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# Public Service Commission

October 28, 2010

Mr. Charles DeMenzes  
Tradewinds Utilities, Inc.  
P. O. Box 5220  
1410 NE 8<sup>th</sup> Avenue  
Ocala, FL 34478

**Re: Docket No. 100127-WS - Application for an increase in water rates in Marion County, Florida by Tradewinds Utilities, Inc.**

Dear Mr. DeMenzes:

We have reviewed the minimum filing requirements (MFRs) submitted on September 28, 2010, on behalf of Tradewinds Utilities, Inc. (TUI or Utility). After reviewing this information, we find the MFRs to be deficient. An explanation of the specific deficiencies are identified below.

1. Pursuant to Rule 25-30.436, Florida Administrative Code (F.A.C.), the following instructions were not followed:

- a) Each page of the filing shall be consecutively numbered.
- b) There was not an organizational chart of the relationship(s) between the utility company, its parent and its affiliated companies, and any other parties that may be present.
- c) No copies of any contracts or agreements were included.

2. Pursuant to Rule 25-30.443(2)(a), F.A.C., the following instructions were not followed:

- a) Each section of this form shall be indexed and tabbed, including a table of contents listing the page numbers of each schedule.

3. Pursuant to Rule 25-30.110, F.A.C., the Total Net Utility Plant on page F-1(a) of the company's annual report should agree with the Year End Balances in Schedule A-4 of the MFRs. Please reconcile all balances from 1994 to 2009 in the MFRs to the corresponding annual report.

4. The instructions for Schedule B-7 and B-8 require that an explanation be provided for "all differences which are not attributable to the change in customer growth and the CPI-U". Please explain, in detail, all differences greater than 137 percent.

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5. Schedule B-9 requires that a "Description of Work Performed" be given as well as the method of allocation between systems. Please provide.

6. Schedule B-12 requires a detailed description of all allocations. Please provide.

7. Schedule B-3 for Interim uses a 2008 Historical Test Year with pro-forma adjustments. Please provide without pro-forma adjustments with a 2009 Test Year.

Rule 25-30.437, F.A.C., requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 20-W (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." Numbers (8) through (10) of the following list are deficiencies pursuant to this rule.

8. Regarding MFR Schedule E-1, Schedule of Present and Proposed Rates: The Utility is required to provide a schedule of present and proposed rates.

- (a) None of the Utility's present (current) rates for the water system as presented on Schedule E-1 match the Utility's corresponding current rates for the water system on file at the Commission.
- (b) None of the Utility's present (current) rates for the wastewater system as presented on Schedule E-1 match the Utility's corresponding current rates for the wastewater system on file at the Commission.

9. Regarding MFR Schedule E-14, Billing Analysis Schedules: The Utility is required to provide a billing analysis for each class of service by meter size. For applicants having master metered multiple dwellings, provide number of bills at each level by meter size or number of bills categorized by the number of units. Consumption is to be rounded to the nearest 1,000 gallons, and begin at zero. If a rate change occurred during the test year, provide a billing analysis which coincides with each period.

- (a) On the Utility's water system's Schedule E-14, p. 1, line no. 1, column (1), consumption is 0. This is correct. Therefore, the number of kgals indicated in column nos. (4) and (5) on line no. 1 should also be 0 (e.g., there is no consumption at a consumption level of 0).
- (b) A rate change occurred on June 1, 2009. Therefore, separate billing analysis calculations, by customer class, meter size and rate period (i.e., 01/01/09 through 05/31/09 and 6/01/09 through 12/31/09) must be provided.
- (c) The calculation for gallons consumed in column (4) is incorrect. The instructions for column (4) state that calculations should be the results of multiplying the values in column (1) times the cumulative bills in column (3). This instruction was not followed because the midpoints of the values in column (1) were used, rather than the upper limits of the values in column (1) as indicated on Schedule E-14.
- (d) The reversed bills calculation from column (6) was left blank on all 8 pages of Schedule E-14.
- (e) The consolidated factor calculation from column (7) was left blank on all 8 pages of Schedule E-14.

10. Regarding MFR Schedule E-2, Revenue Schedule at Present and Proposed Rates:

- (a) The Utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis (MFR Schedule E-14). Furthermore, a rate change occurred on June 1, 2009. Therefore, separate E-2 calculations (i.e., 01/01/09 through 05/31/09 and 6/01/09 through 12/31/09) must be provided and summed in order to present the appropriate amount of revenues. This requires correcting the deficiencies discussed in section (B) above.
- (b) In column nos. (3a) and (3b), the utility indicates that the first rate period ended on June 30, 2009 and that the second rate period started on July 1, 2009. According to the Utility's current tariffs on file at the Commission, the first rate period ended on May 31, 2009 and the second rate period started on June 1, 2009. Please change all affected column headings to reflect the appropriate rate periods.

The following deficiencies relate to engineering information required by Rule 25-30.440, F.A.C.

11. Gallons of water pumped, sold and unaccounted for water in Schedule F-1. The calculations to determine unaccounted for water were not provided. Please perform the proper calculations.

12. Gallons of water pumped, sold and unaccounted for water in Schedule F-1. The total gallons pumped in Schedule F-1 do not match with flows represented in the monthly operating reports provided in the Engineering Data information pursuant to rule 25-30.440(4), F.A.C.

13. Water treatment plant data in Schedule F-3. The data provided appears to be associated with the wastewater treatment facility, not water. Please provide the proper information.

14. Used and Useful Calculations in Schedules F-5 and F-6. The calculations used to determine the used and useful percentages for the Water Treatment Plant (Schedule F-5) and Wastewater Treatment Plant (Schedule F-6) were not provided. System buildout information (as provided in the filing) can be used to support recommended used and useful percentages, but not take the place of the actual calculations. Please perform the appropriate calculations. Also, since there is more wastewater treated (F-2 @ 21,431,000 gallons) during the test year than sold (E2 @ 18,999,500 gallons), there appears to be excess inflow and infiltration (I&I). I&I is part of the overall wastewater treatment plant used and useful determination. Please perform the appropriate I&I calculations.

15. Pursuant to rule 25-30.440(3), F.A.C. the most recent chemical analyses covering the inorganic, organic, turbidity, microbiological, radionuclide, secondary and unregulated contaminants specified in Chapter 17-550, F.A.C. were partially submitted. Only inorganic contaminants (nitrates and nitrites) testing results were provided for review. Please provide the complete chemical analyses information as required in this rule.

16. Pursuant to rule 25-30.440(4), F.A.C. concerning operating reports, the October, 2009 Discharge Monitoring Report – Daily Sample Results – Part B (CBOD5, fecal coliform bacteria, pH, TSS, TRC, and flows) was not provided. Please provide.

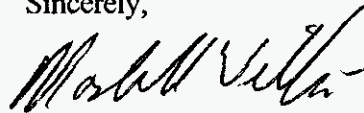
Mr. Charles DeMenzes

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If these reconciliations require a corresponding change to any MFR schedules, those corrected schedules must also be submitted. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than November 27, 2010. If you have any questions, please do not hesitate to contact Connie Davis, at (850) 413-6932.

Sincerely,



Marshall Willis,  
Director

MW:cd

cc: Division of Economic Regulation (Maurey, Cicchetti, Daniel, Fletcher, Stallcup, Rieger, Lingo, Thompson)

Office of the General Counsel (Young)

Office of Commission Clerk (Docket No. 100127-WS)

Office of Public Counsel