

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: August 3, 2016

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: Sonica C. Bruce, Economic Analyst, Division of Economics *SCB*

RE: Docket No. 150149-WS - Application for staff-assisted rate case in Glades and Highlands Counties by Silver Lake Utilities, Inc.

The attached correspondence is the utility's responses to staff's concerns regarding the protection of customers in the event of a future policy change from the utility paying the customer's bills. Please incorporate this document in the docket.

RECEIVED-FPSC
2016 AUG -3 PM 4:51
COMMISSION
CLERK

Sonica Bruce

From: Noah Handley <Noah.Handley@LykesRanch.com>
Sent: Wednesday, August 03, 2016 2:55 PM
To: Sonica Bruce
Subject: RE: Silver Lake Concerns

Sonica,

Florida is a rapidly growing state. While we don't have an imminent market for large residential development within five years, other smaller opportunities could certainly arise.

Thanks,

Noah Handley
Lykes Bros. Inc.
(863) 763-3041 (office)
(863) 273-9436 (cell)

From: Sonica Bruce [<mailto:SBruce@PSC.STATE.FL.US>]
Sent: Wednesday, August 03, 2016 11:18 AM
To: Noah Handley
Subject: RE: Silver Lake Concerns

Thank you so much for getting the responses to our staff in a timely manner. However, I have a couple of follow-up questions: Does Lykes Bros. anticipate development within the service territory of Silver Lake Utility in the next year; in the next five years?

Thank you!!

From: Noah Handley [<mailto:Noah.Handley@LykesRanch.com>]
Sent: Wednesday, August 03, 2016 10:10 AM
To: Sonica Bruce
Cc: Martin S. Friedman
Subject: RE: Silver Lake Concerns

Thank you for the opportunity to expand on the staff assisted rate case. Silver Lake Utilities is a subsidiary of Lykes Bros. Inc., which is a 100 year old family owned business. Throughout its history Lykes has diversified in many different businesses. As a substantial land holder in Florida the company has been encourage to engage in planning efforts to ensure that in the event development intersects our holdings there is a well thought out plan for providing the

needed services. These efforts lead to the PSC Certificate for both water and wastewater. Further, in the development of the Certificate the company decided that the initial customer base (Lykes employees) would not experience any change in service or responsibility. With that as a base please see the following responses to the questions raised.

What protection do the current customers have regarding a change in company practice of paying everyone's bills for them?

Employee housing is a benefit that is a long standing policy with no rent being charged to the employees. With the housing benefit, water service is not planned to change as a benefit to the employees.

How long does the company intend to continue to pay existing customers' bills?

The company has no plans to change the policy of providing water service to all current customers.

Does the company intend to notify existing customers in advance of any change in policy regarding how the bills are paid?

Though there is no plan to change the policy, the company would notify all customers in writing a minimum of 60 days prior to any change in the policy.

Does the company intend to notify the PSC in advance of any change in policy regarding how the bills are paid?

Though there is no plan to change the policy, the company would be happy to notify the PSC at the same time customers would be notified.

Why did the company pursue a rate case when it is effectively providing free service?

Lykes, as any other diversified company, strives to have all operating entities stand on their own, without subsidization.

As always please feel free to call or email if anything arises.

Sincerely,

Noah Handley
Lykes Bros. Inc.
(863) 763-3041 (office)
(863) 273-9436 (cell)

From: Sonica Bruce [<mailto:SBruce@PSC.STATE.FL.US>]

Sent: Tuesday, August 02, 2016 9:53 AM

To: Noah Handley

Subject: RE: Silver Lake Concerns

Thank you so much!!

From: Noah Handley [<mailto:Noah.Handley@LykesRanch.com>]

Sent: Tuesday, August 02, 2016 9:37 AM

To: Sonica Bruce
Subject: RE: Silver Lake Concerns

Nice visiting with you I will be in touch with responses as soon as possible but by Wednesday COB for sure.

Thanks,

Noah Handley
Lykes Bros. Inc.
(863) 763-3041 (office)
(863) 273-9436 (cell)

From: Sonica Bruce [mailto:SBruce@PSC.STATE.FL.US]
Sent: Tuesday, August 02, 2016 9:24 AM
To: Noah Handley
Subject: Silver Lake Concerns

Good Morning!

As per our phone conversation, below are the following concerns from staff:

What protection do the current customers have regarding a change in company practice of paying everyone's bills for them?
How long does the company intend to continue to pay existing customers' bills?
Does the company intend to notify existing customers in advance of any change in policy regarding how the bills are paid?
Does the company intend to notify the PSC in advance of any change in policy regarding how the bills are paid?
Why did the company pursue a rate case when it is effectively providing free service?