

**Dorothy Menasco**

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**From:** Michele Parks [michele@RSBAttorneys.com]  
**Sent:** Monday, July 09, 2007 2:25 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Troy Rendell  
**Subject:** Docket No.: 060285-SU/Utilities, Inc. of Sandalhaven  
**Attachments:** PSC Clerk 24 (Resp to 4th DR).pdf; NOF documentation re reduced revenue.pdf

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b. Docket No. 060285-SU; Utilities, Inc. of Sandalhaven`s Application for Rate Increase in Charlotte County

c. Utilities, Inc. of Sandalhaven

d&e. (4 pages) – Utilities` Response to Staff`s 4<sup>th</sup> Data Request (Map referenced in Response to Request #9 has been sent directly to Troy Rendell, Office of Public Counsel and Kenneth Hoffman, Esquire)

(18 pages) – Utilities` Notice of Filing Documentation Supporting its Reduced Revenue Request

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July 9, 2007

VIA E-FILING

Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

RE: Docket No.: 060285-SU; Utilities, Inc. of Sandalhaven's Application for Rate  
Increase in Charlotte County, Florida  
Our File No.: 30057.114

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is the response of Utilities, Inc. of Sandalhaven to Staff's fourth data request dated June 7, 2007:

1. Explain the difference between the anticipated growth in the utility's revised application (present 818 ERCs in 2005 per MFR Schedule E-3 Plu 1,313 additional ERCs) and its September 2004 Master Plan (Page 4 - 2003 connections of 889 and Page 6 - 4,937 connections at build-out).

**RESPONSE:** The Master Plan prepared by an outside consultant shows 889 service connections in 2003. It does not indicate whether each connection represents a billed customer. MFR Schedule E-3 does represent billed customers, not ERCs. It would appear that the difference in these numbers is the difference between connections and billed customers. The 1,313 additional ERCs is supported by MFR Schedule A-12, page 2 and is the calculated ERCs based on the definition of 1 ERC = 190/gpd for non-commercial use. It is the projected additional ERCs for specific, known committed developments at the time of filing. The 4,937 connections shown in the master plan represents a theoretical estimate of total buildout potential in the certificated area, including development, based on current zoning densities, in acreage for which there is no near or long term indication of development.

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2. Explain why the 190 gpd per ERC for future customers is greater than the flow per connection range of 82-130 gpd per ERC contained in the utility's September 2004 Master Plan (Page 4).

RESPONSE: The Master Plan, at page 4, indicates a seasonal range of flows of 82-130 gpd per connection. It also indicates that the AADF averages about 102 gpd/connection. These flows are not an indication of demand for purposes of planning capacity requirements. For purposes of planning capacity requirements, the Master Plan, at page 6, uses a range of 155 - 200 gpd per unit and primarily 200 gpd/ERC for residential single and multi-family development. The 190 gpd per ERC, used in the MFR for future customers, is consistent with the Master Plan, for purposes of planning capacity requirements. It is also consistent with the 190 gpd/ERC that has historically been used by Sandalhaven in applying service availability charges in its tariff.

3. What is the anticipated build-out date for Sandalhaven's service area?

RESPONSE: The buildout date for the service (certificated) area is unknown, as there is substantial acreage that can potentially be developed under current zoning (see response to no. 1, above), but for which there is no commitment. With regard to buildout of the area for which commitments have been identified in the MFR, it is optimistically estimated to be approximately 3 years after the developments are completed. This is, of course, subject to the perceived and actual housing market.

4. How much CIAC has the utility collected thus far under the temporary system capacity charges, and how many ERCs are associated with the amount collected? Of the amount collected, what is the dollar amount and number of ERCs considered prepaid CIAC?

RESPONSE: The Utility has not collected any CIAC under the temporary system capacity charge since its establishment in Order No. PSC-07-0327-PCO-SU on April 16, 2007.

5. Explain why MFR Schedule E-13, Page 1 of 2, reflects no projected growth for multi-residential customers.

RESPONSE: All of the projected growth for multi-residential customers was inadvertently captured under the 5/8" residential designation. Since the base charge

for multi-residential customers is the same as for single family, applied on a per unit basis, it does not affect the base charge revenue. However, as multi-family customers are billed for gallons at the general service rate, without a cap, it does affect the derivation of the gallonage rates and the associated revenues. This will be corrected in the response to Staff's June 7 oral request for an alternative approach to rate development.

6. What effect will the projected 2006 and 2007 plant additions have on the utility's 2005 Deferred Tax Asset balance of \$99,904?

**RESPONSE:** The projected 2006 and 2007 plant additions will increase the utility's 2005 Deferred Tax Asset balance.

7. Why did the utility exclude its UIF allocated rate base from the projected 2007 test year?

**RESPONSE:** The utility inadvertently excluded its UIF allocated rate base from the projected 2007 test year. The utility would like have the associated UIF allocations included in the 2007 test year.

8. If and when the WWTP is retired, would the utility agree that: (a) all sludge removal expense would cease; and (b) purchased power would significantly decrease? If yes, how much would purchased power decrease? If not, explain why?

**RESPONSE:** The Utility would agree that all of the sludge removal expense would cease. Purchased power would decrease significantly upon the retirement of the WWTP, but upon the integration of the additional lift stations required to pump to EWD, the costs would increase. It is estimated that at 80% of buildout the purchased power expense would decrease approximately \$5,400 from the 2006 level.

9. If the utility has a revised detailed service area with the plotted areas for the additional 1,313 ERCs reflected on MFR Schedule A-12, please provide a copy of it.

**RESPONSE:** The service area map is provided herewith.

Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
July 9, 2007  
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Should you have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN  
For the Firm

MSF/tlc

cc: Mr. Troy Rendell, Division of Economic Regulation  
Steven M. Lubertozzi, Chief Financial Officer  
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