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March 7, 2003  
VIA HAND DELIVERY

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COMMISSION  
CLERK

Blanca S. Bayo, Director  
Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities  
PSC Docket No. 020892-WS; Application for Transfer of Certificates  
Our File No. 36097.01

Dear Ms. Bayo:

As a result of conversations with the members of the Public Service Commission staff recently, we have determined that our Original Cost Study as revised and most recently submitted on February 4, 2003 failed to include imputed CIAC for two commercial customers (the RV park and a commercial business - Short Environmental). One has a 2" meter and the other a 5/8" X 3/4" meter. Appropriate imputations have been made in the revised Original Cost Study schedules, which are attached hereto. With this change, we believe that the original cost information is now accurate and complete.

AUS \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM \_\_\_\_\_  
CTR \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL \_\_\_\_\_  
OPC \_\_\_\_\_  
MMS \_\_\_\_\_  
SEC | \_\_\_\_\_  
OTH \_\_\_\_\_

In addition, the staff has asked that I provide them with a contact at the Utility's local office for future reference. The name of that contact is as follows:

Sandy Bousom  
Buttonwood Bay  
10001 U.S. 27 South  
Sebring, FL 33876  
(863) 655-1122

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FPSC-COMMISSION CLERK

Blanca S. Bayo  
March 7, 2003  
Page 2

If you have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP



F. Marshall Deterding  
For The Firm

FMD\tms

cc: Patti Daniel  
Cheryl Johnson  
Kathy Kaproth  
Richard Redemann  
Alice Crosby  
Brian Fannon  
Sandy Bousom  
John Coto, P.E.  
Gary Morse, P.E.

Buttonwoodbay\6bayo.ltr

Original Cost Study - Water System Plant In Service

Florida Public Service Commission

Buttonwood Bay Utilities

Docket No.

Estimated Original Cost at January 1, 2002

Schedule 1 Revised 3/6/03

Page 1 of 1

Preparer: J. Coto/G. Morse

Line No.	NARUC Account	Description	Year Installed (2)	Age (Yrs.)	FPSC (3) Depreciation Rate (%)	Costing Method		Index Values (1)		Replacement Cost (5)	Estimated Original Cost	Accumulated Depreciation	Original Cost Less Accum. Depreciation
						Actual Invoice (4)	Trended	Test Yr	Yr Installed				
1	303	Land and Land Rights	1984	17.5		Estimated (7)				\$ 4,600	\$ 4,600	\$ -	\$ 4,600
2	304	Structures and Improvements	1984	17.5	3.57%	Trended		313.00	191.00	8,860	2,807	1,754	1,053
3	307	Wells and Springs	1984	17.5	3.70%	Trended		291.00	198.00	44,000	29,938	19,385	10,553
4	309	Supply Mains	1984	17.5	3.13%	Trended		333.00	222.00	17,208	11,472	6,284	5,188
5	310	Power Generation Equipment	1984	17.5	5.88%	Trended		531.00	245.00	40,000	18,456	18,456	-
6	311	Pumping Equipment	1984	17.5	5.88%	Trended		531.00	245.00	50,000	23,070	23,070	-
7	320	Water Treatment Equipment	1984	17.5	5.88%	Trended		385.00	232.00	101,000	60,862	60,862	-
8	330	Distribution Reservoirs & Standpipes											
9		-Steel Tanks	1984	17.5	3.33%	Trended		270.00	208.00	50,000	38,519	22,447	16,072
10	331	Transmission and Distribution Lines	1984	17.5	2.50%	Trended		215.00	138.00	266,000	170,735	74,697	96,038
11	333	Services	1984	17.5	2.86%	Trended		275.00	193.00	144,150	101,167	50,634	50,533
12	334	Meters and Meter Installations	1984	17.5	5.88%	Actual (6)				29,890	29,890	12,135	17,755
13	335	Hydrants	1984	17.5	2.50%	Trended		505.00	232.00	2,600	1,194	523	672
14	336	Backflow Prevention Devices	2001	0.5	4.00%	Actual Cost				5,190	5,190	104	5,086
15		Total Net Original Cost Plant In Service								\$ 763,498	\$ 497,900	\$ 290,349	\$ 207,551

Footnotes:

(1) Based on Handy Whitman Indices at mid year for the test year and estimated year of installation.

(2) As indicated in latest FPSC Annual Reports.

(3) Depreciation rates based on FPSC Order No. 13060 dated March 7, 1984

(4) Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities, was not able to obtain any actual invoices or support for the original plant investment.

