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Public Service Commission

August 30, 2011

RECEIVED-FPSC
11 AUG 31 AM 9:00
COMMISSION
CLERK

Mr. John Q. Adams II, CPA
Adams & Company, P.A.
910 SW 1st Avenue, Suite 201
Bellevue, FL 34420

Re: Docket No. 100048-WU - Application for increase in water rates in Marion County by Sunshine Utilities of Central Florida, Inc.

Dear Mr. Adams:

We have reviewed the revised minimum filing requirements (MFRs) submitted on July 11, 2011, on behalf of Sunshine Utilities of Central Florida, Inc. (Sunshine or Utility). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

Unified Rate Structure Systems

1. The non-used and useful plant amount in column 4 on schedule A-1 (revised) is incorrect. This amount should be the sum of the non-used and useful plant amounts in columns 2 and 3 on schedule A-1 (revised).
2. The rate base amounts in columns 2, 4, and 6 on schedule B-1 (revised) do not tie to the rate base amounts on schedule A-1 (revised).

Rule 25-30.110(2), Florida Administrative Code (F.A.C.), requires that a utility shall furnish the Commission with any information concerning the utility's facilities or operation that the Commission may request and require for determining rates or judging the practices of the utility. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's Annual Report to the Commission. The following are deficiencies pursuant to this rule.

3. The number of equivalent residential connections (ERCs) on Schedule E-2 does not match the Annual Report.
4. The revenues on Schedule E-2 do not match the Annual Report.

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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 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements."

5. On Schedule E-2, the Utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis (Schedule E-14).
6. The number of gallons sold Schedule E-2 does not match the number of gallons sold contained on Schedule F-1 (revised).
7. The number of billing determinants presented on Schedule E-2 do not match the number of billing determinants on Schedule E-14 because each Schedule E-14 was presented in consolidated (combined customer classes, meter sizes and consumption) format, rather than by individual customer class and meter size (**please see above reference to Rule 25-30.437, F.A.C., regarding Commission Form PSC/ECR 20**).
8. A separate Schedule E-14 is required **pursuant to Rule 25-30.437, F.A.C., regarding Commission Form PSC/ECR 20**. Further, accordance with Form PSC-ECR 20, a billing analysis is required for each customer class by meter size. Each page of Schedule E-14 for the unified rate structure systems contains incorrectly calculated information regarding the following.
 - 1) The gallons consumed column (column (4)). This column should be calculated by multiplying the individual consumption levels from column (1) times the number of bills rendered at the corresponding consumption level from column (2).
 - 2) The cumulative gallons column (column (5)). This column should be calculated by adding, at any selected consumption level from column (1), all of the gallons consumed from column (4) up to and including the gallons at the selected consumption level.
 - 3) The consolidated factor column (column (7)). This represents, at any selected consumption level from column (1), the sum of [(the selected consumption level from column (1) multiplied by the corresponding number of reversed bills from column (6)], plus the number of cumulative gallons at the selected consumption level from column (5).
 - 4) The percentage of total column (column (8)). This represents, at any selected consumption level from column (1), the corresponding percentage of gallons contained in consolidated factor column (7) divided by the sum of all gallons sold from column (4).

Quail Run System

1. The rate base amounts in columns 4 and 6 on schedule B-1 (revised) do not tie to the rate base amounts on schedule A-1 (revised).

Rule 25-30.110(2), F.A.C., requires that a utility shall furnish the Commission with any information concerning the utility's facilities or operation that the Commission may request and require for determining rates or judging the practices of the utility. All such data, unless otherwise

specified, shall be consistent with and reconcilable with the utility's Annual Report to the Commission. The following are deficiencies pursuant to this rule.

2. The number of ERCs on Schedule E-2 does not match the Annual Report.
3. The gallons of water sold on Schedule E-2 does not match the Annual Report.
4. The revenues on Schedule E-2 do not match the Annual Report.

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 19 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements."

5. On Schedule E-2, the Utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis (Schedule E-14).
6. The number of billing determinants presented on Schedule E-2 do not match the number of billing determinants on Schedule E-14 because each Schedule E-14 was presented in consolidated (combined customer classes, meter sizes and consumption) format, rather than by individual customer class and meter size (**please see above reference to Rule 25-30.437, F.A.C., regarding Commission Form PSC/ECR 20**).
7. The Utility is required to provide a schedule of monthly customers billed or served by class. However, the annual bills totals from Schedules E-3 do not match the corresponding number of annual bills presented on Schedules E-2.

