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August 25, 2011

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Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Docket No.: 110153-SU; Application of Utilities, Inc. of Eagle Ridge for an Increase in Wastewater Rates in Lee County, Florida  
Our File No. 30057.197

Dear Clerk:

Enclosed for filing in the above-referenced docket is the response of Utilities, Inc. of Eagle Ridge (the "Utility" or "Eagle Ridge") to Staff's request for additional information dated July 26, 2011. Please note that data files referenced herein are contained on the enclosed data disc.

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;

*containency information also fwd.*

**RESPONSE: Demolition of Equalization Tanks #1 and modifications to the headworks.** Due to the structural failure of the side wall of EQ Tank #1 at the Eagle Ridge WWTP, an analysis was done by a Florida licensed engineer to determine if the tank was repairable. When it was found not to be repairable, the tank was removed from the site leaving EQ Tanks 2 and 3 in service but without any headworks facilities. The project involved the fabrication and installation of a new bar screen, splitter box, piping, and valves at EQ Tank #2; installation of a new duplex pump control panel; and relocation of two EQ pumps, catwalks, railings, stairs, and electrical equipment in order to provide adequate wastewater treatment and comply with the existing Eagle Ridge WWTP operating permit's effluent limits, which reflect Part III public access reuse. Please see attached item

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labeled "Eagle Ridge EQ Tank Failure Follow-up Report to FDEP 12.9.2010" that describes the tank failure and subsequent temporary restoration of plant operations.

(b) a copy of all invoices and other support documentation if the plant addition has been completed or in process;

**RESPONSE:** Attached are seven invoices and a quote by Paralee Company to furnish and install the control panel as documentation describing the project costs as well as two images of portions of the construction activity. Please see the attached adobe file titled "Pro Forma Project." These invoices are attributable to the Equalization tank.

(c) a copy of the signed contract or any bids, if the plant addition has not been completed;

**RESPONSE:** See attached documentation referenced in Response 1(b). The project is substantially complete. The project did not include a formal bidding process due to the emergency nature of the project.

(d) a status of the engineering and permitting efforts, if the plant addition has not been through the bidding processing;

**RESPONSE:** Attached please find the following documents that are associated with the engineering services provided by Excel Engineering for this project: Eagle Ridge Surge Tank Eval 12.16.10; CO#1 Eagle Ridge WWTF Flow Equalization; CO#2 Eagle Ridge Flow Equalization.

(e) the projected in-service date for each outstanding plant addition;  
and

**RESPONSE:** The project in service date is August 19, 2011.

(f) all documentation (i.e. invoices) for the original cost of any corresponding retirements.

**RESPONSE:** Original invoices of EQ Tank #1 are not available. The tank with associated bar screen and splitter box was installed in 1984 when the first phase

of the Eagle Ridge community was developed. It is estimated that the original cost of the retired assets was \$22,000.

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.

**RESPONSE:** Attached please find the report generated by Excel Engineering labeled "Eagle Ridge – 02.09.11 Ltr to Clnt re Flow Analysis Report" that includes a recommendation to remove but not replace the failed EQ Tank #1. Also attached is FDEP's authorization to reduce the total EQ Tank capacity, "Eagle Ridge WWTF – Permit Modification, exp 09.10.13".

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.

**RESPONSE:** Please refer to the documents referenced in the response to Item 2 above and to the Eagle Ridge WWTP Operating Permit, No. FLA014498, contained in the Additional Engineering Information in the Company's original filing. The referenced operating permit describes the treatment facilities that make up the Eagle Ridge WWTP as well as the requirement to operate, maintain and repair the facilities unless authorized otherwise by FDEP.

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 details 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.

**RESPONSE:** Please see the attached files titled "B-10 Data.xlsx," "Eagle Ridge B-10 as of 7.31.2011.xlsx" and "4(b) - Invoices.pdf" for the requested documentation.

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.

**RESPONSE:** Please see the attached file "Restated Allocations.xlsx" and "2011 FL Rate Cases Salary Adjustment (REDACTED).pdf." Additionally, unredacted salary adjustment documents are being filed via hard copy and under a request for confidential treatment.

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.

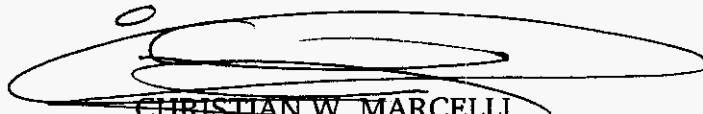
**RESPONSE:** Attached please find copies of the current contract with Karle Environmental Organic Recycling for the transportation and disposal of biosolids generated at the Eagle Ridge and Cross Creek WWTP's at the rate of \$0.089 per gallon. MFR Schedule B-3, page 2 of 3, is in error. The rate referenced in Schedule B-3 for 2011 incorrectly noted the rate for sludge hauling services associated with Utilities, Inc. of Sandalhaven. Consequently, no pro forma sludge hauling expense increase is expected in Docket No. 110153-SU.

Ann Cole, Commission Clerk  
Florida Public Service Commission  
August 25, 2011  
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Responses to Items 7 -- 10 will be due on September 1, 2011, pursuant to agreement with Staff. Should you or the Staff have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



CHRISTIAN W. MARCELLI  
For the Firm

CWM/der  
Enclosures

cc: Steven M. Lubertozi, Executive Dir. of Regulatory Accounting & Affairs  
(w/encs.)(via e-mail)  
John Stover, Vice President and Secretary (w/encs.) (via e-mail)  
Kirsten Weeks, Manager of Regulatory Accounting (w/encs.) (via e-mail)  
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