

State of Florida

ORIGINAL



Public Service Commission

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

RECEIVED-FPSC
MAY 19 AM 9:17
COMMISSION
CLERK

DATE: May 19, 2003
TO: Division of Commission Clerk and Administrative Services
FROM: Sam Merta (Professional Accountant Specialist)
RE: Docket Nos. 020439-SU and 020331-SU

Attached is a copy of a May 18, 2003 letter from John Guastella, on behalf of Sanibel Bayous Utility Corporation, requesting consideration of adjustments to staff's May 8, 2003 recommendation in the above dockets. Please include this letter in the above docket file.

cc: Division of Economic Regulation (Rendell)

- AUS _____
- CAF _____
- CMP _____
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- GCL _____
- OPC _____
- MMS _____
- SEC 1
- OTH _____

DOCUMENT NUMBER DATE

04419 MAY 19 8

FPSC-COMMISSION CLERK

GUASTELLA ASSOCIATES, INC.

UTILITY MANAGEMENT • VALUATION • RATE CONSULTANTS

100 ROYLSTON STREET, SUITE 800
BOSTON, MA 02116
TEL: (617) 423-3030
FAX: (617) 423-2929

May 18, 2003

Ms. Blanca Bayo, Director
Division of Commission Clerk and Administrative Service
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 020439-SU - Application for Staff Assisted Rate Case
Sanibel Bayous Utility Corporation

Dear Ms. Bayo:

I am writing this letter on behalf of Sanibel Bayous Utility Corporation ("Company") to request that the Staff of the Division of Economic Regulation ("Staff") and the Florida Public Service Commission ("Commission") consider the following adjustments to Staff's May 8, 2003 recommendations:

1. Issue 7 – Contractual Services – Professional and Other

Staff has amortized, over a 5-year period, expenses for permit renewal costs (\$5,500), clearing a pond (\$8,911), removing vegetation from the pond berm (\$5,000), and adding baffles to the chlorine contact chamber (\$2,000). Staff has also amortized, over a 3-year period, lift station repairs (\$2,772). These amortizations provide the Company with \$5,206 annually to cover out of pocket costs of \$24,183, or a \$20,077 cash shortfall.

Although Staff acknowledges that there may be a need for different types of repair and maintenance expenses in the future, the adjustment was made because Staff is uncertain as to when and how frequently such costs would be incurred. Enclosed is documentation showing some \$18,804 of repairs and maintenance to lift stations, the wastewater treatment plant and sewer collection mains during late 2002. Accordingly, the full expense should be allowed without amortization. Or, at the very least, the average unamortized balance for the first year the rates will be in effect, or \$21,580 $[(24,183 + (24,183 - 5,206))/2]$ should be included in rate base in order to recognize the carry costs and thereby enable the Company to borrow funds for the expenditures. Otherwise, there simply will not be enough cash available to properly maintain the system.

2. Issue 7 - Regulatory Commission Expense

While Staff did not allow any of the requested \$6,000 for outside consulting services provided by this firm (the actual fees have been unavoidably considerably more), it did suggest an adjusted figure of \$4,095 in the event the Commission would decide to allow some level of such fees. Page 3 of the Staff report states that Staff provided a list of consultants to the Company who could assist it with the refund calculation and the staff assisted rate case application (SARC). The Company certainly recognized that it could not handle this regulatory process without expert assistance, as was also apparently recognized by Staff. Despite the SARC process, small utilities are entitled to obtain expert assistance and, particularly when invited to obtain such assistance by Staff, they should be compensated for at least some level of expenses.

In addition, Staff allowed \$2,344 for other rate case expenses but amortized them over a 4-year period without including the related average unamortized balance in rate base in order to recognize the associated carrying costs. If the Commission allows the consulting fees of \$4,095, the total allowed rate case expenses would be \$6,439 to be amortized over 4 years, or \$1,610 annually. The related average unamortized balance in the first year the rates are in effect would be \$5,634 which should be include in rate base.

