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Public Service Commission

December 20, 2010

Mr. Charles DeMenzes  
Tradewinds Utilities, Inc.  
P. O. Box 5220  
1410 NE 8<sup>th</sup> Avenue  
Ocala, FL 34478

**Re: Docket No. 100127-WS - Application for an increase in water rates in Marion County, Florida by Tradewinds Utilities, Inc.**

Dear Mr. DeMenzes:

Staff needs the following information to complete our review of the application filed by Tradewinds Utilities, Inc. (TUI or Utility).

1. In the MFR's filed September 27, 2010 the utility showed a prior test year of 12/31/1991. In the revised MFR's filed November 22, 2010 a 12/31/1993 prior test year is used for some schedules. On Schedule 7, for example, the Salaries & Wages in the original filing were \$22,044 and the revised MFR's show Salaries & Wages of \$12,180. The Purchased Power went from zero to \$2,723 in the revised MFR's while the Contractual Services – Testing went from \$10,519 to zero. Similar changes also appear on Schedule B-8. Please explain.
2. The following items relate to Tradewinds' requested rate case expense:
  - a. For each individual person, in each firm providing consulting services to Tradewinds 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 Tradewinds 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.

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DOCUMENT NUMBER 100127-WS

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Mr. Charles DeMenzes

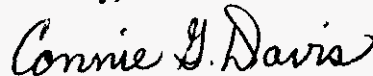
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3. Please explain why the Chemicals expense in 2009 on Schedule B-7 is less than half of the amount for Chemicals in 1991.
4. What were the actual bad debt expenses for 2008? What are the actual bad debt expenses for the first eleven months of 2010? Please identify for the water and wastewater separately.
5. Please explain (in detail) the increase in Miscellaneous Expenses from 1991 to the 2009 test year.
6. For the Used and Useful calculations in Schedule-6 (Rev. 1), please provide the inflow and infiltration (I&I) calculation justifying the 19 percent excess I&I determination indicated in Schedule-6 (Rev. 1).
7. In MFR schedule B-3, Tradewinds has requested a 5 percent salary and wage increase and an increase in healthcare costs. Please provide any and all calculations, workpapers, support documentation and/or studies that justify these increases.
8. In MFR Schedule D-5, lines 3 and 4 show "Due to deMenzes" with a zero percent cost rate. For example, Please explain why there is a zero cost rate, state if any principle payments have been made, and provide all documentation for the debt obligation.

Please submit the above information to the Office of Commission Clerk by January 19, 2011. If you have any questions, please contact me by phone at (850) 413-6932 or by e-mail at [cdavis@psc.state.fl.us](mailto:cdavis@psc.state.fl.us).

Sincerely,



Connie Davis  
Regulatory Analyst II

cc: Division of Economic Regulation (Fletcher, Maurey, Daniel, Cicchetti, Lingo, Reiger)  
Office of the General Counsel (Jaeger)  
Office of Commission Clerk (Docket No. 100127-WU)