

COMMISSIONERS:  
MATTHEW M. CARTER II, CHAIRMAN  
LISA POLAK EDGAR  
KATRINA J. MCMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR  
DIVISION OF ECONOMIC REGULATION  
(850) 413-6900

RECEIVED-FPSC  
09 OCT -6 AM 11:07  
COMMISSION  
CLERK

# Public Service Commission

October 5, 2009

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:

We received your September 8, 2009 response to the deficiency letter; however, several items listed in the previous deficiency letter have not been provided and additional information regarding portions of your application is needed.

### Deficiencies

1. Section 367.045(1) (a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code (F.A.C.), require the utility to provide notice of the application and affidavits that the notice was given to (1) customers, (2) governing bodies and privately owned water and wastewater utilities, and (3) in a newspaper of general circulation. You have provided affidavits of noticing to the governing bodies and privately owned water and wastewater utilities and in a newspaper. However, an affidavit that noticing was provided to existing customers and property owners was not included. Please provide an affidavit that a notice of the utility's application for an original certificate and original rates and charges has been provided to existing customers and property owners.
2. Rule 25-30.033(1)(e), F.A.C., requires evidence that the utility has the financial and technical ability to provide service. You have provided the applicant's personal financial statement as a showing of financial ability to provide service; however, you have not provided evidence of the applicant's technical ability to provide service. Please provide the plant operator's name, license class, and license number and any other information that indicates the applicant's technical ability to provide water service.
3. Rule 25-30.033(1)(j), F.A.C., requires evidence that the utility owns or has access to the long term use of the land upon which the utility treatment facilities are located. The warranty deed that was submitted on September 8th is in the name of A.N.B. Real Estate Investments, Inc., and staff is not clear whether it includes the land on which the utility's treatment facilities are located. Please provide a warranty deed or

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850

An Affirmative Action / Equal Opportunity Employer

PSC Website: <http://www.floridapsc.com>

Internet E-mail: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)

10274 OCT-6 50  
FPSC-COMMISSION CLERK

other evidence of the utility's long term use of the land on which the utility's treatment facilities are located. The deed or other evidence must be in the utility's name.

4. Rules 25-30.033(1)(l), (m), and (n), F.A.C., require a legal description of the utility's proposed service territory and maps showing the proposed service territory, lines, and treatment facilities. The map provided does not contain a legal description of the proposed service territory. Please provide a map showing the utility's proposed service territory in metes and bounds or quarter sections with a defined point of beginning. In addition, the map provided indicates that all lines and facilities are proposed. Please provide a revised map showing existing and proposed customers, lines, and facilities.
5. Rule 25-30.033(1)(r), F.A.C., requires detailed financial statements (balance sheet and income statement) for Arma Water Service, LLC. (Arma) using the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA).

#### Additional Information

1. When and under what circumstances did the utility begin providing service to its customers without first obtaining a certificate from this agency?
2. Please provide the 2008 tax return for Arma Water Service, LLC. and a depreciation schedule showing the utility assets. Note that the utility's net investment in water facilities (original cost net of accumulated depreciation, contributions in aid of construction, and accumulated amortization) is the basis for determining the allowed return on investment. Further, pursuant to Rule 25-30.570, F.A.C., the value of the distribution system may not be included as utility investment if the utility cannot demonstrate that those assets have been depreciated, instead of written off to cost of goods sold. The utility's application reflected total fixed assets of \$375,700 for the system on Schedule 1A; however, the list of assets submitted totaled \$274,181.63.
3. Rules 25-30.033(1)(t), (u), (v), and (w), F.A.C., require a cost study supporting all proposed rates and charges, including the base facility and gallonage charges, service availability charges, and miscellaneous service charges. The cost study should include schedules showing (1) the projected cost of the existing and proposed water facilities, accumulated depreciation, contributions in aid of construction, and accumulated depreciation, (2) projected operating expenses, and (3) projected capital structure when 80 percent of the designed capacity of the system is being used. The information should be provided using the NARUC USOA. The utility's application and revised information contain inconsistencies with regard to the number of existing and proposed ERCs, the projected expenses, the proposed return on investment, and the basis for the proposed rates and charges. If the utility plans to serve a total of 58 ERCs at design capacity, then the projected assets, depreciation, contributions in aid of construction, operating expenses, return on investment, and the resulting rates and charges should reflect the cost to serve 58 ERCs.
4. How many connections are currently metered? What size are the existing meters?

Mr. Len Tabor  
Page 3  
October 5, 2009

The original and four copies of the response to the information requested in this letter should be filed with the Commission on or before **November 2, 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:kb

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