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Public Service Commission

August 30, 2006

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

Re: *Docket No. 060260-WS* - Application for increase in water and wastewater rates in Highlands County by Lake Placid Utilities, Inc.

Dear Mr. Friedman:

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

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

For each addition, provide the following:

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
- SGA \_\_\_\_\_
- SEC 1
- OTH \_\_\_\_\_

- (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 for each outstanding plant addition.

- 2. With regard to Accounts 615 and 715, Purchased Power reflected on MFR Schedules B-5 and B-6, the utility reflected purchased power of \$2,492 for water and \$3,270 for wastewater. According to MFR Schedule B-3, Lake Placid has proposed a pro forma purchased power adjustments of \$372 for water and \$787 for wastewater.

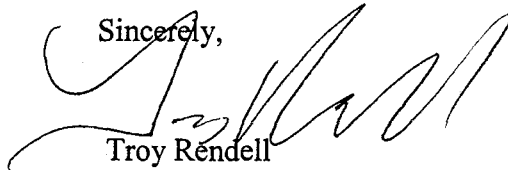
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- (a) Please provide all of the utility's calculations, workpapers, and support documentation for the above purchased power increases. The support documentation should include, but is not limited to, all 2005 electric power bills/invoices for the water and wastewater systems and the most recent month's electric power bill/invoice for the water and wastewater systems.
  - (b) Please provide a schedule showing, by month, the charges for electric power and consumption for the 12 month period ending December 31, 2005, the charges that would have resulted had the new electric rates been applied, and the difference between the charges under the old rates and the charges under the new rates.
  - (c) If the utility's proposed increases are greater than the difference between the charges under the old rates and the charges under the new rates, please explain why.
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. 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.

Please submit the above information to the Division of the Commission Clerk and Administrative Services by September 29, 2006. If you have any questions, please contact Tiffany Joyce by phone at (850) 413-6877.

Sincerely,



Troy Rendell  
Public Utilities Supervisor

TR:tj

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

