

ORIGINAL

County-Wide Utility Co., Inc.

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COMMISSION  
CLERK

November 8, 2005

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

Via Certified Mail 7004 2510 0006 5245 6669  
Return Receipt Requested

RE: Docket No. 050862-WU; County-Wide Utility Co., Inc., Application for Staff Assisted Rate Case for County-Wide Utility Co., Inc.

Dear Ms. Bayo:

Enclosed please find for filing in the above referenced docket the original and five (5) copies of County-Wide Utility Co., Inc.'s ("County-Wide") application for Staff Assisted Rate Case.

County-Wide's water plant was constructed in 1972 and consists of two 6" wells and a 5,000 gallon hydro-pneumatic tank.

In 1996, Marion County changed their Land Development Code to require fire flow in new developments. In 1998, with 362 customers, we hired an engineer to perform a capacity analysis and look at alternatives to expand capacity and provide fire flow. After considering the alternatives, in early 2002 we started negotiations with the City of Ocala to interconnect our systems and purchase bulk water and sewer. An agreement was reached in late 2003.

In early 2004, design for the expansion of the system to new development within the service area was started, later that year design for the interconnect commenced and preliminary budgets were estimated in July, 2004. Engineering for the interconnect was completed in June, 2005 and was bid out. Construction costs had greatly escalated and were projected to continue to increase.

Therefore, we felt it was prudent to start construction prior to receiving a rate adjustment for our additional investment that we expect to total approximately \$950,000. That decision turned out to be a good one since the cost of PVC pipe has now increased over 50% in the two months since Hurricane Katrina. Construction of the interconnect portion will be completed within the next few months and construction of the expansion will continue through February, 2006.

Completion of the construction will greatly increase the quality and reliability of water service to our customers and will provide fire hydrants within 1,000 feet of 80% of our existing customers thus saving most of our customers money on their fire insurance. It will also reduce pressure problems we have had in times of high demand.

County-Wide has never had a rate case since coming under FPSC jurisdiction in the early 1980's and therefore we do not qualify for any ratemaking proceeding other than a rate case. Not

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FPSC-COMMISSION CLERK

having had experience with rate cases, we recently spoke with staff regarding the procedures and were surprised to find out that, although not prohibited by statute or rule, staff has a policy to not recommend interim rates for utilities requesting staff assisted rate cases.

We have already taken the water plant off line and are now buying water from the City of Ocala. We have found that the inside of the 33 year old hydro-pneumatic tank has pieces of rust breaking off which indicates thinning of the tank wall. We feel it would be a safety hazard to place the tank back into operation. We estimate the cost to purchase water vs. producing water from our plant to be about \$1.27 per customer per month which would have totaled about \$7,000 in 2004.

The interest cost on the \$690,000 loan amortized over 30 years will be about \$57,000 next year at a fixed rate of 8.32% for 10 years. The owner will be temporarily lending the estimated shortfall balance of \$310,000 at a variable rate of Prime plus 1%. We will be discussing with the bank about increasing the loan amount which should only increase the rate to 8.4% in today's market, which would bring the total interest cost to about \$84,000 the next year. We are also investigating the cost of subordinate financing.

Since we are a Class C Utility with 2004 revenues of less than \$110,000 and zero rate base, it would be a substantial burden to not earn a return on such a large investment in the system that will cost an additional \$87,000 in interest and purchased water next year. We also do not wish to have our 475 or so customers bear the cost of a full rate case and are therefore applying for staff assistance.

We request that staff recommend allowing us to immediately earn a return on this major investment through the use of interim rates. We would be happy to secure the refund of the addition revenues with a letter of credit or other security acceptable to the commission.

Should you have any questions regarding this matter, please do not hesitate to give me a call.

Sincerely,  
COUNTY-WIDE UTILITY CO., INC.



