

State of Florida



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

DATE: November 4, 2002
TO: Division of the Commission Clerk and Administrative Services
FROM: Office of the General Counsel (Holley) DM
RE: Docket No. 021066-WS - Investigation into proposed sale of Florida Water Services Corporation.

Please file the attached documents in the docket file for the above-referenced docket: letter from Chuck Lewis, dated October 28, 2002, and signed copy of Hernando County Resolution 2002-229.

Thank you for your assistance in this matter.

LAH/dm

cc: Division of Economic Regulation (Daniel, Kummer, Willis)
Division of External Affairs (J. Williams)

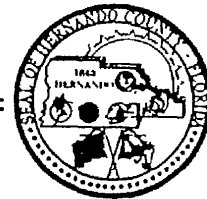
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FPSC-COMMISSION CLERK

Board of County Commissioners

Hernando County



20 N. Main Street, Room 460
Brooksville, FL 34601
(352) 754-4000
Fax (352) 754-4477
www.co.hernando.fl.us

October 28, 2002

Florida Public Service Commission
Commission Clerk and Administration Services
2540 Shumard Oak Blvd.
Tallahassee, Florida 35399-0850
Attn: Lorena A. Holley

RE: Docket No. 021066-WS (Florida Water Investigation)

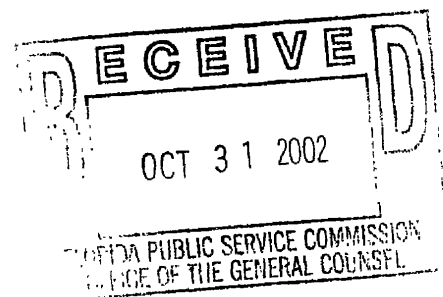
Attached is a signed copy of Hernando County Resolution 2002-229 requesting that the Cities of Milton and Gulf Breeze reconsider their actions to establish a utility authority known as the Florida Water Services Authority.

I will be the contact person and liaison between the Florida Public Service Commission and Hernando County. If you have any questions I can be reached at (352) 540-0667 and my email address is chuckl@co.hernando.fl.us

Sincerely

Chuck Lewis, Director Regulatory and Franchise Administration/Property Management

cc: Richard Radacky, County Administrator
Garth Coller, County Attorney



RESOLUTION NO.: 2002-229

A RESOLUTION OF THE HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS REQUESTING THAT THE CITIES OF MILTON AND GULF BREEZE RECONSIDER THEIR ACTIONS TO ESTABLISH A UTILITY AUTHORITY KNOWN AS FLORIDA WATER SERVICE AUTHORITY UPON A DETERMINATION THAT ACQUISITION OF THE SPRING HILL WATER AND WASTEWATER UTILITY SYSTEM BY SUCH AUTHORITY IS NOT IN THE PUBLIC INTEREST WITH RESPECT TO THE 35,000 HERNANDO COUNTY CUSTOMERS OF THE SYSTEM.

WHEREAS, for years Hernando County has documented the record of poor service provided to our residents in Spring Hill by Florida Water Services, where there are 35,000 households and businesses which are customers of the investor-owned water and wastewater utility; and

WHEREAS, Hernando County was hopeful that in working through the Florida Governmental Utility Authority, we would be able to amicably resolve our differences and to conclude these issues; and

WHEREAS, the announcement of an agreement for sale between Florida Water Services and a newly formed utility authority, ironically denominated as the "Florida Water Service Authority," which appears to have been hastily assembled with the cooperation and encouragement of the elected and appointed officials of the Cities of Milton and Gulf Breeze, reinforces our long-term experience with Florida Water Services, in that

- We have not been included in whatever process has been undertaken;
- Without notice to all affected customers and host governments, the public purpose for the acquisition of facilities has not been and cannot be established;
- The fact that Florida Water Services will be the operator/manager leaves us in the same position as before—poor service from an uncaring company;
- A scenario has been created in which Hernando County may have NO regulatory control whatsoever over rates or service...something we consider outrageous; and

WHEREAS, while the new "Authority" and the cities which are the founding members thereof may maintain that eminent domain cannot be exercised against a utility authority with respect to public utility facilities within the jurisdiction of a local government, such is not the position of Hernando County, and

WHEREAS, Hernando County has been engaged in a costly and lengthy process with the Florida Governmental Utility Authority (FGUA) to develop a cooperative relationship which meets our needs and those of the other host governments while offering Florida Water Services a fair price for the facilities; and

WHEREAS, Hernando County has endorsed the FGUA acquisition process and is committed to acquiring ownership of the Spring Hill facilities in the interest of ensuring that ALL the residents of Hernando County get high quality water at a fair price with local accountability;

NOW, THEREFORE, BE IT RESOLVED BY THE HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS, HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

SECTION 1. County staff shall take all necessary and proper steps to protect the rights of Hernando County and the customers of Florida Water Services so that ALL the residents of Hernando County get high quality water at a fair price with local accountability, including but not limited to working closely with other host governments and other involved parties in the formulation of any and all legal action which may prevent consummation of the pending transaction between Florida Water Services, Inc., and a newly formed entity purportedly created by the Cities of Milton and Gulf Breeze denominated as "Florida Water Service Authority."

SECTION 2. Hernando County stands ready to work with the other host communities to ensure that we are treated fairly and that the public interest of all the customers of Florida Water Services and not just the parochial interests of two municipalities without any Florida Water Services customers in their jurisdictions may be properly served.


SECTION 3. Hernando County urges the elected and appointed officials of the Cities of Milton and Gulf Breeze to recognize the substantial harm their actions in forming the "Florida Water Service Authority" will cause to tens of thousands of Florida Water Services customers throughout Florida and to rescind any actions to create this "Authority."


SECTION 4. Hernando County urges the executives and shareholders of Allete, Inc., parent company of Florida Water Services, to act responsibly in this matter and to repudiate the actions of those who have advised cooperation in any transaction between Florida Water Services and the "Florida Water Service Authority."

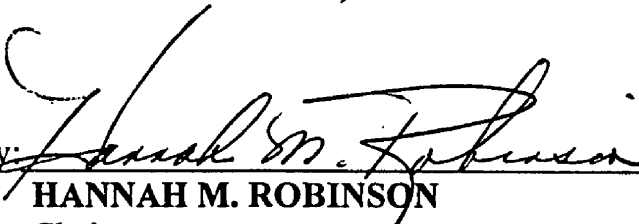
SECTION 5. Hernando County staff is directed to provide copies of this resolution to the city managers and to each elected official of the Cities of Milton and Gulf Breeze, as well as to such other entities as staff may determine will best serve the public interest of the citizens and ratepayers of Hernando County.

ADOPTED in Regular Session this 24th day of September, 2002.

**BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA**

Attest: 
KAREN NICOLAI
Clerk

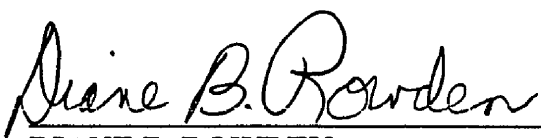



By: 
HANNAH M. ROBINSON
Chairperson


MARY E. WHITEHOUSE
Vice Chairperson


CHRISTOPHER A. KINGSLEY


MARY AIKEN


DIANE B. ROWDEN

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY  9/24/02
County Attorney's Office