



# Public Service Commission

## -M-E-M-O-R-A-N-D-U-M-

**DATE:** April 14, 1997

**TO:** Division of Consumer Affairs (Raspberry)  
Division of Records and Reporting

**FROM:** Division of Water and Wastewater (Walker) *WJW*

**RE:** Docket No. 961535-WU - Application for Transfer of Certificate No. 53-W in Palm Beach County from Lake Osborne Utilities Company, Inc. To Crystal River Utilities, Inc.

Please find enclosed recent documents received from Cystal River Utilities, Inc. regarding: a) notification to customers concerning new management of the Lake Osborne system, b) acceptance of an offer to attend a homeowners' association meeting, and c) restoration of service following a recent line break.

Attachments

- CK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CIF \_\_\_\_\_
- CMUJ \_\_\_\_\_
- DTR \_\_\_\_\_
- EIG \_\_\_\_\_
- FOI \_\_\_\_\_
- LIN \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- WTS \_\_\_\_\_
- YTH \_\_\_\_\_

DOCUMENT NUMBER-DATE  
 03836 APR 16 1997  
 FPSC-RECORDS/REPORTING

**CRYSTAL RIVER UTILITIES, INC.**  
*"A Privately Owned Group of Utility Companies"*

March 25, 1997

Mr. Norvell Walker  
Florida Public Service Commission  
2540 Shumard Oak Blvd  
Tallahassee, FL  
32399

**RECEIVED**  
MAR 31 1997

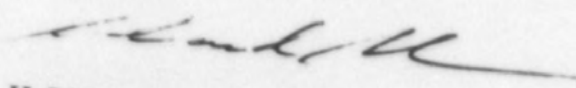
Florida Public Service Commission  
Division of Water and Wastewater

Dear Mr. Walker,

Per your request, please find enclosed the initial notification to customers of Lake Osborne Estates of the change in ownership to Crystal River Utilities, Inc. This was sent out within two weeks of closing the transaction on November 1, 1997.

Should you need any additional information, please do not hesitate to call.

Yours truly,

  
H. Richard Bowles  
Vice President

cc: J. Farish, Jr. (LOU)

Crystal River Utilities Inc  
 PO Box 3885  
 Boynton Bch, Fl 33424-3885  
 1-561-736-0420

FIRST CLASS MAIL  
 U.S. POSTAGE  
 PAID  
 PERMIT NO.

MAIL THIS STUB WITH YOUR PAYMENT

We are pleased to announce that effective November 1, 1996, Crystal River Utilities operates the water system for Lake Osborne Estates. We look forward to providing the very best in water quality and service. For Emergencies Only: call 1-800-818-7092. For inquiries and billing questions: 1-561-736-0420. Thank you.

FROM	TO	DATE	AMOUNT

03-25-97 03:07PM FROM WHATELY - 5618429479 TO RICHARD

FIRST CLASS MAIL  
 U.S. POSTAGE  
 PAID  
 PERMIT NO.

MAIL THIS STUB WITH YOUR PAYMENT

TYPE OF SERVICE	AMOUNT	DATE	AMOUNT

FROM	TO	DATE	AMOUNT

P02

AMOUNT PAID	DATE	AMOUNT PAID

**Crystal River  
Utilities, Inc.**

Crystal River Utilities, Inc.  
P.O. Box 530247  
Longwood, Florida  
32752

Phone: 407-260-2214  
Fax: 407-260-2122

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# *Facsimile*

To: Mr. Norvell Walker - FPSC  
@Fax: 407-413-6925  
From: Richard Bowles  
Date: Monday, March 24, 1997 @ 11:49 AM  
Re:  
Pages: 1 including this

FOR YOUR INFORMATION.

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# CRYSTAL RIVER UTILITIES, INC.

*"A Privately Owned Group of Utility Companies"*

March 24, 1997

Mr. Donald Maule, VP  
Lake Osborne Estates Homeowner's Association  
1412 Ontario Drive  
Lake Worth, FL  
33461

Dear Mr. Maule,

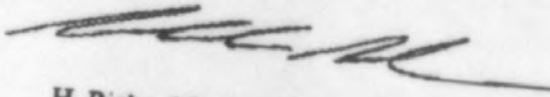
Thank you for accepting my offer to attend the next upcoming HOA meeting April 21, 1997. With last week's disruption in service fresh in mind, I am sure the residents and customers of our water system will be ready to give us some feedback that we can use to improve service to the community.

With regard to Crystal River Utilities, Inc., our company owns thirteen community water and/or wastewater systems around the state. CRU is owned by myself and Mr. Bob Sterling, both of Longwood, Florida. Our corporate office is in Longwood and we have a customer service office in Boynton Beach, Florida. We have been in the business for two years and all of our systems are regulated by the Florida Public Service Commission and the Florida Department of Environmental Protection.

