

Diamond Williams

090349-WS

From: Trina Collins [TCollins@RSBattorneys.com]
Sent: Wednesday, July 14, 2010 6:27 PM
To: Filings@psc.state.fl.us
Cc: smlubertozzi@uiwater.com; keweeks@uiwater.com; jdwilliams@uiwater.com; pcflynn@uiwater.com; Bart Fletcher; Curt Mouring; Stan Rieger; Jennifer Crawford; Charles Rehwinkel; Martin Friedman; Christian W. Marcelli; Trina Collins
Subject: Filing in Docket No. 090349-WS; Application for Limited Proceeding Rate Increase in Polk County by Cypress Lakes Utilities, Inc.
Importance: High
Attachments: PSC Clerk 23 (Supp Response to 7th Data Request).ltr.07-14-2010(8).pdf

- a. Martin S. Friedman, Esq.
Christian W. Marcelli, Esq.
Rose, Sundstrom & Bentley, LLP
Sanlando Center
2180 W. State Road 434, Suite 2118
Longwood, FL 32779
Phone: (407) 830-6331
Fax: (407) 830-8522
Email: mfriedman@rsbattorneys.com
cmarcelli@rsbattorneys.com
- b. Docket No. 090349-WS; Cypress Lake Utilities, Inc.'s Application for a Limited Proceeding Rate Increase in Polk County, Florida - Filing the Utility's supplemental response to Item 4 of Staff's Seventh Data Request dated June 17, 2010.
- c. Cypress Lakes Utilities, Inc.
- d. 5 Pages.
- e. Letter to Commission Clerk and response attachment - 5 pages.

DOCUMENT NUMBER-DATE

05794 JUL 15 09

FPSC-COMMISSION CLERK

7/15/2010

LAW OFFICES

ROSE, SUNDBSTROM & BENTLEY, LLP

www.rsbatorneys.com

Please Respond to the Longwood Office

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
F. MARSHALL DETERDING
MARTIN S. FRIEDMAN, P.A.
JOHN J. FUMERO, P.A.
BRIDGET M. GRIMSLEY
JOHN R. JENKINS, P.A.
KYLE L. KEMPER

CHRISTIAN W. MARCELLI
STEVEN T. MINDLIN, P.A.
THOMAS F. MULLIN
CHASTITY H. O'STEEN
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

July 14, 2010

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

VIA E-FILING

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 090349-WS; Application for Limited Proceeding Rate Increase in Polk
County by Cypress Lakes Utilities, Inc.
Our File No. 30057.182

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is the supplemental response of
Cypress Lake Utilities, Inc. (the "Utility") to Item 4 of Staff's Seventh Data Request dated
June 17, 2010.

4. Please provide a detailed breakdown of which portions of the \$1,049,052
increase in the wastewater treatment plant are attributable to the growth related
expansion of the plant capacity, and which are attributable to the compliance related
modifications to the wastewater treatment plant.

RESPONSE: The Utility has done an analysis of the costs associated with WWTP
expansion related to the development of Phase 12 and the modifications required for
compliance-related issues. Attached is a spreadsheet showing the estimated amounts
attributable to expansion and compliance respectively. The amounts totaled in the
attached spreadsheet (\$295,000 and \$570,000, respectively, out of the total of
\$865,000) include payments to vendors only, and are net of cap time and IDC. This
comes to a ratio of 65.9% for compliance to 34.1% for expansion.

The Utility's analysis is based on the plant improvements undertaken since 2000,
as follows:

DOCUMENT NUMBER-DATE
05794 JUL 15 09
FPSC-COMMISSION CLERK

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

2548 BLAIRSTONE PINES DRIVE, TALLAHASSEE, FLORIDA 32301 (850) 877-6555 FAX (850) 656-4029

950 PENINSULA CORPORATE CIRCLE, SUITE 2020, BOCA RATON, FLORIDA 33487 (561) 982-7114 FAX (561) 982-7116

- a) The Cypress Lakes WWTP was previously modified in 2000. In that process, the WWTP was rerated from 240,000 gpd based on three-month average flow to 175,000 gpd based on annual average flow.
- b) The design of the 2000 plant modifications included construction of a large equalization ("EQ") basin of sufficient size to serve the needs of the Cypress Lakes community at build-out. The EQ basin was not required to be built at that time but it was supposed to be completed before the end of the WWTP's 5-year permit cycle based on expected growth in plant flow.
- c) Cypress Lakes Associates ("CLA") subsequently developed Phases 8, 10, and 11 within the planned community over the next few years. The area that was originally designed as Phase 9 was found to be primarily wetlands and was therefore not buildable. The effect of excluding Phase 9 was a reduction in the total number of units within the Cypress Lakes community at build-out.
- d) Construction of the planned new EQ tank was delayed until 2008 when it became apparent that the increase in plant flow after eight years of customer growth had triggered the need to modify the plant. The daily wastewater flow generated by the customers during the winter months (when Cypress Lakes' occupancy was highest) was approaching the WWTP's permitted capacity of 175,000 gpd on a daily basis and making it difficult to maintain compliance with the operating permit's effluent limits.
- e) At about this time, CLA requested that the Utility provide water and sewer service to the proposed Phase 12, which was to contain approximately 120 lots. Because of the deletion of Phase 9 from the development plans, the Utility was willing to serve a portion of Phase 12, but not all. There simply was not sufficient uncommitted capacity available to serve all 120 lots.
- f) CLA then commissioned an engineering firm to analyze the WWTP to determine whether the plant could be modified so that the treatment capacity could be increased sufficiently to serve Phase 12.
- g) This analysis determined that the limiting factor in the WWTP's permitted capacity was primarily the undersized existing EQ basin. The engineering report indicated that by converting one of the existing aeration basins in Treatment

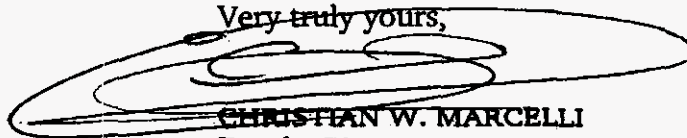
Train #3 into an EQ basin, the permitted capacity could be increased by 8.6% to 190,000 gpd and thus allow the plant to continue meeting effluent water quality limits through build-out.

