



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: June 14, 2001
TO: Division of Commission Clerk and Administrative Services
FROM: Division of Regulatory Oversight (Clapp) *BCM*
RE: Docket No. 001381-WU: Application for certificate to operate a water utility in Polk County by Tevalo, Inc.

Please add to the docket file the attached memorandum dated March 15, 2001 and letter dated March 20, 2001, both of which are in response to the February 8, 2001 deficiency letter.

Thank you.

Attachments

cc: Division of Regulatory Oversight (Messer, Walden)
Division of Legal Services (Brubaker, Crosby)

APP _____
CAF _____
CMP _____
CCM _____
CTT _____
EC _____
LEG _____
OPC _____
PJI _____
RG _____
SEC _____
SER _____
OTH *Copy Memo*

DOCUMENT NUMBER-DATE

07457 JUN 15 01

FPSC-RECORDS/REPORTING

DATE: March 15, 2001

TO: Stephanie Clapp/1-850-413-6998
PUBLIC SERVICE COMMISSION

FR: Laura Griffith (Phone 863-293-2577/Fax: 863-293-2827)
Tevalo, Inc./McLeod Gardens Water Company
Docket No. 001381-WU

RE: Deficiencies per letter dated February 8, 2001

From what I have learned, the confusion has come because the Water Company Plant was built and approved by Polk County but not providing water to anyone at the time the PSC took over jurisdiction. Mrs. Lawrence was then the bookkeeper and doing the research and waiting for engineering, accounting, surveying information when she had her stroke.

That said, I hope that the following

Deficiency 1: The correct name of the utility is McLeod Gardens Water Company, Inc. which is a wholly owned company of Tevalo, Inc. From what I understand from our accountant, there are tax advantages in not activating McLeod Gardens until 2002. I am waiting on the clarification of this from Campbell & Assoc. CPAs. The principals for both corporations are the same and we have been filing a Uniform Business Report with the State of Florida for both corporation.

Deficiency 2: A 99-year lease from Tevalo Inc., to McLeod Gardens Water Co. Inc. has been recorded and I expect the original copy back within 7 days. **Do you need the original document that was recorded or a copy?**

Deficiency 3: James Vaughn who is the president of Tevalo, Inc., states that he was told to "pick an amount". I have dug through records and can find nothing from Polk County stating that our \$18.00 rate was accepted. As far as records go, the 1997 General Ledger shows we did not begin providing water until 3/31/97. 1 individual being serviced on 3/31/97 with 4 individuals purchasing water as of 12/31/97. I also cannot find copies of bills sent in 1997. **Would the G/L and a statement from our CPA be acceptable as a billing summary report?**

Regulatory assessment fees and Annual Reports: We have been collecting regulatory assessment fees since we started collecting water in March of 1997. After this is done, could you walk me through what I need to do to get this up to date? Also, the same with the annual reports.

To clarify, **Polk County Health Dept.** has all of our records as McLeod Garden (PWS ID NO. 6535393) – This is the name of the community that McLeod Gardens Water Company, Inc. services, which Tevalo, Inc. is developing.

Your help is GREATLY appreciated!

Tevalo Inc.
D/B/A McLeod Gardens Water Company
P. O. Box 2898
Winter Haven, FL 33883-2898
863-293-2577 (Voice)
863-293-2827 (Fax)

March 20, 2001

Ms. Stephanie Clapp
Bureau of Certification
PUBLIC SERVICE COMMISSION
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850

RE: Deficiency Letter Response
Docket No. 001381-WU

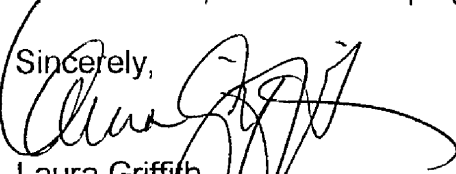
The following address the deficiency stated in the PSC letter dated February 8, 2001.

Deficiency 1: The correct name of the utility is "Tevalo, Inc. d/b/a McLeod Gardens Water Company" which is wholly owned by Tevalo, Inc.

Deficiency 2: Copy of recorded 99-year lease from Tevalo Inc., to McLeod Gardens Water Co.

Deficiency 3: Letter (See attached) from James Vaughn, president of Tevalo, Inc., who was president at the time the PSC assumed the regulation of water utilities in Polk County, stating rates as of March 1997 when McLeod Gardens Water Co. began providing water.

To clarify, **Polk County Health Dept.** has all of our records as McLeod Garden (PWS ID NO. 6535393) – This is the name of the community that McLeod Gardens Water Company services, which Tevalo, Inc. is developing.

