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090349-WS

From: Trina Collins [TCollins@RSBattorneys.com]
Sent: Wednesday, December 09, 2009 12:52 PM
To: Filings@psc.state.fl.us
Cc: jphoy@uiwater.com; keweeks@uiwater.com; pcflynn@uiwater.com; Curt Mouring; Martin Friedman; Christian W. Marcelli; Trina Collins
Subject: Filing in Docket No. 090349-WS; Cypress Lake Utilities, Inc.'s Application for a Limited Proceeding Water and Wastewater Rate Increase in Polk County, Florida
Importance: High
Attachments: PSC Clerk 13 (Respond to Customer Hearing concerns).ltr.pdf

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- b. Docket No. 090349-WS; Cypress Lakes Utilities, Inc.'s Application for a Limited Proceeding Water and Wastewater Rate Increase in Polk County, Florida - Filing the Utility's response pursuant to Commission Staff's December 1, 2009 correspondence regarding two issues raised at the customer meeting held on October 22, 2009 at the Cypress Lakes Clubhouse in Lakeland, Florida.
- c. Cypress Lakes Utilities, Inc.
- d. 3 Pages.
- e. Letter to Commission Clerk - 3 pages.

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December 9, 2009

E-FILING

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 090349-WS; Cypress Lake Utilities, Inc.'s Application for a Limited Proceeding Water and Wastewater Rate Increase in Polk County, Florida
Our File No. 30057.182

Dear Ms. Cole:

By correspondence dated December 1, 2009, Staff requested that Cypress Lakes Utilities, Inc. (the "Utility") respond to two issues raised at the customer meeting held on October 22, 2009 at the Cypress Lakes Clubhouse, located at 10000 US Hwy 98, North Lakeland, Florida. The two issues raised and their responses are as follows:

1. Staff has requested that the Utility respond to the statements of various individuals regarding water quality. These concerns include taste, sediment, and the extensive use of filters and bottled water by Cypress Lakes residents. Customers also stated that there has not been any improvement in water quality, even after the Utility had made the water plant improvements that are considered part of this rate increase.

RESPONSE: The Utility is in full compliance with all current water quality rules and regulations, which can be confirmed by contacting the Polk County Health Department.

The issues associated with water quality that were addressed in the previous rate case (Docket No. 060257-WS) reflected the Utility not being

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in compliance with chlorine residual requirements, which raised concerns that inadequate disinfection was occurring. After making improvements at the water treatment plant ("WTP"), the Utility has maintained a satisfactory residual throughout the distribution system on a routine basis. This is evidenced by the results of daily sampling and analysis of the distribution system. In addition, the PCHD has made no mention of any failure to properly disinfect the water supply.

By Order No. PSC-07-0199-PAA-WS, the Commission mandated that the Utility investigate the reasons why it was out of compliance and then take steps to get back into compliance. The Utility's report submitted to Staff described those efforts and successes. The Utility and its staff appreciate the fact that many customers are dissatisfied with the color, taste, or odor associated with the water. However, these are generally aesthetic issues (as opposed to health issues) and the Commission will generally not consider improvements to aesthetic issues to be prudent investment opportunities, and therefore, not offer the Utility an opportunity to recover said investment.

The Utility has offered to discuss this issue further with the Cypress Lakes Estates HOA board in an effort to develop community support for all capital investment and additional operating expense necessary to further treat the water beyond what would otherwise be prudent from a regulatory viewpoint. If the Cypress Lakes community commits in writing to support an increase in rates sufficient to recover such investment, then the Utility would be willing to discuss how and when those improvements may be accomplished.

2. Staff has requested that the Utility respond to the comments of Mr. James Nickerson concerning his request for an irrigation meter. He stated that he attempted to contact the Utility regarding an irrigation meter and was unable to obtain a response from the Utility.

RESPONSE: The Utility researched all activity associated with Mr. Nickerson's account and found no record of him requesting information regarding a separate irrigation meter. Unless the Utility made an error in record keeping, it does not appear that he called the Utility's office. In any event, the Utility

is willing to contact Mr. Nickerson by telephone or letter and invite him to discuss his request.

The Utility is not opposed to the installation of a separate irrigation meter, so long as Mr. Nickerson or any other customer making a similar request is aware of the initial and ongoing costs associated with having two active accounts at a single residence. Such an installation will require payment of a water connection fee plus meter fee and account setup fee in conformance with the current Commission approved tariff. It will also cause the customer to incur a Base Facility Charge each month for each of the two meters. Since the existing water distribution system is not designed to support two separate meters at each residence, it may be necessary to install a separate water service in order to assure adequate flow and pressure to both the residence and the irrigation system at all times. It would be appropriate for the customer to bear the full cost to install all additional facilities. In the event that the current tariff does not authorize the collection of such fees, the Utility believes a revision of Commission approved tariffs allowing the recovery of such fees is appropriate within the instant docket.

Should you or the Staff have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



CHRISTIAN W. MARCELLI
For the Firm

Enclosures

- cc: John P. Hoy, Chief Regulatory Officer (w/enclosures) (via e-mail)
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