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(850) 413-6900

Public Service Commission

January 19, 2005

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COMMISSION
CLERK

Ms. Victoria Penick
U.S. Water Services Corp.
4939 Cross Bayou Boulevard
New Port Richey, FL 34652

Re: Docket No. 041461-WU, Application for transfer of Certificate No. 153-W in Pasco County from Floralino Properties, Inc. to Colonial Manor Utility Company.

Ms. Penick:

Staff has reviewed the above referenced docket and found it to be without deficiencies. However, in order to process the docket, staff requests the utility response to the following matters:

1. Proforma: Pursuant to Order No. PSC-03-1250-PAA-WU, issued November 6, 2003, in Docket No. 030250-WU, the utility was required to install three hydro-tanks by December 1, 2004. By letter dated December 22, 2004, the utility indicated the installation was scheduled for completion during February 2005. Has the installation already occurred? If not, please have the utility confirm when the work will be completed and explain any further delays.

2. Rate Base for Transfer Purposes. Since the transfer to Colonial Manor Utility Company occurred in January of 2004, staff proposes to set rate base for transfer purposes as of December 31, 2003. However, the utility recently had rate base established as of December 31, 2002, in Docket No. 030250-WU. In addition, it appears from the utility's 2003 annual report that no utility plant or customers were added in 2003. Would the buyer agree that it would be acceptable for the Commission to set rate base for transfer purposes as of December 31, 2003, using the rate base established in Docket No. 030250-WU, excluding the proforma adjustments, with depreciation brought forward to December 31, 2003?

3. Service Availability Policy. Would the buyer agree that the service availability policy on the utility's proposed Tariff Sheet No. 25.0 should be changed to reflect the fact that the utility is built out and that the utility's existing Tariff Sheet No. 28.0 (copy attached), which contains a plant capacity charge and customer connection (tap-in) charge, should be cancelled? If so, please provide a revised proposed Tariff Sheet No. 25.0.

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DOCUMENT NUMBER-DATE

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4. Annual Reports. The utility's 2003 annual report does not contain the Commission approved rate base adjustments and balances pursuant to the Order No. PSC-03-1250-PAA-WU, issued November 6, 2003, in Docket No. 030250-WU. Staff understands that the buyer was not responsible for filing the utility's 2003 annual report. However, does the buyer agree that the utility's 2004 annual report will be updated to reflect the Commission approved rate base adjustments and balances in Docket No. 030250-WU?

5. Proof of Ownership. Rule 25-30.037(2)(q), Florida Administrative Code, requires evidence that the utility owns the land upon which the utility facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99 year lease. As proof of ownership, the application contained both title insurance and two unrecorded warranty deeds. It is generally not necessary to provide title insurance with warranty deeds. Normally, title insurance is only required when a quit-claim deed is provided or where there is some reason to question the validity of the warranty deed. However, in order for staff to accept warranty deeds provided as part of the proof of ownership, the warranty deeds must be recorded.

Please provide the utility's response to the matters described above on or before February 4, 2005. The response should be sent directly to the:

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

If you have any questions with respect to these matters, please contact a member of my staff, Ms. Patricia Brady, at (850) 413-6686 or pbrady@psc.state.fl.us.

Sincerely,


Patti Daniel
Supervisor of Certification

Attachment

cc: Division of Economic Regulation (Brady, Rendell)
Office of the General Counsel (Brown)
Division of the Commission Clerk and Administrative Services