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Public Service Commission

January 16, 2004

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Mr. Charles Freed
C/O The Colinas Group, Inc. Receivers for the Lazy
The Lazy S Utility Company
2033 E. Edgewood Dr. Suite 5
Lakeland, Florida 33803

Re: Docket No. 031087-WU, Application for Certificate to provide water service in Polk County by the Colinas Group, Inc., receivers for Lazy S Utility Co.

Dear Mr. Freed:

The above-referenced application has been received and reviewed by Commission staff. The application is deficient pursuant to Rule 25-30.033, Florida Administrative Code (F.A.C.), for a utility requesting original rates. In addition, it appears that you began charging for water service in 2003. Therefore, it may be necessary to process the application under Rule 25-30.034, F.A.C. Your response to the following deficiencies and additional information will enable the Commission to determine whether to grant a certificate to Lazy S Utility Co., and establish initial rates and charges for the utility. All deficiencies must be addressed in order to process the application.

Deficiencies

1. Financial & Technical Ability. Pursuant to Rule 25-30.034(1)(d), F.A.C., the applicant is required to provide a statement regarding the financial and technical ability of the applicant to continue to provide service.
2. Rule 25-30.034(1)(e) F.A.C., requires the utility to provide evidence that it owns the land where the utility treatment facilities are located or a copy of the agreement which provides for the long term, continuous use of the land, such as a 99-year lease. The application indicated that it was unavailable at this time. Does Lazy S Utility Co. own or lease any land?
3. Tariff Sheets. Pursuant to Rule 25-30.034(1)(f), F.A.C., the applicant shall provide an original and two copies of a model tariff, containing all rates, classifications, charges, rules, and regulations, which shall be consistent with Rule 25-9, F.A.C. Please provide one original and two copies of a complete set of tariff sheets

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reflecting the change in ownership. A copy of the Commission's model water tariff can be accessed online at the Commission website at www.floridapsc.com. To obtain a copy of the 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.

4. **Date & Authority.** Pursuant to Rule 25-30.034(1)(g), F.A.C., the applicant shall provide a statement specifying the date and under what authority the current rates and charges were established.
5. **Territory Description.** Pursuant to Rule 25-30.034(1)(h), F.A.C., the utility must provide a description of the territory to be served, using township, range and section references, as specified by Rule 25-30.030(2), F.A.C. The proposed description has errors and is incorrect. We have identified the errors and modified the description to comply with the rule. See Attachment A for details. The description may not include all the customers being served. The Northeast section of the distribution map (Exhibit D) along South Westgate Avenue shows 2-inch water lines in the area that appear to be providing service to lot number 031360, and a 6-inch stub appears to show that service is being provided to a customer on the east side of South Westgate Avenue. Also, the area North of Ariana Street appears to be receiving service. Please resubmit the territory description. Enclosed please find "Instructions For Preparation of Territory Description and Map".
6. **Territory Map.** As required by Rule 25-30.034(1)(j), F.A.C., the utility must provide one copy of the official county tax assessment map, or other map showing township, range, and section with a scale such as 1"=200' or 1"=400', with the proposed territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning. The utility provided a map; however, the description is incorrect. Please resubmit the map.
7. **Permits.** Provide the numbers and dates of any permits issued for the system by the Department of Environmental Protection, as required by Rule 25-30.034(1)(k), F.A.C.
8. As required by Rule 25-30.034(1)(m), F.A.C., provide a statement explaining how and why the applicant began providing service prior to obtaining a certificate of authorization.
9. **Schedule of Customers.** Provide a schedule showing the number of customers currently served, by class, meter size, and the number of customers projected to be served when the requested service territory is fully occupied, as required by Rule 25-30.034(1)(n), F.A.C.

10. Filing fee. The application included a filing fee of \$375 as a partial payment. Please remit the proper filing fee pursuant to Rule 25-30.020(2)(a), F.A.C. The correct filing fee for a utility with the existing or proposed capacity to serve up to 500 ERCs, is \$750.
11. Additional Area. As required by Rule 25-30.034(2)(a), F.A.C., if the applicant is requesting any territory not served at the time of the application, provide the following: (a) a statement showing the need for service in the proposed area; and (b) a statement that to the best of the applicant's knowledge, the provision of service in this territory will be consistent with the water and wastewater sections of the local comprehensive plan as approved by the Department of Community Affairs at the time the application is filed, or, if not consistent, a statement demonstrating why granting the territory would be in the public interest. Please provide a response.
12. Notice. As required by Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, F.A.C., the utility must provide notice of the application and provide affidavits that the notice was given. If the territory description is materially changed, the utility will have to renotice. The notice must be given to each customer of the system to be certificated. The notice must be given to the governmental entities and all utilities in the county, all cities located in the county, and to each of the customers in the proposed territory. In addition, the notice must be published in a newspaper of general circulation in the area proposed to be served. A new County List is attached. When the noticing is complete, please provide an affidavit that the customers and the appropriate entities have been noticed, and that notice has been published in a newspaper of general circulation. If you have any questions about noticing, please contact Ms. Rosanne Gervasi at (850) 413-6224 in the Office of General Counsel.

