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STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

ORIGINAL

Public Service Commission

June 29, 2006

STAFF'S FIRST DATA REQUEST

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
2180 West State Road 434
Sanlando Center, Suite 2118
Longwood, FL 32779

Re: Docket No. 060257-WS - Application for increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

Dear Mr. Friedman:

Staff needs the following information to complete our review of the application.

A. The following items relate to the pro forma plant additions reflected in adjustment (A)(1) Work Orders on MFR Schedule A-3.

1. For each addition, provide the following:

- (a) a statement why each addition is necessary;
- (b) a copy of all invoices and other support documentation if the plant addition has been completed;
- (c) a copy of the signed contract or any bids, if the plant addition has not been completed;
- (d) a status of the engineering and permitting efforts, if the plant addition has not been through the bidding processing; and
- (e) the projected in-service date, or updated projected in-service date, for each outstanding plant addition.

2. The following item pertains to the utility's water and wastewater treatment systems. Please provide your latest Wastewater Treatment Plant Site Map, if available, that shows

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the wastewater plants, equalization tanks, filter and reclaimed water storage tank and any proposed additions.

3. With regard to Account 711, Sludge Removal Expense reflected on MFR Schedule B-8, staff requests the following additional information.
 - (a) Was the contract for sludge removal competitively bid out? If so, how many companies provided a bid?
 - (b) What is the per gallonage cost of sludge removal?
 - (c) How many gallons of sludge were removed during the test year?
 - (d) What is the typical percent of solids concentration of the sludge and the percent of volatile solids when the sludge is removed from the digester?
 - (e) Provide your calculations, assumptions, references that demonstrate that the quantity and concentration of sludge removed from the digester is reasonable.
4. With regard to Accounts 618 and 718, Chemicals reflected on MFR Schedules B-7 and B-8, respectively, the utility stated that the reason for the increase was due to converting the disinfection system to sodium hypochlorite. Staff requests the following additional information related to the conversion.
 - (a) Why was it considered advantageous to convert to this method of disinfection?
 - (b) What is the price differential between a sodium hypochlorite system and the system used previously?
5. The following items relate to the utility's requested rate case expense.
 - (a) 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.
 - (b) For each firm or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date.
 - (c) 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.
 - (d) 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.
 - (e) Please provide an itemized list of all other costs estimated to be incurred through the PAA process.

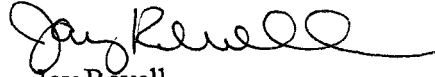
Mr. Martin S. Friedman, Esquire

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Please submit the above information to the Division of the Commission Clerk and Administrative Services by July 29, 2006. If you have any questions, please contact me by phone at (850) 413-6425 or by e-mail at jrevell@psc.state.fl.us.

Sincerely,



Jay Revell

Regulatory Analyst

cc: Division of Economic Regulation (Rendell, Edwards)
Office of the General Counsel (Fleming)
Division of the Commission Clerk and Administrative Services
Office of Public Counsel

