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DIVISION OF ENGINEERING
TOM BALLINGER
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Public Service Commission

April 9, 2014

Mr. John L. Wharton
Dean Mead
215 S. Monroe Street, Suite 815
Tallahassee, FL 32301

Re: Docket No. 130209-SU - Application for expansion of certificate (CIAC) (new wastewater line extension Charge) by North Peninsula Utilities Corp.

Dear Mr. Wharton:

The March 10, 2014, filing revising the Utility's application has been received and reviewed by Commission staff. This letter addresses the deficiencies, as well as additional information staff needs to complete its review of the application.

Deficiencies

1. **Notice of Application.** Rule 25-30.030, Florida Administrative Code (F.A.C.), requires affidavits that the utility has properly given notice pursuant to the rule. As noted in the March 10, 2014 filing, the Utility indicated that Late-Filed Exhibits may follow. Please provide the appropriate filings.
2. **Detailed System Map.** Rule 25-30.03(3)(f), F.A.C., requires detailed system maps showing the proposed lines, treatment facilities, and the territory proposed to be served. Please provide the appropriate maps.
3. **Filing Fee.** Rule 25-30.020(6)(h), F.A.C., requires upon filing an application for approval of charges or conditions for service availability filed pursuant to Section 367.101, F.S., the amount of the fee shall be \$1,000.
4. **Notice.** Rule 25-30.565(2), F.A.C., requires upon filing an application for a new or revised service availability charge or policy, the utility shall provide notice pursuant to Rule 25-30.4345, F.A.C. This notice should have been published in a newspaper of general circulation in the service areas included in the petition. Please provide a copy of the notice of application.

5. **Original Cost.** Rule 25-30.565(4)(e), F.A.C., requires a schedule showing the original cost of any existing treatment plants, the water transmission and distribution system, and the sewage collection system, by Uniform System of Accounting account numbers as required by Rule 25-30.115, F.A.C., and the related capacity of each system as of 90 days prior to application. Please provide the required schedules for the Utility's wastewater system.
6. **Accumulated Depreciation.** Rule 25-30.565(4) (f), F.A.C., requires a detailed statement of accumulated depreciation for the plant as of 90 days. Please provide a detailed statement of accumulated depreciation for plant provided in response to deficiency number two.
7. **Number of Active Customers.** Rule 25-30.565(4)(g), F.A.C., requires a schedule showing the number of active customers on line, 90 days prior to the time of application by meter size, by customer class, and the related equivalent residential connections (ERC) as defined in Rule subsection 25-30.515(8), F.A.C. Describe the method by which an ERC is defined. Table A-3 (c) provides the number of existing customers; however, please provide a schedule indicating the number of active customers by meter size, by customer class, and ERCs as defined in Rule subsection 25-30.515(8), F.A.C.
8. **Capacity.** Rule 25-30.565(4)(i)(j), F.A.C., requires a detailed statement defining the capacity of the collection system in terms of ERCs as used in developing the proposed service availability charges. Please provide a list of outstanding developer agreements as required by the rule and provide a statement in terms of ERCs to determine the proposed service availability charges.
9. **Developer Agreement.** Rule 25-30.565(4)(k), F.A.C., requires that each developer agreement state whether the agreement is designed to result in contributed property, other than the approved system capacity charge, within the next 24 months: (1) an estimate of the value of the contributed property to be added to the utility's books; and (2) a description of the property. Please provide the information as required by the rule.
10. **CIAC.** Rule 25-30.565(4)(l), F.A.C., requires a schedule showing total collections of contributions-in-aid-of-construction (CIAC) as of 90 days prior to the date of application. Detail any prepaid CIAC by amount, the related reserved ERCs, and the anticipated connection date. Reference any appropriate developer agreements. Please provide the required schedule.
11. **Accumulated Amortization of CIAC.** Rule 25-30.565(4)(m), F.A.C., requires a detailed statement of accumulated amortization of CIAC as of 90 days prior to application. Please provide the required detailed statement of accumulated amortization of CIAC for the CIAC provided in response deficiency number 7.

