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Public Service Commission

February 12, 2008

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COMMISSION
CLERK

Martin S. Friedman, Esq.
Rose, Sundstrom & Bentley, LLP
Sanlando Center
2180 W. State Road 434, Suite 2118
Longwood, FL 32779

Re: Docket No. 070739-WS, Application for approval of transfer of Fairways/Mt. Plymouth, Ltd.'s water and wastewater systems to Aqua Utilities Florida, Inc., and for amendment of Certificate Nos. 106-W and 120-S.

Dear Mr. Friedman:

Staff has reviewed the above-referenced application and determined that there are no outstanding deficiencies. However, additional information is needed to complete staff's review of the application.

It appears that the utility may have been subject to Commission regulation since 2002; therefore, additional information regarding when and under what circumstances the utility was constructed and began charging for water and wastewater service is needed. According to the DEP's records, the utility's 1999 application for construction stated that the facilities were not regulated by the PSC. DEP also found a letter dated August 7, 2001, from Clara Dozier of Florida Water Services Corporation (FWSC) to Earl Masteller of Masteller & Moler (the project engineer) which states, "Florida Water Services will provide service in accordance with the rules and regulations of the Florida Public Service Commission or County Regulatory Commission, whichever is applicable." In order to more fully understand the circumstances under which construction of the facilities began without certificates of authorization, please provide the following information:

1. Describe what the utility meant in 1999 when it indicated to the DEP that its facilities were not regulated by the PSC;
2. Describe why FWSC did not provide the water and wastewater service to the development; and
3. Describe why did the utility not apply for certificates of authorization from the PSC when it determined that FWSC was not going to provide water and wastewater service to the development.

Information is also needed to determine whether the existing rates and charges are appropriate; therefore, please provide the following information:

4. The month and year charges for service were first implemented;

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5. Whether there were any changes in the rates and charges for water, wastewater, or irrigation service from the date the rates were initially established to the present;
6. The utility's annual revenues for water, wastewater, and irrigation service for each year subsequent to implementation of the rates and charges. Provide separate schedules for water, wastewater, and irrigation service;
7. A schedule showing the number of new connections for each year and the resulting total connections per year from the date service was first provided to the present; and
8. A detailed schedule of operating expenses for water, wastewater, and irrigation services for 2006 and 2007. Provide separate schedules for water, wastewater, and irrigation service.

Finally, it appears that Aqua Utilities of Florida, Inc. paid significantly less than rate base for the Fairways/Mt. Plymouth water and wastewater systems; therefore, additional information will be needed to establish rate base for the systems as of the date of the transfer on April 30, 2007. Please provide the following information:

9. The developer's federal tax returns for 2002 through 2006, including depreciation schedules showing any utility assets that were depreciated for income tax purposes; and
10. A schedule showing the amount and date of any donated property or contributions in aid of construction collected for utility service from the inception of the utility facilities through the date of the transfer. Separate schedules should be provided for water, wastewater, and irrigation services.

Please file the requested information in the docket on or before March 10, 2008. If you prefer to have the developer's tax returns provided for staff review only, please discuss this matter with staff as soon as possible. If you have any questions regarding the requested information, please contact Ms. Patricia Brady, at (850) 413-6686 or pbrady@psc.state.fl.us.

Sincerely,



Patti Daniel
Public Utilities Supervisor
Division of Economic Regulation

PD/PB:kb

cc: Kenneth A. Hoffman, Esq.
Kimberly A. Joyce, Esq.
Jean Hartman, Esq.
Denise Vandiver
Kathy Kaproth
Richard Redemann
Patricia Brady
Office of the Commission Clerk