

**Ruth Nettles**

080695-WU

**From:** Tonya Simpson [TSimpson@RSBAttorneys.com]  
**Sent:** Tuesday, December 08, 2009 3:14 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Bob Casey; Jennie Lingo; Erik Sayler  
**Subject:** PSC Docket No. 080695-WU; Peoples Water Service Company  
**Attachments:** \_1208151122\_001.pdf

- a. F. Marshall Deterding, Esquire  
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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 1 page letter and 6 page attachment (7 Total Pages) – Re: Change in Methodology

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12/8/2009

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

December 8, 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  
Our File No. 31007.06

Dear Ms. Cole:

Attached please find a letter dated October 16, 2009 as previously sent to Bob Casey. He requested that I forward it onto you for placement in the docket file. Thank you for your assistance in this regard.

If you or members of the technical staff have any questions, please do not hesitate to contact me.

Sincerely,  
ROSE, SUNDSTROM & BENTLEY

  
F. Marshall Deterding  
For The Firm

FMD/tms

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MARTIN S. FRIEDMAN, P.A.  
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October 16, 2009

Mr. Robert Casey  
Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

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

Dear Mr. Casey:

As we discussed by phone a few days ago, I am writing this letter to propose a slight modification to the billing methodology to be utilized in the above-referenced case. While we believe that the methodology that we originally filed is accurate and appropriate in most respects, we do believe after further review, that utilization of individual base facility charges for all multi-family units is a better method than utilizing a base facility charge based upon the meter size for many residential units behind these multi-family meters. We believe that it is more equitable to all concerned and will generate less rate shock for the lower end users to modify the proposed rate structure such that the multi-family units are billed one base facility charge per unit for the number of residential units behind the bulk meter. Bob Nixon has developed the attached schedules which reflect the differences arising out of this slight modification. The bottom line is that the gallonage charges remain unchanged, but the base facility charge for a 5/8" by 3/4" meter is reduced for all customers by \$1.77.

As I also noted to you, we are also concerned that there not be an attempt to move more costs into the gallonage charge than those that were originally proposed by the Utility. Not only does this violate the underlying principle of a base facility charge (to allow full recovery of fixed costs through the base charges) but it also imposes a substantial additional risk on the Utility not recognized in the

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October 16, 2009

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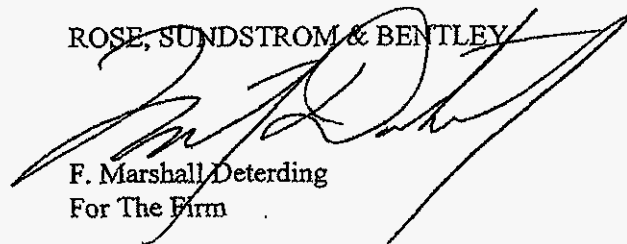
theory underlying base facility charge rate structure. As such, we believe such shifting of cost to the gallonage charges is wholly inappropriate.

Based upon the above, we request that the Commission staff consider a modification in calculating its proposed final rates to recognize a base charge for each individual multi-family unit, so that those units are billed on the same basis as single family homes with regard to the underlying base charges. We believe such a change is not only much more fair to all ratepayers, but properly assesses costs between customers and reduces the rate shock resulting to lower use customers.

If you have any questions or need any further information with regard to this suggestion, please do not hesitate to contact me.

Sincerely,

ROSE, SUNDSTROM & BENTLEY



F. Marshall Deterding  
For The Firm

FMD/tms

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

Peoples Water Service Company of Florida, Inc.  
 Comparison of Revised Rates with Proposed Rates as Filed

	<u>As Filed</u>	<u>As Filed With Multi - Unit Billing</u>	<u>Traditional BFC &amp; Single Gallonge Charge (1)</u>
<u>Base Facility Charges</u>			
5/8 x 3/4"	\$ 11.31	\$ 9.54	\$ 9.54
1"	28.28	23.85	23.85
1-1/4"	39.59	33.39	33.39
1-1/2"	56.55	47.70	47.70
2"	90.48	76.32	76.32
3"	169.65	143.10	143.10
4"	282.75	238.50	238.50
6"	565.50	477.00	477.00
8"	1,017.90	858.60	858.60
10"	1,639.95	1,383.30	1,383.30
<u>Gallonge Charges</u>			
<u>Residential:</u>			
First 7,000 Gallons	2.25	2.25	-
7,001 to 15,000 Gallons	3.38	3.38	-
15,001 to 20,000 Gallons	4.50	4.50	-
Over 20,000 Gallons	6.75	6.75	-
<u>All others</u>	2.75	2.75	-
<u>All customers</u>			2.48

(1) With Multi-Unit Billing

Peoples Water Service Company, Inc  
Final Rates Computation - Water  
Test Year Ending: 12/31/08

