



FROM: DIVISION OF WATER AND WASTEWATER (DEWBERRY)

RE: DOCKET NO. 961447-WU. SARC FOR DOCKET NO. 961447-WU, SARC FOR SPRING CREEK VILLAGE

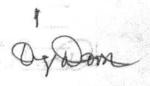
UTILITIES, INC. LOCATED IN LEE COUNTY

On May 7, 1997, a customer meeting was held for the above referenced docket. Attached are letters from customers addressing the rate case. Please place these letters in the docket file. I have made copies of these letters for my file.

A customer, Mr. Ronald J. Gidman, has requested that his name be placed on the mailing list for this case (see letter dated May 2, 1997).

I am also providing you with the original tape recording of the customer meeting. Please copy this tape, keep the original and return the copy to me.

PD:tyg(961447.mem) Attachment(s)



DOCUMENT NO. 5/13/97

RONALD J. GIDMAN Suite 525-187

Summer Telephone after 5/15/97 (516) 499-6901

Telephone: (941) 992-3078

8951 Bonita Beach Road Bonita Springs, FL 34135

May 2, 1997

Revise

Director, Divisions of Records & Reporting Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850

Re:

Reference: "Docket #961447 - WU-Application for Staff-Assisted Rate Case in Lee County by Spring

Creek Village Utilities Ltd.

Dear Director:

I have reviewed the Accounting Report by Paulette Dewberry on the above-referenced case and the memorandum by Stanley D. Rieger and question the conclusions arrived at insofar as the partnership revenue.

I would like to establish that the partnership, Spring Creek Village Ltd. and Spring Creek Village Utility Ltd., at this point are one and the same entity. The original utility operating certificates under Docket #760388-WS were issued to Spring Creek Village Ltd., and not until 2/23/94 when the wastewater certificate was cancelled was there a reference to Spring Creek Limited Utilities Ltd.

As the Secretary of State Office lists the partnership as Spring Creek Village Ltd., the partnership admits there is not a separate utility; the Commission has no record of approving a name change for the Utility; and it is stated that Spring Creek Village Ltd. and the Utility are one and the same. Then the entity filing this rate case is one and the same. It should then follow that the total revenues of the partnership must be included to determine profit or loss.

For the test year (1996), the staff concluded that adjusted revenues were \$17,092.00 and adjusted expenses were \$41,342.00 resulting in a net operating loss of the partnership of \$24,250.00. (See Page 2, Paragraph 4.) This suggests that the partnership had to dig into its pockets to cover the loss. This could not be further from the truth. The Spring Creek Ltd. partnership had the following sources of revenue for the test year (1996):

Homeowners Recreation and Service Fee

	months x 302 residences	\$213,816.00
Washer Dryer Dr	ue rinking, Soda, & Copy Machine	17,092.00
Washer, Dryer, Dr	manig, soua, & copy macanie	

A point I would like to make is that whatever costs that were charged to the Utility have already been paid for by the homeowners in their Service Fee. I don't know when your staff (1) audited the partnership books or (2) whether they reviewed all of the revenues and expenses or (3) whether they reviewed just the Water Plant Unit.

TOTAL

\$230,908.00

Homeowners are not private the expenses the partnership (Spring Other Utilities, Ltd.) had for 1996 other than the information contained in your report. For example, the report (on Page 12 under Staff Analysis, Paragraph 2) states: "During the test year, the utility "(Partnership)" allocated one third of costs to the water utility." If this was the case, then the costs in the test year would have been \$139,401.00 (\$46,467.00 x 3) Schedule 3 (Test Year/Utility). This would have resulted in a gross profit of +\$91,507.00 (39.6%). If one third of costs were allocated to the Water Utility, then logically one third of the revenue should also be so allocated (\$213,816.00 + \$71,272.00 + \$17,092.00 water revenue.)

If the recommendations of the PSC staff are approved without an adjustment to the homeowner Service Fee, homeowners would be required to pay twice for the operation and profit of the water plant. The escalation in revenue to the partnership would be:

Recreation and Service Fee

\$61.60 (Increase due to CPI adj.) x 12 x 302	\$223,238.00
PSC Staff Recommended Water Plant Revenue	47,517.00
Washer, Dryer Machines, etc.	
	\$270,755.00

A \$39,847.00 (17 1/4%) (\$270,755.00 - \$230,908.00) increase over 1996! Perhaps when you are made aware of these facts, you will know why the partnership has never filed for a rate increase.

I should also bring to your attention that the statement in the report that the partnership has not had a price index increase is incorrect. The Recreation & Service Fee may be adjusted annually by 1.5% x CPI. The partnership has had a significant revenue increase as a result. For example, the Recreation & Service Fee in the early to mid '70s was \$31.34 per month which included trash removal. The current fee is \$61.60 per month and does not include the trash fee. Homeowners pay an additional \$15.50 per month for trash removal to Lee County. The current equivalent rate is \$77.15 per month-a 146% increase, 6.35% annually (146% ÷ 23 years).

I don't believe it is the intent of the PSC to have the senior residents of Spring Creek Village, many of whom are on limited incomes, be double billed for their water. This would be the case if the rate increase is approved without an adjustment in the Recreation and Service Fee. As the staff recommendation for the Water Plant revenue includes working capital & \$10.18% profit allocation, then the Service Fee should be reduce by \$15.00 to \$20.00 per month. A powerst has been set by Spring Creek Village Ltd. regarding fee reduction when services have been transferred to a different entity, i.e., Bonita springs Utility for wastewater and trash removal to Lee County.

I would appreciate your response to these comments; also, please place me on the mailing list for this case.

Sincerely,

Ronald J. Gidman Residing at 4700 Leilani Lane, Spring Creek Village