

STATE OF FLORIDA

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MICHAEL G. COOKE
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

March 14, 2008

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COMMISSION
CLERK

Mr. Fred Brown
Raintree Utilities, Inc.
2100 Lake Eustis Drive
Tavares, Florida, 32778

Re: Docket No. 070627-WU Staff Assisted Rate Case for Raintree Utilities, Inc., in Lake County

Dear Mr. Brown:

This will confirm that Commission Staff will hold a customer meeting at the Tavares Community Center on April 14, 2008, at 6:00 p.m. We ask that, if at all possible, you or another knowledgeable representative of the utility attend the meeting in order to answer customer questions. The location of the meeting will be as follows:

City of Tavares Civic Center
100 East Caroline Street
Tavares, Florida, 32778

The original customer meeting notice is enclosed. Please note the date has been left blank so that you can fill in the date that the notice is sent to the customers. The customers must have at least 14 calendar days' notice of the meeting, calculated from the day that they receive the notice as required by Rule 25-22.0407(9)(b), Florida Administrative Code (F.A.C.). Please furnish me with a copy of the notice, as reproduced at the time it is distributed to your customers, together with a cover letter indicating the exact date(s) on which the notice was mailed or otherwise delivered to the customers.

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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

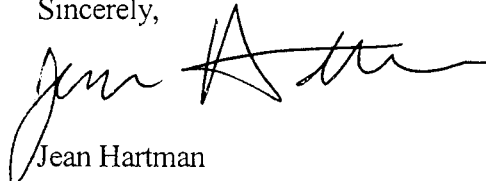
Mr. Fred Brown
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Two copies of the staff report will subsequently be sent under a cover letter. When you receive the staff reports, please ensure that a copy of the completed application for Staff Assistance and the staff report are available for review, pursuant to Rule 25-22.0407 (9)(b), F.A.C., by all interested persons at the following location:

Raintree Utilities, Inc.
2100 Lake Eustis Drive
Tavares, Florida, 32778

For your convenience, I have also enclosed a copy of Rule 25-22.0407, F.A.C. Should you have any questions about any of the matters contained herein, please do not hesitate to contact me at (850) 413-6193. In addition, you may contact Lydia Roberts, Regulatory Analyst II, at (850) 413-6877, with any questions.

Sincerely,



Jean Hartman
Senior Attorney

Enclosures

cc: Division of Economic Regulation (Bulecza-Banks, Fletcher, Mahnaz, Roberts)
Office of General Counsel (Brubaker)
Office of Commission Clerk (Docket No. 070627-WU)

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DOCUMENT NUMBER DATE

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF CUSTOMER MEETINGS

TO THE CUSTOMERS OF RAINTREE UTILITIES, INC.

AND

ALL OTHER INTERESTED PERSONS

DOCKET NO. 070627-WU

APPLICATION OF RAINTREE UTILITIES, INC.

FOR A STAFF-ASSISTED RATE CASE IN
LAKE COUNTY

Issued: March _____, 2008

Notice is hereby given that the Staff of the Florida Public Service Commission will conduct a customer meeting to discuss the application of Raintree Utilities, Inc. (Raintree or utility) for a staff-assisted rate case in Lake County. The meeting will be held at the following time and place:

6:00 p.m., Monday, April 14, 2008
City of Tavares Civic Center
100 East Caroline Street
Tavares, Florida 32778

All persons who wish to comment are urged to be present at the beginning of the meeting, since the meeting may be adjourned early if no customers are present. One or more of the Commissioners of the Florida Public Service Commission may attend and participate in this meeting. The meeting will begin as scheduled and will continue until all the customers have been heard.

The Public Service Commission Staff is also attempting to meet with representatives of customer groups and homeowners associations on April 14, 2008 between 3:00 p.m. and 5:00 p.m. at the Civic Center. If you are a representative of a customer group or homeowners association and you have not been contacted by the Public Service Commission Staff, and wish to meet with staff, please contact Lydia Roberts at (850) 413-6877 of the Public Service Commission staff prior to April 10, 2008.

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DOCUMENT NUMBER-DATE

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All persons who wish to participate in individual meetings are urged to make an appointment, since the individual meeting session may be canceled if no appointments are made.

If a named storm or other disaster requires cancellation of the meeting, Commission staff will attempt to give timely direct notice to the parties. Notice of cancellation of the meeting will also be provided on the Commission's website (<http://www.psc.state.fl.us/>) under the Hot Topics link found on the home page. Cancellation can also be confirmed by calling the Office of the General Counsel at 850-413-6199.

