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Public Service Commission

August 3, 2006

D. Bruce May, Jr.
Holland and Knight, LLP
315 South Calhoun Street, Suite 600
Tallahassee, FL 32301

Re: Docket No. 050595-WS; Application for certificates to provide water and wastewater service in Polk County by Four Points Utility Corporation

Dear Mr. May:

From a telephone conversation earlier this week with Eduardo from the utility's office concerning holding revenues subject to refund, we were informed that the utility is considering retention of consultant Mr. Robert Dodrill to assist with the certificate application. While the certificate application remains deficient due to an absence of showing financial viability, there are other items of information that would be helpful to the staff in processing this application.

It is expected that the Commission will set rates for this utility company, and while we have some data for doing so, more current billing determinants would be beneficial in rate setting. Billing determinants include the number of customers by meter size, separated by residential and general service classes, as well as the gallons of water and wastewater service purchased from Polk County. We have copies of bills from Polk County showing bulk purchases through March 2006. We would need a schedule showing determinant data by month, and it should include all metered connections, whether billed or not. Our understanding is that the clubhouse, pool, and common facilities are metered, but not billed. If any connections are not metered, we would need to know that.

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The utility has provided four months of data showing administrative costs for meter reading and billing. This information can be annualized for the purposes of rate setting.

No data has been provided to show the net investment in utility plant, which in this case would be distribution and collection system. Without substantiation of investment, CIAC, and depreciation, rate base is expected to be set at zero.

Books and records for the utility are required to be kept using the NARUC system of accounts. We do not know if the utility has accomplished conversion to this system, but that is certainly something that Mr. Dodrill can assist the utility to achieve.

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If there are questions from the utility, its consultant, or you on any of these items, feel free to contact me at 413-6950, or Cheryl Johnson at 413-6984.

Sincerely yours,



Thomas Walden,
Engineer Specialist

TW

cc: Rosanne Gervasi, Staff Counsel
Cheryl Johnson, Regulatory Analyst
~~Division of Records and Reporting~~