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April 5, 2007

STAFF'S SECOND DATA REQUEST

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
2180 West State Road 434
Sanlando Center, Suite 2118
Longwood, FL 32779

Re: Docket No. 060285-SU - Application for increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven

Dear Mr. Friedman:

Staff needs the following information to complete our review of the application.

1. On Revised MFR Schedule F-4, Utilities, Inc. of Sandalhaven (Sandalhaven or utility) stated the following:

It is anticipated that the WWTP will be taken off line in mid-2007 and all flows will go to the Englewood Water District (EWD) for treatment. In 2007, the purchased treatment capacity will be 300,000 gpd. The total of existing 2005 flows plus the flows, at 190 gpd/ERC, from all units for which SAC charges will have been collected would be 339,550 gpd. The Utility has the ability to purchase additional treatment capacity from EWD as needed.

(a) Provide the basis and support documentation for the utility's statement that it anticipates the WWTP will be taken off line in mid-2007 and all flows will go to the EWD for treatment.

(b) With regard to the 339,550 gpd capacity above, (1) how much gpd capacity associated with existing customers; (2) how much gpd capacity is associated with future customers; and (3) what is the total amount of the impact fees the utility must pay EWD for this capacity?

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2. By letter dated August 2, 2006, the utility responded to Staff's First Data Request. In its response to Question 1.(e), Sandalhaven stated that the interconnection with the EWD would be completed by December 31, 2006. In addition, in its response to Question 5.(g), The utility stated the date of retirement of the WWTP depends on a number of factors which are not within the control of Sandalhaven, such as the timing of the redevelopment of the Wildflower Golf Course.
 - (a) Explain specifically what must occur with the timing of the Wildflower Golf Course redevelopment in order for the utility to determine the retirement date of the WWTP.
 - (b) Provide the basis and support documentation for the utility's statement that it anticipated the completion of the interconnection with the EWD by December 31, 2006.
 - (c) Is there a possibility that the completion of the interconnection with EWD and/or the WWTP retirement will not occur prior to the end of the projected test year December 31, 2007? If yes, explain why.
 - (d) Would the utility agree that, before any prospective rates become effective, the completion of the interconnection with the EWD and the WWTP retirement must first occur? If not, explain why.
3. On Revised MFR Schedule B-6, Page 2 of 2, the utility does not reflect any change in Salaries & Wages – employees from 2005 to 2007. Moreover, by letter dated August 17, 2006, the utility responded to staff's deficiency letter. According to Exhibit B of that letter, Mr. Patrick Lynsey Godwin, the lead operator, is responsible for overseeing the day-to-day operations of the Sandalhaven wastewater facility, and Michael Paul Monat, an operator, operates and maintains the Sandalhaven WWTP and collection system under the supervision of Mr. Godwin.
 - (a) Will there be any employee salary reduction associated with the WWTP retirement?
 - (b) If the answer to Question 3.(a) above is "yes", provide the amount of the salary reduction and associated pensions & benefits and payroll tax reductions, as well as all calculations and bases to derive these amounts. In your response, also provide any hourly oversight requirements on a daily, weekly, monthly or annual basis that are required by the Florida Department of Environmental Protection (FDEP) or other governmental agency before and after the WWTP is retired.
 - (c) If the answer to Question 3.(a) above is "no", (1) provide a separate, detailed list of duties and responsibilities for Mr. Godwin and Mr. Monat before and after the retirement of the WWTP; (2) provide any hourly oversight requirements on a daily, weekly, monthly or annual basis that are required by the FDEP or other governmental agency before and after the WWTP is retired; and (3) explain why the duties, tasks, and oversight requirements for Sandalhaven after the WWTP retirement will not result in reduced salaries.

Mr. Martin S. Friedman

Page 3


April 5, 2007

4. The following question relates to rate case expense.

(a) With regard to Questions 4 (a) through (e) of Staff's First Data Request, provide an update of actual expenses incurred to date and an estimate to complete the case.

Please submit the above information to the Office of the Commission Clerk by May 5, 2006. If you have any questions, please contact me by phone at (850) 413-7017 or by e-mail at bart.fletcher@psc.state.fl.us.

Sincerely,



Bart Fletcher
Professional Accountant Specialist

cc: Division of Economic Regulation (Rendell, Massoudi)
Office of the General Counsel (Brown)
Office of Commission Clerk (Docket No. 060285-SU)
Office of Public Counsel