Therefore, the Company has prepared an original cost study to support the original plant investment.

(5) Represents the estimated cost today for similar facilities as prepared by Excel Engineering Consultants per the attached replacement cost analysis

(6) Represents the estimated original cost of meters (including installation) based upon the approved meter installation fee of \$70 per meter.

This cost was established by the FPSC in Order No. 13672 of Docket No. 840177-WS dated September 11, 1984

(7) From Replacement Cost Support Schedule 1

Original Cost Study - Wastewater System Plant In Service

Florida Public Service Commission

Buttonwood Bay Utilities

Schedule 2 Revised 3/6/03

Docket No.

Page 1 of 1

Estimated Original Cost at January 1, 2002

Preparer: J. Coto/G. Morse

Line No	NARUC Account	Description	Year Installed (2)	Age (Yrs)	FPSC (3) Depreciation Rate (%)	Costing Method		Index Values (1)		Todays Replacement Cost (5)	Estimated Original Cost	Accumulated Depreciation	Original Cost Less Accum. Depreciation
						Actual Invoice (4)	Trended	Test Yr	Yr. Installed				
1	353	Land and Land Rights	1984	17.5		Estimated				31,000	\$ 31,000	\$ -	\$ 31,000
2	354	Structures and Improvements	1984	17.5	3.70%	Trended		313.00	191.00	21,600	13,181	8,535	4,646
3	360	Collection Sewers - Force	1984	17.5	3.70%	Trended		215.00	138.00	48,000	30,809	19,949	10,860
4	361	Collection Sewers - Gravity	1984	17.5	2.50%	Trended		215.00	138.00	398,741	255,936	111,972	143,964
5	361	Collection Sewers - Manholes	1984	17.5	3.70%	Trended		215.00	138.00	151,450	97,210	62,943	34,266
6	363	Services to Customers	1984	17.5	2.86%	Trended		275.00	193.00	288,300	202,334	101,268	101,066
7	371	Pumping Equipment	1984	17.5	6.67%	Trended		531.00	245.00	220,000	101,507	101,507	-
8	380	Treatment and Disposal Equipment	1984	17.5	6.67%	Trended		385.00	232.00	412,873	248,796	248,796	-
9		Total Net Original Cost Plant In Service								\$ 1,571,964	\$ 980,773	\$ 654,970	\$ 325,803

Footnotes:

(1) Based on Handy Whitman Indices at mid year for the test year and estimated year of installation

(2) As indicated in latest FPSC Annual Reports.

(3) Depreciation rates based on FPSC Order No 13060 dated March 7, 1984

(4) Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities, was not able to obtain any actual invoices or support for the original plant investment

Therefore, the Company has prepared an original cost study to support the original plant investment.

(5) Represents the estimated cost today for similar facilities as prepared by Excel Engineering Consultants per the attached replacement cost analysis

**INTERNAL WORKPAPER ONLY**  
**Buttonwood Bay Utilities**

Development of Potential Impact From Imputation of CIAC By FPSC

Line No	Year	Reported (1) Connections	0.57 Additions(3)	System Capacity/ Meter Fee	Annual CIAC Additions	Amortization Rate(4)	Age (Yrs.)	Accumulated Amortization (Plant)	Accumulated Amortization (Meters)	Net CIAC
1	1984	6	11.00	\$ 670	\$ 7,020	3.51%	17.5	\$ 4,054	\$ 258	\$ 2,708
2	1985	24	14.00	670	10,080	3.51%	16.5	4,865	973	4,242
3	1986	0	0.00	670	-	3.51%	15.5	-	-	-
4	1987 (2)	50	29.00	670	20,900	3.51%	14.5	8,856	1,781	10,263
5	1988 (2)	50	29.00	670	20,900	3.51%	13.5	8,245	1,658	10,997
6	1989	21	12.00	670	8,670	3.51%	12.5	3,159	645	4,866
7	1990	42	24.00	670	17,340	3.51%	11.5	5,813	1,187	10,341
8	1991	60	34.00	670	24,600	3.51%	10.5	7,518	1,548	15,534
9	1992	175	100.00	670	72,250	3.51%	9.5	20,007	4,085	48,158
10	1993	0	0.00	670	-	3.51%	8.5	-	-	-
11	1994	0	0.00	670	-	3.51%	7.5	-	-	-
12	1995	0	0.00	670	-	3.51%	6.5	-	-	-
13	1996	0	0.00	670	-	3.51%	5.5	-	-	-
14	1997	0	0.00	670	-	3.51%	4.5	-	-	-
15	1998	0	0.00	670	-	3.51%	3.5	-	-	-
16	1999	0	0.00	670	-	3.51%	2.5	-	-	-
17	2000	0	0.00	670	-	3.51%	1.5	-	-	-
18	2001	0	0.00	670	-	3.51%	0.5	-	-	-
19		<u>428</u>	<u>253</u>		<u>181,760</u>			<u>62,517</u>	<u>12,135</u>	<u>107,108</u>
20										
21	Water Lines Per Order 13672				30,000	2.50%	17.5	13,125	-	16,875
22										
23	Total Water CIAC				<u>\$ 211,760</u>			<u>\$ 75,642</u>	<u>\$ 12,135</u>	<u>\$ 123,983</u>

