



Public Service Commission  
-M-E-M-O-R-A-N-D-U-M-

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**DATE:** January 22, 2002  
**TO:** Division of Commission Clerk and Administrative Services  
**FROM:** Thomas Walden, Division of Economic Regulation  
**RE:** Docket No. 018059-WS; Application of North Sumter Utility Company for water and wastewater certificates in Sumter County

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Attached is a letter and attachments dated January 16, 2002 from the utility's consultant, Robert Nixon, that should be included in the docket file.

cc: Stephanie Clapp, Division of Economic Regulation  
Larry Harris, Office of General Counsel

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DOCUMENT NUMBER-DATE  
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FPSC-COMMISSION CLERK

*Cronin, Jackson, Nixon & Wilson*  
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January 16, 2002

Mr. Tom Walden  
Bureau of Certifications  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0873

By Fax: (850) 413-6951

RE: North Sumter Utility Company

Dear Tom:

As a follow up to our phone conference this morning, I am providing a brief response on the various questions and issues we discussed.

1. The difference in the number of general service water and sewer bills is due solely to the average daily flows, daily demand per ERC, and total ERC's, as determined by the Company's engineer. I have enclosed a copy of the calculation of ERC's I faxed to you earlier today. The water and sewer calculated ERC's were converted to bills on the proof of revenue schedule we have previously furnished you.
2. The Company is not requesting an inclining block rate structure for general service customers. It was not our original intent to do so and I apologize for any misunderstanding.
3. North Sumter Utility Company will not be providing fire protection service. In the event such a service is required, fire protection will be provided by the non-potable water irrigation company. Therefore, the company will not need any approved private fire protection charges as requested in the original application.
4. The Water Management District has requested that North Sumter obtain inclining block rates for potable water service. As I understand, you have checked with the Water Management District and confirmed this to be the case and will be recommending inclining block rates. I have enclosed a letter from the Company's engineers, which states that the proposed Water Use Permit (WUP) includes a condition that inclining block rates be adopted as a water conservation measure.

2002 JAN 22 AM 11:36  
DIVISION OF  
COMPETITIVE SERVICES

Mr. Tom Walden  
Bureau of Certifications  
January 16, 2002  
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5. The non-used and useful adjustments shown in the calculation were made to estimate rate base of the Company when operating at 80% of designed capacity. If you believe these adjustments are not appropriate, the Company has no objection to eliminating these adjustments.

As we discussed, it is your intention to recommend rates and rate structure and have this matter considered within the next 45-days. The Company is most anxious to obtain initial rates because of financing considerations associated with its construction timetable.

If you need any additional information in order to complete your work, please contact me as soon as possible.

Very truly yours,

CRONIN, JACKSON, NIXON & WILSON



Robert C. Nixon

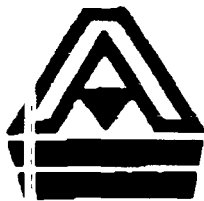
cc: John Wise w/enclosure  
Marty Friedman w/enclosure

RCN/dij

Enclosures

NORTH SUMTER UTILITY COMPANY  
 ANALYSIS OF RESIDENTIAL & COMMERCIAL ERC'S  
 PER ENGINEERING REPORT USED TO DEVELOP REQUESTED RATES

	<u>WATER</u>	<u>SEWER</u>
<u>TOTAL ERC'S @ BUILDOUT</u>		
TOTAL AVERAGE DAILY FLOW PER TABLES B & C IN ENGINEERING REPORT @ BUILDOUT	<u>2,188,000</u>	<u>1,772,000</u>
DIVIDE BY DAILY DEMAND PER ERC	<u>125 GPD</u>	<u>116GPD</u>
TOTAL ERC'S @ BUILDOUT	<u>17,504</u>	<u>15,276</u>
RESIDENTIAL ERC'S PER TABLES B & C	12,700	12,700
BALANCE OF TOTAL =S COMMERCIAL	<u>4,804</u>	<u>2,576</u>
TOTAL ERC'S	<u>17,504</u>	<u>15,276</u>
<u>TOTAL ERC'S @ 80% LEVEL OF OPERATION</u>		
TOTAL ERC'S @ BUILDOUT PER ABOVE FACTOR FOR 80% OPERATING LEVEL	<u>17,504</u> 80%	<u>15,276</u> 80%
TOTAL ERC'S @ 80% LEVEL OF OPERATION	<u>14,003</u>	<u>12,221</u>
RESIDENTIAL @ 80% (12,700 X 80%)	10,160	10,160 ✓
COMMERCIAL @ 80% (4,804 X 80%; 2576 X 80%)	<u>3,843</u>	<u>2,061</u> ✓
TOTAL ERC'S @ 80% LEVEL OF OPERATION	<u>14,003</u>	<u>12,221</u> ✓



# Andreyev Engineering, Inc.

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▼ Groundwater ▼ Environmental ▼ Geotechnical ▼ Construction Materials Testing

January 15, 2002  
Project No. WPGW-01-037

**TO:** The Villages  
1100 Main Street  
The Villages, Florida 32159

**ATTENTION:** John Parker

**SUBJECT:** **Proposed Conservation Rate Structure**  
North Sumter Utility Company  
The Villages of Sumter, Sumter County, Florida

Mr. Parker,

The North Sumter Utility Company (NSU) has proposed to implement an inclined block rate structure for the new public supply service area at the Villages of Sumter.

The Southwest Florida Water Management District (SWFWMD) considers inclined block rate structures to be water conserving. The per capita usage at the existing Villages developments is above the average for SWFWMD. The District has required existing permittees at the Villages to implement all available water conserving measures, including water conserving rate structures, in order to reduce the per capita usage.

In the light of this, the NSU included a comprehensive water conservation plan in its Water Use Permit (WUP) application, submitted to SWFWMD in August 2001. This plan included a commitment to implement an inclined block rate structure, upon approval of the PSC, to encourage residential water conservation. According to the Conditions for Issuance of Permits, Chapter 40D-2.301 [1(a) and (k)] of the Florida Administrative Code, proposed water use must be shown to be "necessary to fulfill a certain demand" and to "incorporate water conservation measures". The District has communicated to the NSU, through conversation, that a water conserving rate structure is a crucial component of satisfying these conditions.

The District completed its review of the WUP application for the NSU on January 14, 2001 and will be recommending to the Board that the application be approved. The proposed permit will include a condition that the utility implement the proposed inverted block rate structure as a water conservation measure.

Sincerely  
ANDREYEV ENGINEERING, INC.

  
Nicolas Andreyev, P.E.  
President  
Florida Registration No. 35459

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