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PLEASE REPLY TO: SARASOTA

August 10, 2000

Via Federal Express

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

Re: Docket No. [REDACTED], Application for original certificates to operate a water and wastewater utility in Pasco County by Labrador Services, Inc.

Dear Madam/Sir:

In response to the June 27, 2000 notice of deficiencies submitted by Pat Brady for Patti Daniel, Chief, Bureau of Certification, Labrador Services replies to the stated deficiencies and request for additional information or clarification in the order the questions are presented:

DEFICIENCIES

1. **Financial Ability.** Mr. Viau has provided the undersigned with a personal financial statement showing a net worth well in excess of \$4,000,000. An affidavit will be obtained from Mr. Viau attesting to the accuracy of this information. Pursuant to §367.156(1), Applicant requests that this information be deemed confidential business information and exempt from §119.07(1).

2. **Technical Ability.**

2a. Forest Lake Estates Mobile Home Park, 6429 Forest Lake Drive, Zephyrhills, Pasco County, Florida 33540, phone: 888-742-1233, from 1989 to 1999, owned by Forest Lake Estates, Inc. Mr. Viau through Forest Lake Estates, Inc. sold Forest Lake Estates to a resident owned cooperative in June of 1999. The property is currently owned by the resident owned cooperative known as Forest Lake Estates Co-Op, Inc., a Florida not-for-profit corporation ("Co-Op").

APP _____
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Brady

Lutz, Webb, Bobo & Eastman is a part of Lutz, Webb & Bobo, P.A.

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Forest Lake Village R.V. Park, adjacent to Forest Lake Mobile Home Park was owned by Forest Lake Village, Inc. and was sold to Co-Op in June, 1999. Both properties are within the Labrador Services, Inc. service area.

Magnolia Village Mobile Home Park, 1830 Old Mission Road, Edgewater, Volusia County, Florida, from 1991 to 1996. Phone no. 904-423-8559.

- 2b. Mr. Viau has been an owner and manager of mobile home communities and has hired FDEP licensees to actually operate the water and wastewater facilities. The facilities have operated under his overall supervision as the Community Owner. The facility at Forest Lake Estates, currently operated by Labrador Services, is operated by licensee Todd Hiscock, who holds a class C drinking water license #007992 issued July 29, 1994 (copy attached) and a class C certified wastewater treatment plant operator's license certificate #007294 issued on August 4, 1998 (copy attached).

3. **Rate Authority.**

- 3a. I do not believe the prospectus is relevant in that the applicant is no longer the owner of the mobile home and R.V. parks. The Utility Services Agreement entered into between Applicant and Co-Op, the current owner of the park, provides for a \$15 per lot per month charge until the Public Service Commission certificate is obtained by Labrador Services, Inc. A copy of this Agreement was previously furnished. This is the verification of establishment of current rates and charges, which is set forth in the application.
- 3b. The entities and their respective ownership interest in Forest Lake Estates Mobile Home Park and Forest Lake Village R.V. Resort in which Mr. Viau had an ownership interest are as follows:

Forest Lake Estates, Inc. - Forest Lake Estates Mobile Home Park - 100%
Forest Lake Village, Inc. - Forest Lake Village R.V. Park - 100%
Coastal Home Trading Corp. - 10 acre parcel on which the wastewater treatment plant is located
Labrador Enterprises, Inc. - 60 acre parcel part of which is used for wastewater irrigation in connection with the utility

4. **Utility Authorization.** As explained in our pre-application meeting, Mr. Viau, through Labrador Services, did not apply for a certificate of authorization prior to the transfer of the utility facilities to Labrador due to the fact that as part of the sales agreement with Co-Op. Co-Op had an option to purchase the utility facilities for a period from the June 1999 closing through December 31, 1999. Prior to the sale of Forest Lake Estates Mobile Home Park and

Forest Lake Village R.V. Park, it is believed that the entities owning these properties described in ¶3(b) above, were exempt from certification proceedings as owners of the service area and of the utility servicing said service area.

ADDITIONAL INFORMATION OR CLARIFICATION

5. Water Quality.

- 5a. The water comes from a deep well (over 700 feet) and is being tested daily for quality. For many of the residents, their home in Zephyrhills is a second home and they have a primary residence up north. For many of them, the water has a different taste from where they come from. Since many of the residents still spend the summer up north (where some of them have spent all of their lives and they are now retired) they do not get a chance to get accustomed to a different tasting water. The water meets all specifications as set forth by Florida DEP.

