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REPLY TO ALTAMONTE SPRINGS

MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD, OF COUNSEL
(LICENSED IN TEXAS ONLY)

April 15, 2004

HAND DELIVERY

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RECEIVED FPSC
APR 16 PM 2:48
COMMISSION
CLERK

Re: Docket No. 030445-SU; Application by Utilities, Inc. of Eagle Ridge for Rate Increase
in Lee County, Florida
Our File No.: 30057.43

Dear Ms. Bayo:

Utilities, Inc. of Eagle Ridge provides the following supplemental response to Staff's data requests dated March 11, 2004.

DATA REQUEST NO 15:

Both the Eagle Ridge and Cross Creek systems dispose of their effluent by spray irrigation to golf courses, and therefore, the utility should have some reuse plant pursuant to NARUC USOA. However, Schedule A-6 – Plant in Service by Primary Account, page 4 of the MFRs, does not show any reuse plant. Please provide a breakdown of the reuse plant and accumulated depreciation and revise Schedule A-6 and A-10.

RESPONSE:

In the Eagle Ridge system, the Eagle Ridge Golf Course is the sole reclaimed water customer of the Eagle Ridge WWTP. The point of delivery of reclaimed water to the Eagle Ridge Golf Course is the golf course irrigation pump station that is located on the opposite side of Aeries Way from the reclaimed water holding pond at the WWTP site. In the Cross Creek system, the Cross Creek golf course is the sole reclaimed water customer. The point of delivery of the reclaimed water is the Cross Creek irrigation pump station, which is located adjacent to and on the same site as the Cross Creek WWTP.

AUS _____
CAF _____
CMP _____
COM _____
CTR _____
ECR _____
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SEC
OTH _____

DOCUMENT NUMBER-DATE

04591 APR 16 04

FPSC-COMMISSION CLERK

Ms. Blanca Bayo
April 15, 2004
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The utility has inventoried both systems and has identified the following components as being associated with reuse plant, along with the estimated in-service year:

Eagle Ridge

3 acre holding pond, pre - 1987
1 acre hold pond for substandard effluent, pre - 1987
100,000 gpd polishing filter, pre - 1987
500,000 gpd automatic backwash filter, 1987
2 - 6" diversion valves, 1998
berm irrigation system & standby generator, 2000
instrumentation, 2001

Cross Creek

2 - 400,000 gpd bolted steel reclaimed water storage tanks, pre - 1984
polishing filter and Cl contact tank, pre - 1984
sand filter, flow control struct, high level disinfection equip, instrumentation, 1992
modify bolted steel reclaimed water storage tank, incr. cap. to 290,000 gal, 1995
150 kw standby generator, 1995
flow control system, 2000

The utility reviewed the PSC transfer audits regarding earlier additions and its own records regarding more recent additions, to determine, as closely as possible, the costs related to the identified reuse components. Based on this input, it was determined to be appropriate to reallocate some costs from Accounts 354.2, 370.3 and 380.4 to Accounts 354.5, 370.5 and 380.5. Attached is a summary of the reclassification of components by year. Also attached are revised MFR schedules A-6 and A-10, as requested. Supporting work papers will be provided under separate cover.

DATA REQUEST NO. 17:

In its response dated February 17, 2004, to staff's MFR deficiency No. 11, the utility indicated that for the Cross Creek system, it cannot make a calculation for infiltration/inflow, because it has no water information. Without comparing the amount of water sold and the amount of wastewater treated, the amount of infiltration/inflow cannot be determined. Lee County provides water service through metered connections. Please contact Lee County to obtain the metered water flows for the Cross Creek system. Also, provide the size of the diameter of the collection pipes in inches, and the corresponding length of pipe in miles for Cross Creek, and the calculations for the total amount of infiltration and inflow for Cross Creek for the test year.

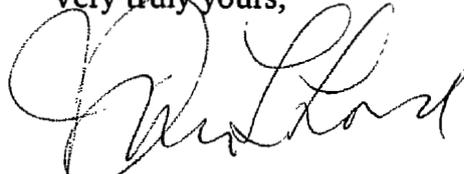
Ms. Blanca Bayo
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SUPPLEMENTAL RESPONSE:

The Cross Creek collection system is comprised of approximately 14,380 LF or 2.723 miles of 8" gravity sewer main serving 905 dwelling. During the test year, the annual plant flow was 28,106,000 gallons and averaged 0.077 mgd or 85 gpd/dwelling unit for the 905 units at Cross Creek. According to Lee County records, these same 905 units were billed for 70,185,900 gallons or 212 gpd. This community is heavily landscaped and, as a result, the differential between water used and water returned is substantially greater than average. This is evidenced by the fact that the dwelling units in Cross Creek returned only 40% of the water used to the wastewater system. This supports the Utility's contention that infiltration volume is not significant in regard to the Cross Creek collection system. The actual per-customer consumption data received from Lee County is available on request.

Should you have any questions regarding these responses, please do not hesitate to give me a call.

