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# Public Service Commission

June 23, 2004

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COMMISSION  
CLERK

Mr. Charles Freed  
C/O The Colinas Group, Inc.  
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.**

Mr. Freed:

We have reviewed the application for Colinas Group, Inc. filed on December 3, 2003 and the additional information filed on April 22, 2004. The application remains deficient pursuant to Chapter 367 Florida Statute and Rule 25-30.034, Florida Administrative Code (F.A.C.). All deficiencies must be corrected in order for staff to process your application. In addition, additional information is needed to clarify portions of your application.

Deficiencies

1. 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. The application included a filing fee of \$375 as a partial payment. Please remit the remaining \$375.
2. 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. 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, and all cities located in the county. It appears that the customers and all the entities on the county list have been noticed. Please provide affidavits for the customer notice and the notice to the entities on the county list along with a copy of the notice. If you have any questions about the affidavits, please contact Ms. Rosanne Gervasi at (850) 413-6224 in the Office of General Counsel.

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Other Information

1. According to your April 22, 2004 response, upon taking receivership there was no money or assets to be transferred. The only financial source is the monthly user

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- charges that are collected. Please identify all other financial resources or abilities to attract capital that demonstrate the Colinas Group, Inc.'s ability to meet the financial needs of the utility.
2. According to your April 22, 2004 letter, the utility has title to one residential lot. Please provide a copy of the recorded warranty deed for the lot. Does the utility have or propose to have any water facilities on the lot?
  3. Is the water system in compliance with the rules and regulations of the Southwest Florida Water Management District? If not, please provide a copy of the letter of violation.
  4. Please explain the basis for the charge of \$17.75 for residents leaving for three months. How many customer bills do you anticipate this might affect each month?
  5. Please explain the basis for the charges of \$35.50 for the first 8,000 gallons per month, \$2.05/ 1,000 for the next 5,000 gallons, \$2.50/ 1,000 for the next 5,000 gallons and \$2.75/ 1,000 for any usage over 18,000 gallons per month which are included in the circuit court order.
  6. The utility's proposed tariff contains only the \$35.50 charge. The tariff does not include the gallonage charges included in the circuit court order. When do you anticipate that the utility will complete the replacement or installation of meters to all of the existing customers so that the metered rates could be implemented?
  7. There is a \$20.00 reconnection charge identified in the application and a \$15.00 reconnection charge in the proposed tariff. Which charge are you proposing?
  8. Please explain the basis for the \$300.00 connection charge included in the circuit court order. The connection charge was not included in the proposed tariff. If the utility plans on collecting a \$300.00 connection charge, please describe the circumstances under which the connection charge would be collected and the number of connections that you anticipate the charge would be collected from.
  9. Please resubmit Original Sheet No. 24.0 with a description of the utility's proposed service availability policy. The policy should describe who is responsible for the service availability charges, the construction of on-site lines, hydrants, meter installation, and whether the facilities constructed by developers are to be conveyed to the utility.
  10. Please provide a copy of the invoices for bulk water service for Lazy S from the City of Lakeland for the period of March 2003 to April 2004.
  11. Please provide an update of the current balance due to the City of Lakeland for water service.

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12. Please provide a copy of all invoices for the utility's contractual services, operating expenses, testing, repair and maintenance, and capital improvements for the period of March 2003 to April 2004.
13. Please revise the customer bill to include the beginning and ending meter readings as required by Rule 25-30.335, F.A.C. and resubmit Original Sheet No. 22.0 with the revised customer bill.
14. The proposed tariff contained a \$50.00 meter tampering charge. However, pursuant to Rule 25-30.320(2), F.A.C. Commission practice is to allow a utility to refuse or discontinue service under the following conditions . . . (i) without notice in the event of tampering with regulators, valves, piping, meter or other facilities furnished and owned by the utility. If service is discontinued, a reconnection charge may be applicable.
15. Please be aware that pursuant to Rule 25-30.110, F.A.C. you must keep the utility's books and records in accordance with the National Association of Regulatory Utility Commissioners (NARUC) system of accounts. Enclosed is a NARUC Uniform System of Accounts booklet for Class C water utilities. Are the utility's books and records currently being maintained using the NARUC systems of accounts?

Your response to this letter should be filed with the Commission on or before **July 29, 2004**. Please be sure to refer to the docket number and direct the response to:

Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
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, Kaproth)  
Division of Commission Clerk and Administrative Services (Bayó)