

August 23, 2013

VIA FEDEX

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COMMISSION
CLERK

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

RE: Docket No.: 130180-WS; Application of Sunlake Estates Utilities, L.L.C. for
Original Water and Wastewater Certificates in Lake County, Florida
Our File No.: 46096.01

Dear Ms. Cole:

The following are the responses of Sunlake Estates Utilities, L.L.C. ("Sunlake" or
"Utility") to Staff's First Data Request dated July 26, 2013:

1. **Exhibit B, Special Report.**

- a. Please provide the signed contract for the proforma plant addition reflected in
adjustment (A) on Schedule B-3 of the Special Report.

Response: Please see documents titled "Response to 1 a.pdf" on the enclosed CD.

- b. The following items relate to the proforma plant additions reflected in
adjustment (B) on Schedule B-3 of the Special Report. For this addition,
please provide the following:

- i. A copy of the signed contract;

Response: Please see documents titled "Response to 1 b i.pdf" on the
enclosed CD.

- ii. A breakdown of the cost per meter, including an explanation for any
costs related to ordinances, such as backflow requirements.

Response: Please see documents titled "Response to 1 b ii.pdf" on the
enclosed CD. There were no costs related to ordinances.

COM _____
AFD _____
APA _____
ECO _____
ENG 1 CD
GCL _____
IDM _____
TEL _____
CLK _____

- c. Please explain the basis for the 120,940,000 estimated annual gallons used on Schedule B-9, page 11 for the water gallonage charge.

Response: This estimate was based upon the withdrawals authorized by the Water Management District in the CUP. Based upon the EN-50 Forms filed with the Water Management District, for the past twelve months total water withdrawn is 96,522,000. The EN-50 Forms are on the enclosed CD as "Response to 1 c.pdf".

- d. Please provide the signed contract for the proforma plant addition reflected in adjustment (A) on Schedule C-3 of the Special Report.

Response: Please see documents titled "Response to 1 d.pdf" on the enclosed CD.

2. Need For Service

- a. Please describe why the Utility is seeking authority to charge for water and wastewater service instead of including the cost in lot rent.

Response: The Utility currently provides water and wastewater service to the Sunlake Estates mobile home community where water and wastewater service is included in the rent, or is paid as a set fee for various services and amenities pursuant to the Declaration. The permitted water use allocations by the St. Johns Water Management District were exceeded in 2007, 2008, 2009, 2010 and 2012, and in 2011 the usage was 94.77% of the permitted allocation. Condition 22 of the CUP requires that the permittee must maintain a District approved water conserving rate structure.

- b. Please explain whether residential customers own or rent the lots in the mobile home community.

Response: As of the time of filing there are a total of 484 mobile home lots within the Sunlake Estates mobile home community, 68 of which are resident owned, and the remainder are rental lots. There are mobile homes on 441 of the lots, 68 resident owned and 373 rental.

3. System Information

- a. Please provide documentation to show whether the original cost of the water distribution and wastewater collection lines are being depreciated or

have been written off to the cost of goods sold on the property owners tax returns.

Response: Since this is a rental park, with only a few lots sold prior to the current ownership, there was nothing to write off the cost of the systems against. See PSC Order No. PSC-96-0062-FOF-WS issued January 12, 1996. The depreciation schedules on the tax returns do not differentiate among the assets being depreciated. However, the fixed asset subsidiary ledger that ties to the final GL number is included on the attached CD as "Response to 3 a.xlsx".

- b. If meters are read, please complete the following chart to show all usage data for all customer classes for the most recent twelve months.

Response: Please see spreadsheets on the enclosed CD titled "2012 Water Meter Readings.xlsx" and "2013 thru July Water Meter Readings.xlsx". Also in the CD is a file titled "Response to 3 b (2 inch meters).xlsx" showing which meters are 2". All remaining meters are 5/8 x 3/4 inch, including the following general service meters: Sales Office, Clubhouse, Island Chiefs, Firehouse, Hudson Island and Garden.