The Commission should consider the above requested adjustments to Staff's recommendations in light of the following:

- Only one customer voiced a complaint at the November 14, 2002 customer meeting; requesting the posting of a telephone number at the lift stations.
- Despite the unauthorized rate increases, the Company's stockholders have been subsidizing the utility operation since its inception, and the customers have paid considerably less than the cost of serving them for the last 26 years, and continue to do so now.
- The rates proposed by Staff are less than half of those of the other utilities regulated by the FPSC. In fact, 9 of 10 wastewater utilities have rates higher than those proposed by Staff for the Company.
- The connection fees have been treated as CIAC to the benefit of the customers.
- Considering cash shortfalls related to Staff's amortizations (\$21,580 and \$1,758), disallowance of consulting fees (\$6,000) and customer refunds of some \$7,482, there would be a total out-of-pocket shortfall of \$29,062.
- Without modifying Staff's recommendations, the Company will simply not have sufficient revenues to cover expenses and/or fund the capital improvements currently estimated at about \$47,000.

I very much appreciate Staff's consideration of this letter and would request that, if possible, Staff present it to the Commissioners for their review as well. Unless there is a less costly but equally effective procedure, I will attend the Agenda meeting in Tallahassee on Tuesday, May 20, 2003. Please call me if you have any questions.

Respectfully submitted,

GUASTELLA ASSOCIATES, INC.

John F. Guastella
President

CC: Staff members Merta and Rendell

R. P. Gridley Co. Inc.
 Industrial Motor Control
 8720 Alico Rd. #6
 Fort Myers, FL 33912
 Phone 239-267-0309 Fax 239-267-9797

Shed

Statement

Date

4/18/2003

Bill To

SANIBEL BAYOU UTILITIES
 c/o Gary Winrow
 15560 McGregor Blvd, #8
 Ft Myers, FL 33908

		Amount Due	Amount Enc.		
		\$12,622.25			
Date	Description	Amount	Balance		
08/31/2002	Balance forward		0.00		
12/05/2002	02-1009 Sewer back up at Lift Station 11/- INV #02-826 - 02-1009 Sewer back up at Lift Station 11/	2,360.00	2,360.00		
04/17/2003	INV #FC 21 - Finance Charge	154.79	2,514.79		
09/24/2002	02-736-Sanibel Bayou WWTP-Rehab 2/12/02- INV #02-739 - 02-736-Gary W-Sanibel Bayou WWTP-Rehab 2/12/02	2,360.00	4,874.79		
04/17/2003	INV #FC 22 - Finance Charge	238.59	5,113.38		
11/05/2002	02-869 Main Lift Station 6/11/02- INV #02-797 - 02-869 Main Lift Station 6/11/02	5,709.75	10,823.13		
04/17/2003	INV #FC 23 - Finance Charge	458.97	11,282.10		
10/10/2002	02-900 Service Call 7/19/02- INV #02-765 - 02-900 Service Call 7/19/02	1,225.89	12,507.99		
04/17/2003	INV #FC 24 - Finance Charge	114.26	12,622.25		
Current	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	Over 90 Days Past Due	Amount Due
0.00	966.61	0.00	0.00	11,655.64	\$12,622.25

R. F. Gridley Co. Inc.
 Industrial Motor Control
 8720 Alico Rd. #6
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 Phone 239-267-0309 Fax 239-267-9797

Statement

Date

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Bill To

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 c/o Gary Winrow
 15560 McGregor Blvd, #8
 Ft Myers, FL 33908