Account Number & Name	Total Annual	Adjustments	Adjusted Annual	Base Facility Charge %	Gallonge Charge %	Base Facility Revenue	Gallonge Revenue	
601 Salaries & Wages - Employees	\$ 543,367		\$ 543,367	0.50	0.50	\$ 271,879	\$ 271,879	
603 Salaries & Wages - Officers, Etc.	-		-	0.40	0.60	-	-	
604 Employee Pensions & Benefits	167,931		167,931	0.40	0.60	67,172	100,759	
610 Purchased Water	-		-		1.00	-	-	
615 Purchased Power	157,822		157,822	0.50	0.50	78,911	78,911	
616 Fuel for Power Purchased	419		419		1.00	-	419	
618 Chemicals	42,026		42,026		1.00	-	42,026	
620 Materials & Supplies	308,774		308,774	0.50	0.50	154,387	154,387	
631 Contract Services - Engr.	1,846		1,846	0.50	0.60	923	923	
632 Contract Services - Acct.	500		500	0.50	0.60	250	250	
633 Contract Services - Legl.	16,857		16,857	0.50	0.50	8,329	8,329	
634 Contract Services - Mgmt.	541,449		541,449	0.50	0.50	270,725	270,725	
635 Contract Services - Testing	28,006		28,006	0.50	0.50	14,003	14,003	
636 Contract Services - Othr	178,367		178,367	0.50	0.50	89,184	89,184	
641 Rental of Bldg/Real Property	-		-	1.00	-	-	-	
642 Rental of Equipment	-		-	1.00	-	-	-	
650 Transportation Expenses	48,885		48,885	0.40	0.60	19,554	29,331	
656 Insurance - Vehicle	25,276		25,276	0.40	0.60	10,110	15,166	
657 Insurance - General Liability	38,179		38,179	0.40	0.60	15,272	22,907	
658 Insurance - Workers Comp.	21,839		21,839	0.40	0.60	8,736	13,103	
659 Insurance - Other	22,782		22,782	0.40	0.60	9,113	13,669	
660 Advertising Expense	-		-	0.50	0.50	-	-	
666 Reg. Comm. Exp. - Rate Case Am	-	\$ 37,376	37,376	0.50	0.60	18,888	18,888	
667 Reg. Comm. Exp. - Other	-		-	0.50	0.60	-	-	
670 Bad Debt Expense	20,197		20,197	0.50	0.60	10,099	10,099	
675 Miscellaneous Expense	59,504		59,504	0.50	0.50	29,752	29,752	
<b>Total O &amp; M Expense</b>	<b>2,223,816</b>	<b>37,376</b>	<b>2,261,191</b>			<b>1,076,884</b>	<b>1,184,307</b>	
Depreciation	468,949	(5,902)	461,047	0.50	0.60	230,524	230,524	
CIAC Amortization	(85,600)	(20,635)	(116,135)	0.50	0.50	(58,068)	(58,068)	
Taxes Other Than Income								
RAF's	137,177	19,580	156,748	0.40	0.60	62,698	94,048	
Payroll	51,832	-	51,832	0.40	0.60	20,733	31,099	
Real Estate & Personal Propert	118,871	2,683	116,554	0.40	0.60	46,822	69,932	
Other	981	-	981	0.40	0.60	392	589	
<b>Total Other Taxes</b>	<b>303,861</b>	<b>22,263</b>	<b>326,113</b>			<b>130,445</b>	<b>195,668</b>	
Income Taxes	74,622	130,088	204,708	0.40	0.60	81,883	122,825	
Operating Income	74,633	271,689	346,322	0.40	0.60	136,529	207,793	
<b>Total Revenue requirement</b>	<b>3,048,361</b>	<b>434,665</b>	<b>3,483,246</b>			<b>1,800,197</b>	<b>1,883,049</b>	
Total expense percentage allocated to Base/gallonge charges						45.94%	54.06%	100.00%
Remove Miscellaneous Service Fu	(121,420)	-	(121,420)	1.00	-	(121,420)	-	
<b>Total Revenue for rates</b>	<b>\$ 2,926,961</b>	<b>\$ 434,876</b>	<b>\$ 3,361,826</b>			<b>\$ 1,478,777</b>	<b>1,883,049</b>	
Less: Non-Residential Revenue							576,628	
Residential revenue							\$ 1,306,421	
Total Factored ERC's & Repressed Gallons						154,959	684,043	
Factored Repressed Residential Gallons							580,385	
Base Charge per ERC						\$ 9.54		
Gallonge Rates:				K Gallons in	Block Factor			
Gallonge rate before factoring				Block		\$ 2.25		
Residential-Block 1				7,000	1.00	2.25		
Residential-Block 2				7,001-16,000	1.50	3.38		
Residential-Block 3				15,001 - 20,000	2.00	4.50		
Residential-Block 4				>20,000	3.00	6.75		
Non-residential						\$ 2.75		

Peoples Water Service Company, Inc  
 Factored ERC's & Gallons - Water  
 Test Year Ending: 12/31/08

