

STATE OF FLORIDA

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DIVISION OF WATER & WASTEWATER
CHARLES H. HILL
DIRECTOR
(850) 413-6900

Public Service Commission

June 24, 1998

Mr. John Leonette
Hunter Creek Utilities, LLC
1601 Hunter Creek Drive
Punta Gorda, FL 33982

Re: Docket No. 980731-WS, Application for certificate to provide water and wastewater service in Charlotte County by Hunter Creek Utilities, LLC.

Dear Mr. Leonette:

Your application for original water and wastewater certificates was received by the Commission on June 10, 1998, and assigned the above referenced docket number and name. Please ensure this docket number is clearly indicated on all subsequent correspondence. Staff has preliminarily reviewed the application and found the following deficiencies as well as additional clarifications or corrections needed to process the application. Until the deficiencies are cured, the application is not considered officially filed. Therefore, it is important these items be dealt with as soon as possible. A complete reply is requested by July 29, 1998.

Also, since you have a pre-existing application for a non-profit exemption in Docket No. 941044-WS, it is necessary that you withdraw that application. The letter of withdrawal should be sent to the address for Records and Reporting given at the end of this letter. All the letter needs to indicate is that you are withdrawing your application for exemption for Rivers Edge, Inc., in Docket No. 941044-WS and have, instead, filed for original certificates for Hunter Creek Utilities, LLC, in Docket No. 980731-WS.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

Deficiencies

1. Noticing. Rule 25-30.030(8), Florida Administrative Code (F.A.C.), requires that affidavits of the notices of filing be filed with the Commission within 15 days from the date the notices were given. Please ensure that separate affidavits are filed attesting that:

- a. Notice was given to local utilities and governmental entities pursuant to Rule 25-30.030(5), F.A.C. The affidavit should indicate the date the notice was given and attach a copy of the notice and the list of entities to which it was sent.

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- b. Notice was given to current customers of the utility pursuant to Rule 25-30.030(6), F.A.C. The affidavit should indicate the date the notice was given and attach a copy of the notice.
 - c. Notice was published at least once in a newspaper of general circulation in the territory proposed to be served pursuant to Rule 25-30.030(7), F.A.C. Such affidavit is obtained from the newspaper.
2. Financial Ability. Rule 25-30.034(1)(d), F.A.C., requires a statement of financial ability to continue to provide service. The statement provided in Exhibit F of your application is an indication of historical ability. While important, such statement does not provide evidence of continued financial ability. Please provide a recent financial statement for either the utility, itself, or one or both of its owners. If the financial statement is for an owner, it should be accompanied by an affidavit from the owner indicating a willingness to use the financial resources to temporarily support the utility. In lieu of a financial statement, you may substitute an irrevocable letter of credit from a reputable financial institution indicating the amount of credit the utility can borrow.
3. Technical Ability. Rule 25-30.034(1)(d), F.A.C., also requires a statement of technical ability to continue to provide service. Again, the statement provided in Exhibit F is historical. As an indication of continued technical ability, please indicate the name(s) and DEP license number(s) of the current utility operator(s).
4. Land Ownership. Rule 25-30.034(1)(e), F.A.C., requires that the utility either own, or have long-term lease to, the land upon which the utility treatment facilities are located. The application contains a 99-year lease by the utility of the land and facilities from Rivers Edge, Inc. The application also contains a document indicating the land was transferred by warranty deed from Earnest E. and Zola M. MacLachlan to Rivers Edge, Inc., in December of 1990. An actual copy of the warranty deed in the name of Rivers Edge, Inc., is needed to complete the evidence of ownership.
5. Legal Description. Rule 25-30.034(1)(h), F.A.C., requires a description of the territory to be served, using township, range and section references as specified in Rule 25-30.030(2), F.A.C. The application may meet this requirement. However, until a map of the entire proposed service territory is provided, see below, staff cannot verify that the description is complete or accurate. Until staff has verified the legal description, it cannot be known whether the application will need to be renoticed.
6. Territory Map. Rule 25-30.034(1)(j), F.A.C., requires a copy of map with township, range and section references upon which the utility's territory is plotted. A partial representation of the utility's territory has been provided. Please provide a copy of Sheet 5A/12N for the north half of Section 12, Township 40 South, Range 23 East.

7. **Territory Not Served.** If the applicant is requesting any territory not served at the time of the application, Rule 25-30.034(2), F.A.C., requires the following:
- a. A statement showing the need for service in the unserved area.
 - b. A statement that, to the best of the applicant's knowledge, the provision of service in the unserved territory will be consistent with the water and wastewater sections of the local comprehensive plan as approved by the Department of Community Affairs at the time the application is filed. If not consistent, then a statement demonstrating why granting the territory would be in the public interest.

Since the application indicates only 41 of 284 total lots in the territory are currently being served, please justify the need to include the unserved territory at this time.

Clarifications or Corrections

8. **Majority Control.** The application indicates two individuals own the entire interest in the utility: Mr. John Leonette and Mr. Fred Esposito. Please indicate the relative portion of interest for each individual.
9. **Proposed Tariff.** Rule 25-30.034(1)(f), F.A.C., requires a model tariff containing all rates, classifications, charges, rules, and regulations. While a model tariff has been provided, it requires a number of corrections. The most significant is that separate tariffs are required for water and wastewater service. You have provided only one tariff for both. Staff will assist in making the necessary corrections to the tariffs. However, first, the following clarifications are necessary:
- a. **Miscellaneous Service Charges.** The Miscellaneous Service Charges on Tariff Sheet No. 12.0 are not consistent with the standard rates approved by the Commission which are as follows:

	<u>Water</u>	<u>Wastewater</u>
Initial Connection Fee	\$15.00	\$15.00
Normal Reconnection Fee	\$15.00	\$15.00
Violation Reconnection Fee	\$15.00	Actual Cost
Premises Visit Fee (in lieu of disconnection)	\$10.00	\$10.00

Please indicate whether the standard Miscellaneous Service Charges, above, are acceptable. If they are not, you must provide detailed cost analysis justifying the higher rates.

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- b. Application Form. Please indicate whether customers are billed monthly, bimonthly, or quarterly.
- c. Application Form. Please indicate the amount of notice the utility requires prior to the date the Customer desires to terminate service and whether such notice must be written, i.e., whether or not oral notice is acceptable.
- d. Customer Bill. The sample bill provided is for Rivers Edge Property Homeowners Assoc., Inc. Since the homeowners association does not own or control the utility, the bill should be modified to indicate the utility's name. Please provide a modified bill format.
- e. Customer Bill. At the bottom of the sample bill provided is a statement that the rates will remain the same until the utility hears from the Public Utilities Commission. Normally the Public "Service" Commission does not change utility rates until and unless the utility applies for a rate change. Since no such request has been filed with the Commission, please explain what the statement means.

The original and four copies of the response to the information items requested in this letter should be filed with the Commission as soon as possible and no later than July 29, 1998. When filing the response, please be sure to reference the docket number and name and to direct the response to:

**The Director, Division of Records and Reporting
Florida Public Service Commission; 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850**

Should you have any questions concerning the information requested in this letter, please contact Ms. Patricia Brady, of my staff, at (850) 413-6686.

Sincerely,



**John D. Williams
Chief, Bureau of Policy Development
and Industry Structure**

JDW:pb

cc: **Division of Water and Wastewater (Hill, Lowe, Messer, Brady)
Division of Legal Services (Ferguson)
Division of Records and Reporting**