SANIBEL BAYOUS UTILITY COMPANY
 15560 MCGREGOR BLVD SUITE 8
 FORT MYERS, FL 33908

159

5/13/03

R. F. Gridley Co., Inc. 12,622.25
 TWELVE THOUSAND SIX HUNDRED TWENTY TWO

COLONIAL BANK
 Fort Myers, Florida
 24 Hr Colonial Connection 1-877-602-1286

02-82602-1009, 02-739, 02-736
 02-797, 02-86
 02-765, 02-900



NOT-NEGOTIABLE

REDACTED

04/17/2003	2/12/02 INV #FC 22 - Finance Charge		238.59	4,874.75	5,113.38
11/05/2002	02-869 Main Lift Station 6/11/02-		5,709.75		10,823.13
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0.00	966.61	0.00	0.00	11,655.64	\$12,622.25

005



MR. ROOTER OF LEE COUNTY LEE CTY.
 2323 DEL PRADO BLVD. 239-574-3133 CAPE CORAL
 STE 7 - PMB 148 239-936-8862 FORT MYERS
 CAPE CORAL, FL 33990 239-472-3278 SANIBEL
 239-573-6339 FAX
 E-mail: mrrooter@mrrooterplumbing.com

CHARLOTTE CTY. CONTRACT/RETAIL INSTALLMENT. 48470

DATE: 12/30/03

JOB ADDRESS CUSTOMER NAME: <i>Sanibel Bayou Utility Corp (Gary Wineau)</i>		BILLING ADDRESS IF DIFFERENT CUSTOMER NAME: <i>Sanibel Bayou Utility Corp.</i>		SERVICE ORDER	
ADDRESS: <i>4539 Bowler Rd.</i>		ADDRESS: <i>13591 McGeorge Blvd. #21</i>		TYPE	
CITY: <i>Sanibel</i>	ST: <i>FL</i>	ZIP: <i>33957</i>	CITY: <i>Fort Myers</i>	ST: <i>FL</i>	ZIP: <i>33919</i>
PHONE: <i>472-0365</i>	PHONE: <i>472-3711</i>	PHONE: <i>671-2335</i>	CONTACT: <i>Gary Wineau</i>		
PAYMENT <input type="checkbox"/> CASH <input type="checkbox"/> CHECK <input checked="" type="checkbox"/> BILLED <input type="checkbox"/> AE <input type="checkbox"/> MC <input type="checkbox"/> VI <input type="checkbox"/> DF CREDIT CARD #			EQUIPMENT <input type="checkbox"/> W/ SCUB (SMALL) <input type="checkbox"/> W/ SCUB (TRAILER) <input type="checkbox"/> CAMERA <input type="checkbox"/> PIPE LOCATOR <input type="checkbox"/> CABLE MACHINE <input type="checkbox"/> BACKHOE <input type="checkbox"/> TRENCH-LESS <input type="checkbox"/> OTHER		
SERVICE AUTHORIZATION: I AGREE THAT INITIAL PRICE QUOTED PRIOR TO START OF WORK DOES NOT INCLUDE ANY ADDITIONAL OR UNFORESEEN TASKS, NOR MATERIALS WHICH MAY BE FOUND TO BE NECESSARY TO COMPLETE REPAIRS OR REPLACEMENTS. I ALSO AGREE TO HOLD MR. ROOTER OR ITS ASSIGNS HAPLESS FOR PARTS DEEMED CORRODED, UNUSABLE OR UNRELIABLE FOR COMPLETION OF STATED WORK TO BE DONE. I HEREBY AUTHORIZE MR. ROOTER TO PERFORM PROPOSED WORK AND AGREE TO ALL AGREEMENT CONDITIONS AS DISPLAYED ON THE FACE AND REVERSE SIDES OF THIS DOCUMENT AND FURTHER ACKNOWLEDGE THAT THIS INVOICE IS DUE UPON RECEIPT.					
An Independently Owned and Operated Franchise		AUTHORIZED SIGNATURE: <i>X [Signature]</i>		EXP. DATE: <i>12/30/03</i>	
DIAGNOSIS: <i>Electromagnetic Detector & Excavate to expose defective area of sewer</i>					
TASK #	WARRANTY	DESCRIPTION OF PRODUCTS AND SERVICES		PRICE	
				<i>200.00</i>	
RECOMMENDATIONS: <i>Customer Protection Plan Members save money!</i>				TASK (S) TOTAL	\$ <i>200.00</i>
				CPP	<input type="checkbox"/>
				APPROVED <input type="checkbox"/> DECLINED <input type="checkbox"/>	SUB TOTAL
				APPROVED <input type="checkbox"/> DECLINED <input type="checkbox"/>	TAX
				APPROVED <input type="checkbox"/> DECLINED <input type="checkbox"/>	TOTAL
ACCEPTANCE OF WORK PERFORMED: I FIND THE SERVICE AND MATERIALS PERFORMED AND INSTALLED HAVE BEEN COMPLETED IN ACCORDANCE WITH THIS AGREEMENT. I AGREE TO PAY REASONABLE ATTORNEY FEES, COLLECTION FEES AND COURT COSTS IN THE EVENT OF LEGAL ACTION PURSUANT TO COLLECTION OF AMOUNT DUE.				CUSTOMER SIGNATURE	X <i>[Signature]</i>
DO HEREBY STATE THAT THE ABOVE WORK HAS BEEN DONE IN A WORKMANLIKE MANNER AND TO APPLICABLE CODES.				TECHNICIAN SIGNATURE	X <i>[Signature]</i>