The matter of the health warning of a few years ago was as a result of a contaminated sample and not the water itself. Submission of new samples immediately dispelled any negative aspects about the water quality. For a short period (a weekend) before the new samples could be tested DEP required as a matter of precaution that a notice of health hazard be posted to advise residents to boil the water. The results from the re-sampling were clear: the water was safe. Some of the residents were rumored to intend to file complaints of having been made ill because of this but they had to abandon their plans when it was found that nothing had been wrong with the water. Their discomfort had in fact been caused by other sources and many were just willing to jump to conclusions it was the water.

- 5b. People make personal choices as to the use of filters, bottled water, etc. based upon their concerns and preferences. The tendency over the last thirty years has seen dramatic increases in the use of filtering devices and consumption of bottled water regardless of the locality throughout the United States. The situation for Labrador Services is no different than for other utilities which also provide good potable drinking water. Labrador does not believe that there exist a greater or lesser need for our residents to use such alternatives.
- 5c. The health warning of several years ago was as a result of a contaminated sample given to a lab. As a precaution, until the results of new tests were obtained, DEP regulations required that notification of possible contamination be publicized. In this case, the sample had been contaminated through improper handling and no actual contamination of the water supply was found. The notice was rescinded a few days later once the new sample had been tested.

- 5d. The issue of flushing the fire hydrants is done for practical maintenance purposes. The utility monitors the level of iron in the water which may be caused in part by dormant water in some sections of the water distribution system. Flushing the water lines by opening the fire hydrants is a method of alleviating this buildup. This is done every three months. Florida DEP has no mandatory regulations on this issue. The iron level in the water at the utility has never been considered high by the authorities or the utility itself. There is no necessity to flush the main water storage tank. Florida DEP has no demands for this. The water is constantly flowing through this tank and chemicals (to prevent bacteria buildup) are added prior to the water entering the tank on its way from the well(s).

6. **Wastewater Capacity.**

- 6a. The utility is aware of concerns made earlier this year regarding odors at the plant which resulted from loss of activated sludge due to blower mechanical failures while the backup blower was out for repairs. The problem was quickly corrected by re-introduction of activated sludge and the purchase and repair of upgraded blowers. Since this episode, the utility has not experienced a recurrence of this problem. The utility was investigated by DEP as to this episode but no citations were forthcoming.
- 6b. The excessive trucking reference may have been in regard to the episode referenced in 6a. above where "seed" sludge was brought in to reestablish the activated sludge.
- 6c. The utility checks and monitors its equipment in accordance with standard industry practice. The utility experienced a blower mechanical failure as described in 6(a) above. In hindsight, one can always second guess maintenance and replacement programs when a failure occurs. However, all pumps and blowers together with backups are in place and properly maintained at this time.
- 6d. The utility believes its current facilities are adequate. The facilities have been assessed by licensed engineers and Florida DEP which has issued permits to operate the facility, which are all in good standing.

7. **Water Meters.**

- 7a. Method of cost reimbursement has not yet been determined.
- 7b. Forest Lake Estates is fully metered.

7c. Usage rates have not been implemented because we have not yet been approved by the PSC to charge usage rates and due to our existing flat rate arrangement with Co-Op, as set forth in the Utility Services Agreement attached to the application.

7d. See response to 7b.

8. **Billing Address.**

8a. "FLE" (Forest Lake Estates, Inc.) was the previous owner of the mobile home park to whom fees for water/sewer services was paid. Since the sale of the mobile home park to the residents in June 1999, Co-Op had an option to purchase the water/sewer plant (option lapsed in January 2000) it was decided that FLE would continue to collect the agreed upon flat fee per lot so as not to unnecessarily confuse the residents. By Agreement with Co-Op, until PSC issues a certificate to Applicant, any cash receipts over cash disbursements is due back to Co-Op. If this is not acceptable to PSC, a notice can be sent to the residents advising them to make their payments to Labrador Services, Inc. effective immediately.

8b. Forest Lake Estates. The utility charges are paid over to Labrador Services to reimburse it for its costs and providing utility services to the residents of the service area. The billing has changed due to the physical moves of the bookkeeping office.

8c. Labrador has agreed with Co-Op that any collections in excess of the cost of operating the utility facilities will be reimbursed to the Co-Op, as the owner of the park. There has been no such overage nor is any expected. This arrangement is in place until a certificate from the PSC is obtained.

8d. It is believed that Chateau Communities, Inc. provides management services for Co-Op, in connection with park operations. Any contact Chateau may have with Labrador or its utility operations would be strictly in Chateau's capacity as manager of Forest Lake Estates for Co-Op.

