



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

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**DATE:** December 5, 2002  
**TO:** Division of Commission Clerk and Administrative Services  
**FROM:** Division of Economic Regulation (Daniel) *PA*  
**RE:** Docket No. 021066-WS - Investigation into Proposed Sale of Florida Water Services Corporation

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Please add to the docket file the attached 11/22/02 letter from Tim Devlin to Lance Reese, Chairman, Florida Water Services Authority re response to question about FWSA purchase of FWSC.

Thank you.

Attachment

cc: Office of General Counsel (Holley)

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CAF \_\_\_\_\_  
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SEC   /   \_\_\_\_\_  
OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

13352 DEC-6 02

FPSC-COMMISSION CLERK

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TIMOTHY DEVLIN, DIRECTOR  
 DIVISION OF ECONOMIC REGULATION  
 (850)413-6900

## Public Service Commission

November 22, 2002

Lance Reese, Chairman  
 Florida Water Services Authority  
 City Hall  
 1070 Shoreline Drive  
 Gulf Breeze, FL 32561

**Re: Docket No. 021066-WS - Investigation into Proposed Sale of Florida Water Services Corporation**

Dear Mr. Reese:

The Commission has opened Docket No. 021066-WS to investigate the proposed sale of Florida Water Services Corporation (FWSC) by its parent company, Allete, Inc., to the newly formed Florida Water Services Authority (FWSA). In a September 27, 2002 letter to Mr. Ken Hoffman, I requested information related to the proposed sale of FWSC to FWSA. In his responses dated November 12, 2002, Mr. Hoffman indicated that many of staff's information requests are best addressed by FWSA. Therefore, I am requesting with this letter that you provide the answers or corresponding documentation to the following questions:

1. Provide FWSA's justification, with specificity, as to why it is exempt from Commission regulation pursuant to Section 367.022 and .071, Florida Statutes.
2. Provide all reports, memoranda, notes, minutes records, correspondence, and e-mails which address documentation of the procedures that will be followed by the authority to respond to customer concerns, such as billing and quality of service complaints.
3. Does FWSA anticipate reducing monthly service rates if FWSA is not required to pay property taxes, regulatory assessment fees, and federal and state income taxes?
4. Are there any plans to increase service availability charges for any of the systems? If yes, identify the systems and the magnitude of the anticipated increases.
5. Describe and provide documentation describing the type of rate proceedings that will be used to fix the rates, including the point of entry for affect parties to participate. Does the process envision hearings allowing customers to present testimony? Will hearings be held in the affected service territory? What appeal process will affected parties have?

Lance Reese, Chairman

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6. Is FWSA liable for all debt incurred to finance the proposed purchase of FWSC?
7. Is FWSC responsible for any debt incurred by FWSA with respect to the proposed purchase of FWSC?
8. Is FWSC liable to FWSA for any costs, fees, or penalties if the proposed sale fails to be consummated?
9. If the response to question 10 is yes, please provide a schedule that itemizes all costs, fees, and penalties FWSA believes FWSC is liable for if the proposed sale fails to be consummated.
10. Is the proposed Asset Purchase Agreement between FWSC and FWSA contingent on Commission approval as required by Section 367.071(1), Florida Statutes? Provide documentation of this provision if it exists, and if not, an explanation as to why the provision was not included in the Asset Purchase Agreement.

Please provide the responses to these questions by December 5, 2002. If you have any questions concerning this request, please call Patti Daniel at (850) 413-6808. Thank you in advance for your prompt attention to this request.

Sincerely,



Tim Devliff  
Director

cc: Dr. Mary Bane, Executive Director  
Harold McLean, General Counsel  
Kenneth Hoffman, Esq.  
Donnie R. Crandell, President & CEO, Florida Water Service Corporation  
Office of Public Counsel c/o Charles Beck, Esq.  
Charlotte County c/o John R. Marks III, Esq.  
Collier County c/o Thomas C. Palmer, Esq.  
Hernando County c/o Chuck Lewis  
Michael B. Twomey, Esq.  
The Deltona Corporation c/o Robert Moore