



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: December 7, 2001
TO: Division of Commission Clerk and Administrative Services
FROM: Stephanie Clapp, Division of Regulatory Oversight *PN BBA R*
RE: Docket No. 010859-WS - Application for original certificate to operate water and wastewater utility in Sumter County by North Sumter Utility Company, L.L.C.

Please add to the docket file the attached deficiency letter dated October 1, 2001, from Patti Daniel, Commission staff, to Martin S. Friedman, Esq., attorney for the utility. The letter was staff's second notice of deficiencies and additional clarifications or corrections to which a timely response was filed on October 25, 2001 [Document No. 13540-01]. Thank you.

Attachment

cc: Division of Regulatory Oversight (Walden)
Division of Legal Services (Harris)
Division of Commission Clerk and Administrative Services (Security File)

DOCUMENT NUMBER-DATE
15438 DEC 11 2001
FPSC-COMMISSION CLERK

STATE OF FLORIDA

Commissioners:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



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

Public Service Commission

October 1, 2001

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Re: Docket No. 010859-WS; Application for original certificate to operate water and wastewater utility in Sumter County by North Sumter Utility Company, L.L.C.

Dear Mr. Friedman:

The above referenced application has been further reviewed by my staff. This letter addresses ongoing, as well as, additional deficiencies found by staff in the original certificate application filed on June 18, 2001, and notes additional necessary clarifications or corrections. All items must be addressed in order to process the application.

Deficiencies

1. Names and Addresses: Pursuant to Rule 25-30.033(1)(c), Florida Administrative Code (F.A.C.), the application should provide the names and addresses of **all** corporate officers, directors, **partners, or any other persons or entities owning an interest in the applicant's business organization.** [Emphasis Added] The partial list of partners provided under Part I D(2) of the application is a list of four partners and a fifth item labeled "Other." We note that in your deficiency response letter of August 7, 2001, you state that Limited Liability Companies did not become prevalent until after Rule 25-30.033(1)(c), F.A.C., was adopted, but that you believe the information provided in the original Application complies with the intent of the rule. The list of four people/entities owning only 51% of an L.L.C. does not meet the requirement of listing all partners or persons or entities owning an interest in the business organization. Please provide a complete name and address list as required by Rule 25-30.033(1)(c), F.A.C., for North Sumter Utility Company, L.L.C.
2. Proof of Ownership or Long Term Accesses: Pursuant to Rule 25-30.033(1)(j), F.A.C., the applicant is to provide proof that the utility owns the land upon which the utility treatment facilities are or will be located. The proof may be in the form of a warranty deed, a 99-year lease, or other cost-effective alternative. The rule further states that the applicant may submit a contract for the purchase and sale of land with an unexecuted copy of the warranty.

deed, provided the applicant files an executed and recorded copy of the deed, or executed copy of the lease, within 30 days after the order granting the certificate. In this application, a Contract for Sale and Purchase was provided, however, the application included no unexecuted copy of the warranty deed. Please provide an unexecuted copy of the warranty deed for the transfer of the territory to North Sumter Utility Company, L.L.C.

Additional Information

Additional information is needed on the following items before the application for original certification can be thoroughly evaluated.

1. The application indicates that the utility anticipates 80% buildout to occur in year eight. However, the water and wastewater Schedule No. 4 indicates 8.5 years which rounds to nine years until 80% buildout. The Accumulated Depreciation does not balance to the information provided by the utility for year eight. Please determine which year is the correct year until 80% buildout and provided corrected schedules to support that decision.
2. The utility provided a water tariff which contains an inverted rate structure with the first 8,500 gallons of consumption based upon the lower rate and all above 8,500 at a higher rate. What did the utility use to determine the break point of 8,500 gallons? Please provide information and/or back up to support your position.
3. Please provide a Revenue Proof, by meter size and class of service, for the rates requested.
4. Please provide a break down of expenses to support the Operations and Maintenance projections.
5. Please provide documentation to support the 9.5% cost of debt projection.
6. Mr. Jackson E. Sullivan's letter of June 18, 2001, stated that the Comprehensive Plan amendment filed with the Department of Community Affairs had been challenged. At that time, the plaintiffs had until June 22, 2001 to file an appeal of the Department of Community Affairs final order. What is the current status of the Comprehensive Plan amendment?
7. In reviewing the ERC data on Exhibit C, the utility is forecasting 110 gpd/ERC for water and 100 gpd/ERC for wastewater in Phase I, and then for Phase II, the forecast is for 125 gpd/ERC and 110 gpd/ERC, for water and wastewater respectively. Why are the forecasts different?
8. In the Preliminary Engineering Report, page 2 states that there will be separate water supply for irrigation for residential, commercial, and common landscape areas. The reuse section of the report on page 8 and Table A, states that reuse will only be available to the golf courses and common areas. How will the residential areas be irrigated? Will there be a separate irrigation system for the residential areas, and if so, will it be owned and operated by the utility company, the developer, or some other entity?

Martin S. Friedman, Esquire

Page 3

October 1, 2001

9. If the irrigation system is to be owned by the utility, is an irrigation rate anticipated?
10. Exhibit C shows that flows from Phase I and Phase II total 2.52 mgd AADF. Exhibit D shows that the plant will be constructed in two increments of 1.125 mgd each, MMADF. Staff would like an explanation for the different valuations (AADF and MMADF) in these flow amounts. At first blush it would appear that AADF amounts would be lower than MMADF amounts, but this tenet does not match the utility engineer's proposals.

The original and four copies of the response to the information requested in this letter should be filed with the Commission on or before **October 25, 2001**. When filing the response, please be sure to refer to the docket number and to direct the response to:

Division of Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Should you have any questions concerning the information in this letter, please contact Stephanie Clapp, of my staff, at 850-413-6997.

Sincerely,



Patti Daniel, Chief
Bureau of Certification

PD:SAC/tjw

cc: Division of Regulatory Oversight (Clapp, Walden)
Division of Legal Services (Harris)