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

Public Service Commission

June 23, 1999

Mr. Richard Peterson, Sr.
Holmes Creek Water Utilities
4930 Sugardoll Road
Vernon, Florida 32462

Re: Docket No. 990618-WU, Request for acknowledgment of small system exemption from Florida Public Service Commission regulation for provision of water service in Washington County by Holmes Creek Water Utilities, and cancellation of Certificate No. 538-W.

Dear Mr. Peterson:

Your request for cancellation of the water certificate held by Holmes Creek Water Utilities (Holmes Creek or utility) was officially filed with the Commission on May 13, 1999 and assigned the above referenced docket number and name. Please be sure to reference the docket number in any future correspondence with the Commission on this matter. I understand my staff has explained that there is no rule specifically addressing your request. As a consequence, there are no established filing requirements.

As you are probably aware, Section 367.022(6), Florida Statutes, does exempt from Commission regulation "(s)ystems with the capacity or proposed capacity to serve 100 or fewer persons." According to Rule 25-30.055, Florida Administrative Code, (copy attached) a water system is exempt under that statute if:

- AFA _____
 - APP _____
 - CAF _____
 - CMU _____
 - CTR _____
 - EAG _____
 - LEG _____
 - MAS _____
 - OFC _____
 - RRR _____
 - SEC _____
 - WAW _____
 - OTH _____
- ...its current or proposed water...treatment facilities and distribution...system have or will have the capacity, excluding fire flow capacity, of no greater than 10,000 gallons per day or if the entire system is designed to serve no greater than 40 equivalent residential connections (ERC). For purposes of this rule only, one ERC equals 250 gallons per day.

Since the utility's water treatment systems has a capacity of 72,000 gallons per day, the first criteria of the rule cited above obviously does not apply. Therefore, the following requests for additional information are intended to clarify the design limitations under which Holmes Creek is now operating.

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Request for additional information

1. Hook-ups. When Holmes Creek Water Utilities was originally certificated, the utility intended to provide service to 181 lots. Twenty-six of the lots were permanent homesites, 74 were campsites and 81 were vacant. The utility's recent reclassification to a noncommunity water system by the Florida Department of Environmental Protection was based on an average year-round population of 24 residents on 12 service connections. In your request to the Commission you indicate that the total number of hook-ups has dropped to thirty-three. Presumably, then, 21 hook-ups are either not year-round or are vacant.

In order for staff to be clear on this matter, please provide a table which indicates how many hook-ups are permanent, how many are campsites, and how many are vacant. For the vacant lots, please indicate whether they can be permanent hook-ups.

2. Average Daily Capacity. Now that the utility has been declassified to a noncommunity system, monthly operating reports are no longer required to be filed with FDEP. According to FDEP, the last reports the agency had on file reflected average daily capacity use of 2,700 gallons. As a confirmation of usage, please indicate by month the average daily capacity used for the last 12 months the utility recorded average daily capacity.
3. Flood Zone. In your conversations with staff, you have indicated that a portion of the utility's service territory has been designated by the Federal Emergency Management Agency (FEMA) as Flood Zone. Please briefly describe this situation and explain what it means in terms of the limits on service to that territory. Also, if there is any documentation of FEMA's action, please provide a copy with your response.
4. Expansion Constraints. The reason Rule 25-30.055, Florida Administrative Code, defines a small system based on the capacity of the well, rather than the service territory, is the potential for a utility with excess capacity to serve outside its service area. However, geographical constraints on expansion has been considered by the Commission as sufficient limitation on excess capacity. Please provide a statement of the extent to which the utility is constrained by any geographical limitations other than the above Flood Zone designation.
5. Map. I understand from staff that you are able to provide an annotated territory map. If this is the case, please mark the map to which lots are year-round, which are campsites, and which are vacant. The map should also show the flood zone designated by FEMA as well as any geographical limitations described above.

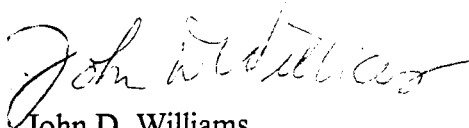
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With the exception of the map, please provide an original and five copies of the information requested above. Only one copy of the map needs to be provided. The information should be filed with the Commission as soon as practical but no later than July 21, 1999. Please send the information to the:

**Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850**

If you have any questions regarding the information requested, please contact either myself or a member of my staff, Ms. Patricia Brady, at (850) 413-6900.

Sincerely,



John D. Williams
Chief, Bureau of Policy Development
and Industry Structure

Attachment

JDW:plb

cc: Division of Water and Wastewater (Brady)
Division of Legal Services (Crossman)
Division of Records and Reporting