

Dean Mead
215 S. Monroe Street, Suite 815
Tallahassee, Florida 32301

(850) 999-4100
(850) 577-0095 Fax
www.deanmead.com

Attorneys and Counselors at Law
Orlando
Fort Pierce
Viera
Gainesville
Tallahassee

JOHN L. WHARTON
jwharton@deanmead.com

February 4, 2014

Florida Public Service Commission
Suzanne Brownless
Capital Circle Office Center 2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 130230-SU – Application for amendment of territory for Certificate No. 300-S in Lee County by Forest Utilities, Inc.

Dear Suzanne:

By this letter Forest Utilities, Inc. provides responses to the following data requests:

1. What is the Lee County wastewater rate for 10” turbine meters for multi-family customers that are not individually metered?

Attached is a page from the Lee County rate resolution showing the charge for ten inch meters.

What gallonage charge does Lee County charge for multi-family customers that are not individually metered?

See attached.

Please provide a Lee County tariff showing the Lee County rates that are comparable to the Forest multi-family rates.

See attached.

2. Please provide the Lee county tariff or rate under which Jamaica Bay is currently receiving bulk wastewater treatment from Lee County and a schedule of payments made by Jamaica Bay to Lee County for the last three years.

Lee County currently charges a multi-family rate to Jamaica Bay. That rate is: \$13.01 base charge per unit + and administrative charge of \$3.28 per unit + \$5.59 per 1000 gallons of

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water usage. Attached is a page from the current Lee County rate resolution.

Forest does not have access to a schedule of payments made by Jamaica Bay to Lee County for the last three years.

3. Please refer to your letter dated December 19, 2013 to Sonica Bruce. It appears that the revenue expected to be generated by sales to Jamaica Bay at the proposed multi-family retail rate for 2014 are \$419,794 and the expected additional costs to serve Jamaica Bay are \$110, 720, resulting in additional net revenue of \$319,074. Is this correct?

It is an oversimplification to suggest that there will be “additional net revenue” of \$319,074. Jamaica Bay had and has a contractual obligation to send its flows to Forest, and did send its flows to Forest, prior to diverting those flows to Lee County of June 2010. Forest expanded its wastewater treatment plant to accommodate the anticipated flows from Jamaica Bay. The connection to Jamaica Bay was approved by the PSC and the rate assessed Jamaica Bay was also approved by the PSC. It was a dispute related to this diversion that resulted in the lawsuit that was resolved with the Settlement Agreement. The settlement provides that when the pressure tests are performed (and Forest is confident that the flow requirements will be met) that Jamaica Bay will cause its flows to be treated by Forest again. The multi-family rate which Jamaica Bay will pay to Forest, as agreed upon in the settlement, will actually result in about \$120,000 “additional net revenues” when fairly compared to that revenue rendered to Forest from Jamaica Bay as required by to the Bulk Service Agreement. Forest projects that if Jamaica Bay had sent its flows to Forest in 2012, operating revenue under the Bulk Service Agreement would have been approximately \$300,000. Those same flows, if charged under the multi-family rate, would have resulted in operating revenue of approximately \$420,000. This is a net \$120,000 increase and Forest projects that assumption of ownership of the onsite system within Jamaica Bay will result in \$100,000 in increased expenses, conservatively. That’s a “net” increase of approximately \$20,000.

4. Should Forest fail to meet the Flow Requirements by January 10, 2015 as required by Section 3 of the Supplement to Settlement Agreement and Jamaica Bay elect to continue to purchase bulk wastewater treatment from Lee county, will Jamaica Bay be required to pay Lee County an impact fee? If so, in what amount?

It is not known with certainty what the County will do. Previous indications from the County were that an impact fee between 2 and 4 million dollars would have to be paid, and that possibly additional I & I analysis would have to done before Jamaica Bay could become a permanent customer of the County.

Sincerely,



John L. Wharton

JLW:hs

System Connection Fees and Miscellaneous Service Charges that are in conflict, in whole or in part, with the provisions of this Resolution, are hereby repealed to the extent that they conflict herein.