Line No	Year	Reported (1) Connections	0.57 Additions(3)	System Capacity/ Fee	Annual CIAC Additions	Amortization Rate(4)	Age (Yrs.)	Accumulated Amortization	Net CIAC
24	1984	6	11.00	\$ 875	\$ 9,625	4.29%	17.5	\$ 7,226	\$ 2,399
25	1985	24	14.00	875	12,250	4.29%	16.5	8,671	3,579
26	1986	0	0.00	875	-	4.29%	15.5	-	-
27	1987 (2)	50	29.00	875	25,375	4.29%	14.5	15,785	9,590
28	1988 (2)	50	29.00	875	25,375	4.29%	13.5	14,696	10,679
29	1989	21	12.00	875	10,500	4.29%	12.5	5,631	4,869
30	1990	42	24.00	875	21,000	4.29%	11.5	10,360	10,640
31	1991	60	34.00	875	29,750	4.29%	10.5	13,401	16,349
32	1992	175	100.00	875	87,500	4.29%	9.5	35,661	51,839
33	1993	0	0.00	875	-	4.29%	8.5	-	-
34	1994	0	0.00	875	-	4.29%	7.5	-	-
35	1995	0	0.00	875	-	4.29%	6.5	-	-
36	1996	0	0.00	875	-	4.29%	5.5	-	-
37	1997	0	0.00	875	-	4.29%	4.5	-	-
38	1998	0	0.00	875	-	4.29%	3.5	-	-
39	1999	0	0.00	875	-	4.29%	2.5	-	-
40	2000	0	0.00	875	-	4.29%	1.5	-	-
41	2001	0	0.00	875	-	4.29%	0.5	-	-
42	Total Sewer CIAC	<u>428</u>	<u>253</u>		<u>\$ 221,375</u>			<u>\$ 111,430</u>	<u>\$ 109,945</u>

Footnotes:

- (1) As reported in the FPSC Annual Reports adjusted in 1984 to include one addl ERC for commercial account and 8 ERCs for RV park based upon 2 inch service.
- (2) No data available for 1987 or 1988. However, based on year end number of connections for 1986 of 28 and beginning year connections of 128 for 1989, it is therefore evident that 100 connections were added during the two year period. It was assumed that 50 connections were added in 1987 and 50 added in 1988. It was assumed that every new water connection is also a sewer connection.
- (3) In the FPSC Staff Recommendation in Original Certificate Application in Docket No. 840177-WS, the staff recognized that service availability charges should be based on an "ERC" concept with mobile homes equating to 0.57 of an ERC. It is noted that the one commercial account (Short Utilities) was recognized as 1 ERC and the RV park was recognized as 8 ERCs based upon 2 inch service.
- (4) Represents the composite rate for the system computed from the data contained in the Original Cost Study for the respective systems.