Dirk J. Leeward, President  
[dirk@cwu.net](mailto:dirk@cwu.net)

Enclosure – SARC Application



FLORIDA PUBLIC SERVICE COMMISSION

APPLICATION FOR A  
STAFF ASSISTED RATE CASE

I. General Data

A. Name of utility County-Wide Utility Co., Inc.

B. Address P O Box 1476  
Ocala, FL 34478-1476

1. Telephone Nos ( 352 ) 873-8686

2. County MARION Nearest City OCALA

3. General area served Bahia Oaks Subdivision

C. Authority:

1. Water Certificate No. 390-W Date Received 4/21/83

2. Wastewater Certificate No. N/A Date Received N/A

3. Date utility started operations: 1973 Water Wastewater N/A

D. How system was acquired Built System

If utility was purchased, give date N/A Amount Paid N/A

1. Name of Seller N/A

2. Was seller affiliated with present owners? N/A

3. Did you purchase: Stock N/A or assets only N/A

E. Type of legal entity: (Corporation, Partnership or Sole Proprietorship)  
Corporation

F. Ownership & Officers:

<u>Name</u>	<u>Title</u>	<u>Percent Ownership</u>
1. Dirk J Leeward	President/Treasurer	-0-
2. James K Leeward	V. President/Secretary	100%
3.		
4.		

G. List of Associated Companies and Addresses:

1. N/A
2. N/A
3. N/A

H. If you have retained an attorney and/or a consultant to represent the utility for this application, furnish the name(s) and address(es):

Cronin, Jackson, Nixon, Wilson  
2560 Gulf-to-Bay Blvd., Suite 200  
Clearwater, FL 34625

II. Accounting Data

A. Outside Accountant

1. Name Paul DeChario
2. Firm Cronin, Jackson, Nixon, Wilson
3. Address 2560 Gulf-to-Bay Blvd., Suite 200, Clearwater, FL 34625
4. Telephone ( 727 ) 791-4020

B. Individual to contact on accounting matters:

1. Name Dirk Leeward
2. Telephone ( 352 ) 873-8686

C. Location of books and records 3233 SE Maricamp Rd., Suite 601, Ocala FL 34471

D. Have you filed an Annual Report with the Commission? Yes

Date Last Filed 04/27/05

E. Has your latest regulatory assessment fee payment been made? Yes

F. Basic Rate Base Data (Most recent two years)

1. Water	20 <u>04</u>	20 <u>03</u>
Cost of Plant In Service:	\$ <u>132901.</u>	\$ <u>96384.</u>
Less Accumulated Depreciation:	<u>(37332)</u>	<u>(42207)</u>
Less Contributed Plant:	<u>71137.</u>	<u>72514.</u>
Net Owner's Investment:	\$ <u><u>24432.</u></u>	\$ <u><u>(18337)</u></u>

2. Wastewater	20__	20__
Cost of Plant In Service:	\$ <u>N/A</u>	\$ <u>N/A</u>
Less Accumulated Depreciation:	<u>                    </u>	<u>                    </u>
Less Contributed Plant:	<u>                    </u>	<u>                    </u>
New Owner's Investment:	\$ <u>                    </u>	\$ <u>                    </u>

G. Basic Income Statement (Most recent two years):

1. Water	20 <u>04</u>	20 <u>03</u>
Revenues (By Class):		
a. Residential	\$ <u>106340.</u>	\$ <u>99445.</u>
b. Other	<u>2735.</u>	<u>2683.</u>
c. <u>                    </u>	<u>                    </u>	<u>                    </u>
Total Operating Revenues:	\$ <u>109074.</u>	\$ <u>102128.</u>
Less Expenses:		
a. Salaries & Wages - Employees	<u>6237.</u>	<u>6006.</u>
b. Salaries & Wages - Officers, Directors, & Majority Stockholders	<u>26322.</u>	<u>25826.</u>
c. Employee Pensions & Benefits	<u>1302.</u>	<u>1273.</u>
d. Purchased Water	<u>0</u>	<u>0</u>
e. Purchased Power	<u>5849.</u>	<u>5345.</u>
f. Fuel for Power Production	<u>77.</u>	<u>87.</u>
g. Chemicals	<u>994.</u>	<u>945.</u>
h. Materials & Supplies	<u>2573.</u>	<u>2410.</u>
i. Contractual Services	<u>44490.</u>	<u>43313.</u>
j. Rents	<u>10423.</u>	<u>7702.</u>
k. Transportation Expenses	<u>483.</u>	<u>475.</u>
l. Insurance Expense	<u>599.</u>	<u>674.</u>
m. Regulatory Commission Expense	<u>0</u>	<u>0</u>
n. Bad Debt Expense	<u>400.</u>	<u>407.</u>
o. Miscellaneous Expense	<u>282.</u>	<u>150.</u>
p. Depreciation Expense	<u>(280)</u>	<u>(351)</u>
q. Property Taxes	<u>0</u>	<u>0</u>
r. Other Taxes	<u>8376.</u>	<u>7792.</u>
s. Income Taxes	<u>0</u>	<u>0</u>
Operating Income (Loss)	\$ <u>947.</u>	\$ <u>74.</u>