General Service			
<u>Meter Size</u>	<u>Month</u>	<u>Number of Bills</u>	<u>Gallons Sold</u>
5/8" x 3/4"	Jul-12		
	Aug-12		
	Sep-12		
	Oct-12		
	Nov-12		
	Dec-12		
	Jan-13		
	Feb-13		
	Mar-13		
	Apr-13		
	May-13		
	Jun-13		

General Service			
<u>Meter Size</u>	<u>Month</u>	<u>Number of Bills</u>	<u>Gallons Sold</u>
2"	Jul-12		
	Aug-12		
	Sep-12		
	Oct-12		
	Nov-12		
	Dec-12		
	Jan-13		
	Feb-13		
	Mar-13		
	Apr-13		
	May-13		
	Jun-13		

Residential Service			
<u>Meter Size</u>	<u>Month</u>	<u>Number of Bills</u>	<u>Gallons Sold</u>
5/8" x 3/4"	Jul-12		
	Aug-12		
	Sep-12		
	Oct-12		
	Nov-12		
	Dec-12		
	Jan-13		
	Feb-13		
	Mar-13		
	Apr-13		
	May-13		
	Jun-13		

Irrigation			
<u>Meter Size</u>	<u>Month</u>	<u>Number of Bills</u>	<u>Gallons Sold</u>
2"	Jul-12		
	Aug-12		
	Sep-12		
	Oct-12		
	Nov-12		
	Dec-12		
	Jan-13		
	Feb-13		
	Mar-13		
	Apr-13		
	May-13		
	Jun-13		

4. **Tariffs**

a. It appears that the Utility provides water for irrigation.

i. Please state whether the irrigation water is raw or potable water and whether it is metered.

Response: Potable water is used for irrigation and it is metered.

ii. Please provide a proposed rate for irrigation including an irrigation tariff page.

Response: Since potable water is used for irrigation the General Service Water Tariff would apply.

b. Please explain the assumptions used to design the proposed three-tiered water rate structure.

Response: The theory behind the thresholds of each tier was that 5,000 was a reasonable amount for the first tier based upon the average usage of 70 gpd per person in a two person household. The second tier considers those who utilize reasonable landscape watering of 2,000 gallons per month. The third tier is for

those who utilize more water than is reasonably necessary for household and irrigation usage.

- c. Please explain the assumptions used to determine the 8,000 gallon wastewater cap.

Response: This amount was used as the cap since it is generally the "default" cap.

- d. The application includes a request for miscellaneous service charges and a late payment charge. Please provide cost justification for these charges.

Response: The Commission's policy is that Miscellaneous Service Charges compensate the utility for the cost incurred so that the general body of rate-payers do not share these costs. The requested connection/reconnection charges are consistent with those granted by the Commission in recent dockets relating the subsidiaries of Utilities, Inc., and as referenced on Order No. PSC-07-0199-PAA-WS, identical to those granted to Mad Hatter Utility, Inc. in Order No. PSC-06-0684-PAA-WS. As to the NSF Charge, the amount requested is as set forth in Section 832.08(5), Florida Statutes. "The purpose of the late payment charge is not only to provide an incentive for customers to make timely payments, thereby reducing the number of delinquent accounts, but also to place the cost burden of processing such delinquencies solely upon those who are the cost causers." PSC Order No. PSC-06-0775-PAA-WS. As the Commission noted in that Order, the majority of utilities that have Commission-approved late charges have those set at \$5.00. The justification is that the utility incurs about \$4.50 in clerical time and \$.50 in postage/printing/envelope expense. The utilities that have higher charges have provided adequate documentation in support of those higher fees. PSC Order No. 06-0170A-PAA-WS. Thus \$5.00 is the "default" late payment fee in absence of justification to the contrary.

- e. Please provide cost justification for the meter installation fee of \$250.

Response: Please see document titled "Response to 4 e.pdf" on the enclosed CD.

- f. Please provide the total annual estimated miscellaneous revenues for both water and wastewater.

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Response: Based upon the historical number of move ins/move outs of five per month, and including an estimate of disconnect/reconnects and late payments of two per month each, the estimated total is \$ 1,800.

g. Please provide an electronic spreadsheet showing the calculation of the proposed rates and charges.

Response: Please see documents titled "Response to 4 g.xlsx" on the enclosed CD.

Should you have any questions concerning this filing, please do not hesitate to give me call.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/der
Enclosure

cc: Ben Allen, Esquire (w/enclosures)
Zach Broome, Esquire (w/enclosures)
Stephen Reilly, Esquire (w/enclosures)