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STATE OF FLORIDA



DIVISION OF ECONOMICS  
GREG SHAFER  
DIRECTOR  
(850) 413-6410

# Public Service Commission

November 23, 2015

Mr. Peter Bayer  
14788 Coyote Dr.  
Park Rapids, MN 56470-2657

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COMMISSION  
CLERK

**Re: Docket No. 150102-SU - Application for an increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven**

Dear Mr. Bayer:

Thank you for your letter in which you expressed your concerns regarding Utilities, Inc. of Sandalhaven's (Sandalhaven) application for a rate increase. To ensure that the Commission staff and the Commissioners have knowledge of your concerns, your letter has been placed on the correspondence side of the docket file for all to review.

In your letter, you had concerns about being charged on a monthly basis for wastewater service while not in residence. The utility's rate structure consists of a base facility and gallonage charge. Under the base facility charge rate structure, the base facility charge is designed to recover the fixed costs. Consequently, those costs do not change even though a customer may be out of residence. Therefore, pursuant to Rule 25-30.335(9), Florida Administrative Code, if the utility utilizes the base facility and usage charge rate structure and does not have a Commission authorized vacation rate, the utility shall bill the customer the base facility charge regardless of whether there is any usage.

Further, shutting-off your service would subject you to the required reconnection fee in effect at the time of the reconnection. If all seasonal customers were to shut-off service when not in residence, it would jeopardize the financial stability of the utility and ultimately its ability to provide safe and reliable service. Also, if customers were to shut-off service when not in residence, it would result in a higher base facility charge because there would be fewer bills to recover the fixed costs.

In addition, you had a concern regarding the rate of return on equity. With respect to the development of rates, the Commission is required to set rates that are just, reasonable, compensatory, and not unfairly discriminatory as dictated by Chapter 367, Florida Statutes. During a rate case, the Commission's accountants, engineers, and economists examine the utility's financial and engineering information to make a recommendation to the

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Commissioners. Staff filed its recommendation on November 18, 2015, in Docket No. 150102-SU and is available on the Commission's website at [www.floridapsc.com](http://www.floridapsc.com). The Commissioners are scheduled to vote on staff's recommendation on December 3, 2015.

Hopefully, this letter addresses your concerns. If you have any additional questions, or require assistance, please feel free to contact Sonica Bruce at (850) 413-6994 or by email at [sbruce@psc.state.fl.us](mailto:sbruce@psc.state.fl.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Shannon J. Hudson". The signature is stylized and cursive.

Shannon J. Hudson  
Economic Supervisor  
Division of Economics

cc: Office of Commission Clerk (Docket No. 150102-SU)  
Office of Public Counsel