2. Wastewater	20__	20__
Revenues (By Class):		
a. _____	_____	_____
b. _____	_____	_____
c. _____	_____	_____
Total Operating Revenues:	\$ _____	\$ _____
Less Expenses:		
a. Salaries & Wages - Employees	\$ _____	\$ _____
b. Salaries & Wages - Officers, Directors, & Majority Stockholders	_____	_____
c. Employee Pensions & Benefits	_____	_____
d. Purchased Wastewater Treatment	_____	_____
e. Sludge Removal Expense	_____	_____
f. Purchased Power	_____	_____
g. Fuel for Power Production	_____	_____
h. Chemicals	_____	_____
i. Materials & Supplies	_____	_____
j. Contractual Services	_____	_____
k. Rents	_____	_____
l. Transportation Expenses	_____	_____
m. Insurance Expense	_____	_____
n. Regulatory Commission Expense	_____	_____
o. Bad Debt Expense	_____	_____
p. Miscellaneous Expense	_____	_____
q. Depreciation Expense	_____	_____
r. Property Taxes	_____	_____
s. Other Taxes	_____	_____
t. Income Taxes	_____	_____
Operating Income (Loss)	\$ _____	\$ _____

H. Outstanding Debt:

	<u>Creditor</u>	<u>Date Borrowed</u>	<u>Balance Due</u>	<u>Interest Rate</u>	<u>Expiration Date</u>
1	James K. Leeward	Various	84,000.	Prime +1%	Demand
2	Compass Bank	06/27/05	690,000.	8.32%	03/10/15
3	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____

I. Indicate Type of Tax Return Filed:

- \_\_\_\_\_ Form 1120 - Corporation
- Form 1120S - Subchapter S Corporation
- \_\_\_\_\_ Form 1065 - Partnership
- \_\_\_\_\_ Form 1040 - Schedule C - Individual (Proprietorship)

III. Engineering Data

A. Outside Engineering Consultant:

1. Name Barry Ginn
2. Firm Barrineau Ginn & Associates, Inc.
3. Address 1521 SE 36th Ave., Suite 2, Ocala FL 34471
4. Telephone ( 352 ) 624-9901

B. Individual to contact on engineering matters:

1. Name Dirk Leeward
2. Telephone ( 352 ) 873-8686

C. Is the utility under citation by the Department of Environmental Protection (DEP) or county health department? If yes, explain.

No

D. List any known service deficiencies and steps taken to remedy problems.

Have replaced obsolete plant with bulk service from City of Ocala.

E. Name of plant operator (s) and DEP operator certificate number (s) held

Plant is being abandoned

F. Is the utility serving customers outside of its certificated area? No

If yes, explain N/A

G. Wastewater: We are in the process of preparing an application for a wastewater certificate.

1. Gallons per day capacity of treatment facilities existing \_\_\_\_\_  
under construction \_\_\_\_\_ proposed \_\_\_\_\_
2. Type and make of present treatment facilities \_\_\_\_\_  
\_\_\_\_\_
3. Approximate average daily flow of treatment plant effluent \_\_\_\_\_  
\_\_\_\_\_
4. Approximate length of wastewater mains:  
Size (diameter) \_\_\_\_\_  
Linear feet \_\_\_\_\_
5. Number of manholes \_\_\_\_\_
6. Number of liftstations \_\_\_\_\_
7. How do you measure treatment plant effluent? \_\_\_\_\_

8. Is the treatment plant effluent chlorinated? \_\_\_\_\_ If yes, what is the normal dosage rate? \_\_\_\_\_
9. Tap in fees - Wastewater \$ \_\_\_\_\_
10. Service availability fees - Wastewater \$ \_\_\_\_\_
11. Note DEP Treatment Plant Certificate Number and date of expiration: Number \_\_\_\_\_  
Expiration Date \_\_\_\_\_
12. Total gallons treated during most recent twelve months \_\_\_\_\_
13. Wastewater treatment purchased during most recent twelve months \_\_\_\_\_

