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MARTIN S. FRIEDMAN, P.A.  
VALERIE L. LORD

November 12, 2004

Mr. Troy Rendell  
Public Utilities Supervisor  
Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RECEIVED-FPSC  
04 NOV 12 PM 4:57  
COMMISSION  
CLERK

Re: North Peninsula Utilities Corporation  
Rate Investigation; PSC Docket No. 030601-SU  
Our File No. 26097.04

Dear Mr. Rendell:

Thank you for the opportunity to present you with information concerning the cost and expenses incurred by North Peninsula Utilities Corporation as a result of the group of hurricanes that hit that area early this fall. We have attempted in the attached schedules to outline the effects of those hurricanes, including written estimates and invoices for repair of the damages caused and to estimate a revenue impact of those additional costs based upon amortization of those repairs and cleanup over a five year period.

CMP \_\_\_\_\_ The format for this information does not exactly follow your letter of October 11, 2004.  
COM \_\_\_\_\_ However, I believe most of the information you have requested therein is contained in either the  
CTR \_\_\_\_\_ schedules, invoices, or this letter. I do note that none of the costs incurred by the Utility were covered  
ECR \_\_\_\_\_ by insurance, as the Utility could not afford the high cost of wind damage insurance and therefore did  
GCL \_\_\_\_\_ not have any to cover these repairs.

OPC \_\_\_\_\_ Since these repairs were generally repairs to damaged equipment (i.e. buildings, fencing,  
MMS \_\_\_\_\_ chlorinators, pumps, etc.) and offices but were not regularly recurring types of costs, we believe that a  
RCA \_\_\_\_\_ reasonable method by which to account for these was to amortize all of these costs over a five year  
period with the additional "rate case" costs amortized over the statutorily required four year period.

SCR \_\_\_\_\_  
SEC I \_\_\_\_\_ We have tried to keep this as simple as possible and have calculated a revenue impact on that  
basis.

OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

12143 NOV 12 8

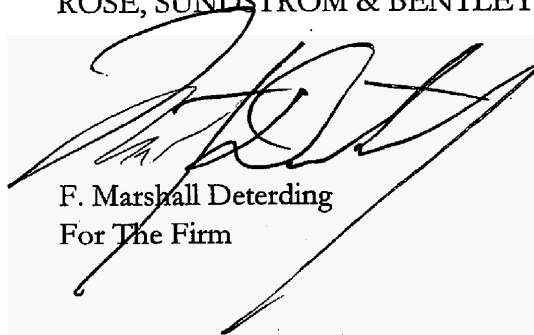
FPSC-COMMISSION CLERK

Mr. Troy Rendell  
November 12, 2004  
Page 2

If you need anything further, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP



F. Marshall Deterding  
For The Firm

FMD/tms

cc: Blanca S. Bayo  
Katherine Fleming, Esq.  
Mr. Tyree F. Wilson, Jr.  
Mr. Robert Hillman

North Peninsula Utilities Corporation  
Additional Expenditures Related to Hurricanes  
November 12, 2004

Description of Expenditures

- |    |                             |          |  |
|----|-----------------------------|----------|--|
| 1. | Woody's Septic Tank Service | \$700    | This cost was incurred as a result of a power outage. The vendor was hired to haul 4,200 gallons of raw sewage from the Utility's lift station to be treated and disposed of elsewhere during that outage.<br>(September 10, 2004 invoice attached)  |
| 2. | Herb Weems Plumbing/Septic  | \$228    | These costs were incurred during the period of a power outage for the vendor to pump sewage from a lift station to a Utility owned surge tank in order to store that sewage until power returned, thereby allowing the Utility to treat the sewage as treatment plant capacity permitted after power was restored.   |
| 3. | Herb Weems Plumbing/Septic  | \$360    | (Two invoices dated September 8, 2004 and September 27, 2004 are attached)   |
| 4. | Riva Fence, Inc.            | \$1,025  | Emergency minimal repairs to fencing to secure plant site after hurricanes<br>(Invoice dated October 8, 2004 is attached)  |
| 5. | Riva Fence, Inc.            | \$12,825 | Estimate for additional repairs to sewage treatment plant fencing around plant and property perimeters. While Reva Fence was able to undertake the emergency repairs outlined in Number 4 above relatively quickly in order to secure the plant site. The remaining repairs necessitated by the storm damage were required to be put on hold until such time as the fence company was able to return to the site to undertake the larger repair work. As might be expected, demands for local fence repair companies have been extraordinary since the hurricanes and the Utility Company is wait listed for completion of these repairs, which should be undertaken in the next few months. (Estimate dated October 26, 2004 is attached) |
| 6. | SR Construction             | \$1,963  | Repair to building which houses maintenance and supplies, storage, pumps and motors damaged by hurricanes are not  |

