

Ruth Nettles

080695-WU

From: Tonya Simpson [TSimpson@RSBattorneys.com]
Sent: Wednesday, September 30, 2009 10:54 AM
To: Filings@psc.state.fl.us
Cc: Erik Sayler; Catherine Beard; Jim Polk; Bob Casey; Jennie Lingo
Subject: PSC Docket No. 080695-WU; Peoples Water Service Company
Attachments: _0930104807_001.pdf

- a. F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301
PHONE: 877-6555
- b. Peoples Water Service Company of Florida, Inc.; 2008 General Rate Increase Application
PSC Docket No. 080695
- c. Peoples Water Service Company of Florida, Inc.
- d. One 2 page letter – Response to Audit Report

Tonya M. Simpson
Assistant to F. Marshall Deterding
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(850) 877-6555 PHONE
(850) 656-4029 FAX

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LAW OFFICES

ROSE, SUNDSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

(850) 877-6555

Fax (850) 656-4029

www.rsbatorneys.com

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

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

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.

BRIDGET M. GRIMSLEY

CHRISTIAN W. MARCELLI

BRIAN J. STREET

September 30, 2009

Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Peoples Water Service Company of Florida, Inc.; 2008 General Rate Increase Application
PSC Docket No. 080695-WU; Response to Audit Report
Our File No. 31007.06

Dear Ms. Cole:

We have reviewed the contents of the Audit Report dated September 16, 2009 and would like to address a couple of the issues contained therein. We are willing to accept all of the other findings of the audit, other than the two discussed below:

1. Audit Finding Number 2 - Audit Finding No. 2 deals with the determination by the auditors that \$10,440 of cash used in calculating the working capital was in fact interest bearing, with test year interest earnings of \$478. It is the Utility's position that the interest earned of \$478 should be added to the above the line revenue, and that the \$10,440 of cash should remain in the calculation of the working capital allowance. This is in keeping with past practices of the Commission in similar situations of minor interest earnings on cash needed to be held on hand to meet day-to-day working capital needs.
2. Audit Finding Number 3 - Audit Finding No. 3 contends that the Utility has been billing multi-residential customers under its multi-residential tariff on a per unit basis with separate base charges for each unit behind the multi-residential meter and 5/8" minimum per unit gallonages combined. Staff contends that the tariff does not have specific base amounts and allotment amounts for specific meter sizes and as such, the Utility is not in compliance with its tariff on this issue.

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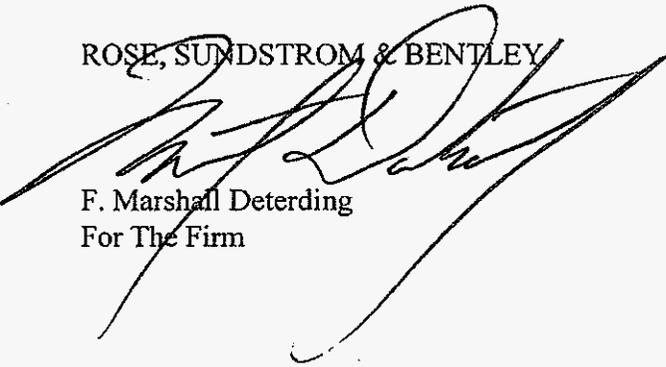
The Utility disagrees with the conclusion reached by the staff that the Utility's actions and the standard practice in this regard is not in compliance with the tariff. The tariff specifically states that "Where more than one living unit is served by one meter, multiple unit charge shall apply." This was clearly the intent of the application of these rate schedules when they were developed by the Escambia County Commission, who set the current approved rate structure and has been consistently applied in this manner since that time over 15 years ago. Therefore, we believe that the determination in Audit Finding No. 3 that the Utility is somehow not in compliance with the tariff is incorrect and clearly contrary to both the tariff wording itself and the intent of the then regulatory authority in establishing those rates and charges and approving those tariffs.

Other than the above-noted comments, the Utility is willing to accept the findings of the audit as outlined in the Audit Report dated September 16, 2009.

If the staff has any other questions in this regard, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY



F. Marshall Deterding
For The Firm

FMD/tms

cc: Erik Saylor, Esq.
Catherine Beard
James Polk
Robert Casey
Frances Lingo
Sherlock S. Gillet, Jr.
Anthony Boehk
Robert C. Nixon, CPA