HYDROTECH

05/16/03 PRI 07:48 FAX 239 482 3400

CUSTOMER COPY

05/19/2003 02:58

5617459585

GLASTELLA ASSOC.

PAGE 07

R331 4/02

Type 2 - without notice of cancellation

24 Hours a Day • 7 Days a Week... Never An Overtime Charge!

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MR. ROOTER OF LEE COUNTY
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LEE CTY.
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239-936-8862 FORT MYERS
239-472-3278 SANIBEL
239-573-6339 FAX

CHARLOTTE CTY.
941-255-8888
941-573-7777
941-698-9800

CONTRACT/RETAIL INSTALLMENT **48379**

DATE: 12/28/02

E-mail: mrrooter@mrrooterplumbing.com

JOB ADDRESS				BILLING ADDRESS IF DIFFERENT				SERVICE ORDER	
CUSTOMER NAME: Sanibel Payer Utility Corp (Tom Henry)				CUSTOMER NAME: Sanibel Payer Utility Corp.				TYPE	
ADDRESS: 4539 Cowles Bayou Rd.				ADDRESS: 13591 Meggie Blvd #21				SERVICE <input checked="" type="checkbox"/>	
CITY: Sanibel FL 33959 JOB PHONE: 472-0385				CITY: Ft Myers FL 33919 OTHER PHONE: 671-2335				PREV MAINT <input type="checkbox"/>	
PAYMENT				CONTACT: JAMES LARSEN / AARAS				CPP MEMBER <input type="checkbox"/>	
<input type="checkbox"/> CASH <input type="checkbox"/> CHECK <input checked="" type="checkbox"/> BILLED <input type="checkbox"/> AE <input type="checkbox"/> MC <input type="checkbox"/> VI <input type="checkbox"/> DISC <input type="checkbox"/> CREDIT CARD #				EXP DATE: AUTH CODE:				ESTIMATE <input type="checkbox"/>	
SERVICE AUTHORIZATION I AGREE THAT INITIAL PRICE QUOTED PRIOR TO START OF WORK DOES NOT INCLUDE ANY ADDITIONAL OR UNFORESEEN TASKS, NOR MATERIALS WHICH MAY BE FOUND TO BE NECESSARY TO COMPLETE REPAIRS OR REPLACEMENTS. I ALSO AGREE TO HOLD MR. ROOTER OR ITS ASSIGNS HARMLESS FOR PARTS DEEMED CORRODED, UNUSABLE OR UNRELIABLE FOR COMPLETION OF STATED WORK TO BE DONE. I HEREBY AUTHORIZE MR. ROOTER TO PERFORM PROPOSED WORK AND AGREE TO ALL AGREEMENT CONDITIONS AS DISPLAYED ON THE FACE AND REVERSE SIDES OF THIS DOCUMENT AND FURTHER ACKNOWLEDGE THAT THIS INVOICE IS DUE UPON RECEIPT.				<input type="checkbox"/> W SCREEN (SMALL) <input type="checkbox"/> W SCREEN (TRAILER) <input type="checkbox"/> CAMERA <input type="checkbox"/> PIPE LOCATOR <input type="checkbox"/> CABLE MACHINE <input type="checkbox"/> BACKHOE <input type="checkbox"/> TRENCHERS <input type="checkbox"/> OTHER				OPPORTUNITY CALL <input type="checkbox"/> OWNER <input checked="" type="checkbox"/> TENANT <input type="checkbox"/> RESIDENTIAL <input checked="" type="checkbox"/> COMMERCIAL <input type="checkbox"/>	
An Independently Owned and Operated Franchise				AUTHORIZED SIGNATURE: <i>[Signature]</i> \$1395.00					