yet undertaken due to wait listing for repairs because of demands on local contractors. (October 29, 2004 estimate attached)

- |    |                              |            |  |
|----|------------------------------|------------|--|
| 7. | Shed Roberson                | \$650      | General cleanup of plant site completed by individual. (Receipt dated October 13, 2004 is attached)  |
| 8. | Whetherell Treatment Systems | \$5,634.20 | Cost to replace gas chlorination system and 5 hp 3 phase motor and troubleshoot electrical problems all caused by various hurricanes. Motor repair and electrical troubleshooting completed. Remaining repairs wait listed due to workload demands for repair services within the area. (Invoice and estimate dated October 28, 2004)  |
| 9. | North Peninsula Management   | \$3,850    | Services to Utility by management company above and beyond those provided for under the standard operations management agreement. Extraordinary functions included overseeing extraordinary repairs and coordinate with various agencies and vendors concerning repairs to plant and facilities, interim measures and relocation of office facilities and personnel. (Invoices for September, October and November of 2004 are attached) |

**North Peninsula Utilities Corporation**  
**Additional Expenditures Related to Hurricanes**  
**November 12, 2004**

VENDOR	Non-Regularly Reoccurring Expenses AMOUNT	
Woody's Septic Tank Service	\$ 700.00	*
Herb Weems Plumbing/Septic	288.00	*
Herb Weems Plumbing/Septic	360.00	*
Riva Fence, Inc.	1,025.00	*
Riva Fence, Inc.	12,825.00	*
SR Construction	1,963.00	*
Shed Roberson	650.00	*
Wetherell Treatment Systems, Inc.	5,926.70	*
	<u>23,737.70</u>	
Peninsula Management, Inc.	3,850.00	**
Martin & Associates	306.00	**
Rose, Sundstrom & Bentely	2,213.50	**
	<u>6,369.50</u>	
<b>TOTAL</b>	<b>\$ 30,107.20</b>	
Five year amortization	4,747.54	*
Four year amortization	1,592.38	**
Total annual amortization	<u>6,339.92</u>	
Average unamortized balance X 6.14% ROR	924.29	
Annual expense	<u>\$ 7,264.21</u>	
RAF Expansion Factor	<u>÷ .955</u>	
Revenue impact	<u>\$ 7,606.49</u>	

\* Five year amortization period pursuant to Rule 25-30.433(8)

\*\* Four year amortization period pursuant to Statute

1

**WOODY'S SEPTIC TANK SERVICE**  
**500 WALKER STREET**  
**HOLLY HILL, FL 32117**

**Invoice**  
 Invoice Number: 77504  
 Invoice Date: Sep 10, 2004  
 Page 1

Voice: (386) 677-1163  
 Fax: (386) 255-9860

**Sold To:**  
 NORTH PENINSULA UTILITIES  
 P.O. BOX 2803  
 ORMOND BEACH, FL 32175

**Ship to:**  
 SEABRIDGE SUB  
 N. PENINSULA  
 ORMOND BY THE SEA, FL

<b>Customer ID</b>	<b>Customer PO</b>	<b>Payment Terms</b>	
NORTPU		UPON RECEIPT	
<b>Sales Rep ID</b>	<b>Shipping Method</b>	<b>Ship Date</b>	<b>Due Date</b>
	Courier	9/7/04	9/10/04

