

STATE OF FLORIDA

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DIVISION OF REGULATORY OVERSIGHT  
DANIEL M. HOPPE, DIRECTOR  
(850) 413-6480

Public Service Commission

January 19, 2001

Mr. Carl J. Wenz  
Utilities, Inc.  
2335 Sanders Road  
Northbrook, IL 60062

Re: Docket No. 001820-SU, Application for transfer of wastewater utility facility in Lee County, from Cross Creek of Fort Myers Community Association, Inc., a not-for-profit Florida corporation, to Utilities, Inc. of Eagle Ridge, holder of Certificate No. 369-S, and for amendment of Certificate No. 369-S to include additional territory.

Dear Mr. Wenz:

The above referenced application for the transfer of Cross Creek of Fort Myers Community Association, Inc.'s (Cross Creek or seller) wastewater facilities to Utilities, Inc. of Eagle Ridge (UIER or buyer) was received by the Division of Records and Reporting on December 26, 2000. Because the proposed amendment involves an existing, non-regulated entity, additional information pursuant to Rule 25-30.036, Florida Administrative Code, is necessary before staff can complete its analysis of the application.

Listed below is the information required by Rules 25-30.036 and .037, Florida Administrative Code, which is not contained, or fully contained, in the application. Following the required information, is additional information or clarification staff believes necessary to process the application.

**REQUIRED INFORMATION:**

- 1. **System Map:** Rule 25-30.036(3)(f), Florida Administrative Code, requires one copy of detailed system map showing the lines, the treatment facilities, and the territory proposed to be served. The map must be of sufficient scale and detail to enable correlation with the description of the territory.

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Please provide a copy of such a system map for Cross Creek's wastewater systems.

2. **Territory Map**: Rule 25-30.036(3)(i), Florida Administrative Code, requires one copy of an official county tax assessment map or other map showing township, range, and section, with a scale such as 1"=200' or 1"=400', with the proposed territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning.

Please provide a copy of such a map for Cross Creek's service territory. The territory should conform to the legal description provided with the notice of filing.

3. **Effluent Disposal**: Rules 25-30.036(3)(g) and (h), Florida Administrative Code, require a description of proposed or existing effluent disposal methodology. Article VI(1) of the Purchase Agreement indicates that UIER agrees to provide, at no cost to the seller, reclaimed water for irrigation purposes and that the seller agrees to accept this reclaimed water for irrigation purposes to the maximum extent possible.

Please provide the following information with respect to the effluent disposal systems:

- 3.a. A statement verifying the type of existing facilities, capacities, and relative conditions. In particular, please explain why the 375,000 gallons storage tank is considered substandard.
  - 3.b. A description of how UIER intends to dispose of any effluent not able to be utilized by Cross Creek.
  - 3.c. A statement justifying the proposed zero reclaimed water rate for Cross Creek and whether such a rate is consistent with UIER's existing tariff.
  - 3.d. A tariff reflecting the proposed zero reclaimed water rate for inclusion in UIER's wastewater tariff.
4. **Capacity to Serve**: Rules 25-30.036(3)(j), (k), (l), (m), and (n), Florida Administrative Code, require specific information regarding the ability of the utility to serve the additional territory. While it appears that UIER intends to serve Cross Creek from Cross Creek's existing facilities, Article II(2) of the Purchase Agreement indicates that additional plant upgrades will be required in the future to meet reasonable utility needs of Cross Creek.
    - 4.a. Please indicate the Florida Department of Environmental Protection (FDEP) wastewater permit number, and last date of issuance, for Cross Creek's wastewater systems as well as for UIER's Eagle Ridge wastewater systems.

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- 4.b. Please describe the current and proposed capacity of Cross Creek's existing lines and treatment facilities, including the maximum peak month, and the additional system upgrades required to meet reasonable utility needs of Cross Creek as indicated in Article I(4) of the Purchase Agreement.
- 4.c. Please describe the types of additional customers anticipated to be served, and the time-frame anticipated to meet, the reasonable utility needs of Cross Creek as indicated in Article I(4) of the Purchase Agreement.
- 4.d. For any system upgrades, please indicate the proposed method of financing the construction and the projected impact on the utility's capital structure, monthly rates, and/or service availability charges.
- 4.e. Please indicate whether UIER has any foreseeable plans to interconnect Cross Creek's systems with any other system. If so, please provide details.
- 4.f. According to the application, the buyer is not aware of any outstanding Notices of Violation or any outstanding FDEP consent orders for Cross Creek's facilities and staff has confirmed this with the FDEP.

However, the FDEP indicated that UIER's Eagle Ridge's facilities were recently cited for a violation and that the penalty was being negotiated. Please provide a copy of UIER's Notice of Violation(s), a description of the corrective action(s) taken, or proposed to be taken, as well as the approximate costs.

5. **Return of Certificate:** Both Rules 25-30.036(3)(p) and 25-30.037(2)(t), Florida Administrative Code, require the return of the utility's certificates for modification. This part of the application is marked "N.A." Presumably "N.A." means that Cross Creek does not have a certificate to return for cancellation. However, UIER's Certificate No. 369-S will need to be modified to reflect the Commission's decision on the transfer and amendment of Cross Creek to UIER's service territory.

Please return original Certificate No. 369-S for modification pursuant to Commission vote.

#### **ADDITIONAL INFORMATION OR CLARIFICATION**

6. **Continuation of Flat Rates.** According to Article IV(1) of the Purchase Agreement, UIER is required to request that wastewater rates be established at the existing flat rate of \$13.45 per month for each of the 905 condominium units. In addition, UIER has agreed not to seek an increase in the service rates for a period of two (2) years from the date of Commission approval.

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- 6.a. Please indicate how water service is currently provided to Cross Creek and whether or not such service is metered.
- 6.b. If water service is not currently metered, please provide an explanation, if known.
- 6.c. Regardless of whether or not water service is currently metered, please provide justification for the continuation of flat rates for wastewater service.

Please respond to the information requested above no later than February 19, 2001. Except for the system and territory maps, which only require one copy, an original and five copies of all responses should be filed directly with:

**The Director, Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32299-0850**

If you have any questions regarding the information requested above, you may contact a member of my staff, Ms. Patricia Brady, at (850) 413-6686 or legal counsel, Mr. Ralph Jaeger, at (850) 413-6234.

Sincerely,



Patti Daniel  
Chief, Bureau of Certification

PD:plb

Attachments

cc: Martin S. Friedman, Esquire (Rose, Sundstrom & Bentley)  
Division of Regulatory Oversight (Messer, Brady, Redemann)  
Division of Legal Services (Jaeger)  
Division of Records and Reporting (Bayo, Security File)