9. **Utility Authorization.**

9a. I am not familiar with the notice placed upon the bulletin board, but we believe that the owner of a mobile home/R.V. community does need a permit from the DEP to operate a water/sewer utility, but does not require a certificate from the PSC so long as the services provided are limited to the mobile home/R.V. community are under common ownership with the owner of the utility providing services to the community. As previously explained, both in writing and at our pre-application meeting, the utility had not applied for certificates from the June, 1999 transfer date

August 9, 2000

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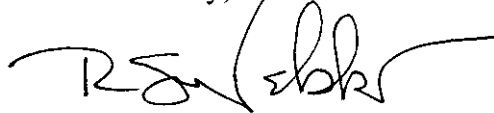
due to the fact that the Co-Op had an option to purchase the utility facilities which did not expire until December 31, 1999. After the option period expired, PSC was contacted, pre-application meetings were held, with the application being filed shortly thereafter. In any event, Labrador has made application for certification and believes that it is well qualified to operate the facility as its principal has done, through other entities, since 1989.

9b. We believe the foregoing statements are consistent with applicable law.

10. **Water and Wastewater Tariffs**. No response appears to be required at this time.

Please call if you should have any questions or require further information.

Sincerely,

A handwritten signature in black ink, appearing to read 'RSW' followed by a stylized flourish that includes the letters 'ebkr'.

Richard S. Webb, IV

RSW:cd

Encs.

cc: Pat Brady via fax #850-413-6687
Jennifer Brubaker, Esq. via fax #850-413-6229
Labrador Services, Inc. via fax #561-589-1788

I:\RSW\ForestLake\Labrador Services\PSC Director 7-27-00 ltr.wpd

STATE OF FLORIDA
DEPARTMENT OF PROFESSIONAL REGULATION



This acknowledges that

TODD D. HISCOCK

has met the requirements of Chapter 468, Florida Statutes, and Chapter 17-602, Florida Administrative Code, and is licensed to perform the duties and responsibilities of a treatment plant operator.

TYPE: CLASS C DRINKING WATER
LICENSE NO: 007992
ISSUED: 07/29/94



Law Chiles

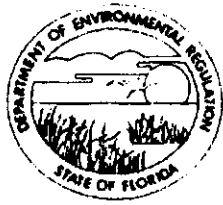
Governor

Geoff Stewart

Secretary of the Department

THIS CERTIFICATE IS VALID ONLY WHEN SUBSTANTIATED BY A CURRENT LICENSE RENEWAL

State of Florida
Department of Environmental Regulation



Be it known that

TOM D. WISOCK

having demonstrated competency in successfully meeting the requirements of Chapter 403, Florida Statutes and Chapter 17-16, Florida Administrative Code, is hereby licensed a

Class C Certified Wastewater Treatment Plant Operator

with all the privileges and responsibilities appurtenant to this profession.

In recognition of the above achievements and as provided by law, the Department of Environmental Regulation hereby issues this certificate numbered 007294 on the 4th day of August A.D., 1988, which bestows the responsibilities to protect the health and environment of the citizens of the State of Florida.



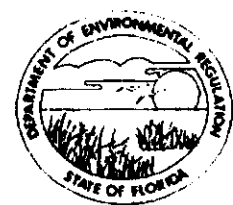
[Signature]

Certification Officer
Certification and Manpower Development Section

[Signature]

Secretary of the Department

State of Florida
Department of Environmental Regulation



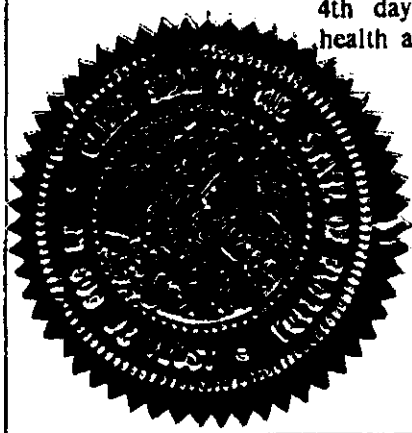
Be it known that

JOHN A. WISCOCK

having demonstrated competency in successfully meeting the requirements of Chapter 403, Florida Statutes and Chapter 17-16, Florida Administrative Code, is hereby licensed a

Class C Certified Wastewater Treatment Plant Operator

with all the privileges and responsibilities appurtenant to this profession.
In recognition of the above achievements and as provided by law, the Department of Environmental Regulation hereby issues this certificate numbered 007294 on the 4th day of August A.D., 1988, which bestows the responsibilities to protect the health and environment of the citizens of the State of Florida.



Helene St. John

Certification Officer
Certification and Manpower Development Section

Dale Swartz

Secretary of the Department