

State of Florida



ORIGINAL

Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: September 12, 2003
 TO: Division of the Commission Clerk and Administrative Services
 FROM: Division of Economic Regulations (Biggins)
 RE: Docket No. 030748-SU

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Please enter into Docket File 030748-SU.

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DOCUMENT NUMBER-DATE

08635 SEP 12 8

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September 10, 2003
VIA HAND DELIVERY

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(LICENSED IN TEXAS ONLY)

Troy Rendell
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873

Re: Forest Utilities, Inc.; PSC Docket No. 030748-SU
Interconnection and Bulk Service to
Jamaica Bay Mobile Home Park
Our File No. 25052.03

03 SEP 11 AM 9:43
ECONOMIC REGULATION

Dear Troy:

As a follow up to our conversation last Thursday, I am writing to you to provide you with some additional information which you requested.

As to the bulk service rate, attached is a copy of a schedule prepared by Bob Nixon, calculating the total of the expenses that would not be related to bulk service as prepared by Bob Nixon, including the basis for those calculations.

I am also attaching a copy of the letter agreement entered into between Jamaica Bay and Forest for service. As you can see from this agreement, all that is envisioned is the transfer of a portion of the sewage flows from Jamaica Bay Mobile Home Park to Forest Utilities, Inc. on a temporary basis.

To the extent the Commission agrees with our calculation of the bulk service rate, all other matters related to the bulk service arrangement can be settled once it is clear that the interconnection will take place.

Because the customer is in need of immediate service in order to avoid a potentially devastating environmental problem, we believe that completing approval of the bulk service rate is the first step toward being prepared to provide that service once this arrangement comes to fruition. We appreciate the staff's diligent

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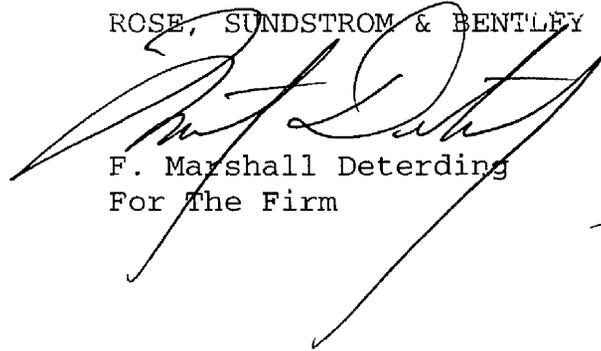
Mr. Troy Rendell
September 10, 2003
Page 2

work in this regard in order to assist in avoiding this potentially damaging environmental situation, because of the problems with the Jamaica Bay sewer system.

If you have any further questions or if I can provide you with any further information, please do not hesitate to contact me.

Sincerely,

ROSE, SUNDSTROM & BENTLEY

A large, stylized handwritten signature in black ink, appearing to read 'F. Marshall Deterding', is written over the typed name and firm name.

F. Marshall Deterding
For The Firm

FMD/tms
cc: Tracey Biggins
Mr. David Swor
Mr. Wade Moser
Robert C. Nixon, CPA

05/15/2003 THU 16:11 FAX 12481, 5677 UNIPROP

May 14, 2003

Wade Moser
Forest Utilities, Inc.
6341 Deer Run S.W.
Fort Myers, FL 33908

Dear Wade,

As we discussed, the best way to proceed quickly is for us to execute an agreement specifying the significant terms of both temporary and permanent connections to Forest. I cannot authorize any construction until such an agreement has been reached.

The terms of such connections will be as follows:

Temporary Connection

1. To be constructed by Jamaica Bay at its sole cost, connecting Jamaica Bay's waste water treatment system to Forest's force main at the Dodge dealership on US 41, or other connection as mutually agreed.
2. Four year agreement, with option to renew for two additional four year terms, such renewal options to be automatic unless either party provides 90 day written notice of cancellation prior to the expiration of such lease term or option
3. Jamaica Bay will pay \$100,000 to Forest upon completion of the temporary connection at the rate of \$10,000/month for 10 months; such fee will be non-refundable unless:
 - a. Lee County shall force Uniprop to connect to Lee County instead of Forest
 - b. A permanent connection to Forest is made, in which case an allowance of \$100,000 shall be made to Jamaica Bay as an offset to the connection fee
4. Monthly treatment charge of \$3.71/1000 gallons; such fee to decrease to approximately \$3.24/1000 gallons should Jamaica Bay be certified as a bulk user.
 - a. Forest shall use its best efforts to have Jamaica Bay so certified or to support Jamaica Bay in its application to be so certified
5. Forest shall be responsible for obtaining all easements to allow Jamaica Bay to connect to Forest's force main at the closest point, which appears to be the Dodge dealership on US 41. Forest shall be responsible for providing the connection to the point of contact with Jamaica Bay, at Jamaica Bay's expense
6. Forest shall accept for treatment up to 100,000 gallons of raw or treated sewage daily from Jamaica Bay, except that;
 - a. At least once annually, between approximately April 1 and July 1, or October 15 to December 31, or such other times as may be mutually agreed, Forest shall accept sufficient waste water such that Jamaica Bay will be able to empty its percolation ponds for sufficient time (approximately 60 days) to clean and rehabilitate such ponds
 - b. Forest shall use its best efforts to accept additional wastewater (beyond 100,000 gallons per day), if requested by Jamaica Bay
7. Jamaica Bay shall have the option, during the period of temporary connection, of requiring Forest to expand its plant capacity to process all of Jamaica Bay's waste water. For such expansion, Jamaica Bay shall pay Forest an additional