My comments at the HOA meeting would be limited to a brief presentation of the rules and regulations which we are obligated to follow under our tariff from the Public Service Commission. This tariff also governs the obligations of customers of the utility. I will explain how our Boynton Beach office is set up and communicates with customers under normal day to day operations as well as emergency situations. I will be brief and to the point, leaving a few moments for questions, if needed. I would think 15 to 20 minutes would be enough time.

Should you have any other suggestions, please feel free to call. Thank you.

Yours truly,



H. Richard Bowles  
Vice President - Owner

cc: B. Sterling (CRU)

# Crystal River Utilities, Inc.

Crystal River Utilities, Inc.  
P.O. Box 520247  
Longwood, Florida  
32752

Phone: 407-260-2214  
Fax: 407-260-2123

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## *Facsimile*

To: Mr. Norvell Walker - FPSC  
@Fax: 407-413-6925  
From: Richard Bowles  
Date: Monday, March 24, 1997 @ 11:49 AM  
Re:  
Pages: 5~~7~~, including this

FOR YOUR INFORMATION.

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# CRYSTAL RIVER UTILITIES, INC.

*"A Privately Owned Group of Utility Companies"*

March 24, 1997

Mr. Asir Canyas, Supervisor  
Drinking Water Section  
Florida Department of Health  
P.O. Box 29  
West Palm Beach, FL  
33402

Re: Crystal River Utilities, Lake Osborne Estates S/D, Lake Worth  
Dear Mr. Canyas,

We are in receipt of your letter dated March 21, 1997. Thank you for your comment regarding the excellent job that the City of Lake Worth maintenance crew did to restore service as quickly as they did. I could not agree more. I would also like to give credit to Mr. Phil Donovan for his handling of the situation in our behalf.

With regard to the field operation, it appears we were diligent in notifying the health department and local television stations in a reasonable period of time, 3AM of the morning the line broke. However, the television stations failed to air the 72 hour boil water notice at their earliest opportunity, the 6AM telecast. The notice was subsequently aired at noon the day after the line break.

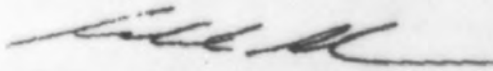
Our electronic message system is a practical method to handle day to day business during normal operation of the system. During emergencies, it can also be effective in communicating with customers quickly. Our error in this case was to try and speak to each customer as they called in. As a result, we simply could not handle the flow of calls that resulted the following morning after the television station failed to air the warning. Our Orlando office personnel joined in the effort to return calls at 9AM when the calls began backing up. At noon we switched the message to a simple 72 hour boil water notice.

In the future and in conjunction with the notification of the health department, we will immediately change our customer hot line message to advise that a line break has occurred and that a 72 hour boil water notice is in effect. This should give our customers the immediate information they need without having to wait for a call back. In addition, we will post your letter in the Boynton Beach office so that we can refer to it in the event another emergency occurs.

Mr. Phil Donovan is under contract to provide normal operation and maintenance service to the Lake Osborne Estates water system. In the case of an emergency, Mr. Donovan is authorized to call neighboring utilities such as Lake Worth Utilities for emergency crew service. Mr. Donovan is also an employee of Lake Worth Utilities. He can be reached 561-966-4188.

Should you have further questions or suggestions for how we can improve service to the residents of Lake Osborne Estates, please feel free to call. Thank you.

Yours truly,



H. Richard Bowles  
Vice President

cc: Mike Thew, Lake Worth Utilities

MAR 21 '97 02:28PM

P.



Lawton Chiles  
Governor

James T. Howell, M.D., M.P.H.  
Secretary

### FAX COVER SHEET

**PALM BEACH COUNTY PUBLIC HEALTH UNIT**  
**ENVIRONMENTAL HEALTH & ENGINEERING**  
 901 EVERNIA STREET- P.O. BOX 29  
 WEST PALM BEACH, FLORIDA 33401  
 FAX: (561) 355-2442 PHONE: (561) 355-3070

DATE: 3/21/97

NUMBER OF PAGES: 3  
(including cover sheet)

TO: Mr. Richard Bowles

FROM: ASIR CANYAS

FAX # (407) 260-2123

COMMENTS: Dear Mr. Bowles,  
I should you have any questions, please  
call me. City of Lake worth  
maintenance crew did a great job to  
restore the service ASAP.  
ASIR Canyas



MR 21 '97 02:21PM

P.2



James T. Howell, M.D., M.P.H.  
Secretary

Lawton Chiles  
Governor

March 21, 1997

Crystal River Utilities, Inc.  
P.O. Box 520247  
Longwood, Florida 32752-0247  
Attn: Mr. Richard Bowles, V.P.

Re: Crystal River Utilities, Lake Osborne Estates S/D, Lake Worth

Dear Mr. Bowles:

Chapter 62-555 F.A.C. and Palm Beach County Environmental Control Rule-II require that any time there is disruption in water flow or water pressure falls below 20 psi, the owner of the system is required to notify both Palm Beach County Health Department and its consumers and a Boil Water Notice must be issued.

