

ORIGINAL
FILE COPY

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
SUSAN F. CLARK
J. TERRY DEASON
JOE GARCIA
DIANE K. KIESLING



DIVISION OF WATER &
WASTEWATER
CHARLES HILL,
DIRECTOR
(904) 413-6900

Public Service Commission

January 28, 1997

Mr. George C. MacFarlane
Regulatory Consultants
401 Interstate Boulevard
Sarasota, Florida 34240

Re: Docket No. 961334-WS - Application for Grandfather Certificates to Operate a Water and Wastewater Utility in Polk County by Cypress Lakes Associates, Ltd. - Request for Supplemental Information

Dear Mr. MacFarlane,

Our review of the application indicates that the minimum filing requirements for the above referenced application are complete in most respects. However, additional information is needed to satisfy some inquiries regarding the utility's billing and accounting practices. Your assistance in this regard is requested.

First, the tariff sheets that identify the "Effective Date" for the utility's water and wastewater systems commonly show the response: "Applied For." Our records indicate that Polk County authorized collection of the reported rates on August 6, 1996. Therefore, the effective date should be corrected to show that the proposed charges were effective as of August 6, 1996. Please submit revised "original" tariff sheets showing this correction..

Second, the tariff sheets that discuss this utility's customer deposit practices do not specify what charge, if any, will actually be collected. A "Rate of Return" schedule prepared by Mr. John Sheahan (Polk County's rate consultant - see page 13) implied that customer deposits may be collected from future customers. Earlier you indicated that Cypress Lakes did not collect customer deposits from existing customers, and none were anticipated. Please state whether Cypress Lakes is requested permission to collect customer deposits in this proceeding. If so, please identify the basis for the proposed charge.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE

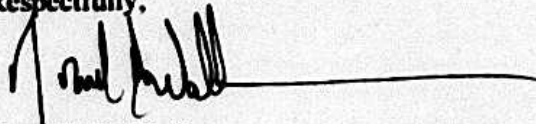
01220 FEB-35

Third, page 15 of Mr. Sheahan's report provides supplemental data regarding the overall investment in water and wastewater lines and the respective portions owned by the Utility and the Park. Please explain the basis for segregating these investments between Utility and Park ownership. If facilities are leased or shared, indicate where those facilities are located and why those facilities are not considered owned by the Park operation. Page 11 of Mr. Sheahan's report shows the amount of Contributions-in-Aid-of-Construction (CIAC) recorded by Cypress Lakes. Please explain the basis for recognition of CIAC by Cypress Lakes. Does the utility collect a main extension or plant capacity charge from residential, multi-residential, or general service customers? Is the utility proposing collection of main extension or plant capacity charges in this case and, if not, why not?

Next, Cypress Lakes' application indicates that its customer base will include: a) individually-metered, residential customers, b) individually-metered, general service customers, and c) master-metered, multi-residential customers. It further indicates that usage charges for the multi-residential class will be determined using several master meters, but a fixed charge will be collected based on actual living units. Please identify how many master meters are presently installed, the projected count for master meters, and the number of living units per meter. Like the residential class, the multi-residential class will reportedly be assessed a progressively greater service rate as consumption increases. Please explain how consumption beyond the initial 6,000 gallon and the subsequent 6,000 gallon usage amounts will be determined for the multi-residential customer group. Also, please explain how the "Deferred Standby Fee" will be assessed with respect to the multi-residential customer class.

Again, thank you for your assistance. If you have any questions, please call me at (407) 413-6924.

Respectfully,



Norvell D. Walker
Regulatory Analyst

cc: Division of Records and Reporting
Division of Legal Services (Crosby)
Division of Water and Wastewater (Redemann)