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Public Service Commission

February 3, 2005

Gary Deremer
U.S. Water Services Corporation
4939 Cross Bayou Blvd.
New Port Richey, FL 34652

Re: Docket No. 041145-WU, Staff Assisted Rate Case for Holiday Utility Company, Inc. in Pasco County

Dear Mr. Deremer:

This letter is a follow up to the telephone conference with staff on Monday, January 24, 2005. At that time, you were told that the utility has a number of customer deposits that have been held longer than 23 months. Pursuant to Rule 25-30.311(5), Florida Administrative Code, these deposits should have been refunded if the customer has established a satisfactory payment record. Enclosed is a customer deposit list which was provided to the staff auditor during the audit. The list contains the names of the customers from whom you currently are holding a deposit. It is imperative that the utility research the customer accounts that have been held longer than 23 months to determine whether or not they are entitled to a refund. Any refunds made should include interest as prescribed in Rule 25-30.311(4), Florida Administrative Code.

CMP _____
COM _____ Retaining deposits from customers who are entitled to a refund would be an apparent
CTR _____ violation of the above-noted rule and could result in a show cause proceeding pursuant to Section
ECR _____ 367.161, Florida Statutes. That section provides for a penalty of up to \$5,000 per day for each
GCL _____ day that the violation persists. Thus, the utility should immediately refund the deposits to the
OPC _____ appropriate customers and provide staff with a report specifying the number and amount of the
MMS _____ deposit refunds. The utility should also provide justification (i.e. payment history) for retaining
RCA _____ deposits of customers who have had service for 23 months or longer.

SCR _____
SEC 1 _____
OTH _____

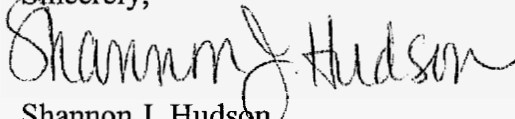
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Again, the utility should take action to rectify this problem immediately. Also as discussed, a copy of the audit report is enclosed. If you have any further questions with regard to this matter, please feel free to contact me at (850) 413-7021.

Sincerely,



Shannon J. Hudson
Regulatory Analyst IV

/SH

Enclosures

cc: Division of Economic Regulation (Willis, Rendell)
Office of the General Counsel (Jaeger)
~~Division of Commission Clerk and Administrative Services (Dkt. 041145 WLD)~~