



Public Service Commission

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

DATE: June 28, 1999
TO: Blanca Bayo, Director of Records and Reporting
FROM: Min Chu, Professional Accountant, Water and Wastewater Division
RE: Docket No. 981663-WU, Application for a Staff Assisted Rate Case by Tangerine Water Company, Inc. in Orange County

Please place the attached facsimile received from Tangerine Water Company in the official docket file. Thank You.

cc: Division of Water and Wastewater (Hill, Willis, Rendell, Crouch, Casey, Davis, Golden)
Division of Legal Services (Clemons)

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DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

Tangerine Water Company, Inc.

P. O. Box 304
Tangerine, Florida 32777

Via Fax (850) 413-6975
June 28, 1999

Mr. Robert J. Casey,
Professional Accountant Specialist
Florida Public Service Commission
Division of Water & Wastewater
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0873

RE: Tangerine Water Company, Inc.
Docket #981663-WU

Dear Mr. Casey:

Because no officers or board members will be able to attend the Commission meeting on June 29th, I request that this letter be provided to the members of the Commission.

You (Bob Casey) and I have discussed at length the reason why the staff recommendation did not include any provision for salary/wages for services that were performed by Bob Cardinell (currently a member of the board of directors) for Tangerine Water Company, Inc.

It seems that a comment on a document prepared by Bob Cardinell and dated April 30, 1999 (in which Mr. Cardinell listed the hours and duties he performed for TWC) is the source of some confusion. It is my understanding that the staff interpreted that comment to mean that Mr. Cardinell's duties would have been performed by the positions enumerated but for some other events occurring (new officers, rate increase, use permit, etc.) which required their attention, that his hours were hours that other officers/employees were currently compensated for, and, therefore, no proforma provision for salary/wages should be made.

In response to a deluge of requests for information in December of 1998, Mr. Cardinell prepared a list of job descriptions based upon information taken (almost verbatim) from the bylaws which were adopted on March 11, 1985 (a copy of both are attached). Mr. Cardinell filled the request for job descriptions almost as a knee-jerk reaction without consideration for the consequences of providing inaccurate information to the Public Service Commission staff.

That point aside, as you and I have discussed, Mr. Hathaway is not a "paper person" -- none of the duties enumerated in his job description are duties actually performed by him. His time has been centered only on operational problems associated with plant and assisting Mr. Kellenberger.

Mr. Kellenberger is not a "paper person". The operational aspect of his job description is fairly accurate. The description of duties performed by me is fairly accurate with the exception that the cost of preparing federal/state/local returns is an extra expense to the company. Laurie Hathaway (deemed Secretary in the job descriptions) has never performed any work for Tangerine Water -- Mr. Cardinell has performed her duties and then some.

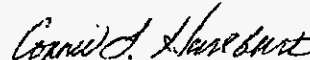
It is my opinion that the duties performed by Mr. Cardinell are not duplicative in any manner. The hours that Mr. Cardinell designated as performed for each position on his timesheet, were administrative hours devoted to some type of paperwork. In his mind, he is trying to categorize duties performed by the job descriptions he gave the PSC based upon a description extracted from the 1985 bylaws. A specific example would be the item "leaks". Leaks pertained to a recap that was prepared by Mr. Cardinell to supplement the water audit report (the recapitulation of leaks discovered along with an estimate of accounted gallons lost) -- a copy of this report was provided to the PSC in the process of the audit. "Size-length lines" pertains to a project to correct the information provided in the annual report to the PSC regarding the size, length, and construction of lines owned by Tangerine Water.

No other employee/officer is compensated for the duties performed by Mr. Cardinell. Because of his extensive history with Tangerine Water, the company is reliant upon his continued assistance or the assistance of an informed replacement in his absence.

Since the Public Service Commission staff has included adjustments in its recommendation for other expenses on a proforma basis, I request that Mr. Cardinell's compensation be increased from the \$150 per year currently provided for the Secretary's position to \$600 per month (based upon an average of 52 hours per month for October through December of 1998).

Thank you for your continued assistance and patience in this long process.