Quantity	Item	Description	Unit Price	Extension
1.00		LOAD PUMPED OUT OF MAIN LIFT STATION (4200 GALLONS) A.R.	700.00	700.00

PAYMENT IS DUE UPON RECEIPT. I AGREE TO PAY A SERVICE CHARGE OF \$10.00 PER MONTH AS WELL AS INTEREST CHARGE OF 1 1/2% PER MONTH (18% PER YEAR) I ALSO AGREE TO PAY ALL COSTS INCLUDING ATTORNEY'S FEES FOR ANY ACTION INVOLVED WITH THE COLLECTION OF THIS DEBT. I UNDERSTAND THAT IF I DO NOT PAY MY PROPERTY WILL BE SUBJECT TO A LIEN AND MAY COST ME ADDITIONAL FEES FOR THE FILING OF THE LIEN AND THE RELEASE OF LIEN.

Subtotal 700.00  
 Sales Tax  
 Freight  
 Total Invoice Amount 700.00  
 Payment Received  
**TOTAL 700.00**

Check No:

*Paid* 10/21/04  
 ✓ 5586  
 0

2

006/012

**PLUMBING/SEPTIC TANK SERVICE**  
 1010 Tenth Street  
 HOLLY HILL, FLORIDA 32117  
 (386) 253-4133  
 FAX (386) 253-1760

71164

CUSTOMER'S ORDER NO. 5322	DATE ORDER FILED
ORDER TAKEN BY Tom	DATE PROMISED 11/10/04 <input type="checkbox"/> A.M. <input type="checkbox"/> P.M.

BILL TO S. Herb Weems	MECHANIC Tom
ADDRESS	PHONE
CITY Glenwood Springs	MECHANIC HERBIC
JOB NAME AND LOCATION	<input type="checkbox"/> DAY WORK <input checked="" type="checkbox"/> CONTINUOUS <input type="checkbox"/> EXTRA
DESCRIPTION OF WORK	

QUANT.	DESCRIPTION OF MATERIAL USED	PRICE	AMOUNT
1	1/2" x 1/2" x 5' PVC	1.70	1.70
1	Septic Tank - 1600 gal	85.00	85.00

Payment is due upon receipt of this job invoice.  
 Interest shall accrue on any outstanding balance at  
 the rate of 18% per annum. Straub Herb Weems  
 Plumbing retain an attorney to collect any monies  
 due, the undersigned shall be responsible for  
 attorney's fees and costs incurred.

HOURE	LABOR	AMOUNT	TOTAL MATERIALS	TOTAL LABOR	TAX	TOTAL
2	MECHANICS - Tom @ 55.00	110.00	1.70	111.70		111.70
	HELPERS @					
I hereby acknowledge the satisfactory completion of the above described work.		TOTAL LABOR				
SIGNATURE		DATE COMPLETED				
						TOTAL 111.70

10/21/0  
 5584

3

**HERB WEISS  
PLUMBING/SEPTIC TANK SERVICE**  
1010 Tenth Street  
HOLLY HILL, FLORIDA 32117  
(386) 253-4133  
FAX (386) 253-1780

71426

CUSTOMER'S ORDERING 5314		DATE ORDERED
ORDER TAKEN BY		DATE PROMISED <input type="checkbox"/> A.M. <input checked="" type="checkbox"/> P.M. 9/2/04
BILL TO <i>Seaboard</i>		PHONE
ADDRESS		MECHANIC <i>[Signature]</i>
CITY		HELPER
JOB NAME AND LOCATION		<input type="checkbox"/> DAY WORK <input type="checkbox"/> CONTINUED <input type="checkbox"/> EXTRA
DESCRIPTION OF WORK <i>Plumb tank</i>		

