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Public Service Commission

June 22, 2017

Mr. Troy Fonder
A Utility Inc.
P.O. Box 669
Zephyrhills, FL, 33539
housingmanagementinc@yahoo.com

VIA EMAIL & US MAIL

Re: Docket No. 170114-WU- Application for transfer of facilities and water Certificate No. 165-W from Allen LaFortune and Otis Fonder c/o Tropical Park Water Systems to A Utility Inc.

Dear Mr. Fonder:

We have reviewed A Utility Inc.'s (Utility) application submitted on May 16, 2017. After reviewing this information, we find this application to be deficient. The specific deficiencies are identified below:

Deficiencies

1. **Contract.** Rule 25-30.037(2)(i), Florida Administrative Code (F.A.C.), requires the applicant to provide a copy of the contract for sale and all auxiliary or supplemental agreements. If the sale, assignment, or transfer occurs prior to Commission approval, the contract shall include a provision stating that the contract is contingent upon Commission approval. Please provide a copy of all sales contract(s), with the provision that the contract is contingent upon Commission approval.
2. **Customer Deposits.** Rule 25-30.037(2)(j)(5), F.A.C., requires the applicant to provide documentation of the provisions for the disposition, where applicable, of customer deposits and interest thereon, guaranteed revenue contracts, developer agreements, customer advances, debt of the utility, and leases. The mortgage deed provided by the Utility to satisfy this requirement does not include any provisions addressing these items, please provide a statement regarding the disposition, where applicable, of customer deposits and interest thereon, guaranteed revenue contracts, developer agreements, customer advances, debt of the utility, and leases. If not applicable, please provide a statement that it is not applicable.

3. **Commitments, Obligations, and Representations.** Rule 25-30.037(2)(j)(6), F.A.C., requires the applicant to provide a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters. Please provide a statement that the buyer will fulfill the commitments, obligations and representations of the seller, with regard to the Utility.
4. **Accounting Practices.** Rule 25-30.037(2)(j)(8), F.A.C., requires the applicant to provide a statement that the utility's books and records will be maintained using the 1996 National Association of Regulatory Utilities Commissioners (NARUC) Uniform System of Accounts (USOA), incorporated by reference in Rule 25-30.115, F.A.C. Please provide a statement that the Utility's books and records will be maintained using the NARUC USOA.
5. **Books and Records Location.** Rule 25-30.037(2)(j)(9), F.A.C., requires the applicant to provide a statement that the utility's books and records will be maintained at the utility's office(s) within Florida, or that the utility will comply with the requirements of paragraphs 25-30.110(1)(b) and (c), F.A.C., regarding maintenance of utility records at another location or out-of-state. If the records will be maintained at the utility's office(s), the statement should include the location where the utility intends to maintain the books and records. Please provide the address of the location of the Utility's books and records and, if out-of-state, provide a statement that the Utility will comply with the requirements of paragraphs 25-30.110(1)(b) and (c), F.A.C.
6. **Financial Ability.** Rule 25-30.037(2)(l)(2), F.A.C., requires the applicant to demonstrate the financial ability of the buyer to maintain and operate the acquired utility, the buyer shall provide a list of all entities, including affiliates, upon which the buyer is relying to provide funding to the utility and an explanation of the manner and amount of such funding. The list need not include any person or entity holding less than 5 percent ownership interest in the utility. The applicant shall provide copies of any financial agreements between the listed entities and the utility and proof of the listed entities' ability to provide funding, such as financial statements.

In addition to the financial statements of the Utility included in its application, please provide a personal balance sheet and income statement for any individuals or entities that will provide funding for the Utility, and any financial agreements between those entities and the Utility.

7. **Net Book Value.** Rule 25-30.037(2)(o), F.A.C., requires the applicant to provide the proposed net book value of the system as of the date of the proposed transfer, and a statement setting out the reasons for the inclusion of an acquisition adjustment, if one is requested. If rate base has been established by this Commission, provide the docket and the order number. In addition, provide a schedule of all subsequent changes to rate base. The Utility's application did not include any of these requirements. Please provide the required documents referenced above.

8. **Tariffs.** Rule 25-30.037(2)(u), F.A.C., requires the applicant to provide a copy of the tariff sheets reflecting any changes resulting from the transfer. Please provide the tariff sheets showing any changes and reflecting the new owner of the Utility.
9. **Permits.** Rule 25-30.037(2)(r)(1), F.A.C., requires the applicant to provide a copy of the utility's current permits from the Department of Environmental Protection (DEP) and the water management district. Please provide these permits.
10. **Regulatory Inspection Results.** Rule 25-30.037(2)(r)(2), F.A.C., requires the applicant to provide a copy of the most recent DEP and/or county health department sanitary survey and secondary standards drinking water report. The Utility's application included a letter from the DEP, but not any actual sanitary surveys, compliance inspection reports or secondary standards drinking water reports. Please provide these reports.
11. **Correspondence with DEP, County Health Department, and Water Management District.** Rule 25-30.037(2)(r)(3), F.A.C., requires the applicant to provide a copy of all of the utility's correspondence with the DEP, county health department, and the water management district, including consent orders and warning letters, and the utility's responses to the same, for the past five years. The Utility's application included only one letter from the DEP. Please provide all correspondence for the past five years for the three entities listed, or affirm that no correspondence occurred for that time period.
12. **Land.** Rule 25-30.037(2)(s), F.A.C., requires the applicant to provide documentation of the utility's right to access and continued use of the land upon which the utility treatment facilities are located. Documentation of continued use shall be in the form of a recorded warranty deed, recorded quit claim deed accompanied by title insurance, recorded lease such as a 99-year lease, or recorded easement. The applicant may submit an unrecorded copy of the instrument granting the utility's right to access and continued use of the land upon which the utility treatment facilities are or will be located, provided that the applicant files a recorded copy within the time required in the order granting the transfer.

The Utility's application included a warranty deed and mortgage deed that lists John Paul Jones as the Trustee. Please provide documentation stating that A Utility, Inc. is the beneficiary of the trust for which John Paul Jones is the Trustee and/or documentation showing the Utility's right to access and continued use of the land upon which the Utility treatment facilities are located.

Other Information

1. **System Maps.** Please provide detailed system maps showing: (1) the location and size of the Utility's distribution lines as well as its plant sites; and (2) the location and respective classification of the Utility's customers. Please provide the map in electronic form, if available.

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We will be unable to proceed with the transfer process until the deficiencies identified in this letter have been corrected and the additional requested information is provided. These corrections should be submitted as soon as possible, but no later than July 20, 2017, to the following address:

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

If the Utility wishes to request confidential classification for specific information requested by Commission staff, the Utility must submit such information with a written request for confidential classification that conforms with the requirements of Rule 25-22.006, F.A.C. Such requests for confidential classification will be ruled upon by the prehearing officer assigned to the docket.

Should you have any questions concerning the information in this letter, please feel free to contact Mr. Adam Hill by phone at (850) 413-6425 or email ahill@psc.state.fl.us for technical questions, or the Commission attorney on this matter, Margo DuVal by phone at (850) 413-6076 or email mduval@psc.state.fl.us for legal questions. Please include the docket number on all submissions to the Commission Clerk.

Sincerely,



Tom Ballinger, Director
Division of Engineering
Public Service Commission

TB:tj

cc: Office of Commission Clerk (DN 170114-WU)
Division of Engineering (A. Hill)
Office of the General Counsel (M. DuVal)