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Public Service Commission

March 28, 2008

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Mr. Martin Friedman
Rose, Sunstrom & Bentley, LLP
Sanlando Center
2180 W. State Road 434, Suite 2118
Longwood, FL 32779

Re: Docket No. 070695-WS - Application for increase in water and wastewater rates in Martin County by Miles Grant Water and Sewer Company

Dear Mr. Friedman:

We have reviewed the minimum filing requirements (MFRs) submitted on February 29, 2008, on behalf of Miles Grant Water and Sewer Company (Miles Grant or utility). After reviewing this information, we find the MFRs to be deficient. We have identified several deficiencies that must be corrected. The following list contains a rule citation that specifies a particular filing requirement along with a description of the specific deficiency.

Rule 25-30.437, Florida Administrative Code (F.A.C.), requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 20 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements."

1. Schedule B-7, Operation & Maintenance Expense Comparison – Water, the total for Prior TY 6/30/87 does not tie to the O&M approved in Order No. 20066, issued 9/26/1988.
2. Schedule B-8, Operation & Maintenance Expense Comparison – Wastewater, the total for Prior TY 6/30/87 does not tie to the O&M approved in Order No. 20066 issued 9/26/1988.

Rule 25-30.436(4)(a) F.A.C. requires in the rate case application that each schedule shall be cross-referenced to identify related schedules as either supporting schedules or recap schedules. Pursuant to Rule 25-30.436(4)(a) F.A.C., please provide recap Schedules B-1 and B-2 for Schedule C-1; recap Schedules A-18, A-19 and D-8 for Schedule C-6; and supporting Schedule A-19 for Schedule D-2.

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3. Schedule C-1, Reconciliation of Total Income Tax Provision
4. Schedule C-6, Accumulated Deferred Income Taxes – Summary
5. Schedule D-2, Reconciliation of Capital Structure to Requested Rate Base Simple Average Balance

The amounts for Total Income Tax Expense reported on Schedule C-1 do not agree with the amounts reported for the Provision for Income Taxes shown on Schedule B-1, Schedule of Water Net Operating Income and Schedule B-2, Schedule of Wastewater Net Operating Income.

Rule 25-30.110, F.A.C., requires that each utility shall furnish any information the Commission requests or requires for determining rates of the utility and that the information be consistent with and reconcilable with the utility's annual report to the Commission.

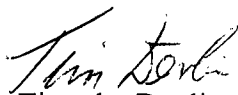
6. Schedule C-1, Reconciliation of Total Income Tax Provision, does not tie to Schedules B-1 and B-2.
7. On Schedule D-2, Reconciliation of Capital Structure to Requested Rate Base Simple Average Balance, the simple average for deferred income taxes is stated as \$380,029. This does not tie to Schedule C-6 which states \$375,496. Additionally, supporting Schedule A-19 shows a zero balance and supporting A-18 shows a balance of \$383,118. Also, the 2006 annual report shows \$380,324.

In addition, staff discovered several errors detailed below that need to be corrected:

1. On Schedule C-5, Deferred Income Tax Expense (Final) – Water, the total deferred tax expense does not tie to Schedule C-1.
2. On Schedule D-2, Reconciliation of Capital Structure to Requested Rate Base Simple Average Balance, the simple average for deferred income taxes does not tie to Schedule C-6.

If any above corrections require a corresponding change to any MFR schedules, those corrected schedules must also be submitted. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than April 28, 2008.

Sincerely,


Timothy Devlin
Director

TD:jd

cc: Division of Economic Regulation (Willis, Bulecza-Banks, Daniel, Reiger, Fletcher)
Office of the General Counsel (Hartman)
Office of Commission Clerk