Yours very truly,



Connie L. Hurlburt
Treasurer

BOB CARDINELL WATER COMPANY VOLUNTEER HOURS
BY FUNCTION FOR PERIOD 10/98 THRU 4/29/99

(Represents administrative or creative assistance to part-time company officers)

<u>Type of Help</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>TOTAL</u>
<u>President:</u>								<u>78 3/4</u>
FRWA Water Audit		5½						5½
Audit statistics		13						13
Rate incr input			18	20		6	1	45
SJR Cons Use Permit						3½	11 3/4	15½
<u>Operations VP:</u>								<u>59 3/4</u>
FRWA audit	1½							1½
Cust map locations	7							7
Leaks			3		2			5
SJR Cons Use permit					18 3/4			18 3/4
Size-length lines					16½			16½
DOT US441 project						10½		10½
Water test notif						½		½
<u>Treasurer:</u>								<u>109 3/4</u>
Sec dep status	24	19		½				43½
Rate incr request		17	18	23	2½			60½
PSC Annual Report				6				6
<u>Secretary:</u>								<u>86 3/4</u>
Meetings	3½	½			½	3½		8
Shares-Certif	1½	1½			½		½	4
Meeting agenda	8		2½				½	11
Sort files		5		1	44 3/4	3½		54½
Misc	2	3	1½			3		9½
<u>TOTALS</u>	<u>40</u>	<u>72</u>	<u>43</u>	<u>44½</u>	<u>91½</u>	<u>30½</u>	<u>13 3/4</u>	<u>335</u>

Comment: This assistance was rendered to assist the water company during a trying period with all new officers attempting to learn their duties as well as request a rate incr ease from the PSC and a Consumptive Use permit from the SJR Water Management District. Cardinell was the former president of the Tangerine Water Co from 1984-1996 & is currently a director.

Prepared by: Bob Cardinell

4/30/99

TANGERINE WATER CO RATE INCREASE
(PSC Letter of 12/4/98 - Docket # 981663-WU)

Items Required By The Staff Engineer

(1) Field Employees Duties/Responsibilities, Salary & Certificates: There is only one field employee & that is Gene Henderson, Class C operator. All other employees are officers of the company.

Class C Operator: Gene Henderson, Certificate # 0053-C. Employee since 2/93. 1998 salary \$225/month. Duties are to inspect the plant, take readings & maintain the water treatment Plant Daily Operation Summary report & log to record plant flow, chlorine use, generator running time, etc. Monitors these records daily except Saturdays. Takes samples & delivers to the lab the monthly bacteriological analysis. Summarizes monthly records & submits required reports to the TWC & DEP. Reports to & maintains daily contact with the VP for Operations.

President: R. Gregory Hathaway. Elected 10/29/98 (former pres Steve Wiley since 5/96). 1998 salary range \$100-200 per month. Duties are to insure required reports, records, statements & certificates are properly made & filed according to law; shall co-sign all stock certificates & loans or notes; sign all contracts approved by the board; shall schedule & conduct all board & the annual shareholders meetings & conduct other duties incident to the position.

Vice President For Operations: Dennis Kellenberger incumbent since 5/96. 1998 salary range \$300-400 per month. Chief operating officer with overall responsibility for operation of the pumping station & water distribution system. Assures that supplies are on hand & maintenance of equipment & lines is performed. In essence is responsible for line extensions; meters added, replaced & read; environmental water samples & tests are taken & reported; leaks are repaired; water service is disconnected or turned-off in accordance with statutes; that new customers submit an application for water service; & performs other duties as required by law to include monitorship of the class C operator.

Treasurer: Connie Hurlburt, CPA. Incumbent since 6/98 (former treas Jane Miles since mid '95). 1998 salary range \$300-500 per month. Duties include customer billing, collection & deposit; responsible for all funds & securities of the corporation, including customer security deposits; shall make, sign & endorse all company checks for the payment of money & receipt therefor. Maintains a correct book of accounts of all company business & transactions; renders financial statements of condition as required by the Board. Prepares corporation filings & reports as required. Prepares Fla PSC Annual Report & county, state & federal tax reports for an extra negotiable charge. (see enclosure).

Secretary: Laurie A. Hathaway. Incumbent since 10/29/98 (Former Secy Jane Miles starting 5/95). 1998 salary was \$150/year or \$12.50/month. Duties include taking minutes of the Board & shareholders meetings; serve all notices of the Corporation; custodian of the records & seal; maintain the stock record & transfer books as required; sign all certificates of stock & perform other duties incident to the office of secretary.

BYLAWS
OF
TANGERINE WATER COMPANY, INC.
Adopted March 11, 1985

ARTICLE I
MEETINGS OF STOCKHOLDERS

Sec. 1. ANNUAL MEETINGS. The annual meeting of the stockholders shall be held at such place as the Directors may designate on or about the third Tuesday of March of each year, at 7:30 p.m.. If that date falls on a legal holiday, the meeting shall be held the next day. The Secretary shall notify each stockholder, at least ten days before such meeting, either personally or by mail at the last known address.

Sec. 2. QUORUM. For the transaction of business at any meeting of the stockholders, a quorum of stockholders shall be present or represented by proxies. A quorum shall be a simple majority.