Any person requiring some accommodation at the customer meeting(s) because of a physical impairment should call the Office of Commission Clerk at (850) 413-6770 at least five calendar days prior to the meeting(s). Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

PURPOSE

The purpose of this meeting is to give customers and other interested persons an opportunity to offer comments to the Public Service Commission Staff regarding the quality of service the utility provides, the proposed rate increase, and to ask questions and comment on staff's preliminary rates included in this notice as well as other issues. Staff members will summarize Raintree's proposed filing, the preliminary work accomplished, and answer questions to the extent possible. A representative from the utility has also been invited to respond to questions.

At the beginning of the meeting, procedures will be established for the order of comments. The Public Service Commission Staff will have sign-up sheets, and customers will be called to speak in the order that they sign-up. Public Service Commission Staff will be available to coordinate customers' comments and to assist members of the public.

Any person who wishes to comment or provide information to staff may do so at the meetings, orally or in writing. Written comments may also be sent to the Commission at the address given at the end of this notice. Your letter will be placed in the correspondence file of this docket. You may also submit comments through the Public Service Commission's toll-free facsimile line at 1-800-511-0809.

BACKGROUND

Raintree Utilities, Inc. (Raintree or utility) is a Class C water utility providing service to approximately 119 customers in Lake County. The utility has two distinct service areas which include the Raintree Harbor and Bentwood subdivisions. At this time, the utility does not have any customers connected to its Bentwood water system. Wastewater service is provided through septic tanks. According to Raintree Harbor's 2006 Annual Report, the utility reported operating revenues of \$45,950 and a net operating income (loss) of \$600. The test period for setting rates is the historical twelve month period ending September 30, 2007.

On September 8, 1987, this Commission issued Order No. 18131 granting Raintree an exemption from Commission jurisdiction pursuant to Section 367.022(6), Florida Statutes (F.S.) Section 367.022(6), F.S., exempts those systems with the capacity or proposed capacity to serve 100 or fewer persons. The Commission found the utility exempt based upon the initial 29 lot subdivision and associated capacity of the water plant. Raintree began operation in January 1988 and implemented rates and charges in January 1990.

On July 18, 1991, Raintree advised the Commission that it was in the process of expanding the distribution system to serve 119 lots and had received Lake County's approval for the second phase of the development. The utility further advised that it was preparing to file an application with the Commission for an original certificate.

On October 10, 1991, Raintree filed its application for a water certificate. The Commission granted Water Certificate 539-W to the utility in Order No. PSC-92-0019-FOF-WU, issued March 10, 1992.¹ The utility has never had rate base established and currently operates under the same rates that were established in Order No. PSC-92-0019-FOF-WU.

On April 28, 2000, the Commission issued Order No. PSC-00-0843-FOF-WU, approving the transfer of majority organizational control from Mr. Donn Monn to Mr. Keith J. Shamrock. Rate base was not established because the sale was accomplished by the transfer of stock.

On June 29, 2005, the Commission issued Order No. PSC-05-0706-PAA-WU which amended the utility's certificate to include the additional territory of Bentwood. In addition, the Commission also approved an \$800 plant capacity charge and a meter installation charge of \$125.

On September 27, 2007, Raintree filed an application for a staff-assisted rate case. This is the Utility's first staff-assisted rate case.

Raintree Harbor system rates should be set using the traditional rate setting method. Because the Bentwood water system is newly installed and no customers have connected to date, Bentwood rates should be established using same method applied in original certificate cases, which is 80% of design capacity.

Staff has audited the utility's records for compliance with the Commission rules and orders and determined the components necessary for rate setting. The staff engineer also conducted a field investigation of the utility's plant and service area. A review of the utility's operation expenses, maps, files, and rate application was also performed to obtain information about the physical plant operating cost. With regard to the utility's Raintree Harbor water system, staff has selected a historical test year ending September 30, 2007, for this rate case.

¹ See Order No. PSC-92-0019-FOF-WU, issued March 10, 1992, in Docket No. 911039-WF, In re: Application for Raintree Utilities, Inc. for a water certificate in Lake County, Florida.

CURRENT AND PRELIMINARY RATES AND CHARGES

Staff has compiled the following rates and charges for the purpose of discussion at the customer meeting. These rates are preliminary and subject to change based on information gathered at the customer meeting, further staff review, and the final decision by the Commissioners. The utility's current and staff's preliminary rates and charges are as follows:

STAFF'S PRELIMINARY RATES RESIDENTIAL AND GENERAL SERVICE

	Raintree Harbor System	Bentwood System
<u>Base Facility Charge, per Month</u>	<u>Rate</u>	<u>Rate</u>
Meter Sizes		
5/8" x 3/4"	\$13.00	\$22.97
3/4"	\$19.50	\$34.46
1"	\$32.50	\$57.43
1 1/2"	\$65.00	\$114.85
2"	\$104.00	\$183.76
3"	\$208.00	\$367.52
4"	\$325.00	\$574.25
6"	\$650.00	\$1,148.50
<u>Gallage Charge</u>		
Per 1,000 Gallons	\$1.77	\$1.87

