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MARSHALL WILLIS, DIRECTOR  
DIVISION OF ECONOMIC REGULATION  
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# Public Service Commission

April 21, 2010

RECEIVED-FPSC  
10 APR 23 AM 9:56  
COMMISSION  
CLERK

Ms. Sandy Seyffart  
CWS Communities d/b/a Palm Valley  
3700 Palm Valley Circle  
Oviedo, FL 32765

**Re: Docket No. 090447-WS; Application for staff-assisted rate case in Seminole County by CWS Communities d/b/a Palm Valley Utilities – Complaint Case No. 0935240C**

Dear Ms. Seyffart:

On April, 5, 2010, the Florida Public Service Commission (Commission) received a letter from Mr. T.J. Levey (Mr. Levey or customer). The customer has alleged that CWS Communities d/b/a Palm Valley Utilities (Utility or Palm Valley) is providing erroneous figures to the Commission in its request for past and recent rate increases. Please provide a response to the Commission, in writing, to the subject matter discussed in Attachment A. Pursuant to Rule 25-22.032, Florida Administrative Code (F.A.C.), the Utility should provide a written response to the customer's complaint to the Commission staff within 15 working days after the Commission staff sends the complaint to the Utility. Therefore, Palm Valley's response is due to the Commission on or before May 12, 2010.

If you have any questions in regard to this matter, please feel free to contact me at 850-413-7021 or email at [shudson@psc.state.fl.us](mailto:shudson@psc.state.fl.us).

Sincerely,

A handwritten signature in black ink that reads "Shannon J. Hudson".

Shannon J. Hudson  
Regulatory Analyst IV

/sjh

cc: Division of Economic Regulation (Maurey, Fletcher, Daniel, Simpson, Bruce)  
Office of General Counsel (Bennett)  
Office of Commission Clerk (Docket No. 090447-WS)  
Ruden, McClosky, Smith, Schuster & Russell, P.A. (Mary Smallwood)  
Gary Morse

DOCUMENT NO. DATE  
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Internet E-mail: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)

Attachment A

931 E. Palm Valley Drive  
Oviedo, FL 32765  
April 2, 2010

Chairman, Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Erroneous figures used by CWS Communities D/B/A Palm Valley Utilities

To Whom It May Concern:

A resident of Palm Valley Mobile Home Park discovered some erroneous reporting by the Palm Valley Utilities (PVU) in its 2004 Annual Report and its 2005 filing for an index rate increase, which had been approved by the Commission. There were several findings by the resident.

The resident secured monthly statements from Seminole County that were filed by management of Palm Valley to pay its 4% County tax on water revenues. The 2004 statements, when compared with the 2004 Annual Report revealed the following:

<u>Item</u>	<u>2004 CWS Annual Report</u>	<u>2004 County Tax Statement</u>	<u>Difference</u>
Water Rev.	\$153,725	\$187,626	\$33,901 (Understated Rev.)
4% County Tax	\$ 28,348	\$ 7,425	\$20,923 (Overstated 4% Tax)

According to PVU's Annual Report, the Utility pumped 53,715,000 gallons of water from its wells, sold 29,305,000 gallons and treated 36,569,000 gallons of wastewater. If the revenue figure given to the County is accurate it would appear that the utility sold more water than it reported to Florida Public Service Commission on its 2004 Annual Report.

Review of the 2004 Annual Report indicates the Utility is reporting water operation and maintenance expenses that are almost three times higher than the amount approved by the Commission in PVU's most recent rate case, with a **projected test year ending July 31, 2003**. In its 2004 Annual Report PVU also claims wastewater operation and maintenance expenses that are about 80% higher than the amount allowed by the Commission in this same very recent rate case, with a **projected test year ending July 31, 2003**.

	<u>2002 Rate Case</u>	<u>2004 Annual Report</u>
Water expenses:	\$ 31,796	\$ 91,799
Wastewater expenses:	\$152,579	\$ 276,169

Ms. Seyffart  
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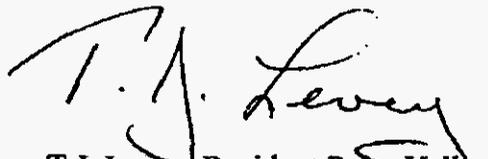
The erroneous revenue figures were not only used in the 2004 Annual Report, but were also used in the 2005 Indexed Rate Increase request filing and certainly had to be included in each subsequent increase request. Our questions about PVU's reported revenues and expenses are based upon the known and approved expenses of the Utility in its most recent rate case and the conflicting report the Utility gave to Seminole County. *There are other questions regarding reported income and expenses.*

These discoveries were made in 2006. One may question why this erroneous data was not referred to the PSC earlier. ANSWER: It was used to the benefit of the Palm Valley HOA to urge the President of the Utility and of SE Division of Hometown America to sign a \$6,000 Settlement Agreement, which had tied the Palm Valley HOA up for two years.

Now, with the residents facing horrendous increases in their rates, it is time to reveal these questionable practices for all to see.

If there are any questions about any of this information, please feel free to call me, T.J. Levey, at 407-359-7658. Thank you.

Respectfully,



T.J. Levey, Resident Palm Valley  
Former President HOA

TJL

**PALM VALLEY WATER AND SEWER RATES**

Once upon a time, W&S was included in the rent. In October 2003, the park owner began to charge for W&S in exchange for \$29.66 per month reduction in rent. On November 1, 2005, the Park Owner imposed an indexed rate increase for W&S and the base facility charges. Then again in 2006, 2007 and 2008 the park owner imposed still more indexed rate increases. In September 2006 just those residents without recycled water were granted an additional \$8.44 reduction in rent for a total of \$38.00/month as a result of the Settlement Agreement signing.

Let's take a look at the impact the 2005, 2006, 2007 and 2008 miniscule rate increases had on each household when compared to the 2003 rates. And, the astronomical proposed increases for 2010.

<u>2003 Rates</u>	<u>2005 Rates</u>	<u>2006 Rates</u>	<u>2007 Rates</u>	<u>2008 Rates</u>	<u>Proposed 2010 Rates</u>	
\$ 9.57	\$ 9.68	\$ 9.79	\$ 9.89	\$ 9.98	\$ 11.24	Water Base Facility Charge
+10.74	+11.08	+11.37	+11.68	+11.96	+ 27.80	Sewer Base Facility Charge
\$20.31	\$20.76	\$21.16	\$21.57	\$21.94	\$ 39.04	Total Base Facility Charge (Incr. \$18.73)
\$ 2.30	\$ 2.33	\$ 2.36	\$ 2.38	\$ 2.40	\$ 2.70	Water Rate/1000 Gal. + 4% Tax
+3.81	+3.93	+4.03	+4.14	+4.24	+10.45	Sewer Rate/1000 Gal.
\$ 6.11	\$ 6.26	\$ 6.39	\$ 6.52	\$ 6.65	\$ 13.15	Total W&S Rate/1000 Gal. (Incr. \$7.04)

In less than seven years time, the base facility charge has almost doubled and the W&S rates per/1000 gal. have more than doubled. The base facility charge now exceeds the rent reduction, and every resident will pay \$39.04 to the utility without using one drop of water.