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Public Service Commission

January 3, 2012

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John L. Wharton, Esq.  
Sundstrom, Friedman & Fumero, LLP  
2548 Blirstone Pines Drive  
Tallahassee, FL 32301

**Re: Docket No. 090459-WS, Application for original certificates for proposed water and wastewater system and request for initial rates and charges in Martin and St. Lucie Counties by Bluefield Utilities, LLC.**

Dear Mr. Wharton:

On December 4, 2012, Martin County filed the withdrawal of its objection to the above-reference application pursuant to a Settlement Agreement reached between Bluefield Utilities, LLC, Evans Utilities Company, Inc., Evans Properties, Inc., and Martin County, Florida, dated October 29, 2012. The withdrawal of this objection resolves any and all objections to Bluefield Utilities, LLC's (Bluefield or Applicant) application for original water and wastewater certificates and initial rates and charges in Docket No. 090459-WS. However, the information filed in the application, on September 25, 2009, is now over three years old. In addition, some of the settlement agreements filed in this proceeding allow for the removal of territory which will impact the Applicant's assumptions for equivalent residential units (ERCs), usage, and plant. Therefore, updated information for the following items is needed in order for the application to be deemed complete pursuant to Rule 25-30.032, Florida Administrative Code (F.A.C.).

**Deficiencies**

- 1. Financial Ability, Technical Ability, and Need.** Rule 25-30.033(1)(e), F.A.C., requires a statement showing the financial and technical ability of the applicant to provide service, and the need for service in the proposed area. Please provide updated statements of Bluefield's financial and technical ability, as well as an updated statement of the need for service in the proposed area.
- 2. Service Date.** Rule 25-30.033(1)(g), F.A.C., requires the date the applicant plans to begin serving customers. Please provide a revised date by which Bluefield intends to begin providing service to customers.
- 3. Equivalent Residential Connections (ERCs).** Rule 25-30.033(1)(h) and (i), F.A.C., requires the number of ERCs proposed to be served, by meter size and customer class, as well as a description of the types of customers anticipated. Please provide revised water and wastewater

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ERCs for each Phase of the development as well as any changes to the types of anticipated customers.

**4. Proof of Ownership.** Rule 25-30.033(1)(j), F.A.C., requires evidence that the utility owns the land upon which the utility treatment facilities are, or will be located, or an agreement which provides for the continued use of the land. Appendix IV and VI of the application contain executed water and wastewater lease agreements, respectively, for the primary term of 20 years.

- a. Please clarify whether these lease agreements were terminated on the one-year anniversary of the execution date, September 2, 2009, pursuant to Item 6 of the lease agreements, or whether they remained in effect by payment of delay rentals in Item 6 or the provisions of force majeure in Item 11 of the lease agreements.
- b. If still effective, please resubmit the lease agreements with a revised definition of "Leased Premises" in Item 1 and attaching the legal descriptions of the proposed Phase I water and wastewater leased premises.
- c. If the lease agreements were terminated, please provide instruments which show that Bluefield will either own or have long-term use of the land under the proposed Phase I water and wastewater treatment facilities, including attached legal descriptions of the leased premises. The instruments need not be executed until an order is issued granting certificates.

**5. Territory.** Rule 25-30.033(1)(l), F.A.C., requires a description of the proposed territory to be served. With regard to the settlement agreements filed by the City of Port St. Lucie on April 5, 2010 and Martin County on December 4, 2012, Bluefield agreed to remove certain territory from its application. With respect to these settlement agreements, and any other settlement agreements in which territory was altered or removed, please provide the following:

- a. Identification of the parcels to be removed or altered.
- b. Revised Exhibit P to the application showing the revised territory proposed to be served by Bluefield.
- c. Revised Figure 1(a), under Appendix I, to the application.
- d. Identification of which Figures D, F, and Q are no longer relevant. Or, if the figures need to be revised in part, provide the revised figures.
- e. Verification whether Martin County is to be removed in total from the territory sought in the application and, hence, the docket title changed.

**6. Capacities and Facilities.** Rule 25-30.033(1)(o), (p), and (q), F.A.C., requires statements of the separate capacities of the proposed lines and treatment facilities as well as a description of the facilities and method of effluent disposal, with specification regarding reuse. Please restate the capacities and provide descriptions of the facilities as modified for the reconfigured territory.

**7. Financial Statements.** Rule 25-30.033(1)(r), F.A.C., requires a detailed financial statement of the financial condition of the applicant for the preceding calendar or fiscal year. Rule 25-30.033(1)(s), F.A.C., requires a list of all entities, including affiliates, upon which the applicant is relying to provide funding to the utility. Please provide a detailed financial statement for Bluefield or a list of all entities upon which it is relying to provide funding and

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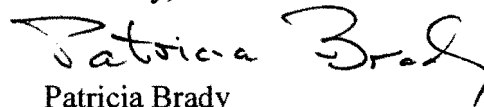
explanation of manner and amount of funding, including the entities' most recent financial statement and any financial agreements with Bluefield.

**8. Cost Study.** Rule 25-30.033(1)(t), (u), (v), and (w), F.A.C., requires a cost study with growth projections along with schedules of projected costs and operating expenses at 80% of the designed capacity of the systems. If rates and charges are not to be considered at this time, please submit a motion for waiver or temporary variance of the rules, which includes a statement that service to existing customers will be provided without compensation pursuant to Section 367.021(12), Florida Statutes. Otherwise, please provide an updated cost study in hard copy and electronic version.

- a. The updated cost study should reflect revised:
  - ERCs and usage estimates based on reconfigured territory,
  - Capital structure schedule based on current cost of debt and equity,
  - Plant schedules based on reconfigured territory, current construction costs, and construction of electrical facilities, if applicable,
  - Depreciation, contributions in aid of construction (CIAC) and amortization of CIAC schedules which support the above revisions,
  - Service rates and charges which support the above revisions, and
  - Water and wastewater tariffs which support the above revisions.
- b. Please include an explanation of the basis for the allocation of revenue requirements between the base facility charge and the gallonage charge.
- c. Please include a revised service availability policy and charges for water and wastewater main extensions in lieu of donated lines and water meter installation charges.
- d. Please indicate if the utility wishes to collect an allowance for funds used during construction.

If you have questions regarding any of the information requested above, please feel free to contact me at (850) 413-6686, [pbrady@psc.state.fl.us](mailto:pbrady@psc.state.fl.us), technical staff, Melissa L'Amoreaux at (850) 413-6980, [mlamoreaux@psc.state.fl.us](mailto:mlamoreaux@psc.state.fl.us), or legal staff, Caroline Klancke at (850) 413-6220, [cklancke@psc.state.fl.us](mailto:cklancke@psc.state.fl.us). The response should be filed as soon as possible but no later than February 4, 2013, either electronically at [filings@psc.state.fl.us](mailto:filings@psc.state.fl.us) or mailed directly to the Office of the Commission Clerk. However, please note that tariffs may not be filed electronically.

Sincerely,



Patricia Brady  
Regulatory Analyst IV

PB:jc

cc: Division of Engineering (L'Amoreaux, Lewis, Watts)  
Division of Accounting & Finance (Kaproth)  
Division of Economics (Bruce, Hudson)  
Office of the General Counsel (Klancke)  
Office of Commission Clerk