

June 8, 2012

FEDEX

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RECEIVED-PPSC
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COMMISSION
CLERK

Re: Docket No.: 120037-WS; Application of Utilities, Inc. of Pennbrooke for an
Increase in Water and Wastewater Rates in Lake County, Florida
Our File No. 30057.205

Dear Ms. Cole:

Utilities, Inc. of Pennbrooke (the "Utility") submits the following responses
to Staff's First Data Request dated May 9, 2012:

Rate Base - Item 1

1. The following items relate to the pro forma plant improvements reflected in
adjustment 4 on MFR Schedule A-3, Page 2 of 6.

For each addition, provide the following:

- (a) a statement why each addition is necessary;

Response:

Through further investigation the Utility has determined that it will not be
necessary to replace Well #1 in its entirety by having to drill a new well.
Instead, the existing 12" well pump assembly will be replaced by a new 10"
pump assembly. The smaller diameter pump will prevent contact between the
well casing and the pump assembly as well as provide sufficient pumping
capacity. The cost of this pump replacement project has been significantly
reduced to an estimated \$20,000.

- (b) a copy of all invoices and other support documentation if the plant addition
has been completed or is in process;

Response:

This project has not yet been completed.

- (c) a copy of the signed contract or any bids, if the plant addition has not been
completed;

INSTRUMENT NUMBER DATE

93798 JUN 11 2012

Response:

A quote for the project is pending and will be provided under separate cover next week. Because the project's scope was reduced significantly from the original scope, new cost information is being obtained.

- (d) a status of the engineering and permitting efforts, if the plant addition has not been through the bidding processing;

Response:

The engineering for the well replacement has been completed. No permits were required in advance of construction.

- (e) the projected in-service date for each outstanding plant addition; and

Response:

The new well pump is scheduled to be installed and placed into service by September 30, 2012.

- (f) the original cost of any retirements.

Response:

The existing 12" pump assembly was placed into service in February 2005 at a cost of \$12,750.00.

O & M Expenses - Item 2

2. According to MFR Schedule B-3, Page 1 of 2, the Utility has proposed adjustment (B) on Lines 4 through 12 for O&M expenses. Please provide all of the Utility's calculations, bases, workpapers, and support documentation for the above pro forma adjustments.

Response:

For adjustments (B)(1) through (B)(5), please see the enclosed CD containing the file "2012 Pennbrooke Salary Adjustment.xlsx". This file is confidential. Please refer to the lead sheet for totals that match those in the MFR. Supporting sheets detailing how the utility arrived at these totals follow on subsequent tabs. For adjustment (B)(6), please see the attached "Annualized Allocations.xlsx". A summing of the O&M on the tab named Lead Summary - IS provides you with a total of (\$953). This is slightly different than the MFR total of (\$976), however the file provided is the correct number. Supporting sheets detailing how the utility arrived at these totals follow on subsequent

tabs. Purchased power for water has been adjusted to reflect only actual invoices incurred during the test period. This is because the accruals in this account were significantly off, creating a negative expense during some months. However, the adjustment does take a balance in the account of \$17,229 to adjust against. This is a typo. The allocation has already been adjusted through adjustment (B)(6), so the amount to adjust against in this account should be \$17,728.65, or \$17,729. So the adjustment should be the actual invoices of \$23,013 less the \$17,729 for an adjustment of \$5,284. As you can see, in the original adjustment, there was a typo of \$500.

3. According to MFR Schedule B-5, Employee Pensions & Benefits increased substantially in August 2011 and September 2011 when compared to other months. Please provide all of the Utility's calculations, bases, workpapers, and support documentation for the above increase in Employee Pensions & Benefits.

Response:

Salaries are adjusted after the test year to reflect actual salaries that are known and measurable as of the time of filing. Any increases or decreases during the test year are not necessarily relevant, but could reflect the termination or hiring of employees, or increased or decreased capitalized time during a month as well.

4. According to MFR Schedule B-6, Employee Pensions & Benefits increased substantially in August 2011 and September 2011 when compared to other months. Please provide all of the Utility's calculations, bases, workpapers, and support documentation for the above increase in Employee Pensions & Benefits.

Response:

Salaries are adjusted after the test year to reflect actual salaries that are known and measurable as of the time of filing. Any increases or decreases during the test year are not necessarily relevant, but could reflect the termination or hiring of employees, or increased or decreased capitalized time during a month as well.

5. According to MFR Schedule B-6, Miscellaneous Expenses increased substantially in February 2011, March 2011, and May 2011 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increase in Miscellaneous Expenses.

Response:

Please see the attached excel file titled "B-6 Misc Exp.xlsx." The tab titled "Misc Exp Total (B6)" provides the general ledger for the miscellaneous expense that appears on the B6 which has a total of \$34,378. The tab "Pivot by Month by Obj Acct" illustrates a

month by month analysis of each object account providing a table to locate the month to month discrepancies. On this tab the Company has highlighted three totals that are responsible for the increased expense when compared to other months. The object account that is responsible for the increases is account 6270 for February, March, and May. Object account 6270 has increases in these months due to maintenance testing by the Company. Please see the attached file titled "UI of Pennbrooke Invoices - 6270.xlsx" for the invoices that make up the increases in February, March and May.

Rate Case Expense - Item 3

6. The following items relate to Pennbrooke'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.

Response:

Please see the attached adobe file titled "Invoices 5.31.2012.pdf" and "Consultants Actual & Estimated Rate Case Expense - 5.23.12.pdf" for the items requested.

- 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

Response:

Please see the response to Rate Case Expense Item (a.) for the requested documentation.

- 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.

Response:

Please see the attached adobe file titled "Consultants Actual & Estimated Rate Case Expense - 5.23.12.pdf" provided in response to Item (a.) above for the documentation requested.

- 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.

Response:

Please see the adobe file titled "Consultants Actual & Estimated Rate Case Expense - 5.23.12.pdf" provided in response to Item (a.) above and please also see the attached adobe file titled "Rate Case Expense Update 5.31.2012.pdf" for the remaining estimates to complete through the PAA process.

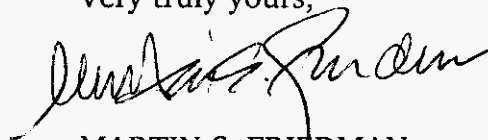
- e.) Please provide an itemized list of all other costs estimated to be incurred through the PAA process.

Response:

Please see the response to Rate Case Expense Item (d.).

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

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/der
Enclosures

cc: Kirsten E. Markwell, Manager of Regulatory Accounting (via e-mail)
Nicole Winans, Regulatory Accountant (via email)
Patrick C. Flynn, Regional Director (via e-mail)
Mr. Frank Seidman (via e-mail)