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Public Service Commission

May 3, 2004

STAFF'S SECOND DATA REQUEST

Martin S. Friedman  
Rose, Sundstrom & Bentley, LLP  
600 S. North Lake Blvd., Suite 160  
Altamonte Springs, FL 32701

Re: Docket No. 030444-WS, Application for Rate Increase in Bay County by Bayside Utility Services, Inc. (Bayside)

Dear Mr. Friedman:

Attached are several data requests that staff believes are necessary to enable us to complete our analysis of this rate case. Since the statutory deadline is quickly approaching, we will need the responses submitted by May 21, 2004.

I. Quality of Service

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- MMS \_\_\_\_\_
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
- SEC   |
- OTH \_\_\_\_\_

1. Provide a list of all water outages during the test year, including the length of time the service area was out, the dates and the times, and the number of customers affected by each outage. Detail whether each outage was an emergency or scheduled repair. For scheduled repairs, provide a statement detailing the notice given to customers and provide copies, if available, of the different water outage notices. Also, for each outage, state whether the entire water system was shut down or if a specific area was isolated for the repair.
2. Explain the utility's policy regarding water system shut-downs that occur when water line repairs are made. Distinguish the circumstances that require the utility to shut down the entire subdivision compared to when specific areas of the subdivision can be isolated for necessary repairs.
3. During the customer meeting, several customers complained of sewer back-up problems that appear to be associated with a failure of the middle lift station. A) Does the utility maintain at least two pumps in the middle lift station? B) Provide an explanation as to how the utility provides back-up service to this lift station in case the primary pump fails.

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## **II. Purchased Water**

4. With regard to MFR Schedule F-1, explain how the utility determined or calculated the gallons purchased for the months of January, March, May, July, September, November, and December and provide all support documentation the utility used to arrive at the gallons purchased.

## **III. Water Services Corporation (WSC) 2002 Distribution of Expenses Manual**

### **A. SE.50 – Distribution of Direct Salaries**

5. With regard to the \$37,277 of direct operators salary for Bayside, state the specific duties performed by David Lorre Swift, Gerald Lee Chancellor, John David Thomas, and Alvin Bishop as it relates to Bayside.
6. If David Lorre Swift, Gerald Lee Chancellor, John David Thomas, and/or Alvin Bishop spent any of their time on another Utilities, Inc. subsidiary, provide the typical number of hours a week each one devotes to the other subsidiary and state the specific duties performed by each employee as it relates to the other subsidiary.
7. Describe UI's policy regarding repairs to Bayside's distribution/collection system. Explain the circumstances when repairs are completed by Bayside employees and when outside vendors are to be used.
8. Explain why direct operator salaries increased by \$23,889 (or 178%) from 2001 to 2002, and state whether any portion of the increase is the result of any non-recurring events.
9. Provide a copy of the WSC 2000 and 2003 Distribution of Expenses Manual.
10. With regard to the \$3,429 of office salary for Bayside for 2002, provide the name of each employee, the typical number of hours a week each one devotes to Bayside, and the specific duties performed by each one as it relates to Bayside.
11. If any Bayside office employee's time is spent on another Utilities, Inc. subsidiary, provide the name of the office employee, the typical number of hours a week each one devotes to the other subsidiary, and the specific duties performed by each one as it relates to the other subsidiary.
12. Provide copies the 2001, 2002, and 2003 timesheets for David Lorre Swift, George R. Patterson, Jr., Gerald Lee Chancellor, John David Thomas, and Alvin Bishop.

### **B. SE.52 – Distribution of Insurance Expenses**

#### **1. General Property Insurance**

13. With regard to the property value of \$4,150,000 for 2335 Sanders Northbrook, did WSC use the insurance policy for 2001 or 2002 to determine the property value?

14. Provide the UI's 2002 and 2003 insurance policies reflecting the property values for 2335 Sanders Northbrook.
15. With regard to the property value of \$1,175,000 for Altamonte Springs, Fl., did WSC use the insurance policy for 2001 or 2002 to determine the property value?
16. Provide the UI's 2002 and 2003 insurance policies reflecting the property values for Altamonte Springs, Fl.

#### 2. Excess Liability Insurance

17. In the 2002 Distribution of Expenses Manual, WSC reflects that Bayside's total gallons of water sold was 20,951,000 at 6/30/02. However, on MFR Schedule F-1, the utility reflects that its total gallons sold was 11,661,000 at 12/31/02. Please explain this significant difference of 9,290,000 gallons. Include the utility's calculation and all support documentation for how it determined the 20,951,000 gallons of water sold.

