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JOE GARCIA  
DIANE K. KIESLING



DIVISION OF WATER & WASTEWATER  
CHARLES HILL  
DIRECTOR  
(904) 413-6900

# Public Service Commission

May 30, 1997

Mr. F. Marshall Deterding, Esquire  
Rose, Sundstrom & Bentley, LLP  
2548 Blairstone Pines Drive  
Tallahassee, Florida 32301

RE: Docket No. 970429-WS, Joint application for authority to transfer Certificates Nos. 336-W and 291-S in Martin County from Radnor/Plantation Corporation d/b/a Plantation Utilities to IHC Realty Partnership, L.P. d/b/a Plantation Utilities

Dear Mr. Deterding:

Staff has reviewed the utility's application for transfer of certificates and determined that it is deficient pursuant to Rule 25-30.037, Florida Administrative Code. The following deficiency has been noted:

- 1. **Warranty Deed.** Rule 25-30.037(2)(q), Florida Administrative Code (F.A.C.), requires that the utility provide evidence that it owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative. We cannot accept a special warranty deed as proof of ownership unless it is accompanied by title insurance in the name of the utility. Therefore, please provide a warranty deed in the name of the utility, title insurance for the special warranty deed in the name of the utility, or a 99-year lease.

In addition to the above noted deficiency, please provide the following additional information:

- 1. **Legal Description.** The legal description used by the utility in its notice of this application was changed from the old format to the metes and bounds format currently used by the Commission. In order for staff to verify that the revised territory description represents the service area previously approved by the Commission for this utility, please provide a territory map with both the old territory and the revised territory plotted thereon. If the revised territory description does not represent the same territory previously approved by the Commission, it will be necessary for the utility to correct the legal description and renotice the application. Staff will advise

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you if renoticing is necessary after we complete our review of the requested territory map.

For future reference, it is acceptable to staff for a utility to notice an application using the currently approved legal description as contained in Commission orders, even if it is in an incorrect format. The format can be changed to the current metes and bounds format during the processing of the utility's application. This will help prevent the possibility of the utility being required to renotice due to an incorrect legal description.

2. **Tax Returns.** Rule 25-30.037(2)(o), F.A.C., requires a statement from the buyer that it has obtained or will obtain the seller's tax returns, or if the tax returns have not been obtained, a statement detailing what steps were taken to obtain the returns. According to the application, the buyer has only obtained the depreciation schedules from the utility's tax returns. However, the seller has agreed to cooperate with the buyer in providing the Commission with any information necessary to evaluate the tax treatment of utility assets. Provided that the seller is willing to provide the Commission's audit staff with additional information from the utility's tax returns if needed, we do not believe it is necessary for the utility to request a waiver of this rule. Based on the statements contained in the application, we assume this will be the case. However, if the seller objects to providing additional tax documents to the Commission's audit staff, please notify us so that we may address the utility's request for a rule waiver.
3. **Plant Improvements.** Rule 25-30.037(2)(p), F.A.C., requires a statement from the buyer regarding the condition of the utility system being acquired. According to the application, the water system has exceeded the Department of Environmental Protection's (DEP) maximum contaminant level for lead and copper. The application states that DEP granted the water system until April 1, 1997 to provide more information addressing these concerns. Please provide an update on the current status of this problem and any further action the utility has taken to correct it.
4. **Tariff.** Rule 25-9.044(1), F.A.C., provides that "in case of change of ownership or control of a utility which places the operation under a different or new utility...the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless authorized to change by the Commission)..." Based upon our review of the utility's proposed tariff, we have found the following discrepancies.
  - A. According to Sheet No. 14.0 of the utility's proposed water tariff, the buyer is proposing to reduce the meter test charges. The proposed amounts are in compliance with Rule 25-30.266(2)(a), F.A.C., however, staff is obligated to

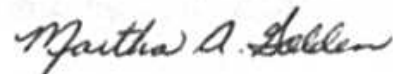
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address any deviations from the utility's current charges. Please explain why the utility wishes to reduce these charges, or in the alternate, please provide a corrected tariff sheet containing the currently approved meter test charges.

