

ORIGINAL

LAW OFFICES
ROSE, SUNDSTROM & BENTLEY, LLP
2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
DAVID F. CHESTER
F. MARSHALL DETERDING
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
DAREN L. SHIPPY
WILLIAM E. SUNDSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON
ROBERT M. C. ROSE, OF COUNSEL
WAYNE L. SCHIEFELBEIN, OF COUNSEL

(850) 877-6555
FAX (850) 656-4029
www.rsbatorneys.com

CENTRAL FLORIDA OFFICE
600 S. NORTH LAKE BLVD., SUITE 160
ALTAMONTE SPRINGS, FLORIDA 32701-6177
(407) 830-6331
FAX (407) 830-8522

REPLY TO ALTAMONTE SPRINGS

MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD, OF COUNSEL
(LICENSED IN TEXAS ONLY)

April 30, 2004

HAND DELIVERY

RECEIVED FPSC
MAY -3 AM 11:29
COMMISSION CLERK

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Docket No. 030445-SU; Application by Utilities, Inc. of Eagle Ridge for Rate Increase
in Lee County, Florida
Our File No.: 30057.43

Dear Ms. Bayo:

We enclose the following supplement to the responses of the Applicant, Utilities, Inc.
Of Eagle Ridge, to the Commission Staff's Audit Report and Exceptions dated April 5, 2004,
for filing:

Audit Exception No. 1:

CMP _____ The Utility is awaiting further review of the Auditor's work papers to enable it to
COM _____ respond to this exception. In addition, the Utility is preparing a roll-forward of plant
CTR _____ balances and related accounts.

ECR _____ Audit Exception No. 2:

GCL _____
OPC _____ The Utility recognizes the Commission's rules pertaining to capitalized organizational
MMS _____ costs, and is working to rectify the presentation of these costs in the future.

RCA _____ Audit Exception No. 3:

SCR _____ The Utility understands the Commission's stance on these plant items. Accordingly,
SEC | _____ the Utility will make appropriate adjustments.

OTH _____

DOCUMENT NUMBER DATE

05053 MAY -3 04

FPSC-COMMISSION CLERK

Audit Exception No. 4:

The Utility disagrees with the Auditor's recommended treatment as an expense, of \$19,120 in capitalized sludge hauling costs. The Utility believes that these costs are properly capitalized. Project 673-116-00-01 increased aeration capacity at the wastewater treatment plant. This was performed for the ultimate benefit of customers. This project could not have been completed without emptying the treatment plant tanks. Pursuant to Accounting Instruction 25, Part D of the Uniform System of Accounts, "The cost of disposing of materials excavated in connection with construction of structures will be considered as a part of the cost of such work." As this sludge hauling is a necessary component of this project and would not otherwise have been carried out, the expense should be included in the cost of the project and capitalized as such.

Audit Exception No. 5:

The Utility agrees with this exception.

Audit Exception No. 6:

The Utility is awaiting further review of the Auditor's work papers to enable it to respond to this exception. In addition, the Utility is preparing a roll-forward of plant balances and related accounts.

Audit Exception No. 7:

The Utility recognizes the different depreciation rates for Accounts 380 and 381. The Utility is working to correct this.

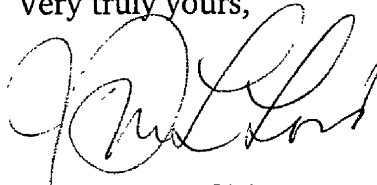
Audit Exception No. 8:

The calculation of Return on Common Equity (ROE) shown, is inconsistent with the data presented in accompanying Schedule A. Schedule A shows an Equity Ratio of 40.42%; however, the calculation on Page 14 uses an Equity Ratio of 42.10%. The Utility is unable to reconcile this difference.

Ms. Blanca Bayo
April 30, 2004
Page 3

Should you have any questions concerning the enclosed, please do not hesitate to give me a call.

Very truly yours,



VALERIE L. LORD
For the Firm

VLL/tlc

cc: Mr. Jeffery A. Small, Audit Manager, Public Service Commission (by facsimile)
Ms. Kathy L. Welch, Audit Staff, Public Service Commission (by facsimile)
Mr. Steven M. Lubertozzi
Mr. Patrick Flynn
Mr. Frank Seidman