

STATE OF FLORIDA

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

Public Service Commission

February 12, 2001

Mr. Richard S. Webb, IV, Esquire
c/o Lutz, Webb & Bobo, P.A.
2 North Tamiami Trail, Suite 500
Sarasota, FL 34236

Re: Docket No. 000545-WS, Application for original certificates to operate a water and wastewater utility in Pasco County by Labrador Services, Inc.

Dear Mr. Webb:

Thank you for your letter dated January 19, 2001, explaining the status of Mr. Viau's estate. Legal staff has made a preliminary determination that we can proceed with Mr. Viau's estate serving as the controlling entity with respect to the utility. Meanwhile, below are the remaining requirements to process the application:

DEFICIENCIES

1. **Ownership.** Rule 25-30.034(c), Florida Administrative Code, requires the name(s) and addresses(es) of all corporate officers, directors, partners, or any other person(s) owning an interest in the utility. In your January 19th letter, staff was informed that Ms. Silvie Viau, daughter of Henri Viau, is serving as the Personal Representative of the estate.

To complete staff's documentation of the substitution in ownership, please provide the date of Mr. Viau's death, the official name of his estate, and the date Ms. Viau was appointed Personal Representative of the estate. If there is a court order approving, or attesting to, Ms. Viau's appointment as Personal Representative, that should be provided as well.

2. **Financial Ability.** Rule 25-30.034(d), Florida Administrative Code, requires a statement regarding the financial ability of the applicant to continue to provide service. Thank you for providing a statement of Mr. Viau's net worth by facsimile transmission on September 20, 2000. However, staff cannot assume that Mr. Viau's assets will be valued the same by the estate or that they will be readily available to the estate for use by the utility.

DOCUMENT NUMBER DATE

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I believe you indicated to my staff that Mr. Viau still has assets in Florida banks that can be used to satisfy the rule requirement of a demonstration of financial ability by the utility owner. If so, please provide a summary of the accounts and amounts of these assets. Staff will also need an affidavit from the Personal Representative attesting to use these resources, to the extent necessary, to support efficient utility operations and to maintain utility compliance with all applicable environmental rules and regulations.

3. **Technical Ability.** Rule 25-30.034(d), Florida Administrative Code, also requires a statement regarding technical ability to continue to provide service. Your August 10, 2000, response to the notice of the application's deficiencies indicated that the facilities were being operated by a Florida Department of Environmental Protection licensed operator, Todd Hiscock.

Please indicate whether the Personal Representative has chosen to retain Mr. Hiscock as operator. If not, please provide the name and licensing information for the utility operator.

4. **Rate Authority.** Rule 25-30.034(g), Florida Administrative Code, requires a statement specifying on what date and under what authority the current rates and charges were established. In your August 10th response, you questioned the relevance of the prospectus since Mr. Viau no longer owns the parks. However, it was staff's understanding that the fixed charges in the prospectus were established when Mr. Viau owned those properties.

If filing the prospectus presents an undue burden, please verify that the existing flat rates are those specified by the current prospectus approved by the Department of Business and Professional Regulation (BPR) under Section 367.723, Florida Statutes. Also, please indicate the date of the earliest prospectus with the current flat rates. If you are uncertain about this date, BPR should be able to provide that information.

ADDITIONAL INFORMATION OR CLARIFICATION

5. **Utility Authorization.** Pursuant to Section 367.031, Florida Statutes, each utility subject to the jurisdiction of the Commission must obtain from the Commission a certificate of authorization to provide water or wastewater service. Your August 10th response to this item does not indicate that the utility understands it erred in its belief that the entities owning the utility "were exempt from certification proceedings as owners of the service area and of the utility serving said service area."

The utility's response to this item will be the basis of staff's recommendation as to whether the utility should be required to show cause in writing why it should not be fined for violation of Section 367.031, Florida Statutes. As such, I encourage you to discuss the potential violation with staff's legal counsel, Ms. Jennifer Brubaker, at (850) 413-6228. After the discussion, you may want to provide additional relevant information that staff can use to address the show cause issue in its recommendation to the Commission.

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6. **Water Meters.** What I was trying to convey in my June 27th notice of deficiencies was the concern by some residents of Forest Lake Estates (the mobile home park) that they may have to share in the cost of providing water meters to Forest Lake R.V. Resort (the R.V. park). Your August 10th response appears to have misunderstood some of the questions.
- 6a. What was the cost to originally install meters at Forest Lake Estates (the mobile home park)? Your August 10th response indicates that the MPH is fully metered.
- 6b. When was the installation of the meters completed?
- 6c. What, if anything, were the residents of Forest Lake Estates (the mobile home park) charged for the meter installations?
- 6d. Since Forest Lake Estates is fully metered, why weren't usage rates implemented before the sale of the mobile home park to the resident-owned cooperative in June of 1999?
- 6e. Is there a master meter to the Forest Lake R.V. Resort (the R.V. park)? If so, please provide the meter size.
- 6f. What is Labrador's current plan, if any, for meter installation for the lots at Forest Lake R.V. Resort (the R.V. park)?
7. **Water and Wastewater Tariffs.** According to the filing, the utility has a flat rate of \$15.00 per month per mobile home lot and \$10.00 per month per R.V. lot. These rates are for water and wastewater service combined.
- 7a. **Cost allocation:** The fixed rates should be allocated between water and wastewater services based on an approximation of the costs to provide each service. Whoever keeps the books for the utility should have year-end 2000 information which can be used for this allocation.
- Please provide a description as to how the allocation for each service was determined.
- 7b. **Rate differentiation:** The difference in flat rates between the mobile home park and the R.V. park appear to be reasonable. However, since the mobile home lots are metered, there should be usage data available that can support the rate difference. Also, if the R.V. park is master metered, there should be total usage data available for the R.V. park, as well.
- Please have the operator provide a twelve month list of total water pumped, per month, for the mobile home park. If the R.V. park is master metered, please have the operator provide the same data for the R.V. park. If the R.V. park is not master metered, please have the operator indicate the total amount pumped per month for all

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uses and the approximate amount used for common areas and line losses. The difference will be assumed to be the approximate usage of the R.V. park.

- 7c. **Other Tariff Corrections.** Attached is a marked copy of the utility's proposed tariffs showing the remaining changes that need to be made. If you have any questions regarding these changes, please call Ms. Patricia Brady, at (850) 413-6686.
8. **Flat Rates:** For conservation purposes, it has been the Commission's practice to require justification for the continuation of flat rates in lieu of usage rates. In this case, it appears that it has been, and continues to be, the utility's intent to file for rate review as soon as practicable after this application is considered filed.

Please provide a statement on behalf of the Personal Representative attesting to the utility's intent with regard to filing for a rate proceeding.

Please provide a response to the above listed items no later than close of business on February 26, 2001. The original response and five copies will need to 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, please contact a member of my staff, Ms. Patricia Brady, at (850) 413-6686 or legal counsel, Ms. Jennifer Brubaker, at (850) 413-6228.

Sincerely,


Patti Daniel *SDM*

Chief, Bureau of Certification

PD:plb

cc: Division of Regulatory Oversight (Messer, Brady, Walden)
Division of Legal Services (Brubaker)
Division of Records and Reporting