because no further action is necessary.