SECTION FOUR:

The MONTHLY SERVICE CHARGES for the Lee County Water and Wastewater System are as follows:

A. LEE COUNTY UTILITIES WASTEWATER SYSTEM CUSTOMER RATES

| | Wastewater Residential Service Charges | | | |
|--|--|-----------|-----------|-----------|
| | Effective Date | | | |
| | 10/1/2011 | 10/1/2012 | 10/1/2013 | 10/1/2014 |
| Residential Service: | | | | |
| Administrative Charge (Per Bill) | \$2.90 | \$3.13 | \$3.28 | \$3.43 |
| Monthly Service Charge (Per Unit/Lot): | | | | |
| Single Family (1.0 ERU) | \$14.40 | \$15.55 | \$16.27 | \$17.02 |
| Multi-Family (0.8 ERU) | \$11.52 | \$12.44 | \$13.01 | \$13.61 |
| Mobile Home (0.8 ERU) | \$11.52 | \$12.44 | \$13.01 | \$13.61 |
| Recreational Vehicle (0.4 ERU) | \$5.76 | \$6.22 | \$6.51 | \$6.81 |
| Metered User Charge (Per 1,000 Gallons) [1] | \$4.95 | \$5.35 | \$5.59 | \$5.85 |
| Unmetered User Charge (Per Unit/Lot) [2]: | | | | |
| Single Family (1.0 ERU) | \$22.28 | \$24.06 | \$25.17 | \$26.33 |
| Multi-Family (0.8 ERU) | \$17.82 | \$19.25 | \$20.13 | \$21.06 |
| Mobile Home (0.8 ERU) | \$17.82 | \$19.25 | \$20.13 | \$21.06 |
| Recreational Vehicle (0.4 ERU) | \$8.91 | \$9.62 | \$10.07 | \$10.53 |

ERU = Equivalent Residential Unit

Note:

[1] Residential units are billed wastewater user charges based upon their respective monthly metered water consumption. Monthly metered water use above 9,000 gallons per residential living unit will not be billed the wastewater user charge.

[2] Customers that do not receive metered water service used to determine the billed wastewater user charges shall be billed the unmetered user charge in-lieu of the metered user charge.

The total monthly rate for residential service is the sum of the: i) service charge; ii) administrative fee; and iii) metered or unmetered user charges (where applicable), in accordance with the schedule:

| | | Wastewater Commercial & Non-Residential Service Charges | | | |
|---|-------------|---|------------|------------|------------|
| | | Effective Date | | | |
| | | 10/1/2011 | 10/1/2012 | 10/1/2013 | 10/1/2014 |
| Commercial & Non-Residential Service: | | | | | |
| Monthly Service Charge (Per Metered Account)[1]: | | | | | |
| 5/8" | (1.0 ERU) | \$17.30 | \$18.68 | \$19.55 | \$20.45 |
| 3/4" | (1.5 ERU) | \$24.50 | \$26.46 | \$27.69 | \$28.96 |
| 1" | (2.5 ERU) | \$38.90 | \$42.01 | \$43.96 | \$45.98 |
| 1 1/2" | (5.0 ERU) | \$74.90 | \$80.88 | \$84.63 | \$88.53 |
| 2" | (8.0 ERU) | \$118.10 | \$127.53 | \$133.44 | \$139.59 |
| 3" | (16.0 ERU) | \$233.30 | \$251.93 | \$263.60 | \$275.75 |
| 4" | (25.0 ERU) | \$362.90 | \$391.88 | \$410.03 | \$428.93 |
| 6" | (50.0 ERU) | \$722.90 | \$780.63 | \$816.78 | \$854.43 |
| 8" | (80.0 ERU) | \$1,154.90 | \$1,247.13 | \$1,304.88 | \$1,365.03 |
| 10" | (145.0 ERU) | \$2,090.90 | \$2,257.88 | \$2,362.43 | \$2,471.33 |
| Metered User Charge (Per 1,000 Gals) | | \$4.95 | \$5.35 | \$5.59 | \$5.85 |

ERU = Equivalent Residential Unit

Note:

[1] Amounts shown include the addition of the monthly: i) service charge per metered account; and ii) administrative charge per bill.

Unmetered commercial and non-residential charges will be calculated individually based on estimates of wastewater discharges and the above schedule of rates.

The total monthly rate for commercial and non-residential service is the sum of the: i) service charge; ii) administrative fee (included as a component of the service charge); and iii) user charges, in accordance with the schedule.