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Public Service Commission

April 1, 2009

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COMMISSION
CLERK

Mike Smallridge
Mike Smallridge Utility Consulting
1645 W. Main Street
Inverness, FL 34450

Re: Docket No. 090093-WS, Application for approval of transfer of Keith & Clara Starkey d/b/a Heather Hills Estates' water and wastewater utility, holder of Certificates 577-W and 498-S to Heather Hills Utilities, LLC, in Manatee County.

Dear Mr. Smallridge:

Staff reviewed the above-referenced application which was filed on February 27, 2009. Please provide responses to the following deficiencies and requests for additional information:

Deficiencies

- Legal Name of the Buyer.** The application is unclear about the legal name of the buyer. Several places in the application indicate that the buyer is Heather Hills Utilities, LLC, or Richard and Christina Stephens (e.g., pages 2, 3, and 9 of the application). However, other documentation in the application indicates that the buyer is Heather Hills Estates Utilities, LLC (e.g., contract, promissory note, and quit claim deed). Please provide amended pages to the application and exhibits reflecting the correct legal name of the buyer.
- Commitment.** Rule 25-30.037(2)(j), Florida Administrative Code (F.A.C.), requires a statement that the buyer will fulfill the commitments, obligations, and representations of the seller with regard to utility matters. Please provide the required statement.
- Tariffs.** Rule 25-30.037(2)(s), F.A.C., requires an original and two copies of sample tariff sheets reflecting the change in ownership. The application indicates that the tariffs will be late-filed as Exhibit K. Until the tariffs are filed, the application will be considered deficient. Please provide the required tariff filing.
- Rate Base.** Rule 25-30.037(2)(l), F.A.C., requires that, if rate base has been established by the Commission, the applicant must provide the order number and date issued. The rule also requires the applicant to identify all adjustments made to update this rate base to the date of the transfer. While Exhibit D to the application indicates that rate base has not been established by the Commission, rate base was established by Order No. PSC-96-1126-FOF.

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WS, issued September 5, 1996, in Docket No. 960814-WS, In Re: Investigation of possible overearnings in Manatee County by Keith & Clara Starkey d/b/a Heather Hills Estates. Therefore, please provide the proposed net book value of the system as of the date of the proposed transfer, including all adjustments required by the Commission in Order No. PSC-96-1126-FOF-WS and updated to the date of the transfer. All capital improvements made to the distribution and collection systems since the date rate base was last established must be supported by invoices or other competent evidence.

5. Noticing. Noticing must comply with Rule 25-30.030, F.A.C., and must include, among other requirements, the name of the applicants (the seller and buyer) and required affidavit. The Notice provided to the Commission reflects the applicant-buyer as being Richard and Christina Stephens. However, other documentation indicates that the applicant-buyer is Heather Hills Estates Utilities, LLC. If this is the case, the Notice is deficient and the applicants will need to re-notice with the correct applicant-buyer. Prior to sending out the Notice, please have staff review it. In addition, the late-filed Notices provided to the Commission lacked the required affidavits. If you have questions about the type of affidavit required, an affidavit may be found on the last page of the application form or an example affidavit of mailing may be found in Docket No. 080428-WS.
6. Contingent on Commission Approval Contract Addendum. The contract addendum, submitted to the Commission on March 6, 2009, showing that the contract is contingent on Commission approval, indicates that the buyers are Rick & Chris Stephens. However, as noted above, other documentation indicates that the buyer is Heather Hills Estates Utilities, LLC. Please provide a corrected and notarized contract addendum in the name of the seller (Keith and Clara Starkey) and the buyer (as noted above).

Additional Information

7. Corporate Officers and Ownership. Please provide a list of the corporate officers, including the office held by each officer, and the percentage of ownership held by each owner of Heather Hills Estates Utilities, LLC.
8. Technical Ability. According the application, the buyer's experience in water and wastewater utility operation comes from the current owner. Please provide a description of the training and/or qualification of the buyer to perform the maintenance, operation, and periodic sampling and reporting required by the Department of Environmental Protection (DEP).
9. DEP Violations and Prospective Repairs. Please provide a copy of any outstanding DEP violations, if any, and the steps the utility has taken to resolve those violations. In addition, describe all repairs to the utility facilities that the buyer anticipates may be needed in the near future.
10. Utility Assets. Please provide a description of the utility assets located on the property described in the quit claim deed included with the application.

Mike Smallridge

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If you have any questions regarding the deficiencies listed or additional information required above, please contact either Ms. Patricia Brady at (850) 413-6686 or pbrady@psc.state.fl.us or Mr. Richard Redemann at (850) 413-6999 or rredeman@psc.state.fl.us of my staff or Mr. Erik Saylor, Esq. at (850) 413-6084 or esaylor@psc.state.fl.us. Otherwise, please file your response by April 27, 2009, directly with the Office of Commission Clerk. The letter should be addressed to Ann Cole and should contain the docket number in the reference line.

Sincerely,



Patti Daniel

Public Utilities Supervisor

cc: Division of Economic Regulation (Brady, Redemann)
Office of General Counsel (Saylor)
Office of Commission Clerk
Keith and Clara Starkey
Richard and Christina Stephens
John J. Morelli
Vicki Wheeler (DEP Southwest District)