Very truly yours,



VALERIE L. LORD
Of Counsel

VLL/tlc
Enclosures

cc: Ms. Patricia Merchant (w/enclosure) (via hand delivery)
Mr. Richard Redemann (w/enclosure) (via facsimile and hand delivery)
Mr. Jay Revell (w/enclosure) (via hand delivery)
Mr. Steven M. Lubertozi (w/enclosure)
Mr. Patrick C. Flynn (w/enclosure)
Mr. Frank Seidman (w/enclosure)

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Schedule of Wastewater Plant In Service By Primary Account
Beginning and End of Year Average

Florida Public Service Commission

Company: Utilities, Inc. of Eagle Ridge
Docket No.: 030448-W5
Schedule Year Ended: December 31, 2002
Historic [X] Projected []

Explanation: Provide the ending balances and average of plant in service for the prior year and the test year by primary account. Also show non-used & useful amounts by account.

Schedule: A-8
Page 1 of 1
Preparer: Seidman, F
Revised: 4/15/04
Recap Schedules: A-2, A-4

No.	(1) Line Account No. and Name	(2) Prior Year 12/31/01	(3) Test Year 12/31/02	(4) Average	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	351.1 Organization	\$ 342,543	\$ 342,543	\$ 342,543		
3	352.1 Franchise					
4	389.1 Other Plant & Misc. Equipment					
6	COLLECTION PLANT					
6	353.2 Land & Land Rights	38,812	38,579	38,245		
7	354.2 Structures & Improvements	8,532	8,532	8,532		
8	360.2 Collection Sewers - Force	106,634	106,634	106,634		
9	361.2 Collection Sewers - Gravity	1,398,857	1,398,885	1,398,871		
10	362.2 Special Collecting Structures	6,291	6,291	6,291		
11	363.2 Services to Customers	134,907	137,873	136,290		
12	364.2 Flow Measuring Devices					
13	368.2 Flow Measuring Installations					
13a	375.2 Reuse Services					
14	389.2 Other Plant & Misc. Equipment					
15	SYSTEM PUMPING PLANT					
16	353.3 Land & Land Rights					
17	354.3 Structures & Improvements					
18	370.3 Receiving Wells	195,097	203,625	199,311		
19	371.3 Pumping Equipment					
20	389.3 Other Plant & Misc. Equipment					
21	TREATMENT AND DISPOSAL PLANT					
22	353.4 Land & Land Rights					
23	354.4 Structures & Improvements					
24	360.4 Treatment & Disposal Equipment	2,125,894	2,259,301	2,193,056	8.94%	130,172
25	381.4 Plant Sewers					
26	382.4 Outfall Sewer Lines	31,202	31,202	31,202		
27	389.4 Other Plant & Misc. Equipment					
27a	REUSE PLANT					
27b	354.6 Struct. & Improv. - Reuse	46,527	46,527	46,527		
27c	370.6 Receiving Wells - Reuse	23,663	23,683	23,683		
27d	380.6 Treat & Disp. - Reuse	678,414	678,414	678,414		
28	GENERAL PLANT					
29	353.7 Land & Land Rights					
30	354.7 Structures & Improvements					
31	390.7 Office Furniture & Equipment	412	3,384	1,898		
32	391.7 Transportation Equipment	49,353	49,353	49,353		
33	352.7 Stores Equipment					
34	393.7 Tools, Shop & Garage Equipment	19,089	19,482	17,279		
35	394.7 Laboratory Equipment	7,258	7,637	7,667		
36	395.7 Power Operated Equipment	17,144	18,180	17,662		
37	396.7 Communication Equipment					
38	397.7 Miscellaneous Equipment					
39	398.7 Other Tangible Plant	40,855	39,785	40,220		
40	TOTAL	\$ 5,463,485	\$ 6,818,011	\$ 5,539,747		\$ 130,172

Schedule of Wastewater Accumulated Depreciation By Primary Account
Beginning and End of Year Average

Florida Public Service Commission

Company: UMHces, Inc. of Eagle Ridge
Docket No: 030443-W3
Schedule Year Ended: December 31, 2002
Historic [X] Projected []

Explanation: Provide the ending balances and average of
accumulated depreciation for the prior year and the test year by
primary account. Also show non-used & useful amounts by
account.

Schedule: A-10
Page 1 of 1
Preparer: Seidman, F.
Revised: 4/16/04
Recap Schedules: A-1, A-8