QUANT	DESCRIPTION OF MATERIAL USED	PRICE	AMOUNT
	<i>12 1/2 hrs pump truck</i>		212.50
<p>Payment is due upon receipt of this job invoice. Interest shall accrue on any outstanding balance at the rate of 18% per annum. Should Herb Weiss Plumbing retain an attorney to collect any monies due, the undersigned shall be responsible for attorney's fees and costs incurred.</p>			
HOURS	LABOR	AMOUNT	TOTAL MATERIALS
1 1/2	MECHANICS <i>1.20 @ 52.00</i>	147.50	712.50
	HELPERS @		TOTAL LABOR 147.50
I hereby acknowledge the satisfactory completion of the above described work		TOTAL LABOR 147.50	TAX
SIGNATURE		DATE COMPLETED	TOTAL 360.00

*[Signature]* 10/21/04  
✓ 5583



11/09/2004 TUE 11:39 FAX

4

009/012

RIVA FENCE, INC.  
P.O. Box 1433  
ORMOND BEACH, FL 32175

1326 J.A DR.

(386) 673-0711  
FAX (386) 676-0702

04174

DATE	10-8-04
CUSTOMER ORDER NO.	
SALESPERSON	
VIA	441-2449

NORTH PENINSULA UTILITIES

TERMS:

SEABRIDGE POND AREA

QUANTITY	DESCRIPTION	PRICE	AMOUNT
	FENCE WORK AS PROPOSED		\$ 925.00
	ADDITION! 2 posts.	76' x 10' 00	100.00
	<i>Boh. Did not know where else to send Fax does not work. Thanks. STAR</i>		<del>100.00</del>
	<i>Completed</i>	<i>Thanks</i>	\$1025.00
		<i>10-14-04</i>	

Thank You!

NEBS To Reorder:  
800-225-6360 or nebs.com

# Riva Fence, Inc.

P. O. BOX 1433 • 916 NORTH U.S. #1  
 ORMOND BEACH, FLORIDA 32174  
 PHONE: (386) 673-0711 • FAX: (386) 676-0702

PROPOSAL TO

*North Peninsula Utilities*

ADDRESS

Zone

LOCATION

*Sewage - Sewer plant.*

DATE 10-26-04

FAX # 673-7822

TELEPHONE NUMBER 299-3111

JOB LOG NO

SPECIFICATIONS: All work will be performed in a workmanlike manner and in accordance with standard practice. All posts in concrete

Total Height 4 1/2  
 Post Spaced 8' max  
 Style Fence STOLEN SHAD  
 Gauge  9  11  
 Knuckled   
 Safeguard

Check Caption Preferred

1 3/8" O.D.  
 1 3/8" O.D.  
 2 1/2" O.D.  
 2 1/2" O.D.  
 2 1/2" O.D.  
 2 1/2" O.D.  
 2 1/2" O.D.  
 1 1/2" O.D.

KEY

Fence to be erected  
 Tie-ins - Get permission X  
 Terminal Post O  
 Existing fence XXXXX  
 Walk Gate  
 Double Gate  
 Clothes post location must be shown on plan  
 Indicate if sales are shared

Additional Specifications

Top Rail O.D.  
 Line Post O.D.  
 End Post O.D.  
 Corner Post O.D.  
 Walk Gate Post O.D.  
 Drive Gate Posts O.D.  
 Gate Frames O.D.

