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# Public Service Commission

October 12, 2015

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CLERK

Ms. Beth Bourassa  
7991 County Road 109  
Lady Lake, FL 32159

**Re: Docket No. 140217-WU - Application for increase in water rates in Sumter County by Cedar Acres, Inc.**

Dear Ms. Bourassa:

Thank you for your letter expressing your concerns about the rate increase petition filed by Cedar Acres, Inc. (Cedar Acres or utility). 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.

Many factors affect the rate adjustment or cost of providing water service. These factors can include: the size and age of the utility system; the quality of the water at its source; the number of customers; and the geographic spread of the service area. An additional component for Cedar Acres is the length of time between initial rates being set and this rate proceeding coupled with existing rates being very low compared to other utilities in the area.

Rates are increased relative to a utility's revenue requirement and are designed in order to allow a utility the opportunity to recover its reasonable and prudent costs for providing service and a reasonable rate of return on its investment in facilities necessary to provide water service.

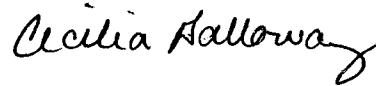
In addition to concerns about the rate increase amount, you also mention in your letter that you "would like to be notified in a more timely fashion when the system is down and water should be boiled." Our staff is aware of the situation surrounding the generator failure in July of this year. We are addressing that concern, among other concerns, as we proceed with our recommendation to the Commissioners for the above-referenced docket.

The Florida Department of Environmental Protection (DEP) is also aware of the July event and, that the utility did not use proper protocol for boil water notices. The Commission, along with DEP, is monitoring the utility as repairs are made in an effort to correct the problems which caused the outage, the failure of the alarm system, and ultimately, the failure of the back-up generator.

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We appreciate your letter and understand your concerns surrounding the various issues in this docket. The Commission also understands that these are difficult economic times for so many people. I hope the above information is helpful. If you have any additional questions, or require further assistance, please call me at (850) 413-6922 or email me at [cgallowa@psc.state.fl.us](mailto:cgallowa@psc.state.fl.us).

Sincerely,



Cecilia Galloway  
Public Utility Analyst

cc: Division of Accounting and Finance (Norris, Fletcher, Smith)  
Division of Engineering (Mtenga, Rieger, Vickery)  
Division of Economics (Thompson, Hudson)  
Office of Commission Clerk (Docket No. 140217-WU)