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# Public Service Commission

October 27, 2006

## STAFF'S FIFTH DATA REQUEST

Mr. Martin S. Friedman, Esquire  
Rose, Sundstrom & Bentley, LLP  
2180 West State Road 434  
Sanlando Center, Suite 2118  
Longwood, FL 32779

**Re: Docket No. 060257-WS- Application for increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc.**

Dear Mr. Friedman:

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

1. According to the utility's MFRs, Schedule B-8 shows since the last rate case, the cost of sludge removal increased by 237.36%. However, Schedule F-2, when compared to the last rate case shows an increase of 7.37%. Please explain, in detail, the reason for this increase and include all supporting documentation.
2. The following questions are regarding customers' concerns which were expressed at the customer meeting:
  - a) Please explain why the utility is flushing lines for extended periods of time. In addition, provide all flushing data sheets from January 1, 2005 through October 20, 2006.
  - b) The Polk County Health Department (PCHD) issued a warning notice (No. 05-653PW5055A, on September 28, 2005) to the utility regarding chlorine residual of less than 0.2 ppm of its equivalent. Are you currently in compliance with PCHD's regulatory requirement of 0.2 ppm chlorine residual? If you are not currently in compliance with the regulatory requirements, what steps are you taking to bring the utility into compliance and what options are you considering?

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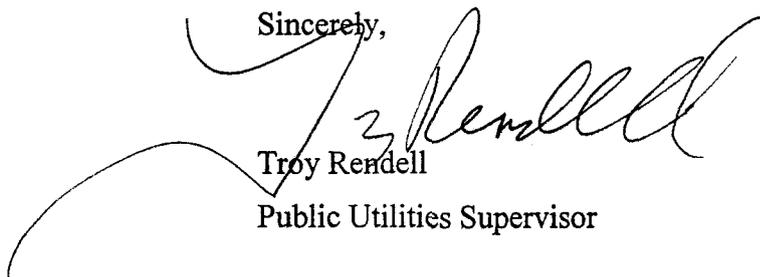
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- c) Would the addition of a chlorine booster station aide in resolving the chlorine residual problem?
  - d) Would the addition of a chlorine booster station eliminate the need in the increased flushing of hydrants and blowoffs?
  - e) Provide an estimate for the cost of the installation of a chlorine booster station.
  - f) Customers complained of smelly water, water discoloration, and discoloring of water filters (brown and green). Staff investigated customers' complaints and found them to be valid. Please provide a detailed response regarding the source of the water odor problem and the reason for the discolored water filters and the steps, if any, the utility is taking to correct this situation.
  - g) In the utility's last rate case, the water treatment plant was 100% used and useful (U&U) and the wastewater treatment plant was approximately 72% U&U. With the addition of phase 12 (approximately 132 new homes) will an expansion of the existing water treatment plant or wastewater treatment plant be required? Explain how the utility intends to provide adequate service to the new customers.
3. It has come to staff's attention that the PCHD has requested a meeting with a representative of the utility regarding noncompliance with the chlorine residual requirement. Please provide the following: Dates of all meeting(s), written conclusion(s) and/or proposed solutions and all supporting documentation for any conclusion reached at the meeting(s).

Please provide the above information by November 10, 2006. If the anticipated meeting with PCHD has not taken place or any solutions have not been proposed, in advance of this deadline, provide this supplemental information as soon as it is made available. If you have any questions, please call Gerald Edwards at (850) 413-7001.

Sincerely,



Troy Rendell

Public Utilities Supervisor

TR: gde

cc: Division of Economic Regulation (Bruce, Bulecza-Banks, Revell, Lingo, Edwards)  
Office of the General Counsel (Fleming)  
~~Division of the Commission Clerk and Administrative Services~~