- B. According to Sheet No. 15.1 of the utility's proposed water tariff and Sheet No. 14.0 of the utility's proposed wastewater tariff, the buyer's proposed miscellaneous service charges are the same as the utility's currently approved miscellaneous service charges. However, staff has determined that the utility's current tariff is incorrect. Based on our review, we have determined that the water and wastewater miscellaneous service charges were inadvertently switched. This has resulted in the violation reconnection charge being incorrect for water and wastewater. The utility's current tariff contains a violation reconnection charge of "actual cost" for water and \$15.00 for wastewater. These in fact should be just the opposite. Please provide corrected tariff sheets reflecting the appropriate miscellaneous service charges. For your reference, I have attached page 12 of Order No. 21415 which approved the utility's current miscellaneous service charges.

Please file one copy of the territory map and the original and five copies of the remaining information no later than September 5, 1997 with Ms. Blanca Bayo, Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850. Please feel free to call Richard Redemann at (904)413-6999 or me at (904)413-7015 if you have any questions.

Sincerely,



Martha A. Golden  
Economic Analyst

/MAG

Attachment

cc: Mr. D. Bruce May  
Division of Water and Wastewater (Hill, Williams, Messer, Redemann)  
Division of Legal Services (Jaber, Capeless)  
Division of Auditing and Financial Analysis (Vandiver, Forbes)  
Division of Records and Reporting

	<u>WATER</u>		<u>WASTEWATER</u>	
	<u>Utility Request</u>	<u>Commission-Approved</u>	<u>Utility Request</u>	<u>Commission-Approved</u>
Initial Connection	- - -	\$15	\$15	\$15
Normal Reconnection	- - -	\$15	\$15	\$15
Violation Reconnection	- - -	\$15	\$15	Actual Cost
Premises Visit	- - -	\$10	\$10	\$10

When both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions. If a utility must disconnect service to a wastewater-only customer, actual costs incurred may be recovered from customer before service is restored.

The new miscellaneous service charges will be effective for service rendered on or after the stamped approval date on the revised tariff sheets.

#### SERVICE AVAILABILITY CHARGES

The utility does not have, nor has it requested, any type of service availability policy. The utility recently increased the capacity of its wastewater system from 200,000 gpd to 300,000 gpd. The expansion was completed to provide capacity for an additional 440 multifamily units. Because this expansion was already completed, we set interim service availability charges of \$1,000 per unit in Order No. 20822, issued on February 28, 1989. We found it appropriate to establish the interim charge so that the utility's opportunity to collect CIAC during the pendency of this proceeding would not be lost.

The expansion noted above included rebuilding and increasing the treatment plant's capacity, rebuilding the percolation ponds and improving the utility's effluent to conform with DER spray irrigation specifications by filtration. The utility's capital investment in these improvements was \$697,963. We used \$631,000 for interim purposes as a preliminary figure. Subsequent discovery indicated that the utility's capital outlay was actually \$66,963 more, for a total of \$697,963. We have also found that the developer costs off the collection system and those costs are not booked to utility plant in service. The HARUC Uniform System of Accounts requires that all utility plant be placed on the books of the utility as either investment or contributions, as appropriate.

Our development of service availability charges for the utility employs the \$697,963 gross plant investment for the expansion necessary to add 440 multiple family units, and to

*Updated  
6-5-97*

ALPHA COMMUNICATION SOLUTIONS, INC.  
1834 Hermitage Blvd., Suite 201  
Tallahassee FL 32308 - 7702  
904/386-2117

May 5, 1997

Public Service Commission  
ATTN: Records Department  
FAX #413-7118

To Whom It May Concern:

Effective immediately please change our mailing address to be 1834 Hermitage Blvd., Suite 201, Tallahassee FL 32308. Please call 904/386-2117 should you have any questions regarding this request. Thank you.

Sincerely,

*J.P. Mottice*  
John P. Mottice,  
President

*Apple pending*

*770448-TS1802  
770431-T1657*

*Complete Co. Name*

*ACSI (Alpha Communication Solutions, Inc.) for Alpha Com and dba*

*Ull  
m/l*

*2111 North Monroe Street, Suite 203  
Tallahassee, Florida 32303-4762*