SERVICE AVAILABILITY CHARGES

Currently, the utility's tariff has a provision for service availability charges for future customers. The utility's existing service availability policy includes a plant capacity charge of \$800. In its application, the utility requested authority to increase its plant capacity charge from \$800 to \$2,900. By Order No. PSC-07-0981-PCO-WU, issued December 10, 2007, in this docket, the Commission approved a temporary plant capacity charge of \$2,900 subject to refund with interest pending the determination of final rates and charges in this proceeding. As Raintree Harbor is built out, the proposed plant charges will only apply to Bentwood and future developments.

Further, staff's preliminary recommendation is that the utility's service availability policy should be revised to allow refundable advance agreements for future installation of distribution lines.

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STAFF REPORTS AND UTILITY APPLICATION

The results of staff's preliminary investigation are contained in a staff report dated March 14, 2008. Copies of the report may be examined by interested members of the public from 8:00am to 4:00pm, Monday through Friday at the following location:

Raintree Utilities, Inc.
Law office of Leslie Campione
342 East 5th Ave
Mount. Dora, Florida 32757

PROCEDURES AFTER CUSTOMER MEETINGS

After the meetings, the Public Service Commission Staff will prepare a recommendation which is scheduled to be submitted to the Public Service Commission on June 5, 2008. The Public Service Commission will then vote on staff's recommendation at its June 17, 2008 Agenda Conference. The Commission will thereafter issue a proposed agency action (PAA) order containing rates which may be different from those contained in staff's final recommendation. Substantially affected persons have 21 days from the date the PAA order is issued to protest the Commission's proposed agency action order. Five to ten customers or persons who attend the meeting and who wish to receive a copy of the recommendation and the order should so indicate at the meeting. Those individuals are expected to distribute the information in the recommendation and the order to other customers. Anyone who is unable to attend and who wishes to obtain a copy of the recommendation or the order may do so in writing to the Commission at the address at the end of this notice.

HOW TO CONTACT THE COMMISSION

Written comments regarding the utility and the proposed rates, and requests to be placed on the mailing list for this case, may be directed to this address:

Director, Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

All correspondence should refer to "Docket No. 070627-WU, Raintree Utilities, Inc."

If you wish to contact the Commission regarding complaints about service, you may call the Commission's Division of Regulatory Compliance and Consumer Affairs at the following toll-free number: 1-800-342-3552.

This notice was prepared by Commission Staff for distribution by the utility to its customers.

25-22.0407 Notice of and Public Information for General Rate Increase Requests by Water and Wastewater Utilities.

(1) This rule applies to all requests for general rate increases made by water and wastewater utilities.

(2) Upon filing a petition for a general rate increase, the utility shall mail a copy of the petition to the chief executive officer of the governing body of each municipality and county within the service areas included in the rate request. Each copy of the petition shall be accompanied by a statement that a copy of the minimum filing requirements (MFRs) when accepted by the Commission can be obtained from the petitioner upon request.

(3) Within 30 days after the official date of filing established by the Commission, the utility shall place a copy of the petition and the MFRs at its official headquarters and at any business offices it has in the service areas included in the rate request. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in a service area included in its rate request, the utility shall place a copy of the petition and the MFRs at the main county library, the local community center or other appropriate location which is within or most convenient to the service area and which is willing to accept and provide public access to the copies. If the Commission determines that these locations will not provide adequate access, the Commission will require that copies of the petition and MFRs be placed at other specified locations.

(4)(a) Within 30 days after the official date of filing established by the Commission, the utility shall place a copy of its rate case synopsis at all locations where copies of the petition and MFRs were placed.

(b) Within 30 days after the official date of filing established by the Commission, the utility shall mail a copy of its rate case synopsis to the chief executive officer of the governing body of each municipality and county within the service areas included in the rate request.

(c) The utility's rate case synopsis shall be approved by the Commission staff prior to distribution and shall include the following:

1. A summary of the section of the MFRs showing a comparison of the present and proposed rates and charges;
2. A statement of the general reasons for the rate request;
3. A statement of any anticipated major issues involved in the rate case;
4. A description of the ratemaking process and the time schedule established for the rate case; and
5. The locations where complete MFRs are available.

(5)(a) Within 50 days after the official date of filing established by the Commission, the utility shall provide, in writing, an initial customer notice to all customers within the service areas included in the rate request and to all persons in the same service areas who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the petition is filed.

