

Commissioners:
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DIVISION OF WATER & WASTEWATER
DANIEL M. HOPPE, DIRECTOR
(850) 413-6900

Public Service Commission

October 27, 1999

Mr. J. Ray Keen
Keen Sales, Rentals and Utilities, Inc.
685 Dyson Road
Haines City, Florida 33844

Re: Docket No. 990731-WU: Application for transfer of water facilities from Sunrise Water Company, Inc., holder of Certificate No.584-W, to Keen Sales, Rentals, and Utilities, Inc., holder of Certificate No. 582-W, in Polk County, for cancellation of Certificate No. 584-W, and for amendment of Certificate No. 582-W to include additional territory.

Dear Mr. Keen:

Your reply to the June 18, 1999, deficiency letter was received by the Commission on July 23, 1999. Staff has preliminarily reviewed the response and determined that the following deficiencies and need for clarification or correction still exists.

Deficiencies:

1. Contract for Sale. Pursuant to Rule 25-30.037(2)(h), Florida Administrative Code (F.A.C.), the applicant is to provide a copy of the contract for sale which shall provide for the disposition, where applicable, of the following:

- (a) Customer deposits and interest;
- (b) Any guaranteed revenue contracts;
- (c) Developer agreements;
- (d) Customer advances;
- (e) Debt of the utility; and
- (f) Leases.

AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG _____
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 PAI _____
 SEC _____
 WAW _____
 OTH _____

DOCUMENT NO.
 13393-99
 11-1-99

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The copy of the Agreement for Purchase and Sale (Agreement) provided did not mention interest on the customer deposits or whether items "b" through "f" applied to this Agreement. Please provide a statement addressing these items.

2. Prior Approval. Pursuant to Section 367.071, Florida Statutes, approval is to be received from the Commission prior to sale, assignment, or transfer of certificate of authorization, facilities or any portion thereof, or majority organizational control of a utility. The Sunrise Water Company, Inc. (Sunrise), was purchased on February 23, 1999. You had been informed, as a result of the Lake Region Paradise Island purchase, that Commission approval must be received prior to closing on a utility transfer. Later, you followed Commission procedure for the purchase of Alturas. Therefore, the explanation provided in your July response letter is inadequate, unless you can provide a copy of a letter from Mr. John Jenkins in which he advised Sunrise that the closing could take place prior to receiving Commission approval. Otherwise, please submit a more complete statement explaining why the purchase took place prior to applying for and receiving approval from the Commission.

Clarifications or Corrections

The July response letter included a statement that you would like to request a limited proceeding to increase the rates for the Sunrise customers. Pursuant to Sections 367.0822 and 367.145, Florida Statutes, and Rule 25-30.020, Florida Administrative Code, an application fee and a formal request, with strong evidence to justify the request must be submitted. Since the number of Sunrise customers is around 265, the application fee required is \$500.

A request for a limited proceeding includes what the current rates are, what the buyer wants the adjusted rates to be and reasons why the Commission should approve the modifications. In your request you stated that the Sunrise rates had not been changed since 1990. According to the Sunrise tariff on file with the Commission, a Pass-through Application was approved effective on December 9, 1996, which changed the rates to \$8.85 for Minimum Charge including 5,000 gallons of water and \$1.31 per 1,000 gallons over 5,000 gallons.

Please provide calculations and details to justify why the Minimum Charge should be increased to \$9.95 for only 3,000 gallons of water. Also provide the same type of information for justification for increasing the gallonage charge to \$1.50 per 1,000 gallons.

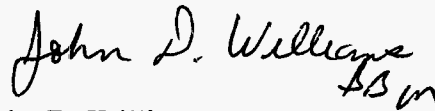
The original and four copies of the response to the information requested in this letter should be filed with the Commission on or before **December 22, 1999**. When filing the response, please be sure to reference the docket and to direct the response to :

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**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 Stephanie Clapp, of my staff, at (850) 413-6997.

Sincerely,

A handwritten signature in cursive script that reads "John D. Williams" with the initials "J.D.W." written below the name.

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

JDW/sc

cc: Division of Water and Wastewater (lowe, Messer, Clapp, Redemann)
Division of Legal Services (Crossman)
Division of Records and Reporting