

COMMISSIONERS:  
RONALD A. BRISÉ, CHAIRMAN  
LISA POLAK EDGAR  
ART GRAHAM  
EDUARDO E. BALBIS  
JULIE I. BROWN

STATE OF FLORIDA



MARSHALL WILLIS, DIRECTOR  
DIVISION OF ECONOMIC REGULATION  
(850) 413-6900

Public Service Commission

February 6, 2012

RECEIVED-FPSC  
12 FEB - 6 PM 3:44  
COMMISSION  
CLERK

F. Marshall Deterding  
Sundstrom, Friedman & Fumero, LLP  
2548 Blirstone Pines Drive  
Tallahassee, FL 32301

**Re: Docket No. 110298-SU - Application for certificate to provide wastewater service in Volusia and Brevard Counties by Farnton Water Resources LLC**

Dear Mr. Deterding:

Thank you for your response filed on behalf of Farnton Water Resources LLC (FWR or Utility) to Commission staff's deficiencies letter, dated November 28, 2011. Staff has reviewed your response and determined that the following information is necessary to clarify the application.

**Additional Information**

1. **Land Ownership.** Please confirm whether Miami Corporation owns 100 percent of the land located within the amended requested service territory in Brevard County. If not, please provide the approximate regions of the service territory owned by other parties and the names of those parties.
2. **Construction Cost Opinion.** Please explain how the unit costs in Table 17 on page 41 of Exhibit 2 (Engineer's Report) were determined. If estimates, please describe upon what information these estimates are based.
3. **Allowance.** Table 17 on page 41 of the Engineer's Report indicates an allowance of 25 percent, which accounts for conformance with general requirements, contingent costs, and the provision of engineering and permitting services, according to Note 3.
  - a. Please describe how 25 percent was determined to be the appropriate amount for this allowance.
  - b. According to Schedule No. B-3 of Exhibit 6 (Cost Study), the items comprised by this allowance account for approximately 18 percent of total utility plant costs (calculated as 862,586 divided by 4,776,503). Please describe the discrepancy between the 25 percent allowance in the Engineer's Report and the 18 percent allowance in the Cost Study.
  - c. According to Note 2 on Schedule No. B-3 of the Cost Study, the organization costs of \$100,000 are based upon the total estimated legal, accounting, and engineering costs incurred to obtain an original certificate and initial rates and charges. Please confirm whether the organization costs are in addition to the 25 percent allowance.

DOCUMENT NUMBER: 110298-SU-000000  
00722 FEB-6 2012  
FPSC-COMMISSION CLERK

F. Marshall Deterding

Page 2

February 6, 2012

4. **Plant Contract Operator.** According to Note 3 to Table 20A (page 45) of the Engineer's Report, a contract operator will be hired to provide labor for wastewater system operations. Similarly, Note 3 to Table 20B (page 46) of the Engineer's Report states that a contract operator will be hired to provide labor for reclaimed water system operations. Please explain whether FWR intends to employ a single plant operator to be responsible for both the wastewater and reuse plants.
  
5. **Reuse Rates and Charges.** In Exhibit 4 (Proposed Tariff Sheets), on Original Sheet No. 14.0, the Utility's proposed reuse rates are provided, including a base facility charge (BFC) of \$5.31 for a 5/8" x 3/4" meter and a gallonage charge of \$1.04 per 1,000 gallons. Original Sheet No. 17.0 indicates a reuse main extension charge of \$140, a plant capacity charge of \$350, and a meter installation fee of \$300 for a 5/8" x 3/4" meter. However, First Revised Sheet No. 12.0 of the Utility's existing water tariff indicates a general service water BFC of \$5.11 for a 5/8" x 3/4" meter and a gallonage charge of \$0.91 per 1,000 gallons. Original Sheet No. 19.0 indicates a water system capacity charge of \$356.65 and no main extension, plant capacity, or meter installation charges. Please explain the Utility's expectation that customers will use reclaimed water, given that the rates and charges for such are higher than those for potable water.

To ensure timely processing of your application, the above-referenced documents and statements should be filed on or before February 20, 2012. Please ensure that your transmittal references Docket No. 110298-SU and that it is mailed directly to:

Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Should you have any questions concerning the above-referenced items, please feel free to contact Ms. Melissa Jones-Alexis, of my staff, by phone at (850) 413-6997 or [mjonesal@psc.state.fl.us](mailto:mjonesal@psc.state.fl.us).

Sincerely,



Patti Daniel  
Public Utilities Supervisor  
Bureau of Certification, Economics, and Tariffs

PD:mja

cc: Division of Economic Regulation (Jones-Alexis)  
Office of the General Counsel (Klancke)  
Office of Commission Clerk (Docket No. 110298-SU)