#### 3. Worker's Compensation Insurance

18. Since worker's compensation insurance also applies to UI office employees, why is Code 9 calculated by taking only Bayside operators salaries by total UI operators salaries, instead of taking Bayside's total direct salaries by total UI direct salaries?

#### 4. Auto Insurance

19. WSC reflects 1.13 vehicles for Lake Placid in Highlands County, 27.38 vehicles for UIF in Marion, Orange, Pasco, Pinellas, and Seminole Counties, and 1.49 vehicles for Bayside in Bay County. Staff that notes these are the only subsidiaries with a fraction of a vehicle. Please explain how it appears one vehicle is allocated among these three geographically disperse UI subsidiaries. Also, provide WSC's calculation to determine the number of vehicles for Lake Placid, UIF, and Bayside.
20. Provide a list of the vehicles for Sandy Creek. Include the model & make of each vehicle, the vehicle identification number of each vehicle, the purpose (i.e. meter reading, lift station monitoring, etc.) of each vehicle, and the employee who uses each vehicle.

### **IV. Rate Base**

21. At the April 15, 2004, customer meeting, Leonard Jeter stated that, when UI acquired Bayside, the utility had a storage shed with several thousand dollars worth of equipment (including a sewer snake - rotor rooter machine). A) Is this equipment being used by Bayside? If not, explain why not. B) Was this plant transferred to another UI subsidiary or subsequently retired? C) If it was transferred, explain why UI transferred this plant, state what subsidiary this plant was transferred to, and state whether the utility has removed this plant from Bayside's rate base. D) If it was retired, 1) state what year it was retired; 2) provide the retirement journal entry; and 3) explain why the plant was or was

not replaced. E) If this plant was not retired, provide the original cost of the plant and the date it was placed in service.

**V. Operation and Maintenance Expenses**

**A. Sludge Removal Expense**

22. How much of the test year sludge removal expense is attributable to or associated with the 8 repairs to mains and 24 incidents requiring sewer rodding for which the utility spent \$24,000 in materials and supplies?
23. Provide all the invoices for the test year sludge removal expense of \$2,860.

**B. Materials and Supplies**

24. On MFR Schedule B-7, the utility stated that \$6,700 of the \$7,856 test year water materials and supplies were for 15 repairs to services and 8 repairs to mains. Provide all of the invoices for the remaining \$1,156 (\$7,856 less \$6,700) amount of the test year water materials and supplies.
25. On MFR Schedule B-8, the utility stated that \$24,000 of the \$25,345 test year wastewater materials and supplies were for 8 repairs to mains and 24 incidents requiring sewer rodding. Provide the all of the invoices for the remaining \$1,345 (\$25,345 less \$24,000) amount of the test year water materials and supplies.

**C. Rate Case Expense**

26. For each individual person, in each firm providing consulting services to the applicant pertaining to this docket, provide the billing rate, and an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also provide a description and associated cost for all expenses incurred to date.
27. For each firm or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date.
28. If rate consultant invoices are not broken down by hour, please provide reports that detail by hour, a description of actual duties performed, and amount incurred to date.
29. For each Utilities, Inc. or Water Services Corp., employee that incurs costs that will be recorded as rate case expense for this docket, please provide a copy of all time sheets supporting those costs with a breakdown by job function performed and including the hourly rate charged.
30. Please provide an estimate of costs to complete the case by hour for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the PAA process.

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31. Please provide an itemized list of all other costs estimated to be incurred through the PAA process.

D. Bad Debt Expense

32. With regard to the bad debt expense of \$2,219 for water and \$3,112 for wastewater reflected on MFR Schedules B-7 and B-8, provide a schedule which lists the customer's name, water and wastewater amount written-off for each customer, and how long every water and wastewater amount was outstanding before it was written-off. In addition, provide an explanation of the utility's policy regarding bad debts and accounting for bad debt expense.

E. Miscellaneous Expenses

33. With regard to the miscellaneous expenses of \$2,035 for water and \$2,054 for wastewater reflected on MFR Schedules B-7 and B-8, provide all the invoices for these test year amounts.

Please provide the above information by May 21, 2004. If you have any questions, please contact me by phone at (850) 413-6918 or by e-mail at [pmerchan@psc.state.fl.us](mailto:pmerchan@psc.state.fl.us).

Sincerely,



Patricia W. Merchant

Public Utilities Supervisor

cc: Division of Economic Regulation (T. Davis, Fletcher)  
Office of the General Counsel (Jaeger)  
Division of the Commission Clerk and Administrative Services