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2010 OCT 28 10:53

CLERK

Public Service Commission

October 28, 2010

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

Re: Docket No. 100126-WS - Application for an increase in water rates in Marion County, Florida by CFAT H2O, Inc.

Dear Mr. Friedman:

We have reviewed the minimum filing requirements (MFRs) submitted on September 28, 2010, on behalf of CFAT H2O, Inc. (CFAT or Utility). After reviewing this information, we find the MFRs to be deficient. An explanation of the specific deficiencies are identified below.

1. Pursuant to Rule 25-30.436, Florida Administrative Code (F.A.C.), the following instructions were not followed:

- a) Each page of the filing shall be consecutively numbered.
- b) There was not an organizational chart of the relationship(s) between the utility company, its parent and its affiliated companies, and any other parties that may be present.
- c) No copies of any contracts or agreements were included.

2. Pursuant to Rule 25-30.443(2)(a), F.A.C., the following instructions were not followed:

- a) Each section of this form shall be indexed and tabbed, including a table of contents listing the page numbers of each schedule.

Rule 25-30.443, F.A.C., requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 18 (6/90), entitled "Financial, Rate and Engineering Minimum Filing Requirements – Class C Utilities." Numbers (3) through (8) of the following list are deficiencies pursuant to this rule.

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3. Regarding MFR Schedule E-14, Billing Analysis Schedules: The Utility is required to provide a billing analysis for each class of service by meter size. For applicants having master metered multiple dwellings, provide number of bills at each level by meter size or number of bills categorized by the number of units. Consumption is to be rounded to the nearest 1,000 gallons, and begin at zero. If a rate change occurred during the test year, provide a billing analysis which coincides with each period.

- a) On the Utility's water system's Schedule E-14, p. 1, line no. 1, column (1), consumption is 0. This is correct. Therefore, the number of kgals indicated in column nos. (4) and (5) on line no. 1 should also be 0 (e.g., there is no consumption at a consumption level of 0).
- b) A rate change occurred on June 1, 2009. Therefore, separate billing analysis calculations, by customer class, meter size and rate period (i.e., 01/01/09 through 05/31/09 and 06/01/09 through 12/31/09) must be provided.
- c) The calculation for gallons consumed in column (4) is incorrect. The instructions for column (4) state that calculations should be the results of multiplying the values in column (1) times the cumulative bills in column (3). This instruction was not followed because the midpoints of the values in column (1) were used, rather than the upper limits of the values in column (1) as indicated on Schedule E-14.
- d) The reversed bills calculation from column (6) was left blank on all 8 pages of Schedule E-14.
- e) The consolidated factor calculation from column (7) was left blank on all 8 pages of Schedule E-14.

4. Regarding MFR Schedule E-2, Revenue Schedule at Present and Proposed Rates:

- a) The Utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis (MFR Schedule E-14). Furthermore, a rate change occurred on June 1, 2009. Therefore, separate E-2 calculations (i.e., 01/01/09 through 05/31/09 and 6/01/09 through 12/31/09) must be provided and summed in order to present the appropriate amount of revenues. This requires completing the deficiencies discussed in section (A) above.
- b) In column nos. (3a) and (3b), the utility indicates that the first rate period ended on June 30, 2009 and that the second rate period started on July 1, 2009. According to the Utility's current tariffs on file at the Commission, the first rate period ended on May 31, 2009 and the second rate period started on June 1, 2009. Please change all affected column headings to reflect the appropriate rate periods.
- c) The Utility's rate for the 01/01/09 to 05/31/09 period for the general service 4" meter does not match the Utility's corresponding rate on file at the Commission.

5. Gallons of water pumped, sold and unaccounted for water in Schedule F-1. The calculations to determine unaccounted for water were not provided. Please perform the proper calculations.

6. The monthly operating report for March, 2009 was not provided.

7. Gallons of water pumped, sold and unaccounted for water in Schedule F-1. The total gallons pumped in Schedule F-1 do not match with flows represented in the monthly operating reports provided in the Engineering Data information pursuant to Rule 25-30.440(4), F.A.C.

8. Used and Useful Calculations in Schedules F-5 and F-7. The calculations used to determine the used and useful percentages for the Water Treatment Plant (Schedule F-5) and water distribution system (Schedule F-7) were not provided. System buildout information (as provided in the filing) can be used to support recommended used and useful percentages, but not take the place of the actual calculations. Please perform the proper calculations.

The following deficiencies relate to engineering information required by Rule 25-30.440, F.A.C.

9. Pursuant to Rule 25.30.440(1), please provide the location and size of the water distribution system as well as its plant sites.

10. Pursuant to Rule 25-30.440(3), F.A.C. the most recent chemical analyses covering the inorganic, organic, turbidity, microbiological, radionuclide, secondary and unregulated contaminants specified in Chapter 17-550, F.A.C. were partially submitted. Only inorganic contaminants (nitrates and nitrites) testing results were provided for review. Please provide the complete chemical analyses information as required in this rule.

11. Pursuant to Rule 25.30.440(5) and (7), please provide the latest sanitary survey, and, if any, all notices of violation, consent orders, letters of notice, or warning notices from DEP or the Marion County Health Department, in the last five years.

If these reconciliations 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 November 27, 2010.

Mr. Martin Friedman

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If you have any questions, please do not hesitate to contact Jay Donoho, at (850) 413-7003.

Sincerely,



Marshall Willis,
Director

MW:jd

cc: Division of Economic Regulation (Maurey, Fletcher, Daniel, Simpson, Stallcup, Thompson)
Office of the General Counsel (Young)
Office of Commission Clerk (Docket No. 100126-WS)
Office of Public Counsel