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Public Service Commission

October 31, 2014

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COMMISSION
CLERK

Gary A. Deremer
HC Waterworks, Inc.
4939 Cross Bayou Blvd.
New Port Richey, FL 34652

Re: Docket No. 140158-WS – Application for increase in its Water and Wastewater rates in Highlands County by HC Waterworks, Inc.

Dear Mr. Deremer:

We have reviewed the minimum filing requirement (MFRs) submitted on October 2, 2014, on behalf of HC Waterworks (HC or Utility). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

1. Rule 25-30.440(1), F.A.C., requires detailed system maps showing (a) the location and size of the applicant's distribution lines and plant sites; and (b) the location and respective classification of the applicant's customers. The Leisure Lakes wastewater map provided by the Utility did not show the size of the collection lines. Additionally, the legend for the Lake Josephine map did not include symbol(s) to denote the classification (residential or general service) of the applicant's customers. Please provide updated copies of these system maps with the additional information required.
2. Rule 25-30.440(3), F.A.C., requires the most recent chemical analyses for each water system conducted by a certified laboratory covering the inorganic, organic turbidity, microbiological, radionuclide, secondary and unregulated contaminants specified in Chapter 62-550, F.A.C. The reports provided in Section 2, Volume II, of the Utility's MFRs do not contain radionuclide test results for the Leisure Lakes water system. Additionally, the reports do not contain microbiological test results for either the Leisure Lakes water system or the Lake Josephine/Sebring Lakes water system. Please provide the missing information concerning the respective water systems.

3. Rule 25-30.440(4), F.A.C., requires all water and wastewater plant operating reports for the test year and the year preceding the test year.
 - a) The Monthly Operating Report (MOR) for the Lake Josephine/Sebring Lakes water system for December 2013 appears to be incomplete, consisting of only one page for one of the wells, whereas all other months contain two pages for each of the two wells. Please provide the missing pages for the month of December 2013 for the Lake Josephine/Sebring Lakes water system.
 - b) The MORs provided in Volume II of the MFRs contain water loss reports for the Lake Josephine water system for July 2012 through March 2013, and corresponding reports for the Leisure Lakes water system for the same period with the exception of the August 2012 report. Please provide the water loss reports for each system for the period April 2013 through June 2014, as well as the August 2012 water loss report for Leisure Lakes.
4. Rule 25-30.437, F.A.C., requires that each Class A utility applying for a rate increase shall provide the information required by Commission Form PSC/AFD19-W (11/93), titled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The following MFR schedules, as filed, do not comply with Rule 25-30.437, F.A.C.

Water System – MFR Schedule E-2 , E-3, and E-14 - Billing Determinants

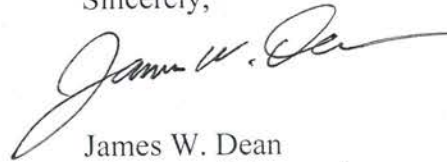
- a) The residential consumption presented in each inclining block (block) indicated on MFR Schedule E-2, column (3) does not reflect the consumption presented on MFR Schedule E-14, column (7). This indicates that the Utility did not use the consolidated factor column to calculate the appropriate consumption in each block. Please correct any fall out calculations necessary on MFR Schedule E-2 due to this correction.
 - b) The general service bills for the 5/8" and 3" meter sizes presented on MFR Schedule E-2 do not match bills for the same meter size on MFR Schedule E-14. Please reflect the appropriate bills on both schedules. Furthermore, please correct any fall out calculations necessary on MFR Schedule E-2 due to this correction.
 - c) Total residential and general service bills shown on MFR Schedule E-2, column (2) do not match total residential and general service bills shown on MFR Schedule E-3.
6. The proposed water rates shown on MFR Schedule E-1 do not match the proposed rates shown on MFR Schedule E-2. Please reflect the appropriate water rates on both schedules.

Wastewater – MFR Schedule E-2 and E-14 Billing Determinants

- a) The consumption presented at the cap indicated on MFR Schedule E-2, column (2) does not match consumption at the cap presented on MFR Schedule E-14. Please correct any fallout calculations necessary on MFR Schedule E-2 due to this correction.

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 30, 2014.

Sincerely,



James W. Dean
Director of Economics

SB

cc: Division of Auditing & Finance (Cicchetti, Anwar)
Division of Engineering (King, Watts)
Division of Economics (Daniel, Hudson, Bruce)
Office of General Counsel (Mapp)
Office of Commission Clerk (DN 140158-WS)