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# Public Service Commission

January 3, 2008

Mr. Marty Friedman  
Rose, Sundstrom & Bentley  
2180 W. State Road 434, Suite 2118  
Longwood, Florida 32779

*In Re: Docket 060285-SU, Application for increase in water and wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven (Sandalhaven).*

- (A) *Pertaining to sensitive materials retained by staff auditors and identified during the April 19, 2007, audit exit conference for Sandalhaven's File and Suspend Rate Case Investigation as of December 31, 2006, Audit Control No. 07-052-4-1, Document 03437-07, and*
- (B) *Pertaining to May 23, 2007, Notice of Intent and Request for Confidential Classification concerning additional sensitive documents (audited financial statements) filed by Sandalhaven, its parent and affiliate companies, Document 04174-07*

Dear Mr. Friedman:

Staff agreed to hold the above documents in a temporary confidential status as set out in your June 20, 2007, letter filed with the Commission (Document 05008-07). Commission Order PSC-07-0640-CFO-WS issued August 7, 2007, in Docket 060253-WS is now final. Therefore, the deficiencies previously identified for documents 03437-07 and 04174-07 need to be resolved.

CMP \_\_\_\_\_  
 COM \_\_\_\_\_  
 CTR \_\_\_\_\_  
 ECR \_\_\_\_\_  
 GCL \_\_\_\_\_  
 OPC \_\_\_\_\_  
 RCA \_\_\_\_\_  
 SCR \_\_\_\_\_  
 SGA \_\_\_\_\_  
 SEC \_\_\_\_\_  
 OTH \_\_\_\_\_

A full description of the perceived deficiencies is provided on the following pages.

DOCUMENT NUMBER-DATE  
 00052 JAN-3 08  
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*M Argenziano*

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**Document 03437-07**

Document 03437-07, consisting of sensitive information retained by the staff auditors, is held in a temporary confidential status. According to audit records, a copy of this material was received by Mr. Steve Lubertozi in the Northbrook Office on April 19, 2007. A request for confidential classification (see Rule 25-22.006(4), FAC) must be filed in 21 days for these audit documents, or confidentiality will be considered waived pursuant to Rule 25-22.006(3)(a)2., F.A.C. This request should include (1) justification of why the information is sensitive by page and line, (2) a confidential highlighted copy of the information and (3) two redacted public copies.

To aid you in completing any response to this letter, a second copy of confidential document 03437-07 is enclosed.

Further, initial review of Document No. 03437-07 reveals only WP 33-3 and WP 33-6 appear to qualify for a confidential classification because the materials contain proprietary contractual and competitive business information of Utilities, Inc., revealing sensitive and specific wholesale banking activities. On the other hand, working papers 32-2, 33-4, 33-5, 34-2, and 34-3 appear to consist of general financial information which is routinely reported to the Commission, and for this additional material to be considered for a confidential classification, additional justification is needed concerning what impact release of this information would have upon the utility.

**Document 04174-07**

According to Rule 25-22.006, Florida Administrative Code, a request for confidential classification must include a public redacted copy. As we discussed, confidential Commission Document No. 04174-07 includes the needed redacted copy, but the redacted copy was marked as confidential and therefore could not be included within the public files. After the redacted copy is posted to the public files, I can process the Utilities, Inc., request for confidential classification for Document 04174-07.

Based on our discussions, and unless I hear directions from you otherwise within the next 21 days, I will direct the Commission Clerk to transfer certain portions of Document No. 04174-07 to the Clerk's public files. The portions that will be transferred from confidential records to the public files consist of the financial statements of Utilities, Inc., with specific portions of the financial statement's notes redacted. This action will allow the request to be fully processed.

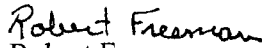
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**Response to Perceived Deficiencies**

In response to this letter, the utility may provide additional justification as to why the Commission should grant the above material a confidential classification. Within 21 days from the date of this letter, as deemed necessary, the utility may revise, modify or withdraw its pleading; modify any justification; or provide additional redacted copies or highlighted copies. Otherwise a recommendation will be presented to the Prehearing Officer based upon the existing record.

If you have any technical questions regarding this matter, please contact Robert Freeman (Email: [bfreeman@psc.state.fl.us](mailto:bfreeman@psc.state.fl.us)) or telephone: 850-413-6485. If you have procedural questions or if you would like to talk with the staff attorney regarding this matter, please contact Martha Brown (Email: [mbrown@psc.state.fl.us](mailto:mbrown@psc.state.fl.us)) or telephone: 850-413-6187.

Sincerely,

  
Robert Freeman  
Governmental Analyst  
Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Enclosure : Transmittal Letter to Mr. Lubertozzi  
2<sup>nd</sup> Copy Confidential Document 03437-07

CC: Office of Commission Clerk (Cole, Lockard) W/O Enclosure  
Office of General Counsel (Brown) W/O Enclosure  
Bureau of Auditing (Vandiver) W/O Enclosure