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MAR -1 AM 10:23

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Public Service Commission

March 1, 2005

Donald E. McBrayer
Blue Heron Golf and Country Club
601 SE 8th Street
Okeechobee, FL 34974

Re: Docket No. 040889-WU, Application for grandfather certificate to operate water utility in Okeechobee County by Donald E. McBrayer and Marty Stevens dba Blue Heron Golf & Country Club.

Dear Mr. McBrayer:

Thank you for additional information received on February 14, 2005. However, there are a number of filing requirements, corrections, and clarifications still remaining. This letter is to remind your of these remaining requirements as well as to advise you of two important regulatory matters.

REMAINING FILING REQUIREMENTS, CORRECTIONS, AND CLARIFICATIONS

- Proof of Ownership / Territory Served Rule 25-30.035(6), Florida Administrative Code, requires evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99 year lease. Rule 25-30.035(9), Florida Administrative Code, requires a description of the territory the utility was serving, or was authorized to serve by the county which had jurisdiction over the utility on the day Chapter 367, Florida Statutes, became applicable to the utility.

Exhibit C to the application contains a deed and legal description of the Blue Heron Golf & Country Club Golf Course Parcel and a legal description of the Blue Heron Golf & Country Club Marina Parcel. Again, until adequate territory and system maps have been provided (see Items 3 and 4 below), staff cannot make this determination.

- Tariff Thank you for providing the billing information in your February 14, 2005, response. However, there are still changes which need to be made to your proposed water tariff. Please contact the staff analyst listed below to discuss the changes that need to be made to your tariff.

CMP _____
 COM _____
 CTR _____
 ECR _____
 ECL _____
 OPC _____
 MMS _____
 RCA _____
 SCR _____ 2
 SEC _____ 1
 OTH _____

DOCUMENT NUMBER-DATE

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3. Territory Map Rule 25-30.035(11), Florida Administrative Code, requires one copy of the official county tax assessment map, or other map, with the territory plotted in metes and bounds, or quarter sections, and with a defined reference point of beginning. You should be able to get a copy of the county's tax assessment map from the County Court House. If so, you may wish to have an engineering or surveying firm plot all angles and distances for the territory served onto the map. What is important is that the scale and detail on the map is sufficient for staff to tie the legal description in Item 2, above, to the map.
4. System Map. Rule 25-30.035(10), Florida Administrative Code, requires a detailed system map showing the lines, treatment facilities, and territory to be served. Hopefully, you will be able to locate a copy of the system map that was submitted to the Florida Department of Environmental Protection when the construction permit for the water treatment plant was issued. If not, perhaps an engineering firm can reconstruct the location and size the utility's lines and plant. What is important is that the system map is sufficiently detailed for staff to tie the system map to the territory map as well as to verify the legal description of the land upon which the utility plant facilities reside.
5. Permits Rule 25-30.035(12), Florida Administrative Code, requires the number(s) and date(s) of any permits issued for the systems by the Department of Environmental Protection. For water systems, the permit number(s) would be the original construction permit number(s). In addition, please provide the utility's consumptive use permit number with the local Water Management District.
6. Customer Schedule. Rule 25-30.035(13), Florida Administrative Code, requires the number of current and projected customers by meter size. The application indicates that there are approximately 80 current customers and 200 projected customers. For residential customers, it is assumed that the meter size is 5/8" x 3/4". However, the application also indicates that water is provided to a golf course, club house, and shower house for which no meter size is provided. In addition, the plats provided appear to indicate that there may be approximately 266 total platted lots. Please verify the exact number of current customers by meter size and the total number of platted lots.

Please try to complete the above items on or before March 25th. Ensure that "Docket No. 040889-WU" appears on the first page of any filing and that all filings are sent directly to the:

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

If you have any questions, or need any assistance with these requirements, please feel free to contact members of my staff. The staff analyst assigned to your filing is Patricia Brady at (850) 413-6686 or pbrady@psc.state.fl.us and the staff engineer assigned is Richard Redemann at (850) 413-6999 or rredeman@psc.state.fl.us. Should you have any legal questions, please contact Jennifer Rodan, Esq., at (850) 413-6189 or jrodan@psc.state.fl.us.

CERTIFICATION MATTERS

In addition to completing the filing requirements for your grandfather certificate, it is important for you to understand and comply with the following regulatory requirements with respect to record keeping and regulatory assessment fees.

Books and Records. The National Association of Regulatory Utility Commissioners (NARUC) has established a uniform system of accounts for water and wastewater utilities. When your certificate of authorization is issued, you will be provided with a booklet that contains the account numbers for water systems. Once certificated, the utility's books must be maintained using the NARUC uniform system of accounts and kept separately from any other business enterprises you may have.

2. Regulatory Assessment Fees (RAFs). As a regulated utility, you will be required to file an annual report and to pay annual RAFs to the Commission equivalent to 4.5% of the utility's gross revenues. Since the jurisdictional date for utilities in Okeechobee County was May 13, 2004, you will be required to file a 2004 annual report and pay RAFs on revenues collected from May 13, 2004 through December 31, 2004. While annual reports and RAFs are normally due March 31st of the following year, as a new grandfather utility, you will be given additional time to complete these requirements. Instructions on filing your 2004 annual report and RAFs will be included in the order granting your certificates.

However, since you know you will be required to pay RAFs, you may wish to file for a pass-through rate adjustment for recovery of RAFs. The forms are available on the Commission's website at www.psc.fl.us. Click on the Water and Wastewater icon in the right hand margin, then "Order Establishing 2004 Price Index for Water and Wastewater Utilities."

For additional assistance in filing for a pass-through rate adjustment, please contact Troy Rendell in the Bureau of Rate Filings and Surveillance at (850) 413-6934 or trendell@psc.state.fl.us.

Sincerely,



Patti Daniel
Supervisor of Certification

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