Residential	Test Year Bills	Test Year Gallons	ERC/Repression Factor	Factored ERC's	Repressed Gallons	Factored Gallons	Factored Rate	Revenue Prod By ERC/ Repressed Gal
5/8" x 3/4"	97,229		1.00	97,229			9.54	\$ 927,565
K Gallons Block 1 (7k gallons)		392,799	0.10		353,519	353,519	2.25	795,418
K Gallons Block 2 (15k gallons)		72,829	0.10		65,546	65,519	3.38	221,545
K Gallons Block 3 (20k gallons)		13,120	0.10		11,803	23,516	4.50	53,136
K Gallons Block 4 (>20k gallons)		24,434	0.10		21,991	65,973	6.75	148,439
1.00"	2,020		2.50	5,050			9.54	48,177
K Gallons Block 1 (7k gallons)		9,812	0.10		8,831	8,631	2.25	19,670
K Gallons Block 2 (15k gallons)		4,061	0.10		3,555	5,483	3.38	12,354
K Gallons Block 3 (20k gallons)		1,334	0.10		1,201	2,402	4.50	5,405
K Gallons Block 4 (>20k gallons)		4,096	0.10		3,888	11,058	6.75	24,681
1.25"	12		3.50	42			9.54	401
K Gallons Block 1 (7k gallons)		84	0.10		78	78	2.25	171
K Gallons Block 2 (15k gallons)		96	0.10		86	129	3.38	291
K Gallons Block 3 (20k gallons)		60	0.10		54	108	4.50	243
K Gallons Block 4 (>20k gallons)		619	0.10		557	1,671	6.75	3,760
1.50"	24		5.00	120			9.54	1,145
K Gallons Block 1 (7k gallons)		88	0.10		79	79	2.25	176
K Gallons Block 2 (15k gallons)		85	0.10		77	116	3.38	280
K Gallons Block 3 (20k gallons)		48	0.10		43	86	4.50	184
K Gallons Block 4 (>20k gallons)		182	0.10		164	492	6.75	1,107
2.00"	36		8.00	288			9.54	2,746
K Gallons Block 1 (7k gallons)		148	0.10		133	133	2.25	299
K Gallons Block 2 (15k gallons)		144	0.10		130	195	3.38	439
K Gallons Block 3 (20k gallons)		84	0.10		76	152	4.50	342
K Gallons Block 4 (>20k gallons)		2,943	0.10		2,649	7,947	6.75	17,881
<b>Total Residential</b>	<b>99,321</b>	<b>527,065</b>		<b>102,729</b>	<b>474,361</b>	<b>580,385</b>		<b>2,286,249</b>
<b>General Service</b>								
5/8" x 3/4"	4,066		1.00	4,066			9.54	38,790
K Gallons		23,693	0.10		21,324		2.75	58,641
1"	932		2.50	2,330			9.54	22,228
K Gallons		16,461	0.10		14,815		2.75	40,741
1.25"	2		3.50	7			9.54	67
K Gallons		16	0.10		14		2.75	39
1 1/2"	355		5.00	1,775			9.54	16,934
K Gallons		14,454	0.10		13,009		2.75	36,775
2"	165		8.00	1,480			9.54	14,119
K Gallons		9,045	0.10		8,141		2.75	22,388
3"	24		15.00	360			9.54	3,434
K Gallons		2,722	0.10		2,450		2.75	6,738
4"			25.00	-			9.54	-
K Gallons		-	0.10	-	-		2.75	-
6"			50.00	-			9.54	-
K Gallons		-	0.10	-	-		2.75	-
8"			90.00	-			9.54	-
K Gallons		-	0.10	-	-		2.75	-
<b>Total General Service</b>	<b>5,594</b>	<b>66,391</b>		<b>10,018</b>	<b>59,753</b>			<b>259,894</b>
<b>Sprinkler - Private Fire protection</b>								
5/8" x 3/4"			(1/12th ERC)				9.54	-
K Gallons		-	0.10	-	-		2.75	-
1"			0.21	-	-		9.54	-
K Gallons		-	0.10	-	-		2.75	-
1.25"			0.29	-	-		9.54	-
K Gallons		-	0.10	-	-		2.75	-
1 1/2"			0.42	-	-		9.54	-
K Gallons		-	0.10	-	-		2.75	-
2"	12		0.67	8			9.54	76
K Gallons		-	0.10	-	-		2.75	-
3"			1.26	-	-		9.54	-
K Gallons		-	0.10	-	-		2.75	-
4"	106		2.08	221			9.54	2,107
K Gallons		-	0.10	-	-		2.75	-
6"	182		4.17	758			9.54	7,235
K Gallons		-	0.10	-	-		2.75	-
8"	72		7.50	540			9.54	5,152
K Gallons		-	0.10	-	-		2.75	-
<b>Total Sprinkler</b>	<b>372</b>	<b>-</b>		<b>1,527</b>	<b>-</b>			<b>14,970</b>