12. **Permits for Construction.** Rule 25-30.565(4)(n), F.A.C., requires copies of approvals or permits for construction and operation of treatment facilities. Please provide the required permits for construction.
13. **Construction Cost.** Rule 25-30.565(4)(o), F.A.C., requires a detailed statement by a registered professional engineer showing the cost, by Uniform System of Accounting account numbers and a timetable showing projected construction time. Table B-1-2(a) provides cost; however, does not list cost by Uniform System of Account numbers. Please provide the required Uniform System of Account Numbers and the timetable showing the required information.
14. **Statement by Engineer.** Rule 25-30.565(4)(p), F.A.C., requires a detailed statement by a registered professional engineer showing how the proposed construction will affect the capacity of the existing systems. Please provide the required statement by a registered professional engineer.
15. **Projected Growth.** Rule 25-30.565(4)(r), F.A.C., requires a schedule showing the projected growth rate for utilization of the existing plant and line capacity and future plant and line capacity. Please provide the required schedule.
16. **Service Availability Charge.** Rule 25-30.565(4)(s), F.A.C., requires a summary schedule of how the proposed service availability charge was calculated. The Utility's proposed tariff indicates a main extension charge of \$795 per unit. However, staff was unable to determine how the charge was calculated. Please provide a detailed breakdown of the main extension charge.
17. **Capital Structure.** Rule 25-30.565(4)(t), F.A.C., requires NPUC to present capital structure, including the cost of debt in the present capitalization. The availability and cost of other sources of financing the proposed expansion or upgrading of the system also shall be given. The Utility provided an engineer's estimate of capital cost for construction; however, the Utility did not provide the Utility's present capital structure. Please provide the Utility's present capital structure along with the cost of debt in the present capitalization.

Mr. John Wharton

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Enclosed for your convenience, is a sample CIAC schedule and Rule 25-30.565, F.A.C., concerning Service Availability. Your application will not be considered complete until the deficiencies identified in this letter have been corrected. Your response to this letter should be filed with the Commission on or before **May 09, 2014**. When filing the response, please include the docket number and direct the response to Director, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850. If you have any questions, please contact me by phone (850) 413-6970, or by e-mail srieger@psc.state.fl.us, or Sonica Bruce (concerning Service Availability requirements) by phone (850) 413-6994, or by e-mail sbruce@psc.state.fl.us.

Sincerely,



Stanley Rieger
US Engineering Specialist
Division of Engineering

SDR:pz

Enclosure

cc: North Peninsula Utilities Corp. (R. Hillman)
Division of Economics (S. Bruce)
Office of the General Counsel (J. Gilcher)
Division of Engineering (D. Lee, C. Lewis, P. Vickery)
Office of Commission Clerk (Docket No. 130209-SU)

| Naruc Account | Description Item | UPIS | Depreciation Rate | Annual Depreciation |
|---------------|-----------------------------|---------------------|-------------------|---------------------|
| 352 | Franchises | \$ 6,310 | 0.0250 | \$158 |
| 353 | Land and Land Rights | \$ 46,800 | 0.0000 | \$0 |
| 354 | Structures and Improvements | \$ 163,469 | 0.0125 | \$2,043 |
| 360 | Collection Sewers - Force | \$ 921,528 | 0.0333 | \$30,687 |
| 361 | Collection Sewers - Gravity | \$ 5,410 | 0.0222 | \$120 |
| 363 | Services to Customers | \$ 29,139 | 0.0263 | \$766 |
| 370 | Receiving Wells | \$ 14,124 | 0.0333 | \$470 |
| 371 | Pumping Equipment | \$ 12,916 | 0.0555 | \$717 |
| 380 | Treatment | \$ 292,908 | 0.0555 | \$16,256 |
| | Total | \$ 1,492,604 | 0.0343 | \$51,218 |

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Capacity (ERCs) | 1800 | 1800 | 1800 | 1800 | 1800 |
| Existing Connections | 600 | 900 | 1000 | 1100 | 1200 |
| Additional Connections (ERCs) | 300 | 100 | 100 | 100 | 100 |
| Utility Plant In Service | 1,492,604 | 1,492,604 | 1,492,604 | 1,492,604 | 1,492,604 |
| Accumulated Depreciation | 818,177 | 869,395 | 920,613 | 971,831 | 1,023,049 |
| Contributions in Aid of Construction | 790,944 | 840,944 | 890,944 | 940,944 | 990,944 |
| Accumulated Amortization of CIAC | 640,944 | 668,943 | 698,657 | 730,087 | 763,233 |
| Contribution Level | 22.24% | 27.60% | 33.62% | 40.49% | 48.50% |

| | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|--------------------------------------|---------------|---------------|---------------|----------------|----------------|
| Capacity (ERCs) | 1800 | 1800 | 1800 | 1800 | 1800 |
| Existing Connections | 1300 | 1400 | 1500 | 1600 | 1700 |
| Additional Connections (ERCs) | 100 | 100 | 100 | 100 | 100 |
| Utility Plant In Service | 1,492,604 | 1,492,604 | 1,492,604 | 1,492,604 | 1,492,604 |
| Accumulated Depreciation | 1,074,267 | 1,125,485 | 1,176,703 | 1,227,921 | 1,279,139 |
| Contributions in Aid of Construction | 1,040,944 | 1,090,944 | 1,140,944 | 1,190,944 | 1,240,944 |
| Accumulated Amortization of CIAC | 798,095 | 834,672 | 834,672 | 874,681 | 916,406 |
| Contribution Level | 58.05% | 69.81% | 96.95% | 119.49% | 152.03% |

| | |
|-----------------------|------------|
| Main Extension Charge | 500 |
| Total | 500 |

| | |
|--------------|--------|
| Minimum CIAC | 62.10% |
| Maximum CIAC | 75.00% |

(2) Upon the filing of a complaint, or during the pendency of a complaint, a party to the agreement may, after written demand to the utility for performance, make payments and perform acts as specified in the utility's service availability policy or as required in the developer's agreement, and the utility shall proceed with its performance pursuant to the service availability policy or developer's agreement pending resolution of the dispute by the Commission. However, the utility may request that the Commission relieve the utility of performance if the utility can show that performance is not in the best interests of its customers.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83, Formerly 25-30.56, 25-30.560.

