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Ruth Nettles

From: Tonya Simpson [TSimpson@RSBattorneys.com]
Sent: Friday, February 29, 2008 5:20 PM
To: Filings@psc.state.fl.us
Subject: Filing 080064

Attachments: _0229171900_001.pdf



0229171900
001.pdf (255 KB)

a. F. Marshall Deterding, Esquire

Rose, Sundstrom & Bentley, LLP

2548 Blairstone Pines Drive

Tallahassee, FL 32301

PHONE: 877-6555

b. Docket No.: 080064; Complaint against East Marion Sanitary Systems Inc. by Mabelle Gregorio, Angela and Dennis Fountain, and Terry Will.

c. East Marion Sanitary Systems Inc.

d. 2 page letter/1 attachment (2 pages)

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EAST MARION SANITARY SYSTEMS INC.
G4225 Miller Road #190
Flint, Michigan 48507
(352) 625-0117 or (810) 733-6342

Ann Cole, Commission Clerk
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Complaint Against East Marion Sanitary Systems, Inc.; DK 080064-WU
Our File No. 37023.01

Dear Ms. Cole:

We recently received the Commission Staff Recommendation in the above-referenced docket, that is scheduled to be considered by the Commission at its March 4, 2008 agenda conference as item number 4.

This Utility is one of the smallest regulated by the PSC with only 98 customers. Therefore, the Utility cannot afford the cost of attending or having representation at the Commission's agenda conference. However, we believe that it is imperative that the Commission have full knowledge of the circumstances in attempting to make their decision in this case. Therefore, we request that this letter serves as the Utility's response to the Staff Recommendation and presentation for the agenda.

While there are numerous issues addressed in the Staff Recommendation, the primary ones on which the Commission needs further information, not provided by the Staff Recommendation, are the errors in application of its tariff's meter installation fee, and the fine issue.

Errors in Applying Tariff Requirements

First of all, the Utility wants to assure the Commission and its staff that the Utility has taken note of the errors in the application of its tariff requirements and is now taking action to correctly conform to its tariff on a going forward basis.

Irrigation Meter Installation Fee

Both the first and second complaints addressed in the Staff Recommendation (issues 1 and 2) deal with charges for installation of separate meters for irrigation service. What the Staff Recommendation fails to note is that throughout the Utility's small territory, two homes are serviced by a single 1" service line that is then split into two 3/4" lines to service each home. If those 3/4" lines are further split so that an irrigation meter can be installed, the pressure is wholly inadequate and the Utility cannot comply with sound utility operating requirements of regulatory requirements. In addition, by DEP rule a back flow preventor must be installed on irrigation

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service lines. Therefore, anytime an irrigation meter is requested, it forces the Utility to go all the way back and tap to the main line and tap it with a new 1" service line that must be extended it to the property requesting irrigation service and add an expensive back flow preventor. The Utility has estimates from outside entities for performing these additional taps, in the amount of \$1,545 and \$1,665. Therefore, the charges that the Commission staff is allowing the Utility to impose fall far short of the actual cost incurred by the Utility in providing the additional tap and irrigation meter. The staff notes that the current fees of \$70 for a meter installation fee is inadequate, but is all the Utility can charge, nothing is proposed to correct this problem.

The Commission does have the authority to increase this charge on its own motion or to create a new "irrigation tap-in" charge. The Utility has submitted, as of today's date, a request to increase meter installation fees and other miscellaneous service charges and an additional fee for the estimated cost of tapping the main line as is necessary to provide separate irrigation meters in the future. Until the Commission proposes implementation of a tap fee or otherwise assists the Utility in gaining approval for such a new charge, all of the customers of the Utility will have to fund the substantial additional costs incurred for the required provision of irrigation services to these few individuals.

Based upon the above, it is clear that the cost of extending irrigation service to any individual within the service territory of the Utility, is well above the costs that are currently authorized by the Utility's tariff, and all the Utility has been trying to do is to ensure that the individual requesting these irrigation services pay for the costs required in order to provide those services, rather than have such costs borne by the general body of ratepayers. The Utility understands it should not be assessing charges outside of its tariff, the Utility will do everything in its power to correct that situation. However, because of its extremely small size, it is requesting the Commission's assistance in correcting this inequity immediately and in this case.

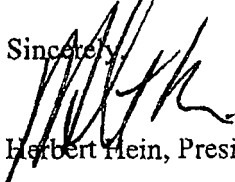
Fines

The Commission staff is proposing that the Utility be fined substantial amounts of money, because of its failures related to these issues. This is a very small Utility with very small revenues, and the fines are so large as to render them unreasonable for a company of this small size. If the Commission would propose to show cause the Utility for failure to correct the deficiencies and make the refunds as outlined in the recommendation, under threat of potential future fines, that would be more than enough incentive for the Utility to finalize the corrections and to implement the refunds as proposed by the staff, and we believe no fines should be imposed immediately. If the Commission is willing to do this, the Utility will correct these errors in application of its tariffs immediately and make the required refunds.

Please give these issues your full consideration and recognize that a small utility such as ours is in dire need of some relief, both from the issues related to the cost of providing irrigation service that underly these complaints, and from the fines proposed in the Staff Recommendation.

Thank you for your consideration.

Sincerely,


Herbert Hein, President

EAGLE

UNDERGROUND, INC.

PO: Box: 830909, Ocala, FL 34483-0909 • Office: 352-624-4005 • Fax: 352-624-2488

PROPOSAL

East Marion Sanitary

Date: Jan: 21, 2008

Subdivision: Lakeview Woods

Fax: 810-733-8648

Phone: 810-241-8789

Re: Irrigation Service

Attn: Herbert Hines

We propose the following:

Description	Quantity	Units	Unit Price	Total
1" irrigation service - includes connection to existing main, 1" poly pipe, 1" x 5/8" meter stop, meter box, and 1" above ground back flow preventer	1	LS	\$1,665.00	\$1,665.00
			Total	\$1,665.00

Notes:

Permits not included.

Prices are good for one year from above date on this proposal.

Prices include mobilization, labor and materials to install service described above.

Terms: Net 30 days

The above quotation is valid for 365 days.

By: Mark J. Riaubia
Mark J. Riaubia

Accepted: _____ Date: _____

Print Name: _____

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HAMLET CONSTRUCTION CO.

4260 N.E. 35th Street OCALA, FL 34479 PHONE (352) 236-3355 FAX (352)236-0038

ATTN: Herb Hein
East Marion Sanitary System, Inc.

January 29, 2008

By Fax: (352) 625-0117

RE: IRRIGATION SERVICE REPLACEMENT

WE PROPOSE THE FOLLOWING:

DESCRIPTION	QUANTITY	UNITS	UNIT PRICE	TOTAL
IRRIGATION				
1" PE Tubing Service Line	60	LF	6.25	375.00
Double Water Service-- Residential	1	EA	410.00	410.00
3/4" Backflow Preventer Assembly	1	EA	430.00	430.00
Connect to Existing	1	EA	300.00	300.00
			Total	1,515.00
MISCELLANEOUS				
Sod	10	SY	3.00	30.00
			Total	30.00
TOTAL PROPOSAL				1,545.00

NOTES:

- 1) Permits, Testing, Survey work, and certified as-builts by others.
- 2) Erosion Control, Rock Removal, and Traffic Control by others.
- 3) Remove and Replace Unsuitables, Pavement, Concrete, and Fencing by others.

Sincerely,

Charles D. Bell, P.E.
HAMLET CONSTRUCTION, INC.