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DIVISION OF ECONOMICS
JAMES W. DEAN
DIRECTOR
(850) 413-6410

Public Service Commission

June 4, 2015

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15 JUN -5 AM 8:54
COMMISSION
CLERK

James Knauff
10404 U.S. Hwy 27. S.
Sebring, FL 33876

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

Dear Mr. Knauff:

Thank you for your letter in which you expressed your concerns regarding the proposed rate increase filed by HC Waterworks, Inc. (HC or Utility) and the quality of the water. To ensure that the Commission staff and the Commissioners have knowledge of your concerns, your letter has been placed on the correspondence side of the docket file for all to review.

We understand your concerns regarding HC's proposed rate increase. With respect to the development of rates, the Commission is required to set rates that are just, reasonable, compensatory, and not unfairly discriminatory as dictated by Chapter 367, Florida Statutes. During a rate case, the Commission's accountants, engineers, and economists examine the Utility's financial and engineering information to make a recommendation to the Commissioners.

In regards to the water quality, the Utility's water has a high sulfur content, which is found in the raw ground water. Sulfur is considered a secondary contaminant, which is generally what customers notice like color or smell. DEP does not typically undertake enforcement actions for secondary contaminants, unless another type of contaminant exceeds the maximum contaminant level. The most recent tests show that the water meets DEP standards and is safe to drink. Based on staff's review, the utility has been diligent in its efforts to reduce the unpleasant odor and taste of the water given the naturally-occurring high sulfur content and the seasonal customer base.

James Knauff
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Staff filed its recommendation on June 4, 2015, in Docket No. 140158-WS and is available on the Commission's website at www.floridapsc.com. The Commissioners are scheduled to vote on staff's recommendation on June 18, 2015. Hopefully, this letter addresses your concerns. If you have any additional questions, or require assistance, please feel free to contact Sonica Bruce at (850) 413-6994 or by email at sbruce@psc.state.fl.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Shannon J. Hudson". The signature is fluid and cursive, with a large initial "S" and "H".

Shannon J. Hudson
Economic Supervisor
Division of Economics

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