25-30.565 Application for Approval of New or Revised Service Availability Policy or Charges.

(1) Each application for a service availability policy or charges shall be filed in original and 12 copies.

(2) Upon filing an application for a new or revised service availability charge or policy, the utility shall provide notice pursuant to Rule 25-30.4345, F.A.C.

(3) A filing fee as required in Rule 25-30.020, F.A.C., shall be submitted at the time of application.

(4) Each application shall include the following, if applicable:

(a) A statement describing how the notice provisions have been complied with, including a copy of the actual notice(s).

(b) The name of the applicant, the applicant's principal place of business and each local office from which company operations are conducted. The applicant's name shall be as it appears on the certificate issued by the Commission if one has been issued.

(c) The number of the Commission order, if any, which previously considered the charges or service availability policy for the system involved.

(d) A statement explaining the basis for the requested changes in charges and conditions.

(e) A schedule showing the original cost of any existing treatment plants, the water transmission and distribution system, and the sewage collection system, by Uniform System of Accounting account numbers as required by Rule 25-30.115, F.A.C., and the related capacity of each system as of 90 days prior to application.

(f) A detailed statement of accumulated depreciation for the plant listed in (e) above as of 90 days prior to application.

(g) A schedule showing the number of active customers on line 90 days prior to the time of application by meter size, by customer class, and the related equivalent residential connections (ERC) as defined in subsection 25-30.515(8), F.A.C. Describe the method by which an ERC is defined.

(h) A detailed statement defining the capacity of the treatment facilities in terms of ERCs as used in developing the proposed service availability charges.

(i) A detailed statement defining the capacity of the distribution or collection system in terms of ERCs as used in developing the proposed service availability charges.

(j) Provide a list of outstanding developer agreements.

(k) For each developer agreement state whether the agreement is designed to result in contributed property, other than the approved system capacity charge, within the next 24 months; an estimate of the value of the contributed property to be added to the utility's books; and a description of the property.

(l) A schedule showing total collections of contributions-in-aid-of-construction (CIAC) as of 90 days prior to the date of application. Detail any prepaid CIAC by amount, the related reserved ERCs, and the anticipated connection date. Reference any appropriate developer agreements.

(m) A detailed statement of accumulated amortization of CIAC as listed in (l) above as of 90 days prior to application.

(n) Copies of approvals or permits for construction and operation of treatment facilities.

(o) A detailed statement by a registered professional engineer showing the cost, by Uniform System of Accounting account numbers, and capacity of proposed plant expansion, and a timetable showing projected construction time.

(p) A detailed statement by a registered professional engineer showing how the proposed construction will affect the capacity of the existing systems.

(q) If the expansion or plant upgrading is being undertaken to comply with the mandates of local, state or federal regulatory authorities, copies of the order(s) or correspondence directing the expansion or upgrading.

(r) A schedule showing the projected growth rate for utilization of the existing plant and line capacity and future plant and line capacity.

(s) A summary schedule of how the proposed service availability charge was calculated.

(t) A schedule showing, by meter size, the cost of meters, connecting fittings, meter boxes or enclosures and also showing sufficient data on labor and any other applicable costs to allow the determination of an average cost for meter installation by type.

(u) A statement of the existing and proposed on-site and off-site main installation charges or policy.

(v) The company's present capital structure, including the cost of debt in the present capitalization. The availability and cost of other sources of financing the proposed expansion or upgrading of the system also shall be given.

(w) An original and three copies of the proposed tariff sheets.

(5) Upon filing of the application and supporting exhibits, the utility shall place copies thereof at its local office of the utility serving the area affected by the charges and conditions, and such copies shall be made available for public inspection.

(6) Each utility shall demonstrate the appropriateness of the requested service availability charges and conditions.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83, Amended 11-10-86, 11-30-93.

25-30.570 Imputation of Contributions-in-Aid-of-Construction.

If the amount of CIAC has not been recorded on the utility's books and the utility does not submit competent substantial evidence as to the amount of CIAC, the amount of CIAC shall be imputed to be the amount of plant costs charged to the cost of land sales for tax purposes if available, or the proportion of the cost of the facilities and plant attributable to the water transmission and distribution system and the sewage collection system.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83, Formerly 25-30.57, 25-30.057, Amended 1-31-00.