DIAGNOSIS: Private Sewer System blocked up. First 2 hrs @ \$75.00 every hr. After

TASK #	WARRANTY	DESCRIPTION OF PRODUCTS AND SERVICES	PRICE	TOTAL
1		Hydro jet Private Sewer system Fresh 2 hrs	\$75	\$1395.00
2		Hydro jet on line after the 1st 2 hrs \$75/hr	\$75	\$925.00
3		Root removal	\$500	\$500.00
<p>Tugged manhole cover to find major quantity of roots. We could not see inlets or outlet for roots that were causing them. Removed root and jetted out inlets and outlet to manhole. When we jetted inlet on north side of manhole we jetted back a large quantity of sand and debris. Jetted from cleanout at address to wall inside manhouse. Jetted outlet to manhole and pulled back sand and debris. Reset manhole cover. Will return on Monday with video camera and video to report and record all lines in question as well as manhole it self.</p>				
TASK (S) TOTAL			\$4920.00	\$

RECOMMENDATIONS: Customer Protection Plan Members save money!

APPROVED DECLINED
 APPROVED DECLINED
 APPROVED DECLINED

CPP: \$
 SUB TOTAL \$
 TAX \$
 TOTAL \$4920.00

ACCEPTANCE OF WORK PERFORMED: I FIND THE SERVICE AND MATERIALS PERFORMED AND INSTALLED HAVE BEEN COMPLETED IN ACCORDANCE WITH THIS AGREEMENT. I AGREE TO PAY REASONABLE ATTORNEY FEES, COLLECTION FEES AND COURT COSTS IN THE EVENT OF LEGAL ACTION PURSUANT TO COLLECTION OF AMOUNT DUE.

I HEREBY STATE THAT THE ABOVE WORK HAS BEEN DONE IN A WORKMANLIKE MANNER AND TO APPLICABLE CODES.

CUSTOMER SIGNATURE: *[Signature]*
 TECHNICIAN SIGNATURE: *[Signature]*

4331 Type 28 without notice of cancellation 4102

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05/16/03 FRI 07:50 FAX 239 482 3400

HYDROTECH

007

SEE BINDING TERMS ON REVERSE



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Cape Coral FL 33904
(941) 936-1767 Ft. Myers (941) 542-9300 Cape Coral
(941) 784-8988 Port Charlotte (941) 263-1173 Naples

12/21/02 FT. MYERS
SEE Nelson.
SERVICE TECHNICIAN'S NAME
INVOICE NO. 30229

AMERICA'S NEIGHBORHOOD PLUMBER®

CUSTOMER NAME: Judith Abuckle CUSTOMER NO.: _____
BILLING ADDRESS: 2042 Wild Lime Dr. APT. NUMBER: _____
CITY: Sanibel STATE/PROVINCE: Fl ZIP/POSTAL: 33957 FEDERAL ID #: 85-0362811
CITY: _____ CUSTOMER PHONE NO.: 472-7235 P.O. NUMBER/AUTHORIZATION: _____
JOB ADDRESS (IF DIFFERENT THAN BILLING ADDRESS): _____ CITY: _____ STATE/PROVINCE: _____ ZIP/POSTAL: _____

