

U.S. Water Services Corporation

ORIGINAL

Water and Wastewater Utility Operations, Maintenance, Engineering, Management

February 22, 2007

Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RECEIVED-FPSC
07 FEB 26 AM 8:35
COMMISSION
CLERK

Re: Application for a staff assisted rate case by Pasco Utilities, Inc., Docket No. 060599-WU

Dear Ms. Merta,

Please find Pasco Utility's responses to your letter dated February 7, 2007.

The owner of Pasco Utilities and U.S. Water's environmental specialist have provided responses to those questions addressed in your letter.

Per your request, we are submitting these responses to you and to the Division of the Commission Clerk.

We hope you will find these responses satisfactory. If there are any questions concerning this information, please contact me.

Sincerely,



Joseph G. Gabay
Accounting Manager

Cc: Maynard Fernandez

DOCUMENT NUMBER: 060599
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FPSC-COMMISSION CLERK



4939 Cross Bayou Boulevard • New Port Richey, FL 34652
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CUC1223914 • CGC003307 • QB26776

All items listed in the “Statement of Conditions” relate to the operation and maintenance of the public water system and are required by the Florida Department of Environmental Protection Rule 62-555.350 (1), F.A.C., which states “Suppliers of water shall operate and maintain their public water systems so as to comply with applicable standards in chapter 62-550, F.A.C., and requirements in this chapter.”

Rule 62-555.350 (2) states, “Suppliers of water shall keep all necessary public water system components in good condition so the components function as intended.” The rule requires, “preventative maintenance on electrical and mechanical equipment.”

The following table provides information on why each item is necessary and identification of each that is required by the Florida Department of Environmental Protection.

Area of Concern	Item of Concern	Why Necessary	FDEP Rule Reference
1. Health and Safety	Repair exposed electrical wiring in both control rooms.	May cause interruption in facility operation and/or physical harm to employees. May result in non-compliance with FDEP rules.	Rule 62-555.350 (2), F.A.C.
	Secure well sites #3 and #4 with chain-link fencing.	To protect the site from tampering, vandalism and sabotage.	Rule 62-555.315 (1), F.A.C. Rule 62-555.320 (5), F.A.C.
	New well seals and grout for casings for wells #3 and #4.	To keep wells in ‘good operating condition’ and to prevent contamination.	Rule 62-555.350 (2), F.A.C.
2. Liability Exposure	Remove abandoned hydro-tank and mobile home at well site #3.	Poses risk of injury to employees as well as the general public and detracts from the quality of conditions at the facility.	Rule 62-555.350 (2), F.A.C.
3. Facility Operations	Repair or replace Mercoid switch at wells #3 and #4.	The switch is rusted and may result in extreme pressure fluctuations and disruption of normal operation.	Rule 62-550.350 (2), F.A.C.

Area of Concern	Item of Concern	Why Necessary	FDEP Rule Reference
3. Facility Operations (Cont.)	Replace corroded pressure gage at wells #3 and #4.	May affect ability of Mercoid switch to operate as designed and maintain proper pressure in the system.	Rule 62-550.350 (2), F.A.C.
	Inspection and P.E. certification of hydro-tank for wells #3 and #4.	Required by FDEP every five years.	Rule 62-555.350 (2), F.A.C.
	Installation of two emergency LP gas generators as an auxiliary power source on well sites #3 and #4.	Required by FDEP.	Rule 62-555.320 (14), F.A.C.
4. Maintenance	Replace corroded piping with schedule 80 PVC from injection point to point of discharge.	May result in interruption of service. FDEP rules require that all public water system components are in 'good operating condition.'	Rule 62-555.350 (2), F.A.C.
	Replace door, repair walls, replace shingles and paint well housing.	To control access to the plant.	Rule 62-555.350 (2), F.A.C.
	Pressure wash, treat rust, prime and paint hydro-tank.	Hydro tank shows signs of rust with potential for leaks and eruptions.	Rule 62-555.350 (2), F.A.C.



