

STATE OF FLORIDA

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TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

August 15, 2003

Mr. Matthew A. Potter, CPA
5940 Main Street
New Port Richey, FL 34652

Re: Docket No. 030655-WU - Application for transfer of facilities and Certificate No 149-W in Pasco County from Virginia City Utilities, Inc. to Virginia City Utility Company a Division of Community Utilities of Florida, Inc.

Dear Mr. Potter:

The above referenced application has been received and reviewed by Commission staff. This letter addresses the deficiencies found by staff in the transfer application filed on July 21, 2003, and also notes additional clarifications. All items must be addressed in order to process the application.

Deficiencies

1. **Tariff Sheets.** Pursuant to Rule 25-30.037(2)(s), F.A.C., the applicant shall provide an original and two copies of the sample tariff sheets reflecting the change in ownership. A copy of the rate tariff sheets were provided in the application. Please provide one original and two copies of a complete set of tariff sheets reflecting the change in ownership. A copy of the Commission's model water tariff can be accessed on line at the Commission website at www.floridapsc.com. To obtain a copy of model tariff click on the water and wastewater icon under regulated utilities, next click on water and wastewater application packages, and then click model water tariff.
2. **Utility's current certificate.** Pursuant to Rule 25-30.037(2)(t), F.A.C., the applicant shall provide the utility's current certificate, or if not available, the applicant shall provide an explanation of the steps the applicant took to obtain the certificate. A copy of the certificate was provided with the application, however, the original is needed. Please provide the original certificate or provide an explanation of steps taken to obtain the certificate.

DOCUMENT NUMBER 030655-WU-149
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FPSC-COMMISSION CLERK

Other Information

1. Wastewater service. Who provides wastewater service to the utility's customers?
2. Annual Report. According to our records, Virginia City Utilities, Inc. failed to file its 2002 annual report as required by Rule 25-30.110(3), F.A.C. As a result of you not filing the required annual report, a penalty for noncompliance will be assessed as required by Rule 25-30.110(6), F.A.C. The penalty is based on the number of calendar days elapsed from March 31, or from the approved extended filing date (May 12, 2003), until the date the annual report is filed, at \$3.00 per day. As of August 11, 2003, the penalty is \$ 273.00. Please submit the 2002 annual report for Virginia City Utilities, Inc., and the penalty charge.
3. Positive Acquisition Adjustment. Pursuant to Rule 25-30.0371(2), F.A.C., a positive acquisition adjustment shall not be included in rate base absent proof of extraordinary circumstances. Any entity that believes a full or partial positive acquisition adjustment should be made has the burden to prove the existence of extraordinary circumstances. If you wish to pursue Commission approval of a positive acquisition adjustment, please submit evidence that demonstrates extraordinary circumstances.
4. Stand by Charge. According to tariff sheet No. 14, the utility has an approved stand by charge of \$3.85. Is this charge still implemented?
5. According to the application, the buyer is addressing a lead and copper problem resulting from the Pasco County water corrosion, would you please provide a written explanation on how the lead and copper problem is being resolved.
6. Pursuant to Order No. PSC-97-0037-FOF-WU, issued January 8, 1997, in Docket No. 960625-WU, the utility was required to implement a value change out program to replace all gate valves. Please provide a written description explaining the status of the water value replacement program.

Your response to this letter should be filed with the Commission on or before September 22, 2003. Please be sure to refer to the docket number and direct the response to the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399. If you have any questions please call Ms. Cheryl Johnson at (850) 413-6984, Ms. Adrienne Vining at (850) 413-6183 or Mr. Stan Rieger at (850) 413-6970.

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Sincerely,

A handwritten signature in black ink that reads "Patti Daniel". The signature is written in a cursive style with a large initial "P".

Patti Daniel
Supervisor of Certification

PD:caj

cc: Office of General Counsel (Vining)
Division of Economic Regulation (Johnson, Rieger, Mailhot)
Division of Commission Clerk and Administrative Services (Bayó)
Mr. Gary Deremer
5320 Captains Court
New Port Richey, Florida 34652