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Public Service Commission

June 7, 2006

Mr. Martin Friedman  
Rose, Sunstrom & Bentley, LLP  
Sanlando Center  
2180 W. State Road 434, Suite 2118  
Longwood, FL 32779

Re: Docket No. 060254-SU - Application for increase in wastewater rates in Pinellas County by Mid-County Services, Inc.

Dear Mr. Friedman:

We have reviewed the minimum filing requirements (MFRs) submitted on May 11, 2006, on behalf of Mid-County Services, Inc. (Mid-County or utility). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

Rule 25-30.437, Florida Administrative Code (F.A.C.), requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 19 (11/93), entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." Numbers 1-6 of the following list are deficiencies pursuant to this rule.

1. Schedule B-12, Schedule of Allocated Expenses

The instructions for this schedule require the utility to provide a schedule detailing expenses which are subject to allocation between systems showing allocation percentages, gross amounts, amounts allocated, and detailed description of the method of allocation. The total allocated amount from Water Service Corp. listed on this schedule does not agree with the total allocated amount reflected in Utilities, Inc.'s cost allocation manuals for June 30, 2005, September 30, 2005, and December 31, 2005. Further, the total allocated amount from Utilities, Inc. of Florida listed on this schedule does not agree with the total allocated amount reflected in Utilities, Inc.'s cost allocation manuals for June 30, 2005, September 30, 2005, and December 31, 2005.

2. Schedule B-15, Taxes Other Than Income

The utility is required to provide details for all taxes other than income incurred during the test year. The utility did not provide the calculation for the adjustment to property tax for pro forma and non used and useful plant on line 11.

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3. Schedule C-2, State and Federal Income Tax Calculation-Current

The utility did not provide a calculation for the utility's adjustment for Net Utility Operating Income, line 1.

4. Schedule F-6, Used and Useful calculations

The instructions for this schedule require the utility to provide all calculations, analyses and governmental requirements used to determine the used and useful percentages. The utility assumes that the infiltration and inflow would be zero because of manhole repairs and replacing or relining of mains, etc. The utility's used and useful calculation does not calculate infiltration and inflow. The utility did not provide all calculations used to support 0% infiltration and inflow.

5. Schedule F- 10, Equivalent Residential Connections-Wastewater

This schedule requires that the utility provide a variety of information in order to calculate the average growth in ERCs for the last five years, including the test year. Specifically, Columns 5, 6 & 7 require the utility to provide the total amount of SFR Gallons Treated, Gallons/SFR, and Total Gallons Treated. Columns 5, 6, & 7 are blank for this utility. The utility did not provide the information necessary to complete this schedule.

Rule 25-30.440, F.A.C., requires that each utility applying for a rate increase shall provide two copies of the following engineering information to the Commission, with the exception of item (6) of which only one copy is required. Numbers 7-9 of the following list are deficiencies pursuant to this rule.

6. Rule 25-30.440(1)(a), F.A.C., requires that each applicant for a rate increase shall provide to the Commission one copy of a detailed map showing the location and size of the applicant's distribution and collection lines as well as its plant sites. The utility provided a map that does not show the location of the plant sites as required by rule.

7. Rule 25-30.440(2), F.A.C., requires that each applicant for a rate increase shall provide to the Commission a list of chemicals used for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized. The utility provided a list of chemicals used for wastewater treatment that does not have the dosage rates utilized for treatment as required by this rule.

8. Rule 25-30.440(8), F.A.C., requires that each applicant for a rate increase shall provide to the Commission a list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employee's salary allocation method to the utility's capital or expense accounts. The utility provided a list of employees that does not completely reconcile to the employees reflected in Utilities, Inc.'s cost allocation manuals for June 30, 2005, September 30, 2005, and December 31, 2005. Further, the total salaries from the 2005 cost allocation manuals are greater than the total water and wastewater salaries reflected in the MFR Schedules B-7 and/or B-8. Staff believes the difference between them may be the amount that was capitalized by the utility. However, the cost allocation manuals and the list provided by the utility do not reflect which employee's salaries were capitalized.

Mr. Martin Friedman

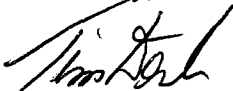
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Thus, please provide a list explaining each employee's salary allocation method to the utility's capital or expense accounts as required by this rule.


If any above corrections require a corresponding change to any MFR schedules, those corrected schedules must also be submitted. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than July 7, 2006.

Sincerely,



Timothy Devlin  
Director

TD:tr

cc:   
Office of the General Counsel (Gervasi)  
Division of Economic Regulation (Willis, Rendell, Massoudi, Revell)