Sec. 3. SPECIAL MEETINGS. Special meetings of stockholders, other than those regulated by statute, may be called at any time by the majority of Directors, upon ten days notice to each stockholder of record, such notice to contain a statement of the business to be transacted at such meeting. Notification procedure and quorum requirements will be the same as in Sec. 1 and 2 above. The Board of Directors shall also, in like manner, call a special meeting of stockholders whenever requested in writing by stockholders representing not less than one-half of the capital stock of the company. No business other than specified in the notice for the meeting shall be transacted at any special meeting.

Sec. 4. VOTING. At all meetings of the stockholders, all proposals shall be approved or rejected by a majority vote of the stockholders present in person or by proxy, if the manner of deciding is not specified by statute; however, any stockholder present, in person or by proxy, shall be entitled to cast one vote for each share of stock owned or represented. Voting shall be orally, except that a stock vote shall be by written ballot, each of which shall state the name of the stockholder and the number of shares owned or the name

of the proxy, the name of the stockholder, and the shares owned.

Sec. 5. ORDER OF BUSINESS. The order of business at all meetings of the stockholders shall be as follows:

1. Determination of a Quorum and Proof of Notice of Meeting or Waiver of Notice.
2. Minutes of Preceeding Meeting.
3. Report of the President.
4. Report of Officers.
5. Report of Committees.
6. Election of Directors.
7. Unfinished Business.
8. New Business.

ARTICLE II

DIRECTORS

Sec. 1. NUMBER. The affairs and business of the Tangerine Water Company, Inc. shall be managed by a Board of seven Directors.

Sec. 2. ELECTION OF DIRECTORS. At the annual meeting of shareholders, the persons receiving a majority of the votes cast for the Directors to be elected, as proposed by the Nominating Committee or from the floor, shall be directors and shall constitute the Board for the ensuing year.

Sec. 3. TERM OF OFFICE. The term of office of each director shall be two years, with three directors being elected in odd years and four in even years.

Sec. 4. DUTIES OF DIRECTORS. The Board of Directors shall have the control and general management of the affairs and business of the Corporation. Such directors shall in all cases act as a Board, using a majority vote and may adopt such rules and regulations for the conduct of their meetings, and for the management of the Company, as they may deem proper, but not inconsistent with the Articles of Incorporation and the laws of the State of Florida.

Sec. 5. DIRECTORS' MEETINGS. A regular meeting of the Board shall be held immediately following the annual meeting of the stockholders. Meetings of the board shall be held as necessary to properly transact the business of the Company. Special meetings of the Board may be called by the President at any time, and

shall be called upon written request of three directors. No business other than that specified in the notice shall be transacted at any special meeting. At any meeting at which every member of the Board of Directors is present, any business may be transacted.

Sec. 6. NOTICE OF MEETINGS. Notice of meetings, other than the regular annual meeting, shall be given by notification to each Director in person or by mail to the last known Post Office address, at least five days before the date of such meeting, the notice specifying the time, place and purpose of the meeting.

Sec. 7. QUORUM. At any meeting of the Board, a majority of Directors shall constitute a quorum for the transaction of business. In the event a quorum is not present, those present may adjourn the meeting to some future time, not more than 30 days later.

Sec. 8. VOTING. At all meetings of the Board, each Director shall have one vote, irrespective of the number of shares of stock held or controlled by the Director.

Sec. 9. VACANCIES. Whenever any vacancy shall occur in the Board by death, resignation, removal, or otherwise, the vacancy shall be filled without undue delay by a majority vote by ballot of the remaining members of the Board at a special meeting which shall be called for that purpose. Such election shall be held within sixty days after the occurrence of such vacancy. The person so chosen shall hold office until the next annual meeting or until a successor shall have been chosen at a special meeting of the stockholders.

Sec. 10. REMOVAL OF DIRECTORS. Any Director may be removed either with or without cause by a vote of the stockholders holding a majority of the stock, at any special meeting called for the purpose or at the annual meeting.

Sec. 11. RENUMERATION OF DIRECTORS. The Board may vote a yearly compensation for serving as a Director a sum not to exceed \$50 in any one fiscal year.

Sec. 12. COMMITTEES. The Board may organize itself into committees.

a. The standing committees may be the following, but can be optional at the discretion of the Board:

(1) Executive -- planning, organizing and staffing; legal; contracts; sales; and rates.

(2) Finance -- audit; budget; bookkeeping; compensation; dividends; approval of expenditures; and future financing.

(3) Operations -- engineering; equipment; supplies; maintenance; safety; water supply; metering; and testing.

(4) Public Relations -- customer complaints and suggestions; contacts with public officials; environmental concerns; and ethics.

b. Special committees may be appointed by the President as required to deal with special projects when deemed necessary.

ARTICLE III

OFFICERS

Sec. 1. NUMBER. The officers of this Company shall be a:

President.