(b) The initial customer notice shall be approved by Commission staff prior to distribution and shall include the following:

1. The date the notice was issued;
2. A statement that the utility has filed a rate request with the Commission and a statement of the general reasons for the request;
3. A statement of the locations where copies of the MFRs, petition, and rate case synopsis are available for public inspection and the hours and days when inspection may be made;
4. The time schedule established for the case, including the dates, times, and locations of any hearings scheduled;
5. A comparison of current rates and charges and the proposed new rates and charges;
6. The utility's address, telephone number, and business hours;
7. A statement that written comments regarding utility service or the proposed rates and charges should be addressed to the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, and that such comments should identify the docket number assigned to the proceeding;
8. A statement that complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following toll-free number: 1(800)342-3552; and
9. If the utility has not requested a change in its service availability charges as part of its rate request, a statement that the Commission will be reviewing the utility's service availability charges in the pending rate case and that the Commission may adjust those charges.
10. The docket number assigned by the Commission's Office of Commission Clerk.

(c) The initial customer notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(6)(a) No less than 14 days and no more than 30 days prior to the date of each service hearing, in those cases where the Commission has scheduled a service hearing, the utility shall provide written notice of the date, time, location, and purpose of the service hearing to all customers within service areas designated by the prehearing officer or the Commission staff. The notice shall be approved by the Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(b) No less than 14 days and no more than 30 days prior to the date of the hearing, in all cases, including those in which the Commission has scheduled a service hearing, the utility shall provide written notice of the date, time, location, and purpose of the hearing to all customers within the service areas included in the rate request. The notice shall be approved by Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(7) No less than 14 days and no more than 30 days prior to the date of each hearing held in or near a utility service area included in the rate request, the utility shall have published in a newspaper of general circulation in the area in which such hearing is to be held a display advertisement stating the date, time, location, and purpose of the hearing. The notice shall be approved by Commission staff prior to publication.

(8) When a utility files for a petition for a general rate increase and requests that its case be processed as proposed agency action in accordance with Section 367.081(8), Florida Statutes, the utility shall comply with the requirements of subsections (2), (3), (4) and (5) of this rule.

(a) No less than 14 days and no more than 30 days prior to the date of a customer meeting conducted by the Commission staff, the utility shall provide written notice of the date, time, location, and purpose of the customer meeting to all customers within service areas designated by the Commission staff. The notice shall be approved by Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(b) If the proposed agency action order issued in the case is protested and any hearings are subsequently held, the utility shall give notice in accordance with subsections (6) and (7) above.

(9) When a utility applies for a staff-assisted rate case in accordance with Section 367.0814, Florida Statutes, and Rule 25-30.455, F.A.C., and staff-assistance is granted, the requirements of subsections (2), (3), (4), and (5) of this rule shall not apply.

(a) Upon receipt of the staff reports, the utility shall place two copies of its application for staff-assistance and the staff reports at any business offices it has in its service area. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in its service area, the utility shall place two copies of its application and the staff reports at the main county library, the local community center or other appropriate location that is within or most convenient to the service area and that is willing to accept and provide public access to the copies.

(b) No less than 14 days and no more than 30 days prior to the date of a customer meeting conducted by the Commission staff, the utility shall provide, in writing, a customer meeting notice to all customers within its service area and to all persons in the same service areas who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the petition is filed.

(c) The customer meeting notice shall be approved by the Commission staff prior to distribution and shall include the following:

1. The date the notice was issued;
2. The time, date, location, and purpose of the customer meeting;
3. A statement that the utility has applied for a staff-assisted rate case and the general reasons for doing so;
4. A statement of the location where copies of the application and the staff reports are available for public inspection and the times during which inspection may be made;
5. A comparison of current rates and charges and the proposed new rates and charges;
6. The utility's address, telephone number, and business hours;
7. A statement that written comments regarding utility service or the proposed rates and charges should be addressed to the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, and that such comments should identify the docket number assigned to the proceeding;
8. A statement that complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following toll-free number: 1(800)342-3552.
9. A statement that the Commission will be reviewing the utility's service availability charges in the pending case and that the Commission may adjust those charges.

10. The docket number assigned by the Commission's Office of Commission Clerk.

(d) The customer meeting notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(e) If the proposed agency action order issued in the case is protested and any hearings are subsequently held, the utility shall give notice in accordance with subsections (6) and (7) above.

(10) After the Commission issues an order granting or denying a rate change, the utility shall notify its customers of the order and any revised rates. The customer notification shall be approved by Commission staff and be distributed no later than with the first bill containing any revised rates.

Specific Authority 350.127(2), 367.121(1)(f) FS. Law Implemented 120.569, 120.57, 367.081(2)(a), 367.0814(1), 367.0817, 367.091, 367.121(1)(a) FS. History—New 5-27-93, Amended 5-3-99.