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REPLY TO CENTRAL FLORIDA OFFICE

November 17, 2008

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RE: Docket No. 080250-SU; Mid-County Services, Inc.'s Application for an Increase in Wastewater Rates Increase in Pinellas County, Florida  
Our File No.: 30057.155

Dear Ms. Cole:

The following are Mid-County Services, Inc.'s (the "Utility") responses to the Commission Staff's October 23, 2008 correspondence identifying additional deficiencies in the MFRs filed in the above-referenced proceeding.

Please find attached hereto the document titled *Mid-County B-12 to GL tie out for deficiency 2 (2<sup>nd</sup> set deficiencies)*. This document shows the amount of allocated salaries shown on the original filed B-12, the revised B-12 filed on 10/13/08 (submitted again in response to this deficiency), and the general ledger. It also shows any difference between the original filed B-12 and the general ledger. These differences all have explanations; many of the explanations were supported by the revised B-12 filed on 10/13/08. There were however, differences that could not be traced back to the allocation workpapers. Since these could not be traced back as a proper allocation, the Utility did not include them on the B-12. Additionally, the document titled *Mid-County Test year Employees* is being resubmitted to correct a scrivener's error.

As in the revised B-12 filed on 10/13/08, the total allocation of salaries is \$270,422, an increase of \$5,588 compared to the original total allocation of \$264,834. This difference is attributable to:

\$ 955	Additional allocation in June in a/c 6120 not picked up on the original B-12
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(\$4,672)	Additional allocation in September in a/c 6120 not picked up on the original B-12
(\$ 19)	Additional allocation in December in a/c 6155 not picked up on the original B-12
\$ 7	Additional allocation in December in a/c 6135 not picked up on the original B-12
\$4,841	Additional allocation in December in a/c 6160 not picked up on the original B-12
\$4,476	Incorrect allocation made and reversed in December in a/c 6165; the reversal was not picked up on the original B-12
\$5,588	Total difference between original B-12 and revised B-12 filed on 10/13/08

In its second deficiency letter, Staff called attention to the total of Schedule B-6 lines (1) and (2) of \$259,385. This is the total salaries reflected on the general ledger. The difference between the salaries reflected on the general ledger (\$259,385) and the salaries reflected on the revised B-12 filed on 10/13/08 (\$270,422) is \$11,037. This difference is comprised of:

\$ 356	Amount of allocated capitalized time in March booked to the GL and not picked up on the revised B-12 filed on 10/13/08 because it was untraceable
\$ 893	Amount of allocated capitalized time in June booked to the GL and not picked up on the revised B-12 filed on 10/13/08 because it was untraceable
(\$1,473)	Additional allocation of executive salaries in March, but not picked up on the original B-12 or the revised B-12 filed on 10/13/08 because it was untraceable
\$11,261	Actual capitalized time directly booked to Mid-County
\$11,037	Total difference between revised B-12 filed on 10/13/08 and B-6

This capitalized time of \$11,261 (\$11,262 due to rounding) is provided in the document titled *Salary Allocation of Field Employees*, attached hereto.

As noted previously, each employee's salary is calculated in the manner below. The only difference for each employee is the denominator, which varies depending on the specific systems for which each employee works. The salary allocation was calculated for per books purposes based on equivalent residential customers (ERCs), converted into customer equivalents (CEs). The allocation was then calculated as follows:

Mid-County CEs at 12/31/07

Total CEs at 12/31/07 for systems where employee performs duties

The salary allocation for each employee for each of the four quarters can be found on each employee's salary sheet from the attached *Salary Allocation of Field Employees*, under the section, "Salary Allocation". For example, John Bonagura's salary allocation for the first quarter shows the following, which shows that Mid-County receives 4.94% (3,352 CEs / 67,898 CEs) of John Bonagura's first quarter salary (\$16,250 \* 4.94% = \$802).

<b>SALARY ALLOCATION</b>
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<u>Line No.</u>	<u>Employee Name</u>	<u>(a) 1Q Systems Assigned</u>	<u>(b) 1Q Systems Customer Equivalents</u>	<u>(c) 1Q Systems % Assigned</u>	<u>(d) Allocation Method</u>	<u>(e) 1Q Salary Allocated</u>
	Bonagura, John					
1	Tierra Verde	1,205		1.77%	23 line 1/line	288
2	Lake Placid	240		0.35%	23 line 2/line	57
3	East Lake	909		1.34%	23 line 3/line	218
4	Pebble Creek	2,211		3.26%	23 line 4/line	529
5	Alafaya	7,319		10.78%	23 line 5/line	1,752
6	Longwood			2.66%	line 6/line	

		1,806		23	432
				line 7/line	
7	Wedgfield	2,313	3.41%	23	554
	Cypress			line 8/line	
8	Lakes	1,773	2.61%	23	424
				line 9/line	
9	Eagle Ridge	2,532	3.73%	23	606
				line 10/line	
10	Mid-County	3,352	4.94%	23	802
				line 11/line	
11	LUSI	9,912	14.60%	23	2,372
				line 12/line	
12	UIF	8,123	11.96%	23	1,944
				line 13/line	
13	Miles Grant	1,642	2.42%	23	393
				line 14/line	
14	Sanlando	16,463	24.25%	23	3,940
				line 15/line	
15	Pennbrooke	2,082	3.07%	23	498
				line 16/line	
16	Sandalhaven	985	1.45%	23	236
				line 17/line	
17	Bayside	244	0.36%	23	58
				line 18/line	
18	South Gate	2,883	4.25%	23	690
				line 19/line	
19	Labrador	1,167	1.72%	23	279
				line 20/line	
20	Acme	161	0.24%	23	39
	Hutchinson			line 21/line	
21	Island	294	0.43%	23	70
				line 22/line	
22	Sandy Creek	282	0.42%	23	67
23		<u>67,898</u>	<u>100.00%</u>		<u>16,250</u>

The allocation applies to the employee's total salary expense. Any capitalized portion is then credited directly to Mid-County's salary expense, and debited to the proper

capital account, as shown by employee on the attached *Salary Allocation of Field Employees*. The personnel who have capitalized time to Mid-County are as follows:

John Hoy  
Patrick Flynn  
Scotty Haws  
Jason Borntrager  
Tony Wierzbicki  
Michael Wilson  
Mark Windholz  
Jeffrey Finehirsh  
Robert Buono  
Stephen Szczepkowski

Should you or the Staff have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



CHRISTIAN W. MARCELLI  
Of Counsel

CWM/tlc  
Enclosures

cc: John Hoy, Chief Regulatory Officer (w/enclosures) (via e-mail)  
Patrick C. Flynn, Regional Director (w/enclosures) (via e-mail)  
Ms. Deborah Swain (w/enclosures) (via e-mail)  
Mr. Frank Seidman (w/enclosures) (via e-mail)