Vice-President

Secretary and Assistant Treasurer

Treasurer and Assistant Secretary

Sec. 2. ELECTION. All officers of the Company shall be elected annually by the Board at its first meeting held immediately after the annual meeting of stockholders, and shall hold office for the term of one year or until their successors are duly elected.

Sec. 3. DUTIES OF OFFICERS. The duties and powers of the officers of the Company shall be as follows:

PRESIDENT. The President shall be the Chief Executive Officer and will have such powers and duties as generally pertain to this office. The President shall see that books, reports, statements, and certificates required by Statute are properly made and filed according to law; shall co-sign with the Secretary all stock certificates and with the Treasurer all notes, drafts, bills of exchange, warrants, or other orders for payment of money drawn by the Treasurer; shall sign all contracts and agreements approved by the Board; and will perform all duties incident to the position and office which are required by law.

VICE-PRESIDENT. The Vice-President will be the Chief Operating Officer of the Corporation and will have such powers and

duties as generally pertain to this office. The Vice-President will be responsible for the operation of the Pumping Station or stations and the water distribution system; will assure that supplies are on hand and maintenance performed; mains maintained and pipes extended as authorized; meters added, repaired and read; water samples taken for laboratory testing in compliance with environmental regulations; operating personnel trained as required; and will perform all duties incident to the position and office which are required by law.

SECRETARY. The Secretary shall keep the minutes of the meetings of the Board and of the stockholders in appropriate books; shall give and serve all notices of the Corporation; shall be custodian of the records and the seal, and affix the latter as required; shall keep the stock and transfer books in the manner prescribed by law, so as to show at all times the amount of capital stock, names of the owners thereof, their respective places of residence, the number of shares owned by each, the date at which such person became such owner, and the amount paid thereon; and keep such stock and transfer books current and open to inspection of any stockholder; shall sign all certificates of stock; and shall attend to all correspondence and perform all the duties incident to the office of Secretary.

TREASURER. The Treasurer shall be responsible for customer billing; shall have the care, custody, and responsibility for all the funds and securities of the Corporation, and deposit all such funds in the name of the Corporation in such bank or banks or other federally regulated trust company or safe deposit vault as the Board may designate; shall sign, make, and endorse in the name of the Corporation, all checks, drafts, warrants, and orders for the payment of money and receipt therefor, under the direction of the President or the Board; shall maintain at such place the Directors may designate, correct book of account of all the Corporation business and transactions, and such other books of account as the Board may require and shall exhibit at all reasonable times his books and accounts to any director or stockholder upon reasonable application; and shall render a statement of the condition of the Corporation at each quarterly meeting of the Board, and at such other times as shall be required, and a full financial report

at the annual meeting of stockholders.

Sec. 4. BOND. The Treasurer shall, if required by the Board, give to the Corporation such security for the faithful discharge of his duties as the Board may direct.

Sec. 5. VACANCIES, HOW FILLED. A vacancy in any office shall be filled by the Board without undue delay, at a regular meeting or at a meeting specifically called for that purpose.

Sec. 6. COMPENSATION OF OFFICERS. The officers shall receive such salary or compensation as may be determined by the Board of Directors.

Sec. 7. REMOVAL OF OFFICERS. The Board may remove any officer by a majority vote with or without cause.

ARTICLE IV

SEAL

Sec. 1. SEAL. The seal of the Corporation shall be in a circular form with the name of the corporation, Tangerine Water Company, Inc., on the circumference and the words and numerals "Incorporated 1944 Florida" in the center.

ARTICLE V

CERTIFICATES OF STOCK

Sec. 1. CERTIFICATES. Each stockholder shall be issued a stock certificate in the form approved by the Board indicating the number and type of shares owned plus the stock certificate number. The certificates shall be signed by the President and Secretary, dated, and impressed with the seal of the Corporation.

Sec. 2. TRANSFER OF STOCK. Shares of stock shall be transferable on the books of the Corporation only by the owner in person or by a duly authorized attorney or legal representative, and on the surrender of the certificate or certificates properly endorsed. No transfer shall be made on the books of the Company within ten days preceeding the annual meeting of the stockholders. In all cases of transfer, the certificates must be surrendered and cancelled before a new certificate may be issued.

ARTICLE VI

DIVIDENDS

Sec. 1. AUTHORIZATION. The Board may declare dividends by a majority vote whenever, in their opinion, the condition of the Corporation's finances will render it advisable for dividends to be declared.

I CERTIFY THAT THESE EIGHT PAGES OF BYLAWS WERE ADOPTED BY THE CORPORATION AT A MEETING OF THE BOARD OF DIRECTORS ON THE 17th DAY OF March 1985.

Kay J. Alderman
Secretary

Robert S. Alderman
Attest