Additional Information

1. Wastewater service. Who provides wastewater service to the utility's customers?
2. Court Order. Provide a copy of the court order appointing The Colinas Group receiver.
3. Water Deficiencies. Has the Polk County Health Department or the Florida Department of Environmental Protection issued any notices of violation, corrective order or deficiencies letter for the water systems? If yes, please provide a copy.
4. Meters. In the application it appears that not all customers are being metered. When will all the customers be metered?

Mr. Charles Freed
Page 4
January 16, 2004

5. Leaks. Have all the water leaks been found and repaired? If not, have you requested the assistance of the Water Management District or the Florida Rural Water Association?
6. Payment to the City of Lakeland. According to the City of Lakeland, the water system still owes the City of Lakeland \$19,000. Has The Colinas Group begun to make payments to reduce this amount? If not, when does it intend to begin making such payments?

Customers Requesting Information

We have received a number of objections from certain customers that have questions about the application. We believe that it is appropriate for The Colinas Group, Inc. to respond to their questions. Listed below is the objector and his or her question(s). Please send each of them a letter in response to their questions, or concerns, and provide a copy to the Florida Public Service Commission. Listed in the last paragraph of this letter is the Commission's address.

Mr. George S. Griffin
1613 Faye Street
Lakeland, Florida 33803

1. Mr. Griffin does not believe that every home in this park is using 510 gallons of water per day. When his meter was being read he was not using more than 3000 gallons of water. Please provide some calculation to Mr. Griffin demonstrating the amount of water used for each home. In addition, why is Mr. Griffin's meter not being read?

Mr. Roy Stamman
1410 Faye Avenue
Lakeland, Florida 33803

1. Is everyone that is using the water paying?
2. Does every household have its own meter?
3. Have all the leaks been repaired?

Ms. Georgetta R. Wilson
12443 Country Side Drive
Lakeland, Fl 33809

1. Ms. Wilson was told that the system was going to be improved. Please explain what improvements have been made to the system since The Colinas Group was appointed receiver.

Mr. Charles Freed
Page 5
January 16, 2004

2. On 12/13/03, Ms. Wilson received a phone call that two of the residents did not have water. The after hours number was called. It is an answering machine that does not return the calls. On 12/15/03 in the late afternoon, she finally was able to contact you and informed you that four or five families only had a trickle of water, and told you that there was a line busted and that water was running on the ground. The busted line was not repaired until December 19, 2003, and many phone calls later. Please provide details of the utility's response and repair of the water leak.

Mr. Roger E. Snyder
1422 Faye Avenue
Lakeland, FL 33803

1. Mr. Snyder wants an update of the March 18, 2003 meeting where he states that The Colinas Group agreed to:

- a. Find and repair water leaks.
- b. Install meters at residences that did not have meters.
- c. Shut off water for non payment of water bills.
- d. Shut down feeder lines that have no homes attached to them.
- e. Have another meeting to inform residents of progress toward the above stated objectives.
As of December 22, 2003, no such meeting has been scheduled.

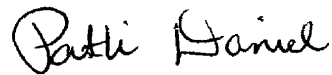
2. Also, Mr. Snyder indicates that a leak was reported to you in September, 2003. However, at the end of October 2003, the hole was still open and the leak was not repaired.

Please provide Mr. Snyder an update on these items and comment on the leak that occurred in September, 2003.

Mr. Charles Freed
Page 6
January 16, 2004

Your response to this letter should be filed with the Commission on or before February 16, 2004. 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. Rosanne Gervasi at (850) 413-6224, or Mr. Richard Redemann at (850) 413-6999.

Sincerely,



Patti Daniel
Supervisor of Certification

PD:caj

cc: Office of General Counsel (Gervasi)
Division of Economic Regulation (Johnson, Redemann, Mailhot)



Mr. Charles Freed
Page 7
January 16, 2004

Attachment A

The Colinas Group, Inc.
Receiver for Lazy S. Utility, Inc.

Water Service Area

Commencing at the Northwest corner of Section 26, Township 28 South, Range 23 East thence South a distance of 25 feet to the South right-of-way line of Ariana Street also being The Point of Beginning, thence **due easterly** along the South right-of-way line of Ariana Street to the Northeast corner of the West 1/2 of the East 1/2 of **the Northwest 1/4** of said section, thence Southerly a distance of 1225 feet, thence Easterly a distance of 670 feet to the East line of the Northwest 1/4 of said section, thence southerly along the East line of the Northwest 1/4 of said section a distance of 1430 feet to the South line of said section to the West **line** of the section, thence North along the West line of said section to the South right-of-way line of Ariana Street, also the Point of Beginning. Being 142 acres more or less.