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DIVISION OF WATER & WASTEWATER
CHARLES H. HILL
DIRECTOR
(850) 413-6900

Public Service Commission

November 13, 1998

Mr. Norman F. Mears
Rhema Business Services, Inc.
1344 Vickers Drive
Tallahassee, FL 32303-3041

Re: Docket No. 981339-WS, Application for grandfather certificates to operate water and wastewater utility in Polk County by Hidden Cove, Ltd.

Dear Mr. Mears:

Your application on behalf of Hidden Cove, Ltd. (Hidden Cove) for grandfather certificates was received by the Commission on October 14, 1998, and assigned the above referenced docket number and name. Staff has preliminarily reviewed the application for deficiencies as well as for items that need clarification or correction. These items listed below.

However, prior to providing a response to the following items, staff needs to verify whether or not the \$15.00 flat rate for water and wastewater service is included non-specifically in the lot rent. According to Water Tariff Sheet No. 29.0 and Wastewater Tariff Sheet No. 28.0 provided with the application, no customer bills are issued because customers pay the base charge monthly, in advance, in the lot rental amount but not in the base rent. Please fax a copy of the lot rental agreement to Ms. Stephanie Clapp at fax number 413-6997.

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Deficiencies:

Rate Authority. Pursuant to Rule 25-30.035(8), Florida Administrative Code (F.A.C.), a statement is required on the date and under what authority the current rates and charges were established. The application contained a statement that the rates are disclosed within the prospectus and lease pursuant to Chapter 723, Florida Statutes, governing mobile home rental communities. However, no information was provided as to the effective date. Please provide a statement indicating when the current rates were put into effect.

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As verification of the existing rates, please provide a copy of the portions of the prospectus and lease that pertain to the utility's water and wastewater rates and when they were authorized.

Also, please provide statement specifically indicating whether or not the County ever authorized the utility's current rates. This statement is needed for legal purposes.

2. Evidence of Ownership. Rule 25-30.035(6), F.A.C., requires evidence that the utility owns, has a written agreement for an extended continued use, or a written easement for the land upon which the utility treatment facilities are located. An unexecuted copy of a utility easement was provided in the application. Please provide an executed copy of the easement.
3. Permit Information. Rule 25-30.035(12), F.A.C., requires the numbers and dates of any permits issued by the Florida Department of Environmental Protection (FDEP). The application indicates the water and the wastewater systems current permit number issued by FDEP, but not the dates.
 - a) Please indicate the dates that the utility's current water and wastewater permits were issued.
 - b) For verification purposes, and for information needed for rates, please provide copies of the utility's current water and wastewater permits.
 - c) Also, please provide the water and wastewater Monthly Operating Reports (MORs) and for the twelve (12) months immediately prior to filing.
 - d) Please specifically indicate whether or not the utility is in a water caution area and, if so, which one.

Clarifications / Corrections:

4. Tariff Address and Phone Number. The address and phone number for the utility on Hidden Cove's tariffs is the same as that given for all the partners listed in the application, i.e., 5015 South Florida Avenue, Lakeland, Florida, 33813.

Please explain whether the address is for a management company and, if so, please indicate the name of the management company.

Also, please indicate how far this address is from the physical location of the utility, and its customers, and whether or not the phone numbers would be local calls.

