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# Public Service Commission

July 26, 2011

Christian W. Marcelli  
Rose, Sundstrom & Bentley, LLP  
766 N. Sun Drive, Suite 4030  
Lake Mary, Florida 32746

**Re: Docket No. 110153-SU – In re: Application for increase in wastewater rates in Lee County by Utilities, Inc. of Eagle Ridge**

Dear Mr. Marcelli:

Staff needs the following information to complete our review of the application filed by Utilities, Inc. of Eagle Ridge (Eagle Ridge or Utility).

1. The following items relate to the pro forma retirement of Equalization Tank #1 and modifications to Equalization Tank #2 reflected in adjustment (A)(c), on lines 12 through 16 of MFR Schedule A-3, page 1 of 2.

For each addition, provide the following:

- (a) a statement why each addition is necessary;
  - (b) a copy of all invoices and other support documentation if the plant addition has been completed or in process;
  - (c) a copy of the signed contract or any bids, if the plant addition has not been completed;
  - (d) a status of the engineering and permitting efforts, if the plant addition has not been through the bidding processing;
  - (e) the projected in-service date for each outstanding plant addition, and
  - (f) all documentation (i.e. invoices) for the original cost of any corresponding retirements.
2. Please explain the reasons for the retirement of Equalization Tank #1. Provide copies of engineering evaluations/recommendations and/or DEP correspondence that support this course of action.

DOCUMENT NUMBER - DATE

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3. Please explain the reasons for the modification of Equalization Tank #2. Provide copies of engineering evaluations/recommendations and/or DEP correspondence that support this course of action.
4. The following items relate to Eagle Ridge's requested rate case expense.
  - (a) For each individual person, in each firm providing consulting services to the applicant pertaining to this docket, provide the billing rate, and an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also provide a description and associated cost for all expenses incurred to date.
  - (b) For each firm or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date.
  - (c) If rate consultant invoices are not broken down by hour, please provide reports that detail by hour, a description of actual duties performed, and amount incurred to date.
  - (d) Please provide an estimate of costs to complete the case by hour for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the PAA process.
  - (e) Please provide an itemized list of all other costs estimated to be incurred through the PAA process.
5. According to lines 37 through 42 of MFR Schedule B-3, page 1 of 3, Eagle Ridge has proposed to adjust allocations and annualize salary and related expenses, and transportation expenses. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the adjustments to the Salary & Wages, Salary & Wages – Officers, Employee Pensions & Benefits, and Transportation Expense accounts.
6. According to lines 1 through 9 of MFR Schedule B-3, page 2 of 3, the Utility has proposed a 29.21 percent rate increase for sludge removal. Please provide an executed copy of the current contract with the Karle Environmental Organic Recycling. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above adjustment to Sludge Removal Expense.
7. According to MFR Schedule B-6, Purchased Power increased substantially in April 2010 when compared to previous months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Purchased Power.
8. According to MFR Schedule B-6, Contractual Services – Testing increased substantially in March 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Contractual Services – Testing.
9. According to MFR Schedule B-6, Contractual Services – Other increased substantially in January 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Contractual Services – Other.

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10. According to MFR Schedule B-6, Transportation Expenses increased substantially in December 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Transportation Expenses.

Please submit the above information to the Office of Commission Clerk by August 25, 2011. If you have any questions, please contact me by phone at (850) 413-6550 or by e-mail at [tbrown@psc.state.fl.us](mailto:tbrown@psc.state.fl.us).

Sincerely,



Todd M. Brown  
Regulatory Analyst IV

cc: Division of Economic Regulation (Maurey, Fletcher, T. Brown, Daniel, Stallcup, Walden, Thompson)  
Office of the General Counsel (Barrera, Crawford)  
Office of Commission Clerk (Docket No. 110153-SU)  
Office of Public Counsel