TERMS  
 Cash Upon Completion

QUANTITY	DESCRIPTION	UNIT	PRICE
	M1 Complete Fence With/Without Top Rail	<i>Various</i>	
	M2 Complete Fence With/Without Top Rail		
	In. O. D. Terminal Post		
	In. O. D. Terminal Post		
	F1 Wide Single Swing Walk Gates	<i>All</i>	
	F2 Wide Double Swing Drive Gates	<i>Five</i>	
	Clothes Posts	<i>STOLEN SHAD</i>	
	1 1/2 Qs	<i>Shadowbox Styles</i>	

Top Rail of Fence to Follow Ground (Be Level With Lowest Grade) (Be Level With Highest Grade)

SKETCH

*Replace fence damaged & destroyed by the Hurricane of 2004.*

*350' ± around plant. 3575.00*

*400' ± 4' along south. 3500.00*

*500' ± around perimeter. Vertical shadowbox 5750.00*

**TOTAL \$12,825.00**

Accepted \_\_\_\_\_  
 Date \_\_\_\_\_  
 TOTAL CONTRACT PRICE

Building permits, location of project specified the company reserves the right by both parties. 1 1/2% interest will

Post-it® Fax Note 7671

Date 10-26-04 # of pages 1

To Bob Hillman From Star Riva

Co./Dept. \_\_\_\_\_ Co. \_\_\_\_\_

Liability. If payment is not made as per becomes a contract when accepted. Fees, if any will be added.

6

October 29, 2004

***SR Construction  
Estimate for Repair***

Work to be done: North Peninsula Utilities  
16 Seabridge Drive  
Ormond Beach, FL 32176

*Description:* Hurricane damage from all hurricanes that passed through area. Work to be completed includes repair and replacement to motor building. This estimate includes the materials needed for job.

*Approximate Cost:* Hours labor and materials \$1,963.00

**Payment due upon completion**

**\$1,963.00**

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October 13, 2004

**To:** North Peninsula Utilities Corp.

**From:** Shed Roberson

Clean up at North Peninsula Utilities for Hurricane Damage.  
Seabridge Plant  
16 Seabridge Dr  
Ormond Beach, FL 32176

DUE UPON RECIEPT

**\$650.00 Total**

CK#  
5594  
11-5-04

8

**Wetherell Treatment Systems, Inc.**  
**600 Hull Road**  
**Ormond Beach, Florida 32174**  
**386-673-4161**

October 28, 2004

North Peninsula Utilities  
P.O. Box 2803  
Ormond Beach, Florida 32175

***Hurricane Damage To Wastewater Equipment***

One new Gas Chlorination System-----	\$4,428.00 plus tax
One new 5 H.P. 3 phase motor-----	587.68 plus tax
Labor to pick up and install motor 3.0 hours	135.00
Trouble shoot electrical problems as a result of hurricane 3.5 hours	157.50

Agreed To By:

\_\_\_\_\_  
Owner/Agent

\_\_\_\_\_  
date

\_\_\_\_\_  
Wetherell Treatment System date

9

**INVOICE**

**Peninsula Management, Inc.**

P.O. Box 1364  
 Ormond Beach, FL 32175  
 Phone 386-441-5286 Fax 386-673-7822

INVOICE #100  
 DATE: SEPTEMBER 10, 2004

**TO:**  
 North Peninsula Utilities Corp.  
 P.O. Box 2803  
 Ormond Beach, FL 32175  
 386-441-7528

**SHIP TO:**

**COMMENTS OR SPECIAL INSTRUCTIONS:**

SALESPERSON	P.O. NUMBER	REQUISITIONER	SHIPPED VIA	F.O.B. POINT	TERMS
					Due on receipt

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
September	Extra hours over and above contract for work done as a result of damage by Hurricane Charley (August 13, 2004)		
	Elizabeth Hillman 11 hrs.	\$12	\$132.00
	Tyree F. Wilson 10 hrs	\$50	\$550.00
	Robert Hillman 23 hrs.	\$50	\$1,150.00
		<b>SUBTOTAL</b>	<b>\$1,832.00</b>
		<b>TOTAL DUE</b>	<b>\$1,832.00</b>

Make all checks payable to Peninsula Management, Inc.

