

ORIGINAL

STATE OF FLORIDA

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Public Service Commission

April 11, 2000

Mr. Larry Schaupp  
10911 Circle Pine Road  
N. Fort Myers, Florida 33903

RE: Docket No. 000277-WS - Application for transfer of facilities and Certificates Nos. 353-W and 309-S in Lee County from MHC Systems, Inc. d/b/a FFEC-Six to North Fort Myers Utility, Inc., holder of Certificate No. 247-S; amendment of Certificate No. 247-S; and cancellation of Certificate No. 309-S.

Dear Mr. Schaupp:

I am writing in response to your questions concerning rates and who regulates MHC Systems, Inc. ("MHC") and North Fort Myers Utility, Inc. ("NFMU"). First, it is necessary to discuss the Public Service Commission's ("PSC") role in Florida's regulatory scheme. It is the PSC's duty and responsibility to regulate investor-owned utility companies in various counties throughout the State of Florida. However, in order for a company to be subject to our regulation, the county has to have relinquished its authority to regulate companies within its boundaries. Lee County relinquished its authority on February 18, 1970, and the PSC correspondingly acknowledged its jurisdiction by issuing Order No. 4836 on March 2, 1970. Therefore, both MHC and NFMU are subject to Chapter 367, Florida Statutes, and the rules and regulations of the PSC.

One of the PSC's primary functions is to review, evaluate, monitor, and set rates for regulated companies. In reviewing a company's requested rates, the Commission's staff will perform engineering and financial reviews of the company's books, records, and facilities. After all the reviews have been performed, the Commission's staff makes a formal recommendation to the Commissioners as to whether the requested rates are just, reasonable, compensatory, and not unfairly discriminatory. At this point, the Commissioners may either approve or deny the rates requested by the company. Therefore, as you can see the PSC takes great care in setting rates.

In addition, the Office of Public Counsel acts as an advocate for the citizens of the State of Florida. It is in this capacity that the Public Counsel acts on the behalf of the customers should they feel that the Commission's decisions or the Commission staff's recommendation to the Commissioners is not in the best interests of the customers.

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Next, as to MHC's name, I can understand your surprise when you learned that FFEC-Six was actually a part of MHC because there have been several changes in the past few years. Hopefully, the following summary of these recent changes will help clarify any questions you may have as to the utility's name. Certificates Nos. 353-W and 309-S were originally issued on June 3, 1982, pursuant to Order No. 10833, in the name of FFEC-Six, Inc. On March 14, 1991, the Commission issued Order No. 24240 acknowledging a restructuring and name change to FFEC-Six, Ltd. However, on October 17, 1995, FFEC-Six, Ltd.'s application for the transfer of its facilities and Certificates to MHC Systems, Inc. was approved by Order No. PSC-95-1271-FOF-WS. But, on July 27, 1999, pursuant to staff's request, MHC filed a name change application in order to provide the Commission with sufficient information to correct its records and issue new Certificates reflecting MHC's correct name. MHC's reason for the correction was that it failed to inform the Commission of its intention to continue to operate under the full name MHC Systems, Inc. d/b/a FFEC-Six to avoid customer confusion because FFEC-Six has been and continues to be the name customers know. By Order No. PSC-99-1881-FOF-WS, issued September 21, 1999, the Commission approved the name correction and issued certificates reflecting the name MHC Systems, Inc. d/b/a/ FFEC-Six.

Finally, I would like to address your questions concerning rates. Should the PSC grant this transfer it will not result in a rate change. The transfer will not increase or decrease your water rates because Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates, classifications and regulations of the former company unless authorized to change by the Commission. Therefore, since NFMU has not requested to change its rates and charges, the rates and charges will remain the same until authorized to change by the Commission in a subsequent proceeding. However, if NFMU should file a request for a rate increase in the future, you will be able to participate at that time.

I have enclosed a brochure titled Your Water and Wastewater Service which may be of interest to you. Although this brochure is general in nature, it does discuss billing practices and rate structure. Hopefully, you will find the enclosed literature helpful. However, should you have any questions concerning this letter or the transfer, please contact me at (850) 413-6185.

.Sincerely,

D. Tyler Van Leuven  
Staff Attorney

DTV/dm  
Enclosure

cc: Division of Water and Wastewater (Johnson, Redemann)  
Division of Records and Reporting

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