

ORIGINAL

STATE OF FLORIDA

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DIVISION OF WATER & WASTEWATER  
CHARLES H. HILL  
DIRECTOR  
(850) 413-6900

Public Service Commission

October 1, 1998

Mr. Bob Margolis  
New River Ranch, L.C.  
3200 River Ranch Road  
River Ranch, Florida 33867

RE: Docket No. 971185-WS - Application for Original Certificates for an Existing Utility Providing Water and Wastewater Service in Polk County by New River Ranch, L.C. d/b/a River Ranch.

Dear Mr. Margolis:

A recommendation for this docket is tentatively scheduled for the November 3, 1998 Commission agenda. As such, a staff recommendation is due by October 22, 1998. But, to allow review by supervisory staff, a much earlier "due date" is actually needed. I am hoping to wrap up the missing pieces next week (10/9/98), if possible. Looking over my notes, I don't believe there are too many loose ends, but each is an important piece.

First, New River Ranch must file an affidavit stating that it gave notice of its pending request to the various governmental bodies specified in Part VI, Part A, of the Application for Original Water and Wastewater Certificates (for an existing utility providing water and wastewater service in Polk County). The governmental bodies were listed in an August 12, 1998 letter to Mr. Megill. Since the Commission received its copy of the notice in early September, I'm not concerned about whether or not the notice was sent, only that an affidavit is filed. Likewise, an affidavit regarding newspaper publication of the notice is needed as specified in Part VI, Part C. Mr. Megill provided an affidavit regarding notice to customers on August 25, 1998; so that part is fine.

Next, Part III of the Application requires submission of two exhibits. First, a statement regarding NRR's financial and technical ability to provide service is needed. Second, an "explanation" concerning why NRR was operating the utility without a PSC issued certificate. Since NRR acquired this system because of the prior owner's bankruptcy, your statement can probably be brief: you acquired it because of the prior owner's business failure and you have owned and operated the utility until a larger, financially secure company could be found. You may elaborate if you wish.

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PSC-RECORDS/REPORTING

Mr. Bob Margolis

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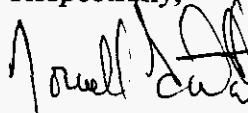
October 1, 1998

Next, the tariff that the Commission approves must agree with what NRR was actually charging. The tariff that was originally filed with the "grandfather" application indicated that general service customers (Sheet No. 19) would be billed based on metered consumption. There was also a tariff for multiple service customers (Sheet No. 20) that provided for rather imprecise "Minimum Residential Charges." In fact, NRR was collecting Flat Rates from all of its customers, residential and general service. Those rates are the ones that need to be listed in the tariff that the Commission will approve. I understand that single family residents in the River Ranch Shores area were billed individually and charged either \$13.50 or \$15.20 per month, billed on a quarterly basis. That rate needs to be specified for the tariff. I understand that all other customers were billed flat charges through their Homeowners Association: the Long Hammock Property Owner's Association, the River Ranch Condo Association, and River Ranch RV Association. Mr. Megill provided me with a summary sheet (a regulatory assessment fee schedule) showing that the amounts collected in 1997 were \$15,000, \$16,622, and \$43,642, respectively for the entire year. Mr. Megill indicated that these charges, divided by twelve, were collected each month and never changed. In a letter to you dated April 23, 1998, I asked NRR to prepare a schedule itemizing the actual charges by month by customer class. I still need that information. Also, if possible, please explain how the individual customer charges were originally established. I understand that NRR merely retained the charges that the former company was charging, but if the general mechanics of the customer billing are known, my explanation to the Commission would be greatly improved.

Last, I hope, the filing fee for a grandfather certificate was \$500 for water and \$500 for wastewater, which was paid when the original application was filed. Looking at the application for an original certificate for an existing utility providing water and wastewater service, the filing fee is \$750 for each system, or \$1,500 in total. Therefore, an additional \$500 is needed to conclude the original filing application.

Thank you for your assistance in this matter. In addition to mailing this letter, I will also be faxing it to expedite its receipt. I appreciate all of your help.

Respectfully,



Norvell D. Walker

Professional Accountant Specialist

NDW:ndw

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