5. Tariff Rates. The water and wastewater tariff rates for the Residential Service Schedules show a fixed monthly charge of \$15.00. As you are probably aware, the Commission discourages the use of flat rates. As a consequence, it may be necessary to establish usage rates for the utility. To help in making this determination, please provide the following information:
 - a) Are the lots individually metered? If not, please estimate the installation cost per meter and the time-frame necessary to fully meter the mobile home park.
 - b) If changing the rate structure from flat rates to usage rates would represent a hardship for the utility, please provide a detailed explanation. For instance, would it require an amendment to the utility's prospectus and, if so, what is the anticipated cost and length of time to implement this change?
6. Combined Rates. It appears the utility has one flat rate for both water and wastewater service. Please verify whether the \$15.00 fixed monthly charge covers the costs of both services.
7. Cost of Service. If the \$15.00 fixed monthly charge in Item 6, above, applies to both services, the charge will have to be allocated to the separate tariffs based on the relative cost to provide the services. Please provide an estimate of the relative costs to provide each service and provide supporting documentation.
8. Miscellaneous Tariff Correction.
 - a) Table of Contents. In the "Table of Contents" for the water tariff (Tariff Sheet No. 2.0), the tariff sheet number(s) for Rates and Charges Schedules, Rules and Regulations, Service Availability and Standard Forms are supposed to be just the sheet number(s) for the indexes. Also the tariff sheet numbers for "Territory Served" should be 3.0-3.1 (Note: The "Table of Contents" for the wastewater tariff was done correctly although "Territory Served" should be initial caps.)
 - b) Tariff Page Numbering. The tariff page numbering in the wastewater tariff is off sequence starting with the second page of "Technical Terms and Abbreviations" which should have been Tariff Sheet No. 5.1. The two pages for the "Index of Rules and Regulations" should have been Tariff Sheet Nos. 6.0 and 6.1. Then the first page of the actual Rules and Regulations would have been Tariff Sheet No. 7. As a consequence of the misnumbering, the page numbers for the rules in the "Index of Rules and Regulations" do not correspond to their tariff location.
 - c) Technical Terms and Abbreviations. In the definition for "Point of Collection" the term is accidentally referred to as the "Point of Connection."

- d) Rules and Regulations--Signed Applications Necessary. The Index of Rules and Regulations for Water Tariff Sheet No. 6.1 and Wastewater Tariff Sheet No. 7.0, lists "Signed Application Required." The actual heading for the rule is "Signed Application Necessary." Please correct either the indexes or the rule headings to be consistent.
- e) Rules and Regulations--Payment of Water and Wastewater Service Bills Concurrently. The Index of Rules and Regulations for Wastewater Tariff Sheet No. 7.0, also lists "Payment of Water and Sewer Service Bills Concurrently." The actual rule heading is "Payment of Wastewater and Water Service Bills Concurrently." Please correct either the index or the rule heading to be consistent. In any case, "wastewater" is the preferred term over "sewer."
- f) Rules and Regulations--Withholding Service. Since not all violations of the rules and regulations in the utility's tariffs may be adequate cause for refusal or discontinuance of service pursuant to Rule 25-30.320, F.A.C., please remove the second paragraph of Rule 5.0 in both the water and wastewater tariffs.
- g) Rule and Regulations--Limitation of Use. Commission rules to not prohibit a customer of a utility from remetering. However, the customer must first have the utility's written consent, which the utility may withhold for cause. Please remove the second paragraph of Rule 7.0 in the water tariff and include at the end of the third paragraph of both the water and wastewater tariff the following parenthetical phrase taken from the model tariffs:

(This shall not be construed as prohibiting a Customer from remetering.)

- h) Rates and Charges. The "Index of Rates and Charges Schedules" in the water tariff (Tariff Sheet No. 16.0) differs from the actual headings for four (4) of the schedules: Customer Deposits, Fire Protection Charges, Meter Test Deposits, and Service Availability Fees and Charges. Please correct either the index or the schedule headings to be consistent.

The Index of Rates and Charges Schedules in the wastewater tariff (Tariff Sheet No. 18.0) differs from the actual headings for Customer Deposits and Service Availability Fees and Charges. Please correct either the index or the schedule headings to be consistent.

- I) Application for Service. Pursuant to Rule 25-30.310, F.A.C., a signed application is required prior to the initiation of service. (See also Rule 3.0 in the "Rules and Regulations" section of the utility's water and wastewater tariffs.) Once the utility's

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tariffs are effective, a signed application will be required on a going-forward basis for requests for service from new residents.

Please have the utility develop an application for water and wastewater service and provide a legible copy on the "Application for Service" tariff sheet. A sample application is included in the model tariffs. In any case, the application should include information on the payment period as well as how much notice the utility requires prior to service being voluntarily disconnected. This later provision is important since the "Rules and Regulations" section of the utility's tariffs do not contain a full "Termination of Service" rule--only a "Temporary Discontinuance of Service" rule.

Please file an original and five copies of your response to the items listed above with the Division of Records and Reporting on or before January 8, 1999. If you have any questions regarding the information requested, please contact Ms. Stephanie Clapp (850) 413-6997.

Sincerely,



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

JDW:sc

cc: Division of Water and Wastewater (Hill, Lowe, Messer, Clapp, Redemann)
Division of Legal Services (Crosby)
Division of Records and Reporting