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Public Service Commission

April 11, 2008

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COMMISSION
CLERK

Mr. F. Marshall Deterding
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

Re: Docket No. 080103-WS Application for TBBT Utility LLC to operate a water and wastewater utility in Hardee and Polk Counties.

Dear Mr. Deterding:

Staff has reviewed the above referenced application for original water and wastewater certificates in Hardee and Polk Counties by TBBT Utility LLC; however, addition information is needed to complete our review.

Service Territory

1. The application indicates that 100 acres in Polk County will be developed in accordance with an as yet undetermined plan sometime in the relatively near future. Based on this information, it is not clear that there is a need for service in Polk County. Further, without a clear need for service in Polk County, the TBBT system will not be subject to Commission jurisdiction because the remaining proposed territory is in Hardee County which is not regulated by the Commission. Please provide additional information in support of the need for service in Polk County, including a description of the water and wastewater facilities and development that will be constructed in the proposed area.
2. According to the Hardee County and Polk County comprehensive plans, what is the current land use designation for the proposed territory?
3. Will amendments need to be made to the Hardee County or Polk County comprehensive plans in order to develop the proposed territory as described in the application?
4. It appears from the application that the owners of the utility also own the proposed territory in Hardee County; however, the application is not clear with respect to the ownership of the land in Polk County. Please provide documentation that reflects the ownership of all of the land included in the proposed territory.

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5. There appear to be scrivener errors in the legal description. Please provide a corrected legal description.

Financial and Technical Ability

6. According to the application, the managing member of TBBT Utility LLC is TBBT Water Company, LLC. Is TBBT Water Company, LLC the only member of TBBT Utility LLC?
7. The application includes an affidavit indicating that Terrie M. Hall, TBBT Water Company, LLC, and Har-Lee, LLC will provide or assist TBBT Utility LLC in securing necessary funding to meet all reasonable capital needs and any operating deficits of the utility. However, the financial statement provided in support of the utility's financial ability is for the Mooney Family. Please provide the financial statement of Terrie M. Hall, Har-Lee, LLC, or TBBT Water Company or in the alternative please provide affidavits from individual members of the Mooney family affirming financial support for the utility. In addition, please describe the relationships among TBBT Utility LLC, TBBT Water Company, LLC, Terrie M. Hall, the Mooney Family, and the members of the utility?
8. Please describe the qualifications of the personnel that are currently operating the existing water facilities.

Capacity

9. The application contains several different estimations of the proposed water and wastewater plant capacities in gallons per day and in ERCs. Exhibit A indicates an estimated 2,300 ERCs in the proposed development. Exhibit G indicates that the water treatment plant will have a capacity of 811,663 gpd or 3,246 ERCs (250 gpd per ERC). In the cost study, Schedule B-2 indicates that approximately 80% of the capacity of the water treatment plant is 811,663 gpd and 2,164 ERCs (375 gpd per ERC) and Schedule B-11 uses 375 gpd per ERC to calculate rates. Schedules B-6 and B-7 reflect a capacity of 2,667 ERCs. Exhibit G also indicates that the wastewater treatment plant will have a capacity of 575,140 gpd or 2,300 ERCs (250 gpd per ERC). In the cost study, Schedule C-2 indicates that approximately 80% of the capacity of the wastewater treatment plant is 596,390 and 2,164 ERCs (275 gpd per ERC) and Schedule C-11 uses 375 gpd per ERC to calculate rates. Schedules C-6 and C-7 reflect a capacity of 3,623 ERCs. Please provide an explanation of the discrepancies in these estimates.

Rate Base

10. Schedules B-1 and C-1 appear to contain Accumulated Amortization of CIAC based on the number of years to total build out. Please revise those schedules to reflect Accumulated Amortization of CIAC based on the number of years to reach 80% of design capacity.

Service Availability Policy and Charges

11. According to the utility's proposed service availability policy, the utility will construct the off site lines and impose a main extension charge. Please provide the estimated cost of the offsite

lines. Are the costs for the water and wastewater offsite lines included on the Schedules B-2, B-6, C-2, and C-6?

12. Consistent with Rule 25-30.580 (1)(b) Florida Administrative Code, the minimum amount of contributions-in-aid of-of construction (CIAC) should not be less than the percentage of the facilities and plant that is represented by the water transmission and distribution and wastewater collection system. Therefore, the main extension charge should reflect 100% of the estimated cost per ERC for lines. Please revise the schedules and proposed tariffs to reflect main extension charges that are consistent with Rule 25-30.580 (1)(b), Florida Administrative Code. In addition, an increase in the main extension charges will affect the utility's projected contribution level at design capacity such that the proposed plant capacity charges may need to be reevaluated.
13. Water Tariff Sheet No. 17.0 reflects a system capacity charge of \$84.00 per ERC. If the utility collects a main extension charge, then the remaining CIAC should be collected through a plant capacity charge instead of a system capacity charge. Please provide a revised tariff to reflect a plant capacity charge.
14. Please describe the basis for UPIS and accumulated depreciation amounts in Schedule B-6, lines 16 and 17.

Operation and Maintenance Expenses

15. Please provide detailed cost justification for the salaries and wages and contractual services including the number of employees and job responsibilities.
16. Please provide cost justification for insurance costs of \$8,000 for the water system and \$72,000 for wastewater system.
17. Please provide cost justification for purchase power of \$224,282 for the water system and \$180,614 for the wastewater system.
18. Please describe the number of maintenance buildings and gallons used to estimate the water and wastewater rental expense.
19. Please describe the property for which the real estate & property taxes were included. How is the property used?

Rates

20. A two tiered water gallonage rate charge is proposed, however the second tier rate charge is not significantly higher than the first tier. Two tiers are often proposed to encourage conservation of service. As a guideline, the second tier charge is typically approximately 50% greater than the first tier charge. Please explain the assumptions used to design the proposed rate structure.

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21. Are all water customers also wastewater customers?

Tariff

22. Water and Wastewater Tariff Sheets No. 14.0 reflect customer deposits of 2 Times Average Bill. Please revise the tariffs to reflect a proposed dollar amount for customer deposits for new customers based on the amount of demand you anticipate for residential and general service customers at the various meter sizes.
23. The application includes a request for miscellaneous charges and a late payment charge. Please provide cost justification for these charges.
24. Please provide a sample copy of a customer bill on Water Tariff Sheet No. 22 and Wastewater Tariff Sheet No. 20.0.

The original and four copies of the response to the information requested in this letter should be filed with the Commission on or before April 25, 2008. When filing the response, please be sure to refer to the docket number and to direct the response to:

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

Should you have any questions concerning the financial information requested in this letter, please contact Cheryl Johnson at 850-413-6984.

Sincerely,



Patti Daniel
Public Utilities Supervisor

PD:caj

cc: Division of Economic Regulation (Johnson, Walden)
Office of the General Counsel (Bennett)
~~Office of Commission Clerk~~