- h) The Utility and CLA entered into an agreement whereby the parties would equally fund the necessary plant improvements, which were estimated to cost \$250,000. The Utility needed a larger EQ basin in order to meet the needs of the original planned community at build-out while the developer needed a larger EQ basin in order to establish additional capacity to serve a portion of the proposed Phase 12 lots. The developer contributed \$125,000 with the execution of this developer agreement.

- i) The Utility then initiated the design and permitting of the plant modifications. During the permitting process, DEP indicated that in order to receive plan approval and a construction permit in a timely manner, the proposed modifications to the plant must also include installation of pretreatment equipment at the plant headworks. The effect of mandating the inclusion of this pretreatment equipment was to trigger the need to upgrade the electrical service, the electrical distribution panels, and the emergency generator in order to provide adequate and reliable power to the site. Because the EQ basin was needed in order to accommodate customer growth from within the original planned community that had taken place over an eight year period, it is the Utility's understanding and belief that DEP's directive resulted in necessary capital investment that was mandated irrespective of the development of Phase 12.

Should you or the Staff have any questions regarding this filing, please do not hesitate to contact me.

Very truly yours,



CHRISTIAN W. MARCELLI
For the Firm

Enclosures

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
July 14, 2010
Page 4

cc: Steven M. Lubertozzi, Executive Director of Regulatory Accounting and Affairs
(w/enclosures) (via e-mail)
Kirsten E. Weeks, Manager of Regulatory Accounting (w/enclosures) (via e-mail)
John Williams, Director of Governmental Affairs (w/enclosures) (via e-mail)
Patrick C. Flynn, Regional Director (w/enclosures) (via e-mail)
Bart Fletcher, Division of Economic Regulation (w/enclosures) (via e-mail)
Curt Mouring, Division of Economic Regulation (w/enclosures) (via e-mail)
Stan Rieger, Division of Economic Regulation (w/enclosures) (via e-mail)
Jennifer Brubaker, Esquire, Office of General Counsel (w/enclosures) (via e-mail)
Charles Rehwinkel, Esquire, Office of Public Counsel (w/enclosures) (via e-mail)

M:\1 ALTAMONTE\1 ALTAMONTE UTILITIES INC\CV PRESS LAKES\ (.183) 2009 RATE CASE\PSC Clerk 23 (Supp Response to 7th Data Request).ltr.docx

Rose, Sundstrom & Bentley, LLP
2180 WEST STATE ROAD 434, SUITE 2118, LONGWOOD, FLORIDA 32779

Cypress Lakes WWTP Modifications Bid Form

Item	Qty	Description	U/M	Unit Price	Total Cost	Growth related (capacity increase of 8.6%)	Compliance related
1	1	Mobilization	LS	10,000	\$10,000	\$5,000	\$5,000
2	1	Demolition	LS	10,000	\$10,000	\$5,000	\$5,000
3	1	Miscellaneous Sitework	LS	40,000	\$40,000	\$20,000	\$20,000
4	1	EQ Basin Renovation and Ballast Wall	LS	50,000	\$50,000	\$25,000	\$25,000
5	1	Static Screen and Screening Washing and Dewatering Facility	LS	115,000	\$115,000	\$0	\$115,000
6	1	EQ PD Blowers and Air Piping Modifications	LS	40,000	\$40,000	\$20,000	\$20,000
7	1	EQ Pumping Station, Control Panel and Instrumentation and Discharge Force Main	LS	85,000	\$85,000	\$42,500	\$42,500
8	1	Jib Crane and Electric Chain Hoist for EQ Pumping Station	EA	5,000	\$5,000	\$2,500	\$2,500
9	1	Raw Wastewater Splitter Box (Stainless Steel), Structure and Stairways, and Raw Wastewater Distribution Piping	LS	150,000	\$150,000	\$50,000	\$100,000
10	1	New Centrifugal Blower #3 and Air Piping Modifications for Aeration Basins #1, #2, and #3	LS	100,000	\$100,000	\$50,000	\$50,000
11	1	Refurbishment of Centrifugal Blowers #1 and #2 for Aeration Basin #1, #2, and #3 [Deleted from project scope]	LS	0	\$0	\$0	\$0
12	1	In-Plant Drainage Pumping Station and Control Panel	LS	20,000	\$20,000	\$10,000	\$10,000
13	1	Emergency Diesel Generator	EA	80,000	\$80,000	\$0	\$80,000
14	1	New Electrical Service and Electrical Improvements	LS	70,000	\$70,000	\$20,000	\$50,000
15	1	Miscellaneous (General Requirements, Painting)	LS	90,000	\$90,000	\$45,000	\$45,000
				Total	\$865,000	\$295,000	\$570,000

DOCUMENT NUMBER-DATE
 05794 JUL 15 0
 FPSC-COMMISSION CLERK