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MARSHALL WILLIS, ACTING DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

March 5, 2010

RECEIVED-FPSC
10 MAR -9 PM 3:40
COMMISSION
CLERK

Mr. Len Tabor
Arma Water Service, LLC
P. O. Box 771375
Ocala, FL 34477-1375

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

Dear Mr. Tabor:

The Commission has received the latest information submitted in this docket including the updated list of expenses and loan data to Arma. In reviewing the recently submitted data, staff has additional questions relating to the expense items listed below.

1. Management fees. Please provide a copy of the management contract or agreement with the entity that will be providing this service.
2. Material & Supplies. Please describe the items contained in the cost projection for Materials and Supplies.
3. Contractual services. Please explain the services to be rendered and provide a copy of the contract for services. If one of these services is for a plant operator, please advise whether the operator is a licensed operator as required by the Department of Environmental Protection (DEP).
4. Insurance. Provide a copy of the bill for insurance and explain what coverage is contained in the policy.
5. Miscellaneous expenses. Please describe the items contained in the cost projection for miscellaneous expense.
6. Loan. Please provide a copy of the loan document that shows the detail of the loan to Arma, including the amount, interest rate, and terms of the loan.
7. Has Arma obtained any other financing that remains outstanding?

We need additional detail on the cost data previously provided to staff concerning the water plant. We understand that Arma is involved in litigation with Mr. Wilson the agent that installed the facilities and therefore original source documents are not available. Please provide copies of cancelled checks or other documents that would show that Arma paid for the water facilities. Also, please confirm that the date of completion of the water system was 2006, which would explain the reason

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that these assets appeared on the Arma tax return for 2006. If there are earlier tax returns for Arma, we would like copies of those returns.

Section 367.031, Florida Statutes, requires each utility subject to Public Service Commission jurisdiction to obtain a certificate from this agency prior to being issued a permit by the DEP. The application submitted in July 2009, on page 3, lists a DEP permit number. Please explain how this system was permitted by the DEP prior to obtaining a certificate from the Public Service Commission.

The notice dated August 24, 2009, and the newspaper publication dated September 14, 2009, describe the same territory – Leighton Estates, as depicted on the map from Radcliffe Engineering, last revised May 4, 2005. We have a proof of publication for the newspaper notice. We will need an affidavit regarding the notice given on August 24th, noting to whom notice was given.

Regarding the notices in August and September, it appears that Leighton Estates is approximately 90 acres in size. The notice to the customers dated February 17, 2010, is a slightly different territory description, and states in the notice, “containing 109.676 acres.” Leighton Estates is the majority of this latter description, although there is another 19 acres that appears to be outside Leighton Estates, to the east on S.W. 98th Road.

The area to the east outside Leighton Estates presents a problem. No water lines are shown because the map from Radcliffe Engineering does not show this land area. Further this land area was noticed only to the customers and not included in the notice given on August 24, 2009, nor in the newspaper publication on September 14, 2009. If there are no customers (East of S.W. 30th Terrace), this land area should be omitted.

The original and four copies of the response to the information requested in this letter should be filed with the Commission on or before **March 26, 2010**. 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
Public Utilities 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)