The telephone number to call Monday thru Friday, 8:00 AM - 5:00 PM is (561) 355-3070. After 5:00 PM, weekends and holidays the number to call is (561) 840-4500. This number goes directly to A.G. Holley Hospital switchboard operator who will notify the department staff who are on call.

Information available to this office reveals that an outage occurred at the referenced site (Lake Osborne Dr. & Crest Dr.) due to failure of a 6" water main around 1:30 AM on 3/20/97 and the water was off until 2:30 AM in order to repair the broken line.

The supplier of water (Lake Worth Utilities) field staff had taken the necessary steps to restore the service and in addition to informing the Health Department of the incident. Numerous complaints received from the residents at the referenced site revealed that their calls to get more information at 736-0420 ended up with an answering machine which is not an effective way of communication with the residents being served.

Page Two

Under the circumstances you are requested to take the following steps and inform this office in writing within 10 days of receipt of this letter of your compliance:

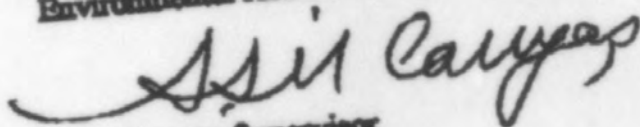
1. Any time there is an interruption in the service, the Health Dept. must be informed.
2. Residents must be notified immediately about the situation in the most effective way.
3. An answering device is not acceptable unless it provides the name, address and phone number of the person responsible to oversee the operation of the system and describes the problem to the callers.
4. You must provide us the name, address and phone number of the contracted company who will provide service (such as repairs etc.) in case of an emergency.

Please be advised that failure to comply with the above request may result in further action taken by this office and the case be brought before the Palm Beach County Environmental Control Hearing Board. The Board has the authority to levy a penalty of up to \$500.00 per day per violation.

Your cooperation is appreciated. Should you have any questions please contact the undersigned at (561) 355-3070 or 355-3571.

Sincerely,

For the Division Director  
Environmental Health & Engineering



Asir Canyas, Supervisor  
Drinking Water Section  
FJG/AC/dj

cc: Mike Thew, P.E., Lake Worth Utilities

Rate Base Determination for Lake Osborne  
Docket No. 950641 (8/30/95)

	per books	adjust	bal		
Plant in Service	157,545	(39,222)	118,323	accum depr	(109,624)
accum depr	(109,624)	5,936	(103,688)	exclude plant	11,748
CIAC	(19,903)	0	(19,903)	guideline rates	(5,812)
accum amort	9,932	896	10,828	net bal	(103,688)
working capital	37,950	(32,390)	5,560		
rate base	<u>37,950</u>	<u>(32,390)</u>	<u>11,886</u>	accum amort	9,932
				adjust	896
				net bal	<u>10,828</u>

a) per order 96-0367: adjustment to reflect correction made in Commission Order No. 11967 was -\$39,222  
other adjustments concern reclassification of meter installation costs. (-245 and + 346)

Reported Balances per transfer application (12/31/96?)

Plant in Service	158,582	<i>due to remarkable agreement with order before adjustments, "books" were apparently not adjusted to agree with prior rate decision - is audit needed?</i>
accum depr	(121,457)	
CIAC	(19,904)	
accum amort	<u>11,922</u>	
	<u>29,143</u>	

		tax details	12/95	Plant
			12/94	158,582
			diff	<u>157,444</u>
tax return detail - plant at 12/94	157,444			<u>1,138</u>
adjustments - prior docket	(39,222)			
mtce costs	(245)			accum depr
meter costs	<u>346</u>		12/95	117,508
6/95 bal	<u>118,323</u>		12/94	<u>113,557</u>
			diff	<u>3,951</u>

Revenue Test

revenues	actual	91,571		
	adjust	2,560		
	adjusted balance	94,131		
	increase	<u>12,804</u>	13.60%	
	annual revenues (?)	<u>106,935</u>		
operations	operations	w/depr	w/o depr	
	depr	95,091	95,091	
	taxes OTI	3,200	0	
		4,952	4,952	
		<u>103,243</u>	<u>100,043</u>	
	Net Income	<u>3,692</u>	<u>6,892</u>	
				purchase agreement
				amount
				125,000
				cash
				17,000
				debt at 8.25%
				108,000
				revenues
				COD (at 8.25%)
				8,910
				COE (say 12.5%)
				2,125
				ROR
				<u>11,035</u>

Basis for calculation of projected balance at December 31, 1996

	balance	Add		
Plant in Service	118,323	1,138	119,461	tax return - added in 1995
accum depr	(103,688)	(5,826)	(109,514)	depr per #950641 * 18 months (a)
CIAC	(19,903)	0	(19,903)	no change
accum amort	<u>10,828</u>	<u>971</u>	<u>11,799</u>	amort per #950641 * 18 months
	<u>5,560</u>	<u>(3,717)</u>	<u>1,843</u>	

Operating Expenses

rate docket - expenses	95,091	
less purchased water	(58,169)	
net expenses	36,922	(a) - depr includes \$1,138 * depr rate * 1.5 years
factor	10%	
revenue impact	3,692	