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Public Service Commission

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CLERK

December 15, 2010

Mr. Charles DeMenzes
C.F.A.T. H2O, Inc.
P.O. Box 5220
1410 NE 8th Avenue
Ocala, FL 34478

Re: Docket No. Docket No. 100126-WU - Application for increase in water rates in Marion County by C.F.A.T. H2O, Inc.

Dear Mr. DeMenzes:

Staff needs the following information to complete our review of the application filed by C.F.A.T. H2O, Inc (Utility or C.F.A.T.).

1. According to MFR Schedule B-3, C.F.A.T. has estimated a five percent salary and wage increase. Please provide all of the Utility's calculations, bases, workpapers, and support documentation for the above adjustment to Healthcare costs.
2. According to MFR Schedule B-3, the Utility has proposed an increase of \$360 per month for its Healthcare costs. Please provide all of the Utility's calculations, bases, workpapers, and support documentation for the above adjustment to Healthcare costs.
3. According to MFR Schedule B-3, the Utility has proposed an adjustment to reflect bad debt expense at 1.75 percent of requested increase in revenue. Please provide all of the Utility's calculations, bases, workpapers, and support documentation for the above adjustment to bad debt expense.
4. The following items relate to C.F.A.T.'s requested rate case expense:
 - (a) For each individual person, in each firm providing consulting services to the applicant pertaining to this docket, provide the billing rate, and an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also provide a description and associated cost for all expenses incurred to date.
 - (b) For each firm or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date.

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- (c) If rate consultant invoices are not broken down by hour, please provide reports that detail by hour, a description of actual duties performed, and amount incurred to date.
 - (d) Please provide an estimate of costs to complete the case by hour for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the Proposed Agency Action (PAA) process.
 - (e) Please provide an itemized list of all other costs estimated to be incurred through the PAA process.
5. According to MFR Schedule D-1, there is a 'Shareholder' loan that has a zero cost rate. Are there any payments to either the principal amount and/or the interest being made on this loan? If not, then this should be considered common equity or considered other Paid-in Capital.

Please submit the above information to the Office of Commission Clerk by January 14, 2011. If you have any questions, please contact me by phone at (850) 413-7003 or by e-mail at jdonoho@psc.state.fl.us.

Sincerely,



Jay Donoho

Regulatory Analyst II

cc: Division of Economic Regulation (Bulecza-Banks, Fletcher, Maurey, Daniel, Thompson, Stallcup, Simpson, Donoho)
Office of the General Counsel (Crawford, Young)
Office of Commission Clerk (Docket No. 100126-WU)