

State of Florida



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# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

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**DATE:** June 17, 2008  
**TO:** Ann Cole, Commission Clerk - PSC, Office of Commission Clerk  
**FROM:** Cheryl Bulecza-Banks, Bureau Chief of Rate Filings, Surveillance, & Finance & Tax, Division of Economic Regulation  
**RE:** Docket No. 080250-SU, Mid-County Services, Inc., Application for rate increase

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Attached is a document for inclusion in the docket file for Docket No. 080250-SU, application for rate increase

The document is a letter to Tim Devlin from Martin Friedman concerning pro forma adjustments dated May 30, 2008.

DOCUMENT NUMBER-DATE  
05143 JUN 17 08  
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(LICENSED IN NEW YORK ONLY)

May 30, 2008

**HAND DELIVERY**

Tim Devlin, Director  
Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Docket No.: 080250-SU; Mid-County Services, Inc.  
2008 General Rate Increase Application  
Our File No.: 30057.155

Dear Mr. Devlin:

This correspondence is in response to your May 2, 2008, correspondence advising that, in order to evaluate the Utility's requested historical test year ended December 31, 2007, the Utility "will need to submit an estimate of the pro forma adjustments associated with plant additions and improvements, as well as, proposed changes to expense." That letter acknowledges that the Utility, in accordance with Rule 25-30.430(2)2.(c), Florida Administrative Code, included a general statement of all known estimated pro forma adjustments that will be made to the requested test year amounts. The Staff is now requesting information that is not generally available at this time in the rate case process and has not been customarily requested nor submitted with recently approved test year letters. Because the test year request is submitted well in advance of the MFRs, any estimates of pro forma adjustments will necessarily be imprecise and non-binding. As such, it is unclear how much value, if any, they have in determining a proper test year. The Utility, in its test year request, also noted that none of the pro forma plant or expenses was related to growth. From past experience, the Staff should recognize that this system is substantially built out.

In none of the test year request letters that I have filed on behalf of various utilities over the last several years has the Staff required that a utility file this

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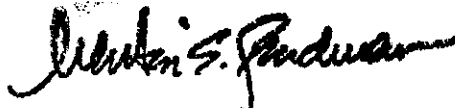
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Tim Devlin, Director  
Division of Economic Regulation  
Florida Public Service Commission  
May 30, 2008  
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information in addition to that required in the aforementioned Commission Rule. If the Commission intends to expand the requirements of the Rule, I would request that they go through the proper rulemaking proceedings. Notwithstanding the Utility's compliance with the Commission Rule regarding test year approval, the Utility has attached hereto an estimate of the pro forma plant and expense items identified in the original test year letter. Since the minimum filing requirements have not been prepared, keep in mind that these are only estimates and are subject to change based upon information available at the date of filing the minimum filing requirements.

Very truly yours,



MARTIN S. FRIEDMAN  
For the Firm

MSF/tlc  
Enclosure

cc: John Hoy, Chief Regulatory Officer (w/enc.) (via e-mail)  
Ms. Kirsten E. Weeks (w/enc.) (via e-mail)  
Rick Durham, Regional Vice President for Operations (w/enc.) (via e-mail)  
Patrick C. Flynn, Regional Director (w/enc.) (via e-mail)  
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Mr. Bart Fletcher, Division of Economic Regulation (w/enc.) (via e-mail)  
Mr. Frank Seidman (w/enc.) (via e-mail)

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Mid-County  
 Estimated Pro Forma Adjustments

System	Description	Project ID #	W/O #	JDE#	IDC	Capitalized Time	Invoiced Costs	Costs to Date	Additional Cost to Complete	Estimated Total Cost	Water	Sewer	Reuse	Estimated Date of Completion	% Complete
Mid-County plant	I/1 Study in area of Macaroni Grill L/S	TBD						-		30,000		100%		12/30/2008	0%
Total estimated plant pro forma adjustments							-	-	-	\$ -	\$ 30,000				
Mid-County O&M pro forma adjustments	Salaries / Benefits									3.5% increase					
	Payroll Taxes									3.5% increase					
	Transportation / Travel									30% increase					