

STATE OF FLORIDA

Commissioners:
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TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

November 1, 2000

Mr. Stanley Parsons
39438 Rockford Avenue
Zephyrhills, Florida 33540

Re: Docket No. 000467-WU - Application for Staff-Assisted Rate Case in Pasco County by Gem Estates Utilities, Inc.

Dear Mr. Parsons:

In response to your letter received by the Commission on October 27, 2000, I would like to take this opportunity to address your concerns. On October 19, 2000, the Commission's staff held a customer meeting at the Gem Estates' Clubhouse. At that meeting, it was discussed how staff initiated their preliminary recommendation for this rate case. Let me take this opportunity to briefly explain how the Florida Public Service Commission establishes rates. Pursuant to Section 367.081, Florida Statutes, the Commission shall set rates which are just, reasonable, compensatory, and are not unfairly discriminatory. In determining the revenue requirements for the water and wastewater services, the Commission employs the rate of return methodology established in Chapter 367, Florida Statutes. This ratemaking process is used for all water and wastewater companies and is also used in the electric and gas industry. It is the same approach used throughout the country by various state and federal utility regulatory bodies.

There are many factors that affect the cost of providing service and hence, the rates charged to customers. Some of the factors affecting the cost of providing service include the size and age of the utility system, the quality of the water at its source, the number of customers, and the geographic spread of the service area. During a rate case, the Commission's accountants, engineers and economists examine the financial and engineering information filed by companies as part of a rate increase application. The Commission's auditors also examine this information and publish the results of their findings in an audit report. Recovery of any costs found by the Commission to be imprudent or unreasonable is not allowed. Once the revenue requirement is set, the Commission must then establish service rates which will afford the utility the opportunity to earn the approved revenue requirement.

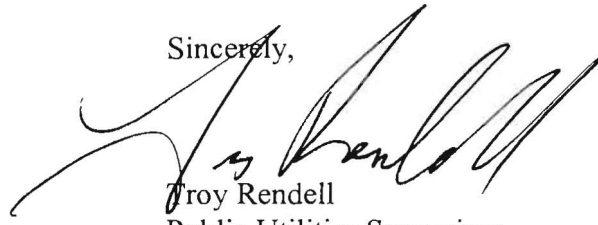
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Further, staff is scheduled to submit a formal recommendation to the Commission on December 7, 2000, and the Commission vote on this matter is scheduled for December 19, 2000.

I hope I have responded appropriately to your concerns. If you need additional information or if I can be of any further assistance, please do not hesitate to contact me at (850) 413-6934 or Johnny Butts at (850) 413-6920.

Sincerely,

A handwritten signature in black ink, appearing to read "Troy Rendell", written over a light blue horizontal line.

Troy Rendell
Public Utilities Supervisor

TR:jb

cc: Division of Economic Regulation (Willis, Butts, Ted Davis, Lingo)
Division of Legal Services (Brubaker)
Division of Records and Reporting (000467-WU)

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RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION

GEM ESTATES UTILITIES, INC.

DOCKET NO. 000467-WU

RECEIVED-FPSC

00 OCT 30 PM 12:06

00 OCT 27 AM 10:52

DIVISION OF
ECONOMIC REGULATION

Name

Stanley Parsons

Address

39438 Rockford Ave.

Lephyr Hills, Fl. 33540

RECORDS AND
REPORTING

If you want to let the Public Service Commission know how you feel about this case, please fill out this comment form and return it by mail. It will be placed in a correspondence file.

CONSUMER COMMENTS

I understood that the P.S.C. was a commission set up to protect the users of a utility, from overcharging for their services. This report is the exact opposite.

This commission report has tried to sell us and the utility on the finer things that would be nice for the utility, if we had 2000 customers instead of 200 paying for it.

We have lived in the park 22 years without many of the amenities asked for. We all managed just fine, in fact, very very well, until Mrs Ruth Cahill died. Since then we have had problems, because there was not anyone with any business experience to run it.

I feel that we could get by with things the way they are, plus a few necessary changes, and a reasonable rate increase NOT NEARLY 400%

APP
CAF
CMP
COM
CTR
ECR
LEG
OPC
PAI
RGO
SEC
SER
OTH