



Wills | Trusts | Probate | Real Estate | Guardianship | Medicaid | Business Law

November 17, 2017

Via E-Filing

Carlotta S. Stauffer, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No.: 20160220-WS; Application for original water and wastewater certificates in Sumter County by South Sumter Utility Company, LLC
Our File No.: 47206.01

Dear Ms. Stauffer:

The following is South Sumter Utility Company, LLC's ("SSU") responses to staff's deficiency Letter dated November 17, 2017:

Capital Structure. Rule 25-30.033(1)(p)3., F.A.C., requires the applicant to provide a schedule showing the projected capital structure including the methods of financing the construction and operation of the utility until the utility reaches 80 percent of the design capacity of the system. Please provide the aforementioned schedule pursuant to Rule 25-30.033(1)(p)3., F.A.C.

Response: Attached is a schedule of the projected capital structure when SSU reaches 80% capacity. The method of financing construction and operations is unchanged from that is as set forth in the original Application. The Applicant is an affiliated party of the Developer of the proposed service area and, as such, the Developer will provide necessary start-up funding as well as funds sufficient to cover operational shortfalls during the utility's initial years of operation. Evidence that such funding will be available is shown by experience with Little Sumter Utility Company, LLC, North Sumter Utility Company, LLC, and Central Sumter Utility Company, LLC, which were started and were controlled by the same affiliated party. Attached to the Application as Exhibit "B" was a letter from Holding Company of The Villages, Inc. committing the necessary financial support, including a redacted copy of a current balance sheet (for which a request for Confidential Classification was being sought).

Carlotta S. Stauffer, Commission Clerk

November 17, 2017

Page 2

Should you or staff have any questions regarding this response, please do not hesitate to give me a call.

Very truly yours,

/s/ Martin S. Friedman

MARTIN S. FRIEDMAN

For the Firm

MSF/

cc: Rob Eddy (via e-mail)
Trey Arnett (via e-mail)
Wesley Taylor, Esquire (via e-mail)
Adam Hill (via email)

South Sumter Utility Company, LLC
Initial Rates and Charges
Projected Capital Structure When Utility Reaches 80% Capacity

Explanation: Provide a schedule showing the projected capital structure including the methods of financing the construction and operation of the utility until the utility reaches 80 percent of the design capacity of the system.

(1)	(2)	(3)	(4)	(5)	
Line No.	Class of Capital	Reconciled to Rate Base (Schedule 1) 12/31/2021 - 80%	Ratio	Cost Rate	Weighted Cost
1	Long Term Debt	\$ -			
2	Short Term Debt				
3	Preferred Stock				
4	Common Equity (1)	34,938,810	98.52%	8.76%	8.63%
5	Customer Deposits (2)	526,386	1.48%	2.00%	0.03%
6	Tax Credits - Zero Cost				
7	Tax Credits - Weighted Cost				
8	Accumulated Deferred Income Tax				
9	Other (Explain)				
10					
11	Total Reconciled to Rate Base	<u>\$ 35,465,196</u>	<u>100.00%</u>		<u>8.66%</u>
12					
13	Notes:				
14	(1) Utility will be 100% equity financed				
15	The cost of equity is based on the leverage formula in effect pursuant to Order No. PSC-17-0249-PAA-WS				
16					
17	(2) Outstanding Customer Deposit Balance:			General	
18			Residential	Service	Total
19	New Customers connected 2021-2022		2,900	56	
20	Deposit (2 x average monthly bill)		<u>\$ 170.40</u>	<u>\$ 575.46</u>	
21	Deposit balance 12/31/2022 from new customers 23 months		<u>\$ 494,160.00</u>	<u>\$ 32,225.95</u>	<u>\$ 526,385.95</u>