



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

DATE: July 22, 2002
TO: Division of the Commission Clerk and Administrative Services
FROM: Office of the General Counsel (Harris) *PH*
RE: Docket No. 010823-WS - Application for Staff-Assisted Rate Case in Seminole County
by CWS Communities, L.P. d/b/a Palm Valley.

Please place the attached faxed letter dated July 22, 2002, from Annabelle Closson on behalf of the Palm Valley Home Owners' Association ~~on the correspondence side~~ of the above referenced docket file. *PH 12*

Thank you.

LDH/jb

cc: Division of Economic Regulation (Willis, Rendell, Fitch, Edwards, Lingo)

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FPSC-COMMISSION CLERK

Lila A. Jaber, Chairman PSC
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Michael A. Palecki
Rudolph "Rudy" Bradley

Commissioners:

Since we are unable to attend your meeting tomorrow, we appreciate this opportunity to present to you our concerns regarding Docket No. 010823-WS.


The Palm Valley Home Owners Association wishes to bring to the commissioners' attention the following assumptions made by your staff in Docket No. 010823-WS application for Staff-Assisted Rate Case. We believe these assumptions were made in error for the following reasons.

1. We, the retired seniors of Palm Valley, own our Manufactured Homes but we do not own the land on which our houses sit. This is different from most of your cases.
2. Chateau Properties LP, the owner of both the manufactured Home Community and the Utility, owns all the property involved in the community and on which the plant and all wastewater fields sit. We residents pay all the property taxes and intangible taxes for Chateau Properties LP in our rent and we pay an additional Ad Velorem tax imposed by Chateau each year on both the Palm Valley Manufactured Home Community and the Utility.
3. By FL Statute 723 we are not required to pay taxes more than once so adding the taxes paid by the Utility should not be included in the formula for the BFC on either the water or wastewater since we have already paid these taxes in our rent.
4. When we purchased our homes we paid a fee for set up, installation and impact that included sewer and water hook up. So this needs to be removed from the BFC formula. The new people in Phase 8 have this meter and sewer hook up built into the impact fee charged to them.
5. Regarding Issue 2 quality of service. The quality of service is not good. Repairs are not done in a timely manner. Potable water pressure is not adequately maintained throughout the community. The reuse pressure is inadequate and has been since installation. Meters have been placed under homes prohibiting the residents access to them in order to monitor their water use.
6. Staff used a Historical test year ending in July 2001. We do not believe this accurately reflected the water and wastewater use of the community. We believe the recorded revenues for that year are inaccurate. Chateau Communities LP did not accurately reflect the amount that should have been withdrawn from our rents. This is Issue 7.

7. The last 225 meters are in now. And we feel that the staff Issue 4 requiring new meters to be installed throughout the rest of the park to replace the over 1,000,000 gallon meters that are 14 years old needs to be done and everything in working order before a test year is run. Providing more accurate figures to be used in a rate setting. The application for the rate review also stated the Chateau replaces meters every 10 years. That has not been done here in our community nor in Fox Run which has had their meters since about the year 1976.
8. We have written in our prospectuses that the value of the water and sewer in our rent is \$2.69 for the first 2000 gallons and .54 for each 1000/gal. thereafter and \$8.77 flat rate for wastewater. For the test year there were 225 unmetered homes in the community. The other homes that had meters and were read were billed on the GS Rate. From the master meter the Community Building and office could have been subtracted and that charge should have been on the GS Rate. The 640 homes left in the community should have had the rest of the gallonage prorated as per our prospectuses and then charged on the rate presented in our prospectuses as stated above. In this way Chateau would have paid itself more for the water and wastewater than was stated in their records.
9. Since the meeting on June 6, 2002 the BFC has been increased over what the residents were led to believe. Water increased by \$2.10 and wastewater by \$4.10 and the proposed reuse rate by \$.40. Again, as we said at the customer meeting, there are 295 people with reuse water and 550 of us without the reuse service and therefore must use potable water at a much higher cost to water our lawns as is required by our prospectuses. I have also included the 55 Fox Run people in the 550 total.
10. We think that the 9.62% profit allowed in Issue 6 is too high and should be lowered significantly. In these troubled economic times we know of no business that can count on a 9.51%-11.51% return as proposed by your staff. It is especially difficult for retired persons on a fixed income to obtain such rates of return. We propose that profit margins be aligned with utilities that are available on a free market basis.

We have other concerns that time does not allow us to address in this letter. We therefore respectfully request that you postpone your decision on Docket No. 010823-WS until all facts have been fully reviewed.

Sincerely yours,



Annabelle Closson, Board Member
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