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

Public Service Commission

September 25, 1998

Ms. Dianne L. Limoges
P. O. Box 30410
River Ranch, FL 33867

RE: Docket No. 971185-WS: Application for Original Certificates for an existing utility providing water and wastewater service in Polk County by New River Ranch, L.C., d/b/a River Ranch

Dear Ms. Limoges:

We have received your letter of September 15, 1998, regarding the above petition for certification by New River Ranch, L.C. The staff appreciates receipt of the added background details provided with your letter. We would also like to take this opportunity to share some of your concerns.

On May 14, 1996, the Board of County Commissioners of Polk County adopted a resolution pursuant to Section 367.171, Florida Statutes, declaring that privately owned water and wastewater utilities in that county were subject to the provisions of Chapter 367, Florida Statutes. About eight months later, on January 14, 1997, the Circuit Court for Polk County approved a transfer of various properties from River Ranch, Inc. (River Ranch), to New River Ranch (NRR), a limited corporation reportedly composed of various residents within the River Ranch community. On September 11, 1997, NRR filed an application for a grandfather certificate to provide water and wastewater service in Polk County pursuant to Section 367.171(2)(b), Florida Statutes.

Since NRR was not the utility owner when Commission jurisdiction was invoked, and about two years had elapsed before a "grandfather" application was filed, a decision was made that NRR should be filing an application for an "original" certificate for an existing utility providing water and wastewater service in Polk County. An applicant for an original certificate must notify its customers and various government agencies, local and state-wide, as well as publish its request for certification in a local newspaper. These measures are taken to alert customers and other interested parties that an application has been filed before the Commission. As a customer, your letter is confirmation that NRR has completed one of the steps for eventual certification.

Basically, in this case, NRR has proposed retention of its existing rates in order to obtain certificates from the Commission so that a subsequent transfer to a new company, River Ranch American Resorts, Inc. (American Resorts), can occur. Our records indicate that NRR acquired this

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system from River Ranch, after that company filed for bankruptcy. Early on, NRR advised the Commission's technical staff that this utility system might be transferred to another company to better manage the resort if conditions were favorable. It appears that American Resorts was the successful bidder, and that it possesses greater technical and financial resources than NRR. But, first, NRR must be certified in order to finalize that subsequent event.

With respect to the water system, we contacted the Polk County Health Department, Environmental Engineering Section (PCH) in Bartow and spoke with Mr. Lee Forgey. He stated that the water system is in compliance at this time. The lower water tank was repaired as required by the PCH, but no repair work was required for the upper water tank. He also stated that the utility is in compliance with all chemical analyses and bacteriological tests, and that no arsenic was found in the water. Although NRR encountered some problems at first, those problems have been corrected. Mr. Forgey can be contacted at (941) 533-3398, if you have any further questions regarding the water system. You mentioned feeling ill after NRR emptied its water tanks in late 1997. Contacted about this issue, NRR informed our staff that no complaints about numbers of people being sick were registered at that time.

With respect to the wastewater system, we contacted the Department of Environmental Protection (DEP) in Tampa and spoke with Mr. Clyde Hill in enforcement. He indicated that there are no enforcement actions at this time. Also, he stated he was not aware of any sewage spills, but would look into the problem. Mr. Hill can be contacted at (813) 744-6100 (extension 308) if you have any further questions regarding the wastewater system. Concerning the overflow conditions you reported, NRR confirmed that overflow problems may occur during extremely wet conditions when peak occupancy conditions are present. NRR advised our staff that some of the utility's lift stations have been repaired or replaced in recent periods. Over the long run, NRR and its customers should benefit from these improvements.

Your letter refers to a contract that was evidently filed as an exhibit, and included in Polk County's Official Record Books, when SMI (on behalf of American Resorts) purchased NRR's resort and utility divisions. That contract discusses certain clean-up procedures regarding fuel oil and arsenic contamination that SMI wished to address before completing its purchase of the resort properties. As a contract matter, SMI required NRR to clean up both these contamination issues before closing the contract or else submit adequate financial funds to correct these problems. In another section of the contract, NRR also agreed to perform all necessary actions to assist SMI in qualifying to operate the utility's water and wastewater treatment facilities and to obtain all needed permits.

According to our records, there are no immediately adjacent utility systems in Polk County that could serve this community at this time. Thus, a certificate must be awarded to a willing and capable enterprise. The first step is to grant an "original" certificate to NRR. Then, after a normal notification and comment period, to approve the subsequent transfer to River Ranch American Resorts. While these steps may seem tedious, and patience is needed to complete the paperwork, our staff is committed to assuring that all possible remedies are considered.

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Again, thank you very much for your assistance in this case. If you have any additional questions, please call Mr. N.D. Walker with our Division of Policy Development and Industry Structure at this number (850) 413-6924.

Respectfully,



bill lowe
Assistant Director

BL:ndw
Enclosure

cc: Division of Records and Reporting
Division of Legal Services (Crosby)
Division of Water and Wastewater (Messer, Redemann)
Polk County Environmental Engineering (Forgey)
Department of Environmental Protection (Hill)
New River Ranch, L. C.

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Addresses of Outside Individuals to Carbon Copy

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Mr. Clyde Hill
Department of Environmental Protection
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