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Public Service Commission

February 15, 2005

Valerie L. Lord, Esquire
Rose, Sundstrom & Bentley, LLP
600 S. North Lake Boulevard, Suite 160
Altamonte Springs, FL 32701

Re: Docket No. 050028-WU; Application for authority to transfer a non-regulated water system, for a limited proceeding to implement rates and charges, and for amendment to extend territory of Certificate No. 539-W in Lake County by Raintree Utilities, Inc.

Dear Ms. Lord:

Staff has reviewed that above referenced application for Raintree Utilities, Inc. Please complete the following deficiencies and provide the requested additional information to clarify the application.

Deficiencies

1. The applicant indicates that the proof of noticing will be late-filed exhibits. We have not received late filed Exhibit "L" the proof of publication in the newspaper. Please submit the proof of notification for noticing in the newspaper when it is complete.

2. As required by Rules 25-30.036(3)(d), and 25-30.037(2)(q) Florida Administrative Code (F.A.C.), the utility must provide evidence that it owns the land upon which the utility treatment facilities that will serve the proposed territory are located, or a copy of an agreement, such as a 99-year lease, which provides for the continued use of the land. The Commission may consider a written easement or other cost-effective alternative. Please provide a copy of the proof of ownership of the land for the Raintree water treatment facilities and the proposed proof of ownership of the land for the Silver Oaks water treatment facility. A recorded copy of the proof of ownership of the Silver Oaks system will be needed if the transfer is approved.

3. As required by Rule 25-30.036(3)(j), F.A.C., the utility must provide a statement describing the capacity of the existing lines, the capacity of the treatment facilities, and the design capacity of the proposed extension. The existing and proposed Silver Oaks water treatment system was described; however, the proposed water lines for the Shamrock Homes Development were not described. Please describe the proposed water lines for the single family homes and indicate whether fire flow protection is required and whether it will be provided.

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REC'D COMMUNICATIONS DIVISION

4. As required by Rule 25-30.037(2)(g)(1), F.A.C., the utility must provide a statement describing the purchase price and terms of payment. According to the first application, paragraph 3(l) states the consideration for the transfer of the existing water facilities is \$1.00. In the same application Exhibit B, page 1 of the transfer agreement the cost is \$100. Please clarify the purchase price.

5. Although many of the provisions of Rule 25-30.445, Florida Administrative Code, are not applicable to your limited proceeding application, supporting documentation must be provided to justify your request to charge the Silver Oaks residents the current Raintree rates. Please provide the following information in support of your request. Include calculations, assumptions, and descriptions of all revenue, expenses, rate base, and cost of capital items, and use the National Association of Regulatory Utility Commissions (NARUC) uniform system of accounts (USOA).

- a. the 2004 rate base, weighted average cost of capital, revenue, expenses, and net operating income for Raintree;
- b. the additional rate base, weighted average cost of capital, revenue (using Raintree's current rates), expenses, and net operating income that Raintree would have incurred if it had operated the Silver Oaks system during 2004;
- c. the estimated cost for repairs and improvements for the Silver Oaks system for it to run most efficiently for the existing customers; and
- d. a description of all estimated expense savings for the Silver Oaks system resulting from Raintree's accepting the system.

Additional Information

1. According to the application, the utility has received a request from Shamrock Homes, Inc., a developer, for water service to serve about 100 single-family homes. Rule 25-30.550(1), F.A.C., requires the utility to file a copy of each developer's agreement with the Commission within 30 days of execution. Please provide a copy of the developer's agreement, if one is available. If not, please indicate when the developer agreement will be finalized. Does Raintree anticipate utilizing its current service availability policy and charges for the additional customers?

2. Four tariff pages are missing the name and title of the issuing officer. Three of the tariff pages indicate "Replaces" however the correct term is "Cancels." Please correct First Revised Sheet No. 3.0, First Revised Sheet No. 3.2, Original Sheet No. 3.3, and First Revised Sheet No. 4.0.

3. Please provide a copy of the operating reports submitted to the Florida Department of Environmental Protection for the Silver Oaks water system for the last 12 months.

4. Do the 39 existing homes in the Silver Oaks development currently have water meters? If yes, are the meters read? Have the customers been informed of their usage and projected charges based upon their usage? If water meters are not in place, when will they be installed?

5. Has the buyer or seller conducted a customer meeting to discuss the proposed sale and implementation of Raintree's current rates?

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6. Who currently owns the Silver Oaks water system? Are original cost records available for the Silver Oaks water system?

We have received several protests in response to Raintree's notice of its application for transfer and limited proceeding. The staff attorney will be contacting the individuals to determine if they want to proceed with a hearing.

A response to the above deficiencies and questions should be filed with the Director, Division of Commission Clerk and Administrative services on or before **March 18, 2005**. If you have any questions please contact Ms. Stephanie Clapp at (850) 413-6997, or Mr. Richard Redemann at (850) 413-6999.

Sincerely,



Patti Daniel, Supervisor
Certification Section

cc: Division of Economic Regulation (Redemann, Clapp)
General Counsel (Jaeger)
Division of the Commission Clerk and Administrative Services