Water and Wastewater Operations, Maintenance, Design, Management

Statement of Conditions

RE: Pasco Utilities, Inc. (Angus Valley) – Pasco County Florida

Date: August 31, 2006

As part of transition into providing operations services to your facilities, and in order to provide you with the highest level of client services, we are providing you with this Statement of Conditions Report. This report is designed to provide you information as to the current condition of your facility, identify necessary improvements, assign a preliminary cost for such improvements, and to provide you with an overview of overall facility compliance with applicable State and County rules and regulations. This report is also designed to classify and prioritize certain items of concern and deficiencies based on the relative health risk to employees and the general public, consequence of equipment or system failures, and regulatory compliance.

Additionally, the facility Owner may find this report highly useful relating to planning, budgeting, scheduling, and forecasting cost of required improvements out to a 3-year term.

The explanations of the priority levels depicted below are as follows:

Priority 1	Needs immediate attention
Priority 2	Needs attention within the next 90 days
Priority 3	Needs attention within the next 6 months
Priority 4	Needs attention within the next 6-12 months
Priority 5	Needs attention within the next 1-3 years
Priority R	Routine reoccurring maintenance activity

The results of the comprehensive on-site inspection conducted in February 2006 are as follows:

I. HEALTH AND SAFETY

These items concern Health and Safety related issues relative to OSHA and FDEP rules and regulations. Correcting these deficiencies is necessary to minimize the level of exposure.

Concern	Suggested Remedy	Estimated Cost	Priority Level
Electrical wiring in Both Control rooms exposed which may cause an interruption in facilities operation and/or physical harm to employees.	Repair or remove exposed electrical wiring and bring up to standard code, replace control panel.	\$2,404.26 (\$1,202.13 each)	1

Well No. 3 & 4: Further Secure Well sites with Chain-link fencing.	Fence perimeter of the immediate property surrounding the wellhouses. Estimate 60'x60'x6' Fence.	\$8,000.00 (\$4,000.00 each)	1
Partial Rehabilitation of Well No 4 & 3: Well heads in poor repair, casing is not grouted.	Rehabilitate Well heads, new well seal and grouting.	\$10,103.29	1

II. LIABILITY EXPOSURE

These items concern areas of risk to employees and the general public, resulting from general liability and property liability exposure. Correction of deficiencies is necessary to minimize the level of risk to the facility Owner.

Concern	Suggested Remedy	Estimated Cost	Priority Level
Well No. 3: Abandoned Hydro-tank on property depleting the quality of the condition of the facility	Remove abandoned tank Perform does not include demolition to be done by others at no charge.	\$250.00	1
Well No. 3: Abandoned Mobile Home on property depleting the quality of the condition of the facility.	Removed abandoned Mobile Home does not include demolition to be done by others at no charge.	\$250.00	1

III. FACILITY OPERATIONS

These items address plant effluent quality for the WTF. These items specifically relate to compliance with drinking water standards.

Concern	Suggested Remedy	Estimated Cost	Priority Level
Well No. 3 & 4: Mercoid switch rusted, which may result in extreme high or low pressure, resulting in disruption of normal operation of service.	Repair or replace Mercoid switch to assure that the proper PSI is maintained at all times.	\$1,846.00 (\$943.00 each)	1
Replace Pressure gauge corroded, and may affect the ability of the mercoid switch to operate as designed.	Replace pressure gauge to assure that the proper PSI is maintained at all times.	\$900.00 (\$450.00 each)	1

Well No. 3 & 4: Hydro-tank Inspection and Certification (required every five 5 years)	Two Hydrotanks, Schedule inspection performance.	\$5,000.00 (\$2,500.00 each)	1 & R
Well No. 3 & 4: No Auxiliary Power source on sight as required by rule 62-555.320 (6)f.a.c.	Install 2 emergency LP Gas Generators with LP Tank on site (as required by rule 62-555.320(6).f.a.c.)- local site prep, slab if needed installation and wiring. Does not include gas company deposit.	\$56,000.00 (\$28,00.00 each)	1

III. MAINTENANCE

These items address the corrective, routine and preventative maintenance relating to the Water Treatment Facility (WTF), Water Distribution System. Properly maintaining your equipment and facilities will increase your equipments useful life and help ensure environmental and plant operating permit compliance.