SEWER & DRAIN PLUMBING PUMPING
INDUSTRIAL EXCAVATION DRAIN TILE
CUSTOMER CLASS
 RESIDENTIAL COMMERCIAL

ESTIMATE My estimate for performing this work is: \$ _____
I authorize Roto-Rooter to perform the described services and I agree to pay the amounts indicated. I understand that Roto-Rooter is not responsible for broken, settled, clogged, deteriorated, or lead pipes, fixtures, or clean outs and any damage resulting from cleaning or repairing such lines.
COMPLETION I acknowledge completion of the below described work which has been done to my complete satisfaction.
WORK ORDER AUTHORIZATION (PRINT NAME) Judith Abuckle (SIGNATURE) _____
(SIGNATURE) _____

REPAIR CODE	DESCRIPTION OF WORK
	Arrived to Find Main and toilet B/O Hand Auger - Cleared Toilet Mainline - Tried to Cable - could not clear Tapped Mainline with Minor results Video inspection - reveals 2 Swells in Mainline approx. 40 + 50 feet and roots At approx 100 feet and there after. We will call customer back and give An Estimate to replace the mainline

LABOR \$ 595.00
(A) + (B) = PARTS \$ _____
MISC SUPPLIES \$ 6.95
OFF HOURS CHARGE \$ _____
OTHER \$ _____
TAX \$ _____
INVOICE TOTAL 367.95

WARRANTY	COMMERCIAL GUARANTEE	PAYMENT
Main/Branch Lines <input type="checkbox"/> 6 months Toilet Auger <input type="checkbox"/> 7 days Plumbing Repair <input type="checkbox"/> 6 months Plumbing Replacement <input type="checkbox"/> 1 year	Main/Branch Lines <input type="checkbox"/> 30 days Toilet Auger <input type="checkbox"/> 24 hours Plumbing Repair <input type="checkbox"/> 90 days Plumbing Replacement <input type="checkbox"/> 90 days	<input type="checkbox"/> CASH <input checked="" type="checkbox"/> CHECK/CHEQUES NO. <u>5993</u> <input type="checkbox"/> CREDIT CARD <input type="checkbox"/> NET 10 DAYS OVER 30 DAYS = LATE CHARGE OF 1 1/2% PER MONTH * In the event check/cheques is returned, the COMPANY will charge the CUSTOMER A \$25.00 processing fee.

REASON FOR NO GUARANTEE: Roots + Swells

TIME DISPATCHED: _____ TIME ARRIVED: _____ TIME DONE: _____
INVOICE NO. 30229

IRR LOCATION FT. MYERS 10004

VENDOR NAME	DESCRIPTION & P.O. #	TOTAL COST	PRICE TO CUST
Hand Auger			N.C.
Cable Main			125-
Video inspection			N.C.
Setter			420-
TOTALS			(A)

FROM TRUCK STOCK		TOTAL COST	PRICE TO CUST
PART #	QTY USED	DESCRIPTION OF PART	
TOTALS			(B)

(SERVICE TECHNICIAN'S NAME AND NUMBER)

(CLERK'S SIGNATURE)

155

SANIBEL BAYOUS UTILITY COMPANY
15660 MCGREGOR BLVD, SUITE 8
FORT MYERS, FL 33908

4/18/03
Mr. Rooter
Six Thousand Eighty One
6/18/95

COLONIAL BANK
Fort Myers, Florida
24th Colonial Drive 941-937-2796

48379/48470/30229

REDACTED

NOT NEGOTIABLE