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(850) 413-6900

Public Service Commission

July 23, 2008

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COMMISSION
CLERK

Martin S. Friedman
Rose, Sundstrom & Bentley, LLP
2180 W. State Road 434
Sanlando Center, Suite 2118
Longwood, FL 32799

Re: Docket No. 070694-WS - Application for increase in water rates in Orange County by Wedgefield Utilities, Inc.

Dear Mr. Friedman:

Staff needs the following information to complete our review of the application.

1. Please explain how the MIEX system works.
2. Please explain and provide any calculations that show how the MIEX media is regenerated?
3. With the old Ion Exchange system solar salt was used for the treatment process. Will the new treatment process require any solar salt? If so how much?
4. In Volume 1, Schedule B-5 for line 7, 618 Chemicals, please provide the work paper for the \$66,154 adjustment for Column 19, Pro Forma Adjustments.
5. In Volume 1, Schedule B-3 for line 13, the utility estimates the Annual Cost of Additional chemicals as \$66,453. Please provide your calculations.
6. In Volume 1, Schedule B-3 for line 13, the utility estimates the Annual Cost of Additional chemicals of \$66,453, but in Volume 1, Schedule B-5 for line 7, 618 Chemicals, the utility estimates the Annual Cost of Additional chemicals of \$66,154. Please explain the difference.
7. Please provide a copy of your response to the Sanitary Survey dated 7/27/07 included in Volume III (b), Inspection Reports.
8. Please confirm that you are going to use the old Ion Exchange units after the MIEX system is installed. The engineering report submitted on May 30, 2008 indicated that the old Ion Exchange units might not be used.

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9. Please explain why in Volume 1, Schedule A-3, the ammonia feed equipment is not shown to be retired?

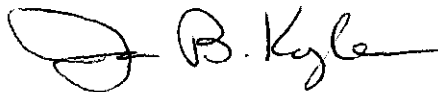
10. Schedule B-7 reflects an increase of \$9,267 (1,640.83%) in Contractual Services – Accounting. The utility's response to staff's MFR deficiencies states that this is due to an increase in cost per hour for the external audit and to an increase in audit hours. Please provide documentation of the average cost per hour charged by the external auditors in the prior and current test years. Also, please provide documentation of the number of hours included in the audit billings for the prior and current test years, along with a detailed explanation of the reasons for an increase in audit hours over and above what would be explained by company growth to accommodate increased customers.

11. Schedule B-7 reflects an increase of \$5,453 (430.34%) in Bad Debt Expense. Please explain why you believe uncollectible accounts have increased at a far greater rate than the increase in customers. Please explain what actions the company has taken or plans to take to reduce bad debt expense.

12. Schedule B-7 reflects an increase of \$46,102 (588.85%) in combined Materials and Supplies and Miscellaneous Expenses. Please provide examples of major components of these accounts for which unit cost increases have substantially exceeded the increase in CPI. Please provide examples of major components of these accounts for which the increases in quantities used have substantially exceeded an increase attributable to customer growth. In both cases, please provide documentation of unit costs and quantities used for the prior and current test years.

Please submit the above information to the Office of Commission Clerk by August 25, 2008. If you have any questions, please contact me by phone at (850) 413-6932 or by email at jkyle@psc.state.fl.us.

Sincerely,



Jan B. Kyle, CPA
Regulatory Analyst IV

cc: Division of Economic Regulation (Bulecza-Banks, Fletcher, Redemann)
Office of the General Counsel (Klancke)
Office of Commission Clerk
Office of Public Counsel