Concern	Suggested Remedy	Estimated Cost	Priority Level
Well No. 3 & 4: Piping corroded at plant and subject to erupt resulting in interruption of service.	Replace piping from injection point to point of discharge with sched.80 PVC.	\$1,500.00 (\$750.00 each)	2
Wellhouses for Well No. 3 & 4: Access control to WTP in poor condition, roof in poor condition, requires painting.	Replace front door and repair walls, replace shingles & paint building	\$8000.00 (\$4,000.00 each)	2
Well No. 3 & 4: Hydro tank shows signs of rusting giving potential to leaks and eruptions.	Pressure wash, treat rust, prime and paint Hydro tanks.	\$3182.00 (\$1,591.00 each)	2

Total Anticipated Cost of Improvements: \$97,435.55

Note: Cost estimates used are at today's pricing and do not reflect cost for inflation in year of 2007.

Myself or the Pasco Utilities Operations Manager, Mr. Ken Martin, of US Water will be available to discuss and provide clarification if necessary to any part of this report. We will also be available to assist you in implementation of any of the recommendations contained in this report. This report and its contents will remain strictly confidential and will not be shared with any outside entity without your prior consent.

Respectfully,

Gary Deremer
President

ACKNOWLEDGEMENT:

Owner or designated representative acknowledges that the contained recommendations have been reviewed and agree that they are required to upgrade the Utility System Infrastructure. Permission is given to U.S. Water Services Corporation to provide contained information to the Florida Public Service Commission as designated planned improvements.

Report Reviewed by: _____
Signature

Print: _____

Date: _____

PASCO UTILITIES, INC.

P . O. BOX 4118 • TAMPA, FLORIDA 33677 • PHONE 877-8339

February 14, 2007

Mr. Joseph Gabay, Comptroller
U S Water services
4939 Cross Bayou Blvd.
New Port Richey, FL 34652

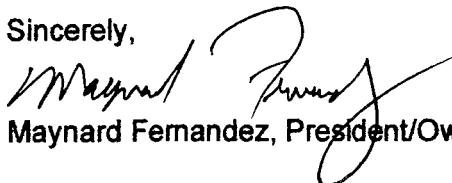
Mr. Sam Merta, Account Seecialist
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Answers to PSC questions

2. PSC only allowed \$700 for rate base and financial purposes in 1987. Pasco owed the Seller substantially more for the property and returned the property to the Seller upon abandonment, as it never completed paying for it.
3. Maynard Fernandez has performed maintenance for Pasco, as Pasco has not had available funds to pay U. S. Water Services Corporation (USW). Maynard has been available 24/7 for Pasco's needs. Furthermore Maynard provides supplemental office facilities and utilities, accounting services, tax services, secretarial and management services, installs new customer services, and maintains plant facilities, air compressors, well houses, repairs leaks throughout system, etc. USW's contract allows it to bill additional for any of these services if performed by them.
4. Pasco does not have employees. All services are provided by either Maynard or USW.
5. (a) The owner of a home requested that water service be disconnected. Additionally the owner requested the service not be reconnected without her approval. A person claiming to be an occupant of the home demanded water service that was refused. The occupant sued Pasco and the owner for refusal to provide service. Pasco hired counsel to defend the suit and it was successful.

(b) Y. C. Fernandez (YCF) was original founder of Pasco. After a number of investments in Pasco and purchases of YCF stock holdings, Maynard became sole owner. Upon the incapacitation/death of YCF his Guardian and others reasserted his ownership. Suit was filed and Maynard prevailed.
6. For 6 months during the TEST YEAR, January 2006-June 2006, Pasco shared office space with McDill Columbus Corporation. Pasco utilized 600 sq. ft. of the 3,000 sq. ft. being rented and was charged \$600 per month.
7. Transportation expense relates to the Ford truck provided by Maynard for repairs to facilities. This truck is used solely for Pasco's needs.
8. No hurricane damage was experienced during test period.
9. Uniform System of accounts will be used for calendar year 2007.

Sincerely,



Maynard Fernandez, President/Owner