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Public Service Commission

August 21, 2009

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COMMISSION
CLERK

Mr. Len Tabor
Arma Water Service, LLC.
5421 SW 42 Place
Ocala, Florida 34474

Re: Docket No. 090366-WU; Application for certificate to operate water utility in Marion County by Arma Water Service, LLC.

Dear Mr. Tabor:

After reviewing the application in the above referenced docket, staff has identified the following deficiencies and additional information needed to complete our review and processing of the application.

Deficiencies

1. As required by Section 367.045(1) (a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code (F.A.C.), the utility must provide notice of the application and provide affidavits that the notice was given to the customers, the governing bodies, and privately owned water and wastewater utilities. The notice must also be published in a local newspaper of general circulation. A list of the entities to notice is being provided under separate cover. Please provide a copy of the notice of the application and affidavits of noticing as required by Rule 25-30.030, F.A.C. Enclosed is a copy of Rule 25-30.030, F.A.C., and an edited version of your notice.
2. Rule 25-30.034(1)(j), F.A.C., requires that the proposed territory be plotted on the territory maps by use of metes and bounds or quarter sections, and with a defined reference point of beginning. The edited notice contains a description of the service territory using quarter section/half section references, rather than metes and bounds. Please have Radcliffe Engineering check the description we are suggesting for the service area for accuracy before you notice other utilities. The description should match what is depicted on the maps (no more territory, no less territory), and if Radcliffe approves, that will be the territory description used for the utility's certificate.
3. As required by Rule 25-30.034(1)(e), F.A.C., please provide a statement regarding the applicant's financial and technical ability. As evidence of financial ability to provide water service to the area, please provide a detailed financial statement (balance sheet and income statement) of the financial condition of the applicant, that shows all assets and liabilities, along with a copy of the applicant's 2008 tax return. The financial statement

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should demonstrate that the applicant has the capital resources to support the financial needs of the utility. In addition, provide a list of all entities and affiliates upon which the applicant is relying to provide funding to the utility. If the utility has licensed personnel operating the facility, please provide the plant operator's name, operator's class, and license number.

4. According to the application, evidence that the utility owns the land where the water plant is situated will be provided as a late filed exhibit. Please submit evidence that the utility owns the land.
5. Please submit the original and two copies of the model water tariff containing all classifications, rules and regulations, and rates consistent with Chapter 25-9, F.A.C. A copy of the model tariff is accessible on the PSC website at <http://www.floridapsc.com>. The water tariff should contain all proposed rates and charges, as well as a proposed service availability policy. In addition, please submit a copy of a customer bill. The bill should contain all information required by Rule 25-30.335(1), F.A.C.

Additional Information

1. Exhibit I of the application shows Pro Forma Water Plant. Are these amounts calculated from original source documents such as invoices or contracts? If not, are those original source documents available?
2. Exhibit I appears to be the actual cost of the plant investment. Please submit a schedule showing the original cost of the water utility assets with the depreciation, contributions in aid of construction and amortization using the National Association of Regulatory Utility Commissioners Uniform System of Accounts (NARUC USOA) and a schedule showing the proposed capital structure.
3. What does Exhibit L in the application depict?
4. Please provide a description and the acreage of the parcel on which the water treatment facilities are located. Also provide the date when the land for the utility's facilities was dedicated to public service, as well as the value of the land at that time.
5. When and under what circumstances did the utility begin providing service to its customers without first obtaining a certificate from this agency?
6. Who is the wastewater service provider or are the customers' homes on septic tanks?
7. Please provide a copy of the latest Department of Environmental Protection (DEP) Sanitary Survey for the water system. In addition, provide a copy of the most recent twelve months of the water plant's monthly operating reports prepared by the plant operator and submitted to the DEP.
8. According to the application, Schedule 8 listed 45 connections, Exhibit D listed 58 total proposed connections, and Exhibit Q list 94 connections in calculating the revenue requirement. Please explain the ERC numbers listed on each document. Also, Exhibit Q, the Revenue Proof, needs to be recalculated using the number of ERCs at buildout. It is suggested that you use 58 ERCs at buildout for the development, rather than the well capacity of 94 ERCs in calculating the revenue

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requirement. If, 58 ERCs at buildout for the development is not correct, please use the number of ERCs at buildout in calculating the revenue requirement. Please provide cost justification for the requested rates and revenue requirement.

As stated in the first deficiency of this letter, enclosed is an edited version of the notice to be given to utilities and governmental entities. A list of entities to whom notice should be given will be provided under separate cover.

The original and four copies of the response to the information requested in this letter should be filed with the Commission on or before **September 28, 2009**. When filing the response, please be sure to refer to the docket number and direct the response to:

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

Should you have any questions concerning the information in this letter, please contact Cheryl Johnson at 850-413-6984 or Tom Walden at 850-413-6950.

Sincerely,



Patti Daniel, Supervisor
Bureau of Certification, Economics, and Tariffs

PD:caj
enclosure

cc: Division of Economic Regulation (Johnson, Walden)
Office of the General Counsel (Brown)
Division of Commission Clerk (Cole)
Mr. Arnold Barros

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Mr. Arnold Barros
900 Washington St.
Hollywood, Florida 33019