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STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL
S. CURTIS KISER
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

April 5, 2012

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COMMISSION
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Mike Smallridge
P.O. Box 1798m
Eaton Park, FL 33840

Dear Mr. Smallridge:

Commission staff has serious concern with David Meadows's issuance of a final bill to customers of Four Points Utilities. While Bimini Bay Utilities is currently outside of the Commission's jurisdiction, that same concern applies to Bimini Bay. Our concern is that you have been appointed receiver of both utilities, authorized as of March 23, 2012, to continue their operation. David Meadows's letter and bill purports to be on behalf of Four Points Utility and yet it is dated March 26, 2012. As of March 26, 2012, you should be handling the utility's billing, including the refunding of any customer deposits. Mr. Meadows is acting without the authority of the Commission to issue the bills. Commission staff also believes Mr. Meadows appears to be acting in contravention of the Circuit Court order.

The reasons for staff's concern are as follows:

1. The bill we reviewed is inaccurate. It includes the full month of base facility charges (March 10-April 9).
2. If there are any other billing inaccuracies, who will correct the inaccuracies? It should be you, as the utility's receiver.
3. The bill purports to collect the cost of the prior month's water purchased from Polk County by the utility. Unless Polk County is willing to give a written release to the receivership operating as the utility for any purchased water or wastewater incurred prior to March 23, 2012, any unpaid bills may become a liability of the utility. This may ultimately become a cost to the ratepayers.
4. Mr. Meadows's letter accompanying the bill indicates that customer deposits are being used to offset bills. According to the Circuit Court's order, those deposits should have been turned over to you on March 23, 2012.

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5. Permitting Mr. Meadows to handle the refund of customer deposits may well pose problems for you and for the utility's customers. For instance, if the bill is inaccurate, the refund will also be inaccurate. What recourse will a customer have if his refund is inaccurate?
6. Mr. Meadows also indicates he will be sending any additional refunds by mail to the customers. In addition to this being in violation of the Circuit Court's order, what recourse will a customer have if the refund is not received?
7. Commission staff foresees the customer deposit issue as a future problem for the utility. A customer may well claim he gave the utility the deposit. If Mr. Meadows handles the refunds, the utility will not have accurate records to reflect the customer was refunded his deposit. Ultimately the ratepayers as a whole may have to pay the increase costs caused by bad debt that should have been handled through the customer deposits.

Commission staff strongly encourages you to review your responsibility as a receiver with your attorney. There are fiduciary responsibilities associated with operating a utility as an officer of the court. The Commission staff appreciates individuals and companies who step into a receivership role when a utility is abandoned. We endeavor to work with the receiver to assist as we can. Because we are committed to assisting the receivers in abandoned utility situations, we felt it imperative to notify you of our concerns over the current billing situation for Four Points.

Sincerely,



Lisa C. Bennett
Senior Attorney

LCB:th

cc: Philip Sherwin, Assistant County Attorney, Polk County
Stephen Reilly, Office of Public Counsel
David Meadows
Schef Wright, Attorney for David Meadows in Commission Proceeding 110254
Ladd H. Fassett, Attorney for David Meadows in Circuit Court Case No: 53-2012CA-001525
Ann Cole, Commission Clerk (Docket Nos. 110254-WS and 120030-WS)