No.	(1) Line Account No. and Name	(2) Prior Year 12/31/01	(3) Test Year 12/31/02	(4) Average	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	361.1 Organization	34,912	43,475	38,194		
3	362.1 Franchises					
4	389.1 Other Plant & Misc. Equipment					
5	COLLECTION PLANT					
6	353.2 Land & Land Rights					
7	354.2 Structures & Improvements	3,278	3,496	3,388		
8	380.2 Collection Sewers - Force	81,427	88,721	85,074		
9	381.2 Collection Sewers - Gravity	371,634	402,689	387,161		
10	362.2 Special Collecting Structures					
11	363.2 Services to Customers	33,517	37,633	36,525		
12	364.2 Flow Measuring Devices					
13	365.2 Flow Measuring Installations					
13a	376.2 Reuse Services					
14	388.2 Other Plant & Misc. Equipment					
15	SYSTEM PUMPING PLANT					
16	353.3 Land & Land Rights					
17	354.3 Structures & Improvements					
18	370.3 Receiving Wells	60,739	75,133	70,936		
19	371.3 Pumping Equipment					
20	388.3 Other Plant & Misc. Equipment					
21	TREATMENT AND DISPOSAL PLANT					
22	353.4 Land & Land Rights					
23	354.4 Structures & Improvements					
24	380.4 Treatment & Disposal Equipment	614,467	660,879	637,723	6.94%	49,723
25	381.4 Plant Sewers					
26	382.4 Outfall Sewer Lines	3,379	4,263	3,816		
27	389.4 Other Plant & Misc. Equipment					
27a	REUSE PLANT					
27b	364.6 Struct. & Improv. - Reuse	6,108	7,833	6,969		
27c	370.6 Receiving Wells - Reuse	8,667	10,268	9,477		
27d	380.6 Treat & Disp. - Reuse	587,651	626,132	606,382		
28	GENERAL PLANT					
29	353.7 Land & Land Rights					
30	354.7 Structures & Improvements					
31	390.7 Office Furniture & Equipment	42	(821)	(289)		
32	391.7 Transportation Equipment	30,562	38,830	34,708		
33	382.7 Stores Equipment					
34	393.7 Tools, Shop & Garage Equipment	7,078	8,068	7,568		
35	394.7 Laboratory Equipment	(188)	(1,830)	(983)		
36	398.7 Power Operated Equipment	2,270	2,841	2,556		
37	396.7 Communication Equipment					
38	397.7 Miscellaneous Equipment					
39	388.7 Other Tangible Plant	8,790	9,728	9,258		
40	TOTAL	\$ 2,060,503	\$ 2,219,812	\$ 2,138,557		\$ 49,723

Utilities Inc. of Eagle Ridge
 Docket No. 030445-SU
 Summary - Identification and Reclassification of Reuse Components of Plant in Service

Eagle Ridge System

Audit Report Acct.	Booked Acct.	Transf To Acct.	In Service Year	Original Cost	Depr. Life	Annual Dep. Exp.	Accumulated Depreciation as of:		
							12/31/00	12/31/01	12/31/02
380	380.4	380.5	1983	73,928.50	15	4,928.57	73,928.50	73,928.50	73,928.50
380	380.4	380.5	1988	135,200.00	15	9,013.33	112,666.87	121,680.00	130,693.33
380	380.4	380.5	2000	52,247.00	15	3,483.13	1,741.57	5,224.70	8,707.83
380	380.4	380.5	2001	6,389.54	15	425.97	-	212.98	638.95
382	380.4	380.5	2001	11,100.17	15	740.01	-	370.01	1,110.02
				<u>278,865.21</u>		<u>18,591.01</u>	<u>188,336.73</u>	<u>201,416.19</u>	<u>215,078.64</u>

Cross Creek System

Audit Report Acct.	Booked Acct.	Transf. To Acct.	In Service Year	Original Cost	Depr. Life	Annual Dep. Exp.	Accumulated Depreciation as of:		
							12/31/00	12/31/01	12/31/02
354	354.2	354.5	1996	-			(3,384.63)	(3,384.63)	(3,384.63)
354	354.2	354.5	1996	9,070.70	27	335.95	1,510.27	1,846.22	2,182.17
354	354.2	354.5	1996	37,556.00	27	1,390.96	6,253.07	7,644.03	9,035.00
				<u>46,626.70</u>		<u>1,726.91</u>	<u>4,378.71</u>	<u>6,105.62</u>	<u>7,832.54</u>
371	370.3	370.5	1996	23,683.00	15	1,578.87	7,108.45	8,687.32	10,266.18
380	380.4	380.5	1985	147,565.89	15	9,837.73	147,565.89	147,565.89	147,565.89
380	380.4	380.5	1987	140,249.94	15	9,350.00	126,224.95	135,574.94	140,249.94
380	380.4	380.5	1992	3,998.00	15	266.53	2,265.53	2,532.07	2,798.60
380	380.4	380.5	1995	264,704.87	15	17,646.99	79,451.17	97,098.16	114,745.15
382	382.4	380.5	1996	12,150.00	30	405.00	1,820.68	2,225.68	2,630.68
385	380.4	380.5	2000	28,880.00	35	825.14	412.98	1,238.12	2,063.27
				<u>597,548.70</u>		<u>38,331.39</u>	<u>357,741.20</u>	<u>386,234.86</u>	<u>410,053.53</u>
				<u>687,858.40</u>		<u>41,637.17</u>	<u>359,228.36</u>	<u>401,027.80</u>	<u>428,152.25</u>

Source Documents:

1983, 1985, 1987, 1992, 1995, 1996 & 2000 (Cross Creek) entries: PSC Audit workpapers
 1988 entry: PSC audit workpapers for WWTP and trended cost estimate (the audit workpapers provided a total cost of WWTP improvement. Only one component, automatic backwash filter, was considered to be for reuse. Cost of that component was estimated at current cost and trended to 1988).
 2000, 2001 Eagle Ridge entries: invoices