

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 13, 2015
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Melinda Watts, Engineering Specialist, Division of Engineering
RE: DN 140158-WS –Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.

Please file the attached correspondence in the correspondence side of the above mentioned docket file.

Thank you.

COMMISSIONERS:
ART GRAHAM, CHAIRMAN
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JULIE I. BROWN
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STATE OF FLORIDA



DIVISION OF ENGINEERING
TOM BALLINGER
DIRECTOR
(850)413-6910

Public Service Commission

March 13, 2015

Ms. Kathy Madden
113 Sharon Avenue
Sebring, FL 33875

Re: Docket No. 140158-WS - Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.

Dear Ms. Madden:

Thank you for expressing your concerns regarding the rate increase petition filed by HC Waterworks, Inc. (HCWW or Utility) at the customer meeting held on February 19, 2015, in Sebring, Florida. The audio and video recordings of the meeting have been made available to the Commission staff and the Commissioners to ensure they have knowledge of your concerns.

The Commission is required to set rates that are just, reasonable, compensatory, and not unfairly discriminatory and we use the rate of return methodology as set forth in Chapter 367, Florida Statutes. The Commission's accountants, engineers, and economists examine the financial and engineering information filed by the Utility as part of its rate increase application. The Commission's auditors also examine this information and publish the results of their findings in an audit report. All costs found to be imprudent or unreasonable are disallowed. Please remember that there are many factors that affect the cost of providing service: including, the size and age of the utility system; the cost of water and wastewater bulk services; the number of customers; and the geographic spread of the service area.

The Commission's staff also makes a recommendation regarding the overall quality of service provided by a utility after evaluating: (1) the quality of the utility's product; (2) the operating conditions of the utility's facilities; and, (3) the utility's attempt to address customers' satisfaction. As part of this evaluation we review sanitary surveys, outstanding citations, violations, and consent orders on file with the Department of Environmental Protection (DEP) and the County Health Department over the preceding three-year period, along with input from the DEP and health department officials. We also review complaints regarding secondary water

Ms. Madden
March 13, 2015
Page 2

quality standards¹ for a five year period and consider customer comments and complaints.

We thank you for taking the time to express your concerns regarding the Utility's proposed rate increase. You may monitor the status of this docket by visiting the FPSC's website at www.psc.state.fl.us. If you have any additional questions, or require further assistance, please call me by phone at (850) 413-6952 or by e-mail at mwatts@psc.state.fl.us.

Sincerely,



Melinda Watts
Engineering Specialist
Division of Engineering

MHW: tj

cc: Office of Commission Clerk (Docket No. 140158-WS)

¹ Secondary water quality standards are contaminants, such as odor and color; customers would notice but are not a health risk.