H. Water

1. Gallons per day capacity of treatment facilities existing \_\_\_\_\_ under construction \_\_\_\_\_ proposed \_\_\_\_\_ Bulk Service from City of Ocala.
2. Type of treatment \_\_\_\_\_  
\_\_\_\_\_
3. Approximate average daily flow of treated water \_\_\_\_\_
4. Source of water supply \_\_\_\_\_ City of Ocala \_\_\_\_\_
5. Types of chemicals used and their normal dosage rates \_\_\_\_\_  
\_\_\_\_\_
6. Number of wells in service \_\_\_\_\_ -0- \_\_\_\_\_ Total capacity in gallons per minute (gpm)  
\_\_\_\_\_  
Diameter/Depth \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
Motor horsepower \_\_\_\_\_  
Pump capacity (gpm) \_\_\_\_\_
7. Reservoirs and/or hydropneumatic tanks: Abandoned  
Description \_\_\_\_\_  
Capacity \_\_\_\_\_
8. High service pumping:  
Motor horsepower \_\_\_\_\_  
Pump capacity (gpm) \_\_\_\_\_
9. How do you measure treatment plant production? \_\_\_\_\_
10. Approximate feet of water mains:  
Size (diameter)    16"    12"    "8               6"            4"            1-2 1/2"  
Linear feet        5400    100    750            750            4360        11030
11. Note any fire flow requirements and imposing government agency  
now required by Marion County \_\_\_\_\_



12. Number of fire hydrants in service 8
13. Do you have a meter change out program? In process of implementing one
14. Meter installation or tap in fees - Water \$ Included below
15. Service availability fees - Water \$ 350.
16. Has the existing treatment facility been approved by DEP? N/A
17. Total gallons pumped during most recent twelve months Master meter unreliable
18. Total gallons sold during most recent twelve months 34,066,800 thru 10/05
19. Gallons unaccounted for during most recent twelve months Unknown
20. Gallons purchased during most recent twelve months -0-

IV. Rate Data

A. Individual to contact on tariff matters:

1. Name Dirk Leeward
2. Telephone Number ( 352 ) 873-8686

B. Schedule of present rates (Attach additional sheets if more space is needed):

1. Water: See Attached Tarrifs
- a. Residential Water \_\_\_\_\_
- b. General Service \_\_\_\_\_
- c. Special Contract \_\_\_\_\_
- d. Other - Specify \_\_\_\_\_
2. Wastewater: N/A
- a. Residential Wastewater \_\_\_\_\_
- b. General Service \_\_\_\_\_
- c. Special Contract \_\_\_\_\_
- d. Other - Specify \_\_\_\_\_

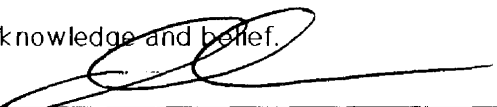
C. Number of Customers (Most recent two years):

- |                                |              |              |
|--------------------------------|--------------|--------------|
| 1. Water Metered               | 20 <u>04</u> | 20 <u>03</u> |
| a. Residential                 | <u>480</u>   | <u>477</u>   |
| b. General Service             | <u>2</u>     | <u>2</u>     |
| c. Special Contract            | _____        | _____        |
| d. Other - Specify             | _____        | _____        |
| 2. Water Unmetered <u>None</u> | 20 <u>  </u> | 20 <u>  </u> |
| a. Residential                 | _____        | _____        |
| b. General Service             | _____        | _____        |
| c. Special Contract            | _____        | _____        |

- d. Other - Specify \_\_\_\_\_
- 3. Wastewater None 20\_\_ 20\_\_
- a. Residential - Metered \_\_\_\_\_
- b. Residential - Unmetered \_\_\_\_\_
- c. General Service \_\_\_\_\_
- d. Special Contract \_\_\_\_\_
- e. Other - Specify \_\_\_\_\_

V. Affirmation

I, Dirk J. Leeward the undersigned owner, officer, or partner of the above named public utility, doing business in the State of Florida and subject to the control and jurisdiction of the Florida Public Service Commission, certify that the statements set forth herein are true and correct to the best of my information, knowledge and belief.

Signed BY:  \_\_\_\_\_  
 Title President

Notice: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

Note 1: We are currently under construction of the water main to bring bulk water from the City of Ocala. We estimate the total cost of the project to be \$950,000.

Note 2: Outstanding debt upon completion of the waterline is estimated to be \$1,000,000.