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DIVISION OF WATER & WASTEWATER
DANIEL M. HOPPE, DIRECTOR
(850) 413-6900

Public Service Commission

November 2, 1999

Mr. J. Ray Keen
Keen Sales, Rentals and Utilities, Inc.
685 Dyson Road
Haines City, Florida 33844

RE: Docket No. 970201-WU, Application for transfer of facilities of Lake Region Paradise Island and amendment of Certificate No. 582-W in Polk County by Keen Sales, Rentals and Utilities, Inc.

Dear Mr. Keen:

We have received your September 23, 1999, fax and your September 30, 1999, letter providing additional information concerning your application for transfer of facilities of Lake Region Paradise Island (Lake Region). There are two issues remaining which need to be addressed further.

- The fax included a request for a limited proceeding stating that since you received no records from the sellers of Lake Region, you would like to use your rates, charges, rules and regulations, and service availability policy for the Lake Region customers. Pursuant to Sections 367.0822 and 367.145, Florida Statutes, and Rule 25-30.020, Florida Administrative Code, an application fee and a formal request, with strong evidence to justify the request must be submitted. Since Lake Region has the capacity for about 111 customers, the application fee required is \$200.

A request for a limited proceeding includes what the current rates are, what the buyer wants the adjusted rates to be and reasons why the Commission should approve the modifications. In your request you stated that the Lake Region rates had not been changed since 1990. According to the Lake Region audit at the time you purchased the Lake Region system, the Lake Region rates were \$9.85 for Minimum Charge including 5,000 gallons of water and \$1.15 per 1,000 gallons in excess of 5,000 gallons. Since no rate modifications have been requested or approved for the Lake Region system, these are the rates to be used as a basis for your request for limited proceeding.

AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG _____
 MAS _____
 OPC _____
 PAI _____
 SEC _____
 WAW _____
 OTH _____

DOCUMENT NUMBER DATE

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FPSC-RECORDS/REPORTING

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Please provide calculations and details to justify why the Minimum Charge should be increased to \$10.58 for only 3,000 gallons of water. Also provide the same type of information for justification for increasing the gallonage charge to \$1.24 per 1,000 gallons.

2. As stated above the Lake Region rates were \$9.85 for Minimum Charge including 5,000 gallons of water and \$1.15 per 1,000 gallons in excess of 5,000 gallons at the time you purchased the system. Your letter stated:

On November 15, 1996, the Florida Public Service Commission notified Keen Sales, Rentals and Utilities, Inc., that a Pass Through Rate Adjustment for water in Polk County would become effective January 1, 1997. Therefore, the rates listed below became effective for Lake Region Paradise Island....\$10.58 base rate (includes up to 3,000 gallons) and \$0.00124 per gallon over 3,000 gallons.

This statement is partially correct. The Pass Through Rate Adjustment was approved for Keen Sales, Rentals, and Utilities, Inc. (Keen), as it existed on November 15, 1996, not for Polk County. It appears that neither S & S Utilities, Inc., owner of Lake Region, nor Larry or Susan Cliett, the majority stockholders of S & S Utilities, Inc., applied for a Pass Through Rate Adjustment for the Lake Region system. Consequently, Keen has no authority to charge Lake Region customer rates other than those that were charged the Lake Region customers by the previous owner. Therefore, you must immediately start charging the Lake Region customers using the original rates of \$9.85 for Minimum Charge including 5,000 gallons of water and \$1.15 per 1,000 gallons in excess of 5,000 gallons.

The Commission will address the issue of your apparent over charging of the Lake Region customers during its consideration of your application for transfer docket. This agenda conference is currently scheduled for February 15, 2000. It is possible that the docket may be presented to the Commission sooner, should the outstanding issues be addressed quickly.

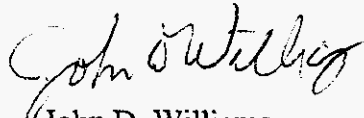
The original and four copies of the response to the information requested in this letter should be filed with the Commission on or before **December 22, 1999**. When filing the response, please be sure to reference the docket and to direct the response to :

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

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Should you have any questions concerning the information requested in this letter, please contact Stephanie Clapp, of my staff, at (850) 413-6997.

Sincerely,



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

JDW/sc

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