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November 14, 2006

HAND DELIVERY

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COMMISSION
CLERK

Ms. Blanca Bayo
Commission Clerk & Administrative Services Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Docket No.: 060254-SU; Mid-County Services, Inc.'s Application for Rate Increase in Volusia County, Florida
Our File No.: 30057.109

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket is the response of Mid-County Services, Inc. (*Utility*) to Staff's fifth data request dated October 24, 2006:

- CMP _____
- COM _____ 1.
- CTR _____
- ECR _____
- GCL _____
- OPC _____ 2.
- RCA _____
- SCR _____
- SGA _____
- SEC 1 _____
- OTH _____

1. Has Mid-County Services been contacted by the City of Dunedin concerning providing its treated effluent to the city for reuse (reclaimed water) usage?

RESPONSE: Yes, from time to time.

2. If so, provide the date, nature of discussion, and any related correspondence with the city. This should include any letters or e-mails either to or from any representative of the City of Dunedin.

RESPONSE: A number of years ago, the Utility and the City of Dunedin discussed upgrading the Utility's plant to reuse and delivering all of the Utility's effluent flow to the City for the purpose of augmenting the City's own reuse supply. The Utility evaluated the existing treatment plant components to determine what modifications, improvements, and additions would be necessary in order

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FPSC-COMMISSION CLERK

to convert the plant to a reuse facility. Contrary to the comment made at the recent customer meeting, there would be substantial cost involved in converting the plant to reuse since it was not designed and built for that purpose. Additionally, it would be advantageous and necessary to maintain authorization to discharge into Curlew Creek during wet weather or when the Utility is unable to deliver reuse to the City for whatever reason. Some effort was put into developing a cost estimate to construct the facilities inclusive of a transfer pump station and reuse force main to deliver the reuse to the City's storage tank. The City expressed a reluctance at that time to commit to the project due to concerns that the City's reuse customer base would need to be expanded to serve Highland Woods subdivision ahead of other parts of the City already piped for reuse. The City also considers reuse as a financial drain and was reluctant to overextend for that reason. Ultimately, an agreement was not reached with the City whereupon the project was abandoned. A review of the Utility's files has failed to locate the closed project file. Therefore, no additional documentation is available at this time.

3. Would Mid-County Services be opposed to providing either all, or a portion of, its treated effluent to the City of Dunedin?

RESPONSE: No, provided that doing so would be financially feasible to the Utility.

4. If so, why?

RESPONSE: N/A

5. Would additional capital investment be required in any plant item to provide the treated effluent to the City of Dunedin?

RESPONSE: Yes.

6. If so, provide a breakdown by primary plant account of any necessary plant items.

RESPONSE: In order to upgrade the plant to reuse, the plant would need to meet Class I reliability requirements in its design and operation per FDEP rule. In the case of the Utility, this would require construction of additional secondary clarifier

capacity, additional equalization tank volume, plant piping, a transfer pump station, a reuse transmission main, instrumentation, and possibly covered storage facilities. It is possible that a larger emergency generator or second generator would be needed to support the added electrical load, electrical improvements, controls and associated equipment. The plant site may not be able to accommodate these additional facilities and therefore, land would need to be obtained. In the event that the discharge to Curlew Creek was terminated, all of the existing nutrient removal facilities would no longer be needed and would have to be retired for rate making purposes.

7. Provide the costs involved in discharging the treated effluent into Curlew Creek. This should include the annual costs of testing required by the National Pollutant Discharge Elimination System Program.

RESPONSE: All of the treated effluent from the Utility's WWTP is discharged to Curlew Creek. Therefore, the previously supplied financial information in the MFRs describes the cost of operating the treatment plant. The monitoring costs are identified in the MFRs under testing expense.

8. Would these costs be avoided by discontinuing the disposal of treated effluent into Curlew Creek and providing the effluent to the City of Dunedin?

RESPONSE: No. Assuming that the Utility maintains authorization to discharge into Curlew Creek during periods of wet weather or when the plant effluent water quality does not meet reuse requirements, the Utility would continue to incur monitoring expenses whenever the plant discharges into Curlew Creek. In order to do so, the nutrient removal and dechlorination equipment would need to be in operation absent a large reject storage tank.

9. Would the utility be opposed to continuing discussions with the City of Dunedin? If so, why?

RESPONSE: There are no negotiations currently under way with the City to continue. The Utility is not opposed to participating in discussions the issue with the City if it is so inclined.

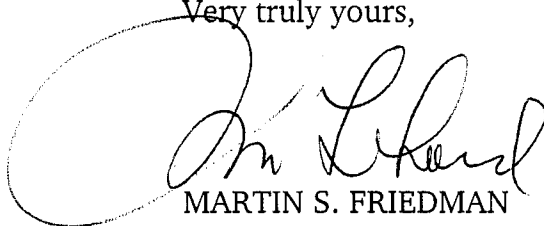
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10. Would the utility be opposed to discussions with the City of Dunedin with the assistance of the Public Service Commission and the Department of Environmental Protection? If so, why?

RESPONSE: The Utility is quite capable of entering into negotiations with the City of Dunedin on its own.

Should you have any questions, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN
VALERIE L. LORD
For the Firm

VLL/tlc

cc: Rosanne Gervasi, Esquire, Office of General Counsel (via hand delivery)
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