

State of Florida



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Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

DATE: June 17, 2008
TO: Ann Cole, Commission Clerk - PSC, Office of Commission Clerk
FROM: Cheryl Bulecza-Banks, Bureau Chief of Rate Filings, Surveillance, & Finance & Tax, Division of Economic Regulation *CRB*
RE: Docket No. 080247-SU, Utilities Inc. of Eagle Ridge, Application for rate increase

Attached is a document for inclusion in the docket file for Docket No. 080247-SU, application for rate increase

The document is a letter to Tim Devlin from Martin Friedman concerning pro forma adjustments dated May 30, 2008.

DOCUMENT NUMBER-DATE
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LAW OFFICES

ROSE, SUNDSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
F. MARSHALL DETERDING
JOHN R. JENKINS, P.A.
KYLE L. KEMPER
STEVEN T. MINDLIN, P.A.
CHASITY H. O'STEEN
DAREN L. SHIPPY
WILLIAM E. SUNDSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

ROBERT M. C. ROSE, (1924-2006)

(850) 877-6555
FAX (850) 656-4029
www.rsbatorneys.com

CENTRAL FLORIDA OFFICE
SANLANDO CENTER
2180 WEST STATE ROAD 434
SUITE 2118
LONGWOOD, FLORIDA 32779
(407) 830-6331
FAX (407) 830-8522

MARTIN S. FRIEDMAN, P.A.
BRIAN J. STREET

CHRISTIAN W. MARCELLI, OF COUNSEL
(LICENSED IN NEW YORK ONLY)

May 30, 2008

HAND DELIVERY

Tim Devlin, Director
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No.: 080247-SU; Utilities, Inc. of Eagle Ridge
2008 General Rate Increase Application
Our File No.: 30057.158

Dear Mr. Devlin:

This correspondence is in response to your May 2, 2008, correspondence advising that, in order to evaluate the Utility's requested historical test year ended December 31, 2007, the Utility "will need to submit an estimate of the pro forma adjustments associated with plant additions and improvements, as well as, proposed changes to expense." That letter acknowledges that the Utility, in accordance with Rule 25-30.430(2)2.(c), Florida Administrative Code, included a general statement of all known estimated pro forma adjustments that will be made to the requested test year amounts. The Staff is now requesting information that is not generally available at this time in the rate case process and has not been customarily requested nor submitted with recently approved test year letters. Because the test year request is submitted well in advance of the MFRs, any estimates of pro forma adjustments will necessarily be imprecise and non-binding. As such, it is unclear how much value, if any, they have in determining a proper test year. The Utility, in its test year request, also noted that none of the pro forma plant or expenses was related to growth. From past experience, the Staff should recognize that this system is substantially built out.

In none of the test year request letters that I have filed on behalf of various utilities over the last several years has the Staff required that a utility file this

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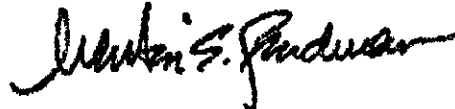
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Tim Devlin, Director
Division of Economic Regulation
Florida Public Service Commission
May 30, 2008
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information in addition to that required in the aforementioned Commission Rule. If the Commission intends to expand the requirements of the Rule, I would request that they go through the proper rulemaking proceedings. Notwithstanding the Utility's compliance with the Commission Rule regarding test year approval, the Utility has attached hereto an estimate of the pro forma plant and expense items identified in the original test year letter. Since the minimum filing requirements have not been prepared, keep in mind that these are only estimates and are subject to change based upon information available at the date of filing the minimum filing requirements.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/tlc
Enclosure

cc: John Hoy, Chief Regulatory Officer (w/enc.) (via e-mail)
Ms. Kirsten E. Weeks (w/enc.) (via e-mail)
Rick Durham, Regional Vice President for Operations (w/enc.) (via e-mail)
Patrick C. Flynn, Regional Director (w/enc.) (via e-mail)
John Williams, Director of Governmental Affairs (w/enc.) (via e-mail)
Ms. Cheryl Bulecza-Banks, Division of Economic Regulation (w/enc.) (via e-mail)
Mr. Bart Fletcher, Division of Economic Regulation (w/enc.) (via e-mail)
Mr. Frank Seidman (w/enc.) (via e-mail)

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Utilities, Inc. of Eagle Ridge
 Pro Forma Estimated Adjustments

| System | Project Description | Project ID # | W/O # | JDE# | IDC | Capitalized Time | Invoiced Costs | Costs to Date | Additional Cost to Complete | Estimated Cost Increase | Water | Sewer | Reuse | Estimated Date of Completion | % Complete |
|--------------------------------------|-------------------------|--------------|-------|------|-----|------------------|----------------|---------------|-----------------------------|-------------------------|-------|-------|-------|------------------------------|------------|
| Eagle Ridge estimated O&M pro formas | Salaries / Benefits | | | | | | | | | 3.5% increase | | | | | |
| | Payroll Taxes | | | | | | | | | 3.5% increase | | | | | |
| | Transportation / Travel | | | | | | | | | 30% increase | | | | | |