Sincerely,

Laura Griffith
Account Manager

APR 2 2001
Florida Public Service Commission
Tallahassee, Florida

Return to:
James O. Vaughn
P. O. Box 2898
Winter Haven, FL 33883-2898

Prepared by:
James O. Vaughn
P. O. Box 2898
Winter Haven, FL 33883-2898

INSTR # 2001042212
OR BK 04648 PG 1516
RECORDED 03/14/2001 10:09 AM
RICHARD M. WEISS CLERK OF COURT
POLK COUNTY
DOC TAX PD(F.S.201.02) 49.00
DEPUTY CLERK B Beachaa
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This Lease

Made this 22 day of February, 2001 by and between Tevalo, Inc., a Florida corporation, whose business address is P. O. Box 2898, Winter Haven, Florida 33883-2898, hereinafter called the lessor, and McLeod Gardens Water Company, Inc., a Florida corporation, whose business address is P.O. Box 2898, Winter Haven, Florida 33883-2898, herein called the lessee.

Witnesseth: That in consideration of the covenants herein contained, on the part of the said lessee, to be kept and performed, the said lessor, do hereby lease to the said lessee, property located in the McLeod Gardens subdivision, located at the corner of Bomber and Transport Road, Winter Haven, Polk County, Florida, more fully described as:

Lengthy Legal Description Attached

To Have and To Hold the same for the term of Ninety-nine (99) years from the first day of February, 2001, the said lessee paying therefor the annual rent of One (\$1.00) Dollar.

And the said lessee covenants and with the said lessor to pay the said rent in annual payments of \$1.00 each on the First day of March; to make no unlawful, improper or offensive use of the premises; not to assign this lease or to sublet any part of said premises without the written consent of the Lessor; not to use said premises for any other purpose than as

a Water Utility Plant,

and to quit and deliver up said premises at the end of said term in as good condition as they are not (ordinary wear and decay and damage by the elements only excepted). And the said Lessee hereby covenants and agrees that is default shall be made in the payment of rent as aforesaid, or if the said Lessee shall violate any of the covenants of this lease, then said Lessee shall become tenant at sufferance hereby waiving all right of notice and the Lessor shall be entitled immediately to re-enter and retake possession of the demised premises.

In Witness Whereof, the said parties have hereunto set their hand and seal as of the date first written above.

Signed, sealed and delivered in the presence of:

Kimberly A. Gossett
Witness Signature (as to Lessor)
Kimberly A. Gossett

Laura V. Griffith
Witness Signature (as to Lessor)
Laura V. Griffith

Kimberly A. Gossett
Witness Signature (as to Lessee)
Kimberly A. Gossett

Laura V. Griffith
Witness Signature (as to Lessee)
Laura V. Griffith

James O. Vaughn
Lessor Signature

James O. Vaughn, President
Tevalo, Inc.

James O. Vaughn
Lessee Signature

James O. Vaughn, Director
McLeod Gardens Water Co., Inc.

**STATE OF FLORIDA
COUNTY OF POLK**

I hereby Certify that on this day before me, an officer duly authorized to administer oaths and take acknowledgments, personally appeared JAMES O. VAUGHN, known to me to be the person described in and who executed the foregoing instrument, who acknowledged before me that executed the same and an oath was not taken. Said person is personally known to me. Witness my hand and official seal this ____ day of February 2001.

