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

Public Service Commission

February 5, 1999

Mr. George D. Lentz
283 Mark Twain Lane
Rotonda West, FL 33947-2146

Re: Docket No. 981858-WS, Application for authority to transfer facilities of Rotonda West Utility Corporation and Certificates Nos. 565-W and 493-S in Charlotte County to AquaSource Utility, Inc.

Dear Mr. Lentz:

Thank you for your letter dated January 23, 1999 in which you inquired about AquaSource Utility, Inc.'s (AquaSource's) acquisition of Rotonda West Utility Corporation (Rotonda West) and expressed concerns about certain utility policies. You are correct that the contract for sale of the utility has already occurred. The closing date was December 15, 1998. However, the transfer of the certificates that authorize Rotonda West to provide water and wastewater service to the public has not yet occurred, and will not occur, until the Commission makes a determination that the transfer is in the public interest. The utility has been required to renounce customers for the third time. Until the protest period for the third notice is over, it is not known whether the application will require a public hearing or not.

I cannot guarantee that AquaSource will never increase the utility rates. However, I can tell you that Rule 25-9-044(1), Florida Administrative Code, requires the buyer to adopt and use the rates, classification and regulations of the former owner until authorized to change by the Commission. This means that the buyer must adopt and use the utility's existing base facility charges as well. Currently, the utility's base facility charges for standard residential service on a 5/8" by 3/4" meter are \$17.61 for water service and \$14.31 for wastewater service. The combined total would be \$31.92. You indicate that you are being charged \$39.63, instead. My staff will check with the utility to verify what rate you are currently being charged and why. I will inform you of the result as soon as it is known.

While it may turn out that you have been charged the wrong rate, the Commission does authorize the water and wastewater utilities it regulates to charge base facility charges when service is not being used. Even though both the electric and water industries maintain their lines year round, electricity is generated by man-made facilities and only produced upon demand. Water is not man-

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made and must be carefully monitored and tested on a daily basis regardless of the amount of usage. Wastewater facilities, as well, must be carefully monitored and maintained on an around-the-clock basis regardless of the amount of flow being treated. Even though you may not always be using Rotonda's water or wastewater services, the utility is nevertheless incurring costs on your behalf in order to be able to provide service when you need it.

As to your suggestion that customers be allowed to make monthly payments electronically, I think this is an excellent idea. Feasibility will probably be related to the size and administrative capabilities of each utility. However, AquaSource may have the requisite size and ability to establish an electronic system for its customers. I will ask my staff to pass on your suggestion to AquaSource when they are verifying your base facility charges.

Finally, staff's legal counsel will need to ensure your letter does not mean that you wish to pursue a hearing on the transfer of the utility to AquaSource. If so, one will be scheduled in which you must provide testimony, or other evidence, to support a protest of the transfer. If you wish to pursue an objection, and therefore a formal hearing, please contact staff's legal counsel, Samantha McRae at (850) 413-6202, by February 25, 1999. After February 25, 1999, if a response from you is not received, we will move forward in processing this transfer application without a hearing.

Meanwhile, if you have any other questions or concerns, please contact Ms. Patricia Brady at (850) 413-6686. Again, I will advise you when staff has confirmed your base facility charges.

Sincerely,



bill lowe
Assistant Director

bl:plb

cc: Division of Legal Services (McRae, Crosby)
Division of Records and Reporting.