Line No.	Description	Unit	Quantity	Unit Price	Total Cost
1	<b>Potable Water Transmission/Distribution System</b>				
2	Pipe Installation				
3	1" PVC	LF	250	\$ 5.00	\$ 1,250
4	1-1/2" PVC	LF	200	5.25	1,050
5	2" PVC	LF	23,710	5.50	130,405
6	3" PVC	LF	6,040	5.50	33,220
7	4" PVC	LF	2,550	8.00	20,400
8	6" PVC	LF	1,750	12.00	21,000
9	8" PVC	LF	1,270	18.00	<u>22,860</u>
10	Total Transmission and Distribution				230,185
11	Valves, Backflow Preventers, and Fire Hydrants				
12	2" Gate Valve	Each	50	475.00	23,750
13	3" Gate Valve	Each	8	525.00	4,200
14	4" Gate Valve	Each	3	585.00	1,755
15	6" Gate Valve	Each	4	715.00	2,860
16	8" Gate Valve	Each	2	825.00	<u>1,650</u>
17	Total T&D Valves				34,215
18					
19	1" RPZ Backflow Preventor	Each	6	865.00	5,190
20	2" Blow-off Valve	Each	8	200.00	1,600
21	Fire Hydrant (@ Clubhouse)	Each	1	2,600.00	2,600
22					
23	Service Laterals				
24	1" Service Lateral (15')	Each	427	150.00	64,050
25	1" Service Lateral (10')	Each	<u>534</u>	150.00	<u>80,100</u>
26	Total Services		961		144,150
27					
28	5/8" Water Meter	Each	427	70.00	29,890
29					
30	Total Water Transmission/Distribution System				<u>447,830</u>
31					
32					
33	<b>Potable Water Treatment Facilities</b>				
34	6" Well #1	LF	1,100	20.00	22,000
35	6" Well #2	LF	1,100	20.00	22,000
	Peerless Vertical Turbine Pump (450 gpm, 30 HP motor)	Each	2	25,000.00	50,000
38	8" Water Meter	Each	1	10,000.00	10,000
39	8" Gate Valve	Each	9	825.00	7,425
40	8" Swing Check Valve	Each	2	1,100.00	2,200
41	8" DIP	LF	337	22.50	7,583
42	Operation Building	SF	320	20.00	6,400
43	6' Chain-link Fence	LF	246	10.00	2,460
44	Emergency Generator (100 kW)	kW	100	400.00	40,000
45	Dual Cylinder Chlorination System	Each	1	15,000.00	15,000
46	Coleman Air Compressor (5 HP)	Each	1	1,000.00	1,000
47	Electrical	Each	1	75,000.00	75,000
48					
49	Total Water Treatment Facilities				<u>311,068</u>
50					
51	Estimated Land Value				4,600
52					
53	Total Estimated Replacement Cost				<u><u>\$763,498</u></u>

Note. WTF area as delineated in 1984 PSC Order of 0.92 ac.  
Estimated value per acre is \$5,000

Replacement Cost For Wastewater System

Florida Public Service Commission

Buttonwood Bay Utilities  
Docket No.

Support Schedule 2-Revised 3/6/03  
Page 1 of 1  
Preparer: J. Coto/G. Morse

Line No.	Description	Unit	Quantity	Unit Price	Total Cost
1	<b>Sanitary Sewer Collection System</b>				
2	Pipe Installation				
3	4" PVC (0'-6")	LF	285	\$ 8.00	\$ 2,280
6					
7	6" PVC (0'-6")	LF	7,081	10.00	70,810
8	6" PVC (6'-8")	LF	680	10.00	6,800
10					
11	8" PVC (0'-6")	LF	17,025	12.05	205,151
12	8" PVC (6'-8")	LF	4,020	15.00	60,300
13	8" PVC (8'-10')	LF	2,670	20.00	53,400
14					
15	Manholes				
16	Sanitary MH (0'-6')	Each	75	1,350.00	101,250
17	Sanitary MH (6'-8')	Each	18	1,650.00	29,700
18	Sanitary MH (8'-10')	Each	10	2,050.00	20,500
19					
20	Service Laterals				
21	4" Service Lateral (15')	Each	427	300.00	128,100
22	4" Service Lateral (10')	Each	534	300.00	160,200
23					
24	Lift Stations				
25	LS #1 (14' depth, 4' diameter)	Each	1	55,000.00	55,000
26	LS #2 (9' depth, 4' diameter)	Each	1	50,000.00	50,000
27	LS #3 (13' depth, 4' diameter)	Each	1	55,000.00	55,000
28	LS #4 (18' depth, 4' diameter)	Each	1	60,000.00	60,000
29					
30	Force Main				
31	4" PVC Force Main	LF	4,800	10.00	48,000
32					
33	Total Wastewater Collection System				1,106,491
34					
35	<b>Wastewater Treatment Facility</b>				
36	98,000 GPD Extended Aeration W	Gallons	98,000	4.05	396,900
37	Percolation Ponds	CY	7,570	2.11	15,973
38	Fencing (6' Chain-link)	LF	2,160	10.00	21,600
39					
40	Total Wastewater Treatment Facility				434,473
41					
42	Estimated Land Value				31,000
43					
44	Total Estimated Replacement Cost				<u><u>\$1,571,964</u></u>

Note: WWTF area of 6.2 acres based on 1984 PSC Order and estimated land value of \$5,000 per acre.