



March 30, 2015

Chairman Art Graham  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

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COMMISSION  
CLERK

Re: Utilities, Inc. of Sandalhaven  
2014 Test Year General Rate Increase Application  
Our File No. 30057.221

Dear Chairman Graham:

This letter, pursuant to Rule 25-30.430, Florida Administrative Code, requests approval of a test year for Utilities, Inc. of Sandalhaven (the "Company"). The Company intends to submit an application for general rate relief to the Florida Public Service Commission for its wastewater system located in Charlotte County, Florida. The Company intends to submit the minimum filing requirements ("MFRs") on or before July 1, 2015.

The Company's last rate proceeding and review of rate base by this Commission was in Docket No. 060285-SU, utilizing a projected test year ending December 31, 2007, which resulted in the issuance of Order No. PSC-07-0865-PAA-SU, issued October 29, 2007.

The Company requests an historic test year ending December 31, 2014. The requested test year is representative of a normal full year of operation. However, there will be pro forma adjustments to expenses to reflect expenses in the year when rates will be in effect.

Since the Company's last rate proceeding, the Company has experienced increases in O&M expense such as salaries and wages, insurance, and purchased power that were not completely offset by reductions in other annual operating expenses or annual indexing rate increases. Additionally, the Company has made or will soon be making major changes to plant and equipment in its wastewater system. The Company anticipates that the Sandalhaven WWTP will be taken out of service in 2015 after all of its flow is diverted to Englewood Water District's treatment plant. This will significantly increase the annual purchased sewage treatment expense thereafter.

The following pro forma adjustments are non-growth related:

1. Lift Station #4 Rebuild and Flow Redirection. In October 2014, the Company entered into a Consent Order with the Florida Department of Environmental Protection that requires the Company to divert all of its wastewater influent flow from its Sandalhaven WWTP by October 1, 2015. This Consent Order reflects a significant reduction in the plant's original permitted disposal capacity using on-site percolation ponds, the Company's sole means of effluent disposal and which have reached the end of their service life. The perc ponds cannot be rehabilitated sufficiently to restore the percolation capacity of the ponds. The pro forma project includes the engineering design, permitting and construction to modify Lift Stations 1, 4, 5 and 6 and construct various force mains that will allow all influent flow to be diverted to Englewood Water District for treatment and disposal. It is anticipated that this project will cost approximately \$700,000 to complete.
2. Sandalhaven WWTP decommissioning and demolition. The same Consent Order that is referenced above directs the Company to complete the decommissioning and abandonment of the treatment plant in conformance with DEP approved plant decommissioning plan no later than 60 days after the influent flow has been diverted. The cost to complete this pro forma project is approximately \$100,000.
3. Placida Road Utility Relocations. Charlotte County has scheduled road, sidewalk and stormwater system improvements in the Placida Road right-of-way that will impact the Company's existing sewer facilities and require their relocation in coordination with the County's construction schedule. The estimated cost for engineering services, permitting and construction is approximately \$200,000.

Pursuant to Section 367.081(8), Florida Statutes, the Company requests that the Commission process this petition for rate relief using the proposed agency action procedure. The Company also will request interim rates based on the historic test year.

Should you or members of the Staff have any questions regarding this request, please do not hesitate to contact me.

Very truly yours,



MARTIN S. FRIEDMAN  
For the Firm

MSF/

cc: John Hoy (via e-mail)  
Patrick Flynn (via e-mail)  
Christie Kincaid (via e-mail)  
Carlotta S. Stauffer, Commission Clerk