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November 2, 2009

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Blvd.
Tallahassee, FL. 32399-0850

Re: Docket No. 090230-WU
Camachee Cove Yacht Harbor Utility

Dear Commission Members:

This letter is intended to state objections to: (1) The Public Service Commission Staff ("Staff") recommendation that the above referenced Utility be granted approved water rates based upon an over-all return of 9.67%, and return on equity of 11.30%, and; (2) the lack of a fair hearing for Utility customers before the Staff on October 21, 2009.

INTRODUCTION

My name is Eli H. Subin, I am a customer of the Utility, and am the Secretary Treasurer of The Lands End Owners' Association which is comprised of all (seventeen) landowners/utility customers in the Lands End Subdivision of the Utility service area.

GROUND FOR OBJECTIONS

(1) The Staff's proposed over-all return of 9.67%, and return on equity of 11.30% is unreasonable and unfair, and; (2) the Staff conducted Utility customer meeting held October 21st, was declared by the Staff in attendance as being unable to answer substantive questions concerning facts relating to the rate recommendation because the person who calculated and prepared that recommendation was not in attendance.

DISCUSSION

Staff Recommendation:

The Staff Report dated September 8, 2009, as amended, and the Staff's responses to the Utility customers meeting on October 21st, established that the Utility's recommended rates be based upon: (a) recovery by the utility of the entire cost of new plant and equipment; (b) recovery of a depreciation reserve for that entire cost; (c) depreciation of approximately half of the investment value of the existing utility system which is in excess of twenty years old, and; (d) consideration of the fact that the Utility will be at 100% of capacity with an existing customer base that is fully built out.

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It is unreasonable to charge the Utility customers the entire cost of construction and of the depreciation reserve, plus the mentioned over- all return and return on equity (9.67% and 11.30%), because this is a low risk business enterprise which owns a monopoly on water service to a stable customer group, and at a time when the cost of money is negligible. The historic nature of a public utility enterprise has been that the utility earns a moderate rate of return on investment because it is a low risk investment in a monopoly setting. In practical terms the Staff's recommended rates would result in an increased annual cost of service to my family of an amount in excess of 120%.

It is suggested that you order a re-examination of the facts relating to this proposed rate case, and then discount the future value of the Utility's investment using a factor that is consistent with the very low risk nature of the business with a result that comports with the rate of return that a similarly situated public utility would recover in a comparable market.

Lack of Fair Hearing:

The Notice of the Staff conducted Utility customer meeting on October 21st, states in part that the purpose of the meeting would be to provide a forum for questions and answers concerning the proposed rates. However, at that meeting the Staff was unable to answer substantive questions regarding the rate making process and content. The excuse given for this was that the person who was responsible for calculating the recommended rates was not present. It would be an unreasonable burden on the record of this case to require the Utility customers to appear in Tallahassee at a Commission meeting to make known the points raised in this letter. If, however, the Commission should order a re-examination of the Staff recommendation, and if it would be helpful in your deliberations then I would appear to make the same points as are here stated.

CONCLUSION

My family and neighbors are pleased that the Utility has built a new and apparently high quality water plant, but we believe that the Staff recommended rates exceed the amount of a fair return on investment in the context of the facts in this case.

Sincerely yours

A handwritten signature in black ink, appearing to read 'Eli H. Subin', written over a horizontal line.

Eli H. Subin, Sec./Treas.

Lands End At Camachee Island Owners' Association, Inc.