

Alexus Austin

From: Angela Charles on behalf of Records Clerk
Sent: Wednesday, September 23, 2015 12:28 PM
To: 'rwbaran42@gmail.com'
Subject: RE: Sandalhaven Docket no 150102-SU
Attachments: CHR SandalhavenLetter.docx

Good afternoon,

We will be placing your comments below in consumer correspondence in Docket No. 150102-SU and forwarding your comments to the Office of Consumer Assistance and Outreach.

Have a good day,

Angela Charles
Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850
850-413-6826

From: Robert Baran [<mailto:rwbaran42@gmail.com>]
Sent: Wednesday, September 23, 2015 12:25 PM
To: Records Clerk
Subject: Sandalhaven Docket no 150102-SU

See attached letter

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BOB & SUE BARAN

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September 22, 2015

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

Re: Docket Number 150102-SU

Members of the Commission:

We represent and write to you to object to the request from *Utilities, Inc. of Sandalhaven* for a rate increase of 139% of its current rate for wastewater treatment. The rate request is to recover operating costs and allow the company a “fair” rate of return on its investment.

Our objections to this request are detailed below.

1. **Sandalhaven has misrepresented the basic financial facts underlying the request.** Document Number 05824-15, a memorandum from Lynn M. Deamer, Chief of Auditing and Document Number 05823-15, a memorandum from Lynn M. Deamer represent audits of Sandalhaven. Both indicate significant variances from the supporting data originally submitted by Sandalhaven, though one of the memoranda (05823-15) declines to comment on findings’ effects on the filing. Moreover, the Office of Public Counsel of the State of Florida in an August 6th, 2015 letter to the Commission (Document 04970-15), details many substantive questions of fact as well as judgment and these questions are not dealt with in either of the audit reports referred to earlier. The documents referred to above, read carefully together with Sandalhaven’s filings, would support a 30% increase in fees, *but not one of 139%!*
2. **The amount of the request is unreasonably high and will put a significant burden upon consumers.** The last request from Sandalhaven was five years ago. In the interval to the present, US economic growth has been sluggish, inflation has been minimal and overall costs have been stable, although there has been continued erosion of real income (in constant dollars) for most people and particularly those retirees on fixed incomes. More than doubling the cost of monthly sewer service (using the PSC’s example in its September 2015 Special Report, the increase would be from about \$774 annually to \$1,776 annually for 5,000 gallon usage) is a devastating burden on consumers.
3. **The public generally is not obligated to make whole the originally estimated return on a corporate investment.** This strikes at what a “fair” rate of return is. A fair rate of return is not the rate *desired* or “promised” by

a corporation, but the rate based on the corporation's own choices within a market, the performance of the company's market sector generally, and the corporation's own internal efficiencies. Where a lack of expected growth adversely impacts a Sandalhaven, it is not the obligation of the public at large to make Sandalhaven whole for the adversity. While the PSC does not set rates of return, the PSC is under no obligation to assure a preset rate of return particularly at the unreasonable expense to the public it serves.

4. **Sandalhaven as a licensed monopoly has a public obligation as well as a corporate one.** The current economic environment in which Sandalhaven operates and Sandalhaven's limited prospects to reach its growth potential have adversely affected its value as an investment. Sandalhaven has a corporate obligation to protect its investors, but as a monopoly, it also has an equivalent public obligation to its customers. In seeking a 139% rate increase, Sandalhaven is creating an uneven field, an unfair field in which its customers are assigned a subordinate duty to investors. To the extent that it is in customers' interests that Sandalhaven remain a going concern, they are prepared to shoulder some of the economic burdens Sandalhaven faces. To ask customers to shoulder *all* of the burden and investors *none* ignores Sandalhaven's obligation to the public.

Sincerely,

Robert W. Baran
Suzanne Baran
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