\$100,000, payable at \$10,000 monthly for ten months. Should Jamaica Bay exercise such option, and later notify Forest that it wishes to make a permanent connection, then Jamaica Bay shall be relieved of the obligation to pay Forest under Paragraph 6, below. Such plant expansion is estimated to take 60-90 days

Permanent Connection

1. Jamaica Bay may notify Forest at any time during a temporary connection period that it wishes to make a permanent connection to Forest
2. Connection fee of \$2,258,568
3. Forest would purchase Jamaica Bay's treatment facility and collection system at a price of \$1,758,568 (credit to above fee); Forest would be responsible for maintenance, repair and replacement of such equipment, as required.
4. \$100,000 credit to connection fee for temporary connection fee
5. \$300,000 credit to connection fee as allowance for construction cost of temporary connection (force main extension and modification costs)
6. \$100,000 permanent connection fee, payable at \$10,000 monthly for ten months
7. Monthly treatment charge of \$3.71/1000 gallons; such fee to decrease to approximately \$3.24/1000 gallons should Jamaica Bay be certified by Florida Public Service Commission as a bulk user
 - a. Forest shall use its best efforts to have Jamaica Bay so certified or to support Jamaica Bay in its application to be so certified with said fees subject to final determination by Florida Public Services Commission.
8. Upon notification that Jamaica Bay wishes to permanently connect to Forest, Forest will continue to operate Jamaica Bay's treatment plant at Forest's expense until Forest has expanded its plant capacity. Forest will be responsible for all costs of processing all of Jamaica Bay's waste water after such notification, and shall process all of Jamaica Bay's waste water.

Other Provisions:

1. Should Lee County sue or take administrative action against Jamaica Bay to prevent a temporary or permanent connection to Forest Utilities, Forest will, at its option, defend Jamaica Bay or reimburse Jamaica Bay for 50% of the cost of such defense, not to exceed \$20,000 (twenty thousand dollars).

If the above terms are acceptable to you, please indicate by signing this letter of intent below and returning an executed copy to me.

Agreed to and accepted:

FOREST UTILITIES, INC.

By: _____ Title: _____ Date: May , 2003

JAMAICA BAY
By: *Robert Zwerff* Title: *Vice Pres.* Date: *May 15th*, 2003
ROBERT ZWERFF

FOREST UTILITIES, INC.
 CALCULATION OF BULK WASTEWATER RATE
 YEAR ENDED DECEMBER 31, 2002

MARTY, THE CALCULATION OF EXPENSES THAT WOULD NOT BE RELATED TO BULK SERVICE ARE AS FOLLOWS:

(A) SALARIES

THE ONLY EMPLOYEE WHO HANDLES CUSTOMER SERVICE, BILLING AND ACCOUNTING IS JUDY MALLET, WHO IS ALSO THE TREASURER OF THE COMPANY. HER SALARY IS \$43,000 A YEAR, AS DISCLOSED ON PAGE E-6 OF THE 2002 ANNUAL REPORT. I ALLOCATED HER SALARY TO NON-BULK RELATED ACTIVITIES BASED ON THE EXPECTED FLOW FROM JAMAICA BAY AS FOLLOWS:

EXPECTED FLOW FROM BULK CUSTOMER (GPD)	100,000
DAYS IN YEAR	<u>365</u>
EXPECTED ANNUAL FLOW FROM BULK CUSTOMER	<u>36,500,000</u>
ACTUAL 2002 ANNUAL FLOW - EXISTING CUSTOMERS (AR PAGE S-12)	<u>85,729,000</u>
RATIO OF EXPECTED FLOW TO CURRENT FLOW	<u>43%</u>
ANNUAL SALARY OF JUDY MALLET	\$ 43,000
PERCENTAGE OF EXISTING SALARY RELATED TO EXPECTED BULK FLOW	<u>43%</u>
EXISTING SALARY RELATED TO EXPECTED BULK FLOW	18,490
TOTAL EXISTING SALARY	<u>43,000</u>
PORTION OF SALARY UNRELATED TO EXPECTED BULK FLOW	<u>\$ 24,510</u>
<u>(B) BAD DEBT EXPENSE</u>	
PER PAGE S-10 (b) 2002 ANNUAL REPORT	<u>\$ 687</u>
<u>(C) MISCELLANEOUS ADMIN. & GENERAL EXPENSE</u>	
PER PAGE S-10 (b) 2002 ANNUAL REPORT	<u>\$ 21,808</u>
TOTAL OF ITEMS (A), (B) AND (C)	<u>\$ 47,005</u>