Sandy Acres System

1. The rate base amounts in columns 4 and 6 on schedule B-1 (revised) do not tie to the rate base amounts on schedule A-1 (revised).

Rule 25-30.110(2), F.A.C., requires that a utility shall furnish the Commission with any information concerning the utility's facilities or operation that the Commission may request and require for determining rates or judging the practices of the utility. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's Annual Report to the Commission. The following are deficiencies pursuant to this rule.

2. The number of ERCs on Schedule E-2 does not match the Annual Report.
3. The revenues on Schedule E-2 do not match the Annual Report.

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 19 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements."

4. On Schedule E-2, the Utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis (Schedule E-14).

5. The number of billing determinants presented on Schedule E-2 do not match the number of billing determinants on Schedule E-14 because each Schedule E-14 was presented in consolidated (combined customer classes, meter sizes and consumption) format, rather than by individual customer class and meter size (**please see above reference to Rule 25-30.437, F.A.C., regarding Commission Form PSC/ECR 20**).
6. The Utility is required to provide a schedule of monthly customers billed or served by class. However, the annual bills totals from Schedules E-3 do not match the corresponding number of annual bills presented on Schedules E-2.
7. A separate Schedule E-14 is required **pursuant to Rule 25-30.437, F.A.C., regarding Commission Form PSC/ECR 20**. Further, accordance with Form PSC-ECR 20, a billing analysis is required for each customer class by meter size. Each page of Schedule E-14 for the Sandy Acres system contains incorrectly calculated information regarding the following.
 - 1) The gallons consumed column (column (4)). This column should be calculated by multiplying the individual consumption levels from column (1) times the number of bills rendered at the corresponding consumption level from column (2).
 - 2) The cumulative gallons column (column (5)). This column should be calculated by adding, at any selected consumption level from column (1), all of the gallons consumed from column (4) up to and including the gallons at the selected consumption level.
 - 3) The consolidated factor column (column (7)). This represents, at any selected consumption level from column (1), the sum of [(the selected consumption level from column (1) multiplied by the corresponding number of reversed bills from column (6)], plus the number of cumulative gallons at the selected consumption level from column (5).
 - 4) The percentage of total column (column (8)). This represents, at any selected consumption level from column (1), the corresponding percentage of gallons contained in consolidated factor column (7) divided by the sum of all gallons sold from column (4).

In addition, the reversed bills column from Schedule E-14 for the Sandy Acres system was left blank. Please refer to the Utility's Schedule E-14 for the unified rate structure systems; the calculation of the reversed bills contained in column (6) of this schedule is the appropriate methodology to also use for the Sandy Acres system.

Ponderosa Pines System

Rule 25-30.110(2), F.A.C., requires that a utility shall furnish the Commission with any information concerning the utility's facilities or operation that the Commission may request and require for determining rates or judging the practices of the utility. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's Annual Report to the Commission. The following are deficiencies pursuant to this rule.

1. The number of ERCs on Schedule E-2 does not match the Annual Report.

2. The gallons of water sold on Schedule E-2 does not match the Annual Report.
3. The revenues on Schedule E-2 do not match the Annual Report.

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 19 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements."

4. On Schedule E-2, the Utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis (Schedule E-14).
5. The number of billing determinants presented on Schedule E-2 do not match the number of billing determinants on Schedule E-14 because each Schedule E-14 was presented in consolidated (combined customer classes, meter sizes and consumption) format, rather than by individual customer class and meter size (**please see above reference to Rule 25-30.437, F.A.C., regarding Commission Form PSC/ECR 20**).

If any above corrections require a corresponding change to any MFR schedules, those corrected schedules must also be submitted. Staff has attempted a complete review of the Utility's filing. Please be advised that, due to the deficiencies discussed above, a proper review of MFR Schedule E-2 will not be possible until the Utility files MFR Schedule E-14 that is not deficient. These corrections should be submitted no later than September 30, 2011.

Sincerely,

Marshall Willis ^{by} *CRB*

Marshall Willis
Director

MW:jd

cc: Division of Economic Regulation (Bulecza-Banks, Maurey, Fletcher, M. Brown, Daniel, Stallcup, Lingo, Thompson)
Office of the General Counsel (Jaeger)
Office of Commission Clerk