**Thank you for your business!**

9

**Peninsula Management, Inc.**

P.O. Box 1364  
 Ormond Beach, FL 32175  
 Phone 386-441-6286 Fax 386-673-7822

INVOICE #101  
 DATE: OCTOBER 10, 2004

**SHIP TO:**

**TO:**  
 North Peninsula Utilities Corp.  
 P.O. Box 2803  
 Ormond Beach, FL 32175  
 386-441-7528

**COMMENTS OR SPECIAL INSTRUCTIONS:**

SALESPERSON	P.O. NUMBER	REQUISITIONER	SHIPPED VIA	F.O.B. POINT	TERMS
					Due on receipt

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
September	Extra hours over and above contract for work done as a result of		
	Elizabeth Hillman 9 hrs.	\$12	\$108.00
	Tyree F. Wilson 8 hrs	\$50	\$400.00
	Robert Hillman 18 hrs.	\$50	\$900.00
		<b>SUBTOTAL</b>	<b>\$1,408.00</b>
		<b>TOTAL DUE</b>	<b>\$1,408.00</b>

Make all checks payable to Peninsula Management, Inc.

9

**Peninsula Management, Inc.**

P.O. Box 1364  
 Ormond Beach, FL 32175  
 Phone 386-441-6286 Fax 386-673-7822

INVOICE #102  
 DATE: NOVEMBER 12, 2004

**TO:**  
 North Peninsula Utilities Corp.  
 P.O. Box 2803  
 Ormond Beach, FL 32175  
 386-441-7528

**SHIP TO:**

**COMMENTS OR SPECIAL INSTRUCTIONS:**

SALESPERSON	P.O. NUMBER	REQUISITIONER	SHIPPED VIA	F.O.B. POINT	TERMS
					Due on receipt

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
October	Extra hours over and above contract for work done as a result of damage by Hurricane Francis (September 4, 2004) and Hurricane Jeanie (September 25, 2004)		
	Elizabeth Hillman 5 hrs.	\$12	\$60.00
	Robert Hillman 11 hrs.	\$50	\$550.00
		SUBTOTAL	\$610.00
		TOTAL DUE	\$610.00

Make all checks payable to Peninsula Management, Inc.



North Peninsula Utilities Corporation  
Docket No. 030601-SU

Actual and Estimated Legal Fees to Complete Rate Proceeding

Actual

October 2004 - 2.3 hours at \$240/hour + long distance costs (\$1.50) = \$553.50  
(invoice attached)

Estimated November and December 2004

Review various invoices; assist accountant in preparing schedules re: additional costs related to hurricanes; telephone conferences with accountant and management re: all such costs; organize schedules and invoices and submit to PSC; telephone conferences with staff; review staff recommendation; attend agenda conference; review Final Order; assist in implementation of refunds and noticing

6.5 hours at \$240/hour = \$1,560.00  
Copying, Faxes, Telephone Conferences \$ 100.00

Total Actual and Estimated Additional Legal Costs and Fees

<u>Fees</u>	<u>Costs</u>	<u>Total</u>
\$2,112	\$101.50	\$2,213.50

TYREE F. WILSON, JR.  
NORTH PENINSULA UTIL. CORP.  
P. O. BOX 2803  
ORMOND BEACH, FL 32175

NOVEMBER 2004  
FILE NO. 26097-0004

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MATTER      RATE INVESTIGATION

10/13/04	REVIEW LETTER FROM STAFF AND SEND TO HILLMAN WITH COVER LETTER.	0.40	
10/14/04	REVIEW ISSUES FROM PSC LETTER; DRAFT LETTER TO HILLMAN RE: NEEDED REPLY AND SEND WITH COVER LETTER.	1.60	
10/25/04	SEND FOLLOW UP LETTER TO HILLMAN AND REVIEW FILE.	0.30	
		2.30	
			\$ 552.00
	LONG DISTANCE CALLS	1.50	
	TOTAL COSTS ADVANCED		\$ 1.50
	TOTAL STATEMENT		\$ 553.50

PLEASE REFER TO INVOICE # WHEN REMITTING