

Commissioners:
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DIVISION OF WATER &
WASTEWATER
CHARLES HILL
DIRECTOR
(904) 413-6900

ORIGINAL
FILE COPY

Public Service Commission

March 5, 1997

Mr. Stuart L. Perlman
Fernwood Mobile Home Estates
4000 Town Center Suite 555
Southfield, Michigan 48075

Re: Docket No. 960541-WU: Request for exemption from Florida Public Service Commission regulation for provision of water service in Volusia County by Fernwood Mobile Home Estates.

Dear Mr. Perlman:

As you may be aware, Section 367.031, Florida Statutes, requires a certificate of authorization from the Commission to provide water service unless the utility qualifies for one of nine specific exemptions from regulation pursuant to Section 367.022, Florida Statutes. On April 29, 1996, the Commission received your application on behalf of Fernwood Mobile Home Estates (Fernwood) for a reseller exemption pursuant to Section 367.022(8), Florida Statutes. By letter dated June 4, 1996, you were advised by my staff that it appeared you did not qualify for a reseller exemption as you were profiting from the resale of water service. According to staff's calculations, monthly revenues collected from the residents of Fernwood are approximately twice the cost to purchase their service. An application package for a certificate of authorization was transmitted with staff's letter.

In response, by letter dated June 25, 1996, you indicated you were in the process of negotiations with the City of Deland to provide water service directly to residents of Fernwood and requested a 60 day extension. A second extension was requested on September 13, 1996, and a third extension on November 7, 1996. Because of the extensive delays, staff contacted the City of Deland to inquire about the negotiations. According to Mr. Gary Schindler, there have never been any active negotiations between you and the city regarding the assumption of water service. It appears that you are in violation of Section 367.031, Florida Statutes. Therefore, it is extremely important that you act immediately to either file for a certificate of authorization or to reduce the rates you are charging so that an exemption pursuant to Section 367.022, Florida Statutes, may apply.

ACK _____
AFA _____
APP _____
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DOCUMENT NUMBER-DATE

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Completed forms for a certificate of authorization or written proof that you have reduced the rates must be received by March 31, 1997. Failure to comply with this request in a timely manner may result in the initiation of show cause proceedings and the possible imposition of penalties pursuant to Section 367.161, Florida Statutes, (copy enclosed).

Also, according to your application, the cost of providing wastewater service is included non-specifically in rent. If this is the case, you may qualify for a wastewater exemption pursuant to Section 367.022(5), Florida Statutes. Please send a copy of Fernwood's standard lease or rental agreement as evidence that wastewater utility service is included in rent.

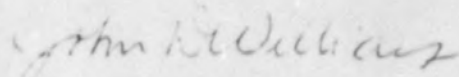
The **original and five copies** of the application for a water certificate and supporting documents or written proof of the reduction in water rates should be filed with:

The Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Attn: Docket No. 960541-WU

For the application for a water certificate, only **one copy** of the maps and the **original and two copies** of the tariff(s) are required. If you have any questions concerning this material, you may contact Ms. Patricia Brady, of my staff, at (904) 413-6686 or Ms. Alice Crosby in the Legal Division at (904) 413-6222.

Sincerely,



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

JDW/PLB/pb
Attachments

cc: Alice Crosby, FPSC, Division of Legal Services
Records and Reporting