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REPLY TO CENTRAL FLORIDA OFFICE

August 22, 2006

MARTIN S. FRIEDMAN, P.A.  
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HAND DELIVERY

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06 AUG 22 AM 10:24  
COMMISSION  
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Ms. Blanca Bayo  
Commission Clerk and Administrative Services Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

RE: Docket No. 060254-SU; Mid-County Services, Inc.'s Application for Rate Increase in Pinellas County, Florida; Docket No. 060255-SU; Tierra Verde Utilities, Inc.'s Application for Rate Increase in Pinellas County, Florida; Docket No. 060256-SU; Alafaya Utilities, Inc.'s Application for Rate Increase in Seminole County, Florida; Docket No. 060257-WS; Cypress Lakes Utilities, Inc.'s Application for Rate Increase in Polk County, Florida; Docket No. 060258-WS; Sanlando Utilities Corp.'s Application for Rate Increase in Seminole County, Florida; Docket No. 060260-WS; Lake Placid Utilities, Inc.'s Application for Rate Increase in Highlands County, Florida; Docket No. 060261-WS; Utilities, Inc. of Pennbrooke's Application for Rate Increase in Lake County, Florida; Docket No. 060262-WS; Labrador Utilities, Inc.'s Application for Rate Increase in Pasco County, Florida; Docket No. 060285-SU; Utilities, Inc. of Sandalhaven's Application for Rate Increase in Charlotte County, Florida  
Our File Nos.: 30057.109, .111, .112, .113, .114, .116, .120, .121, .128

Dear Ms. Bayo:

The following are the Utilities' supplemental responses to Commission Staff's July 21, 2006, correspondence identifying further deficiencies in the MFRs:

2. Rule 25-30.440 (8), F.A.C., requires that each applicant for a rate increase shall provide to the Commission one (1) copy of a list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employee's salary allocation method to the Utility's capital or expense accounts. The responses to staff's first deficiency letters in the above dockets provided a list of employees that does not completely reconcile to the employees reflected in Utilities, Inc.'s cost allocation manuals for June 30, 2005, September 30, 2005, and December 31, 2005. However, the responses do not clearly show or identify what the duties are for each field employee. As such, staff suggests that the specific duties for

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Ms. Blanca Bayo  
Commission Clerk and Administrative Services Director  
Florida Public Service Commission  
August 22, 2006  
Page 2

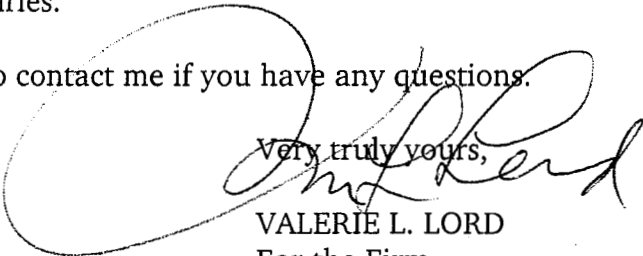
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each employee should appear immediately after the name to enable staff to identify the respective duties of each field employee. In addition, the responses to staff's first deficiency letters failed to provide an explanation of each employee's salary allocation method to each respective utility's capital or expense accounts as required by this Rule. In order to assist in meeting the requirements of this Rule, please provide all information necessary in the same or similar format as shown on Attachments B through F. Further provide a narrative explanation of how each employee's salary was allocated to each respective utility's capital or expense accounts.

**RESPONSE:** Employee salaries are allocated to each utility for which the employee provides service, based on customer equivalents. Capitalized time is booked directly to plant accounts based on an individual's calculated hourly rate. For example, if an employee works for several companies, their salary would be allocated to the salary expense account, based on customer equivalents. If an employee works on capital projects, that cap time gets booked directly to the plant account that relates to the work performed. For each entry made for cap time to a plant account, a corresponding entry is made to the salaries-charged to plant account, which is a debit account to salaries.

Please do not hesitate to contact me if you have any questions.

Very truly yours,



VALERIE L. LORD  
For the Firm

VLL/tlc

cc: Mr. Troy Rendell, Division of Economic Regulation (via hand delivery)  
Mr. Bart Fletcher (via hand delivery)  
Mr. Steven M. Lubertozi (via U.S. Mail)  
Ms. Kirsten Weeks (via U.S. Mail)  
Mr. Michael Dryjanski (via U.S. Mail)  
Mr. John Hoy (via U.S. Mail)  
Mr. Patrick C. Flynn (via U.S. Mail)

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