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# Public Service Commission

January 26, 2010

## STAFF'S FIRST DATA REQUEST

Christian Marcelli  
Rose, Sundstrom & Bentley, LLP  
2180 West State Road 434  
Sanlando Center, Suite 2118  
Longwood, FL 32779

**Re: Docket No. 090402-WS - Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation.**

Dear Mr. Marcelli:

Staff needs the following information to complete our review of the application filed by Sanlando Utilities Corporation (Utility or Sanlando).

1. The following items relate to the pro forma plant improvements reflected in adjustment (A)(7) on MFR Schedule A-3.

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 or is in process;
  - (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. The following item pertains to the Utility's water and wastewater treatment systems. Please provide your latest Wastewater Treatment Plant Site Map that shows the wastewater plants, equalization tanks, filter and reclaimed water storage tank, and any proposed additions.

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3. The following items relate to Sanlando'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.
4. Provide a copy of Sanlando's trial balance for the months of October 2009, November 2009, and December 2009.
5. On MFR schedule A-18, page two, line two, for December 2008, what does the negative number represent? Why isn't Plant reduced for December 2008? What appropriate action does the Utility plan to take?
6. Provide a detailed description for project numbers 1170701 and 1150405. Have these projects been completed? If so, please state when they were completed. If they have not been completed, please identify the estimated completion date.
7. In the Utility's response to Audit Finding No. 4, the Utility states that it believes that the Audit Staff has a typo in their numbers. Could you please be more specific about this possible typographical error?
8. In the Utility's response to Audit Finding No. 15, Account 102100.6010-WSC.SE6.A WSC, w/p AF (15)a, it only gives an estimated figure for "UI-PWC engagement letter." Please provide documentation to support this figure.
9. In the Utility's response to Audit Finding No. 15, account 102100.6355, please provide more support documentation and the General Ledger detail for this account. What has been the annual headquarter relocation expenses from 2003 to 2008?

10. In the Utility's response to Audit Finding No. 15, account 855100.6360, please provide the complete 500 page invoice.
  11. For Audit Finding No. 16, please provide invoices for all expenses listed.
  12. With respect to the Utility's response to Audit Finding No. 18, why should an increase of \$30,977 be made? The Utility's total tax bills are \$338,473, and the total taxes listed on MFR schedule B-15 is \$311,743. The difference in the two numbers is \$26,730. Please provide a reconciliation for this finding.
  13. In the Utility's response to Audit Finding Nos. 2 and 5, the Utility states that it uses monthly depreciation. In the Utility's response to Audit Finding No. 6, the Utility states that it uses a half-year convention on WSC assets. Does the company use monthly or half-year depreciation?
  14. In the Utility's response to Audit Finding No. 15, there was an invoice in the workpapers that could not be reconciled. The invoice was for Sprint in the amount of \$35,587. Can you please provide more information?
  15. Staff would like to request legible copies of workpapers for AF(4), and AF(5). The text is too small.
  16. Please provide an electronic copy of the Utility's response to the Audit.
  17. On MFR Schedule B-7, page 2 of 2, the salaries have increased by \$232,612 or 55.56 percent for Accounts 601 and 603 since 2005. In prior Utilities, Inc. (UI) cases, UI cited customer growth and increased revenues as the justification for adding several new customer support employees, both in the state of Florida as well as positions in Northbrook, IL whose salaries were allocated to UI's subsidiaries.
    - (a) Due to the recent sale of UI systems (including, but not limited to, Miles Grant, Wedgefield, and a large subsidiary in North Carolina) which should cause a decline in UI's revenues please explain why no reductions to salaries have not been made.
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January 26, 2010

(b) Please provide all the Utility's support justifying its salary increases since 2005. At a minimum, please include in your response each employee's name, title, salary amount for all direct employees, gross salary amount and allocated salary amount for all indirect employees, and a detailed description of the duties and responsibilities of all direct and allocated personnel employed in 2005 and those employed in 2008. Please include an explanation and a detailed support for any new direct or allocated salary employees and provide support for any salary increases from 2005 to 2008 for existing direct and allocated salary employees that are still employed by UI in 2008.

18. In past rate proceedings for several of Sanlando's sister utilities, UI has stated that the purpose of the Project Phoenix was to improve the Utility's capabilities and processes in their accounting, customer service, customer billing, and financial and regulatory reporting areas. As Project Phoenix has been fully deployed for nearly one year, please provide the benefits realized as a result of the Project Phoenix in regard to the Utility's accounting, customer service, customer billing, and financial and regulatory reporting areas, including the cost savings realized (i.e. personnel reductions) and all quantifiable benefits.

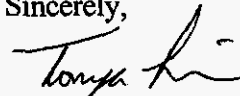
19. The following items relate to the pro forma amortization of deferred maintenance projects reflected in adjustment (B)(8)(a) totaling \$3,000 for water and (B)(8)(b-d) totaling \$9,600 for wastewater on MFR Schedule B-3.

For each of these, provide the following:

- (a) a statement why each project was necessary; and
- (b) a copy of all invoices and other support documentation.

Please submit the above information to the Office of Commission Clerk by February 16, 2010. If you have any questions, please contact me by phone at (850) 413-6934 or by e-mail at [tlinn@psc.state.fl.us](mailto:tlinn@psc.state.fl.us).

Sincerely,



Tonya Linn  
Regulatory Analyst II

cc: Division of Economic Regulation (Bulecza-Banks, Fletcher, Lingo, Reiger)  
Office of the General Counsel (Bennett)  
Office of Commission Clerk  
Office of Public Counsel