Kimberly A. Gossett
Signature

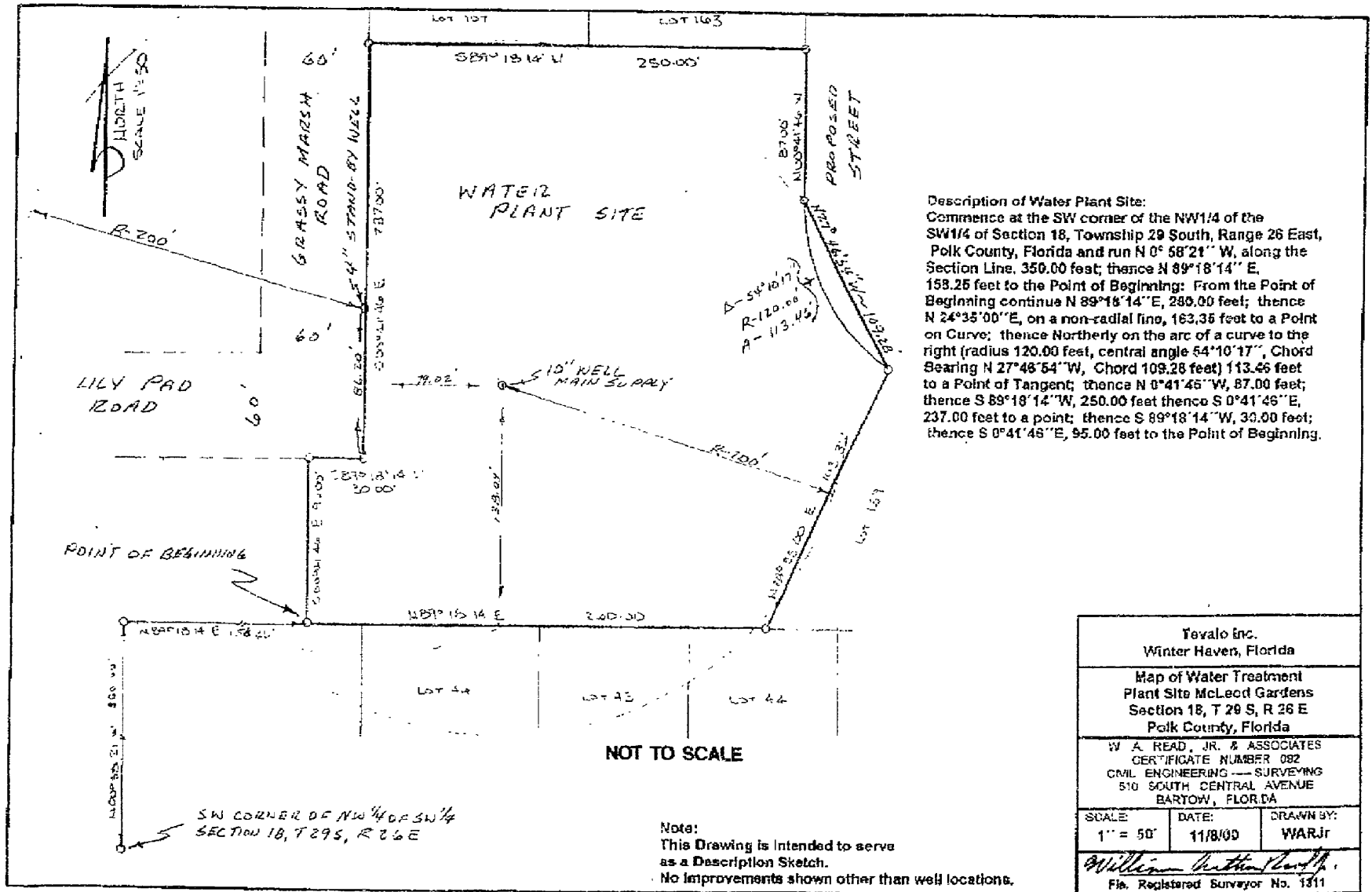
Kimberly A. Gossett
Printed Name



Kimberly A. Gossett
MY COMMISSION # CC903234 EXPIRES
January 18, 2004
BONDED THRU TROY FAIN INSURANCE, INC.

McLeod Gardens Water Co., Inc. - Location of Water Plant

POLK OR BK 04648 PG 1517



TEVALO, INC./McLeod Water Gardens Company
P. O. Box 2898
Winter Haven, FL 33883-2898
863-293-2827

March 15, 2001

Ms. Stephanie Clapp
PSC - Bureau of Certification
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Application for certificate/
Docket No. 001381-WU – Beginning rate approval

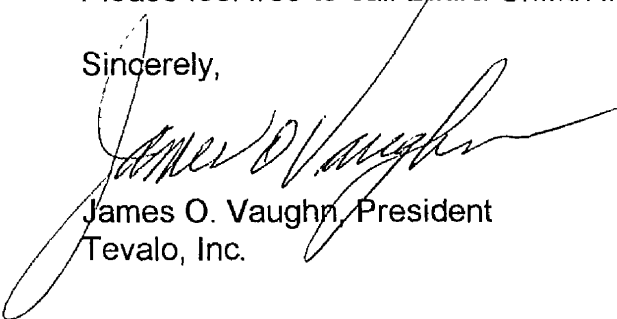
Dear Ms. Clapp:

To clarify how monthly rates were set at McLeod Gardens subdivision. When the PSC took over regulation of Polk County water utilities, Tevalo Inc./McLeod Gardens Water Company was approved as a water utility, but had not begun providing water to any customers. We did not have a rate approved by the County, but were told to select a rate that was reasonable and fair based on our experience with our other water company, Pinecrest Ranches, Inc.

Accordingly, taking into account the increased expenses and the fact that we knew we would ultimately be servicing approx. 1/3 more customers, I set the rate at \$18.00 per month. We began water service to one (1) customer on 3/31/97 and were servicing four (4) customers on 12/31/97.

Please feel free to call Laura Griffith if you have any other questions.

Sincerely,



James O. Vaughn, President
Tevalo, Inc.