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M E M O R A N D U M

September 18, 1992

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF WATER AND WASTEWATER (LINGO) *H*

RE: DOCKET NO. 900025-WS, APPLICATION FOR A STAFF-ASSISTED RATE CASE IN PASCO COUNTY BY SHADY OAKS MOBILE-MODULAR ESTATES, INC.

Please file the attached correspondence in the above-referenced docket file.

\FJL

Attachment: Sims letter to Vandiver (09/14/92)

cc w/Attachment: Division of Legal Services (Feil)

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DOCUMENT NUMBER-DATE

10905 SEP 21 1992

FPSC-RECORDS/REPORTING

S & D UTILITY
P.O. BOX 280012
TAMPA, FLA 33682-0012

September 14, 1992

Mrs. Denise Vandiver
Division of Water and Wastewater
Public Service Commission
101 E. Gaines Street
Tallahassee, Florida 32399-0864

Dear Mrs. Vandiver:

This is in response to your Order To Show Cause, dated May 14, 1992.

First, we would like to bring to your attention that this letter has been re-written several times. As you know, we have been under your jurisdiction since 1985, and not until March 11, 1991, did we receive a rate increase.

In your letter of October 19, 1990, you requested that we file for a name change, set up different bookkeeping system, and register the name change in the County Court House. We did change the name of the Utility to S & D Utility, and did request a name change, we did open up a separate set of books and filed for a Federal I. D. Number, which we received. Also we have a Florida State Employment Compensation Number, and all with-holding and social security payments and employment compensation payments have been made in a timely manner. We filed bankruptcy in order to protect the assets of the Utility. These assets were transferred from Shady Oaks to Richard D. and Caroline Sue Sims. At the present, I am the sole owner of the Utility, but the land is registered in the name of Richard D. and Caroline Sue Sims.

In reference to your orders #24084 and #25296, upon convirmati of my Chapter 11 Reorganization Plan, S & D Utilities Inc. will be formed and various assets will be transferred to that entity, as per your request. This can only be made with the approval of the Court. At that time there is an extremely strong possibility, upon advise by Counsel, that Shady Oaks Mobile Modular Estates will be dissolved.

INSTALLATION OF WATER METERS: We acknowledge that prior to August, 1991, the Utility collected less revenue than you allowed it to collect, as customers refused to pay and the Circuit Court litigation in suit. Your estimated averages for past non-payment

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at that time is well above your estimated \$15,000.00. The water meters have been installed on all residential lots, and we have incurred an additional monthly expense of \$1,155.00. The final date of completion of installation was 6-13-62. We have been test reading the meters for the months of June, July and August. It appears that we will be receiving a Base Facility Rate in October, but the consumer will have free water up until the end of September. We will not receive any actual revenue until possibly the 25th of November, or when they decide to pay, as we still cannot shut off water. I believe possibly this is included in the Appeal.

PREVENTATIVE MAINTENANCE: Concerning your Order Number 25296, it appears that after your reviewing our records, that if we had the required cash flo, we probably would have exceeded the 40%. Now, I want you to bring attention to the rate analysis that was performed by your staff, it stipulated that certain benefits that are common in all businesses were to be paid for by the \$25.00 maintenance fee. We are not collecting the maintenance fee, this has been prohibited by the Circuit Judge's Order.

Concerning the Inter-connection to the County's Wastewater System. We have before us, an agreement that the County submitted to the Mad Hatter Utility, they have requested that we use this as a guideline. This agreement supersedes the prior agreement, our engineers have discussed this with the County, and have given us tentative estimates as to the cost.

Concerning QUALITY OF SERVICE: I have not had any complaints. Any time we have had to discontinue service, except in emergencies, we have called the P.S.C. Several customers have made unjustifiable complaints, and will probably continue to do so, because no one wants a rate increase. We anticipate quite a few complaints when the first billing goes out showing the actual amount of water used. As you know, the prior fee of \$25.00 included water, sewer and use of the recreation facilities. Of course this was approved by your staff in 1985, and of course, it is quite obvious, even at that time the \$25.00 was insufficient for water and sewer only. We honestly believe that the Utility and the P.S.C. were unprepared for the on-slought of unjustified harrasment by these consumers. In fact in several instances the Utility had spoken to the officials of the P.S.C. and were both upset concerning the monetary expense and mental anguish experienced by both.

Now concerning the proposed fine of \$5,000.00 a day. It dosen't seem very practical, as we are trying to do the best we can with what we have. Now one thing is a point of deep concern, is the \$2,000.00 fine levied on us, which we think is unjustifyable, and also the escrow account. There is approximately \$9,200.00 in the escrow account. If you decide that the escrow account should be continued, we would like to have the amount reduced

Mrs. Vandiver

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to 5%. Now, I believe that this pretty well covers the subject at hand. What are we going to do about the lack of monies that we were going to receive from Shady Oaks maintenance fund to off-set various normal operating expenses? Our A.A.R.P. Insurance does not cover a lot.

Who is on my mailing list for any and all correspondance? As I would like to add the name of Mr. Michael Messina, C.P.A., Sheahen, Rowlson & Messina, Certified Public Accountants, 415 South Hyde Park Avenue, Tampa, Florida 33606, and Mrs. Aileen B. Delehanty, C.P.A., P. O. Box 5715, Hudson, Florida, 34674.

Very truly yours,



R. D. Sims

RDS:ss

cc: Jeni Lingo
Greg Shafer
Betty Easley, Commissioner