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DIVISION OF ENGINEERING
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Public Service Commission

September 29, 2017

Mr. Benjamin Simmons
CJN&W CPAs / Jones & Company, LLC
161 W. Main Street
Lancaster, OH 43130
bsimmons@jonescoonline.com

VIA EMAIL & US MAIL

Re: Docket No. 20170173-SU - Application for authority to transfer Certificate No. 538-S in Okeechobee County from Zachary Taylor Camping & Lodge, Inc. to Coastal Income Properties - Zachary Taylor LLC.

Dear Mr. Simmons:

Commission staff has reviewed Coastal Income Properties – Zachary Taylor LLC’s (buyer/applicant) application for transfer of wastewater facilities. After reviewing this information, we have identified the following deficiencies:

1. **Fictitious Name.** Rule 25-30.037(2)(f)2., Florida Administrative Code (F.A.C.), requires the utility’s/buyer’s fictitious name and registration number for the fictitious name, if operating under a fictitious name. Please provide a registration number for the fictitious name.
2. **Ownership.** Rule 25-30.037(2)(g), F.A.C., requires the name(s), address(es) and percentage of ownership of each entity or person that owns or will own more than a 5 percent interest in the utility. Please provide the required information for each entity or person that owns or will own more than a five percent interest in the utility.
3. **Contract of Sale.** Rule 25-30.037(2)(i), F.A.C., requires that the contract for sale include a provision stating that the contract is contingent upon Commission approval. Please provide a signed statement from the applicant stating that the contract is contingent upon Commission approval.
4. **Purchase Price.** Rule 25-30.037(2)(j)2., F.A.C., requires that the contract for sale include the purchase price and terms of payment. While the contract specifies the combined purchase price and terms of payment for Zachary Taylor Camping and Lodge, Inc. (Utility) and Zachary Taylor Camping and Lodge (RV Park), it does not indicate how the purchase price is allocated or assigned to each. Please provide the dollar amount paid for the wastewater system and RV Park separately.

5. **Assets and Liabilities.** Rule 25-30.037(2)(j)3., F.A.C., requires a list of and the dollar amount of the assets purchased and liabilities assumed or not assumed, including those of nonregulated operations or entities. Please provide a list of the specific assets and liabilities including the dollar amounts allocated to each.
6. **Consideration.** Rule 25-30.037(2)(j)4., F.A.C., requires a description of all consideration between the parties, including promised salaries, retainer fees, stock, stock options, and assumption of obligations. Please provide the description of consideration for the allocated purchase price of the wastewater system.
7. **Provisions for the Disposition.** Rule 25-30.037(2)(j)5., F.A.C., requires that the contract for sale include provisions for the disposition of customer deposits and interests thereon, guaranteed revenue contracts, developer agreements, customer advances, debt of the utility, and leases. Please provide a statement addressing any guaranteed revenue contracts, developer agreements, customer advances, debt of the utility, and leases.
8. **Books and Records.** Rule 25-30.037(2)(j)9., F.A.C., requires a statement that the utility's books and records will be maintained at the utility's office(s) within Florida, or that the utility will comply with the requirements of paragraphs 25-30.110(1)(b) and (c), F.A.C., regarding maintenance of utility records at another location or out-of-state. If the records will be maintained at the utility's office(s), the statement should include the location where the utility intends to maintain the books and records. Please provide a statement whether the utility's books and records will be maintained at the utility's office within Florida, including the office's location. If the records will not be maintained at the utility's office, provide a statement that the utility will comply with the requirements of paragraphs 25-30.110(1)(b) and (c), F.A.C.
9. **Financial Statements.** Rule 25-30.037(2)(l), F.A.C., requires a showing of the buyer's financial ability to provide service. Please provide the current financial statements of Coastal Income Properties – Zachary Taylor, LLC and all entities, including affiliates, upon which the buyer is relying to provide funding to the utility. The financial statement should be prepared in accordance with Rule 25-30.115, F.A.C.
10. **Economies of Scale Schedule.** Rule 25-30.037(2)(v), F.A.C., requires the applicant to provide a schedule reflecting economies of scale if the applicant owns other water or wastewater utilities that are regulated by the Commission. The schedule must demonstrate the economies of scale that are anticipated to be achieved within the next three years and the effect on rates for existing customers served by both the utility being purchased and the buyer's other utilities. Please confirm whether or not the applicant owns other water or wastewater utilities that are regulated by the Commission. If so, please provide the aforementioned schedule pursuant to Rule 25-30.037(2)(v), F.A.C.
11. **Permits.** Rule 25-30.037(2)(r)1., F.A.C., requires the applicant to provide a copy of the utility's current permits from the DEP. Please provide a copy of all of the utility's current permits from the DEP.

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12. **Compliance.** Rule 25-30.037(2)(r)2., F.A.C., requires the applicant to provide a copy of the most recent DEP and/or county health department compliance inspection report. Please provide a copy of the utility's most recent compliance inspection report.
13. **Correspondence.** Rule 25-30.037(2)(r)3., F.A.C., requires the applicant to provide a copy of all of the utility's correspondence with the DEP and county health department, including consent orders and warning letters, and the utility's responses to the same, for the past five years. Please provide a copy of all of the utility's correspondence with the DEP and county health department.

Please respond to this letter no later than October 25, 2017. The response should reference the docket number and should be filed with the Commission Clerk at the address below:

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

If the applicant wishes to request confidential classification for specific information requested by Commission staff, the applicant must submit such information with a written request for confidential classification that conforms with the requirements of Rule 25-22.006, F.A.C. Such requests for confidential classification will be ruled upon by the prehearing officer assigned to the docket.

Should you have any legal questions concerning this letter, please contact Margo DuVal by phone at (850) 413-6076 or email at mduval@psc.state.fl.us. For technical questions contact Emily Knoblauch by phone at (850) 413-6632 or email at eknoblau@psc.state.fl.us.

Sincerely,



Emily R. Knoblauch
Engineering Specialist
Division of Engineering

ERK:tj

cc: Office of Commission Clerk (DN 20170173-SU)