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# Public Service Commission

August 2, 2013

## STAFF'S SECOND DATA REQUEST

Martin S. Friedman, Esquire  
Sundstrom, Friedman & Fumero, LLP  
766 North Sun Drive, Suite 4030  
Lake Mary, FL 32746

**Re: Docket No. 130025-WU – Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.**

Dear Mr. Friedman:

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

1. Please provide an updated rate case expense amount along with any necessary supporting documentation.
2. In MFR Volume IV, Workpaper 9, and in response to Staff's First Data Request, Item 1, the Utility provided copies of Lake Placid Holding Company (LPH) invoices, LPH time sheets, and Placid Lakes time sheets to support Mr. King's work on the rate case.
  - a. Please provide the same support documents for Ms. Brewer.
  - b. On LPH timesheets, Mr. King is listed as working on "Placid Lakes' Rate Case MFR" from the week of April 29<sup>th</sup> until the last week of June. However, the rate case application and all MFR's were submitted on April 24<sup>th</sup>. Please provide a breakdown of the work performed from April 29<sup>th</sup>-June 30<sup>th</sup>.
3. In response to Staff's First Data Request, Item 3, the Utility explained that they had not purchased either of the proposed new trucks, as they were waiting for PSC approval. Please provide an explanation of the proposed funding for these pro forma investments prior to any PSC rate approval, including the cost rate and term of debt.
4. In response to Staff's First Data Request, Item 12, the Utility provided were labeled "Preliminary Estimates" and showed a balance completely paid for by the insurance company. In addition, the repaired truck listed on the estimate was a 2004 Ford F250 4x4 Subercab; this truck is not listed on Schedule IX of MFR Volume III. Please provide the actual invoices from these repairs along with clarification regarding the vehicle repaired.

5. The following items relate to the Utility's response to Staff's First Data Request, Item 14.
  - a. Please provide the invoices and lease agreement for the copier;
  - b. Please provide the lease agreement for the postage meter;
  - c. Is the copier and postage meter solely used for utility purposes? If not, what percentage of use is devoted to utility operations?
6. In response to Staff's First Data Request, Item 15, the Utility explained that the generator repair was to get the generator back into a useful operating state. How often has the generator required repairs of this nature?
7. Please provide an official, executed quote from the company that provided the estimate in MFR Volume IV, Workpaper 10.
8. How is rental expense allocated between the Utility and its parent company, Lake Placid Holding Company?
9. The following items relate to the pro forma plant additions in MFR Volume IV, Workpaper 5.
  - a. Please provide a worksheet breaking down the types (radio read and touch read) of meters installed in the past 10 years. For the purposes of this response, use the format on Page 1 of MFR Volume IV, Workpaper 5.
  - b. Is the invoice on Page 2 from the meter replacement program or a new installation?
  - c. Please provide a timeline and executed proposal for the entire project;
  - d. Why wasn't the meter replacement program approved in the last rate case completed?
  - e. Please explain the change to capital structure that is necessary to fund this program including sources of capital, cost rate for debt, and term of debt.
10. Staff's Audit Report was filed on July 29, 2013 in Document No. 04357-13. Please provide a statement detailing which audit finding(s) the Utility agrees with. For each finding the Utility disagrees with, please provide a detailed explanation of the disagreements well as support documentation.
11. Schedule B-4, page 1 of 1, Test Year Revenues, show revenues of \$171 and \$385 for public authorities and public fire protection, respectively. Please indicate the customer names for public authorities and public fire protection and rates charged. Also, please indicate where these revenues are reflected on Schedule E-2, Revenue at Present and Proposed Rates.
12. Does the Utility currently bill any customers its multi-residential rates? Did the Utility bill those rates during the test year? If so, please provide a revised Schedule E-2. If not, please describe why those rates are no longer billed? Are the customers that were previously billed those rates now metered or is service temporarily discontinued?

13. Please indicate the Utility's threshold for considering a bill as high usage.
14. Please describe the Utility's protocol for following up with customers with high usage.
15. Please describe any action taken to follow up with customers to address the high usage during the test year.
16. Based on the Utility's protocol for following up with customers with high usage, were billing adjustments made during the test year for customers with high usage? Were those adjustments reflected on Schedule E-14?
17. According to the billing analysis for the 5/8" residential meter size, there are 21 bills where usage is over 39,000 gallons. For each of those bills, please provide the total usage for those customers, by month, for the test year.
18. Please provide detail for the Other Charges of \$383 indicated on Schedule E-5, Miscellaneous Service Charge Revenues.
19. Please refer to the Supporting Documentation for Schedule F-7, the Used and Useful Analysis of the Transmission and Distribution System, and answer the following questions:
  - a. On Page 1, Section 6 - Jefferson/Placid Lake Blvd, the value provided for the Standard Current Cost does not reflect the formula provided ( $2,200 \text{ ft} \times \$32.23/\text{ft} = \$70,906$ ). Please explain the discrepancy.
  - b. On Page 3, Section 13 - Cape, it lists a total of 4 connected lots and 5 total lots, but lists the percentage connected as 0%, and the resulting proposed used and useful as 10%. Please explain the discrepancy.
20. Please refer to Schedule F-7. The Utility details several components of its methodology to establish a used and useful percentage for the transmission and distribution system, including:
  - a. Lines equal to or greater than six inches are treated as 100%,
  - b. Lines with connected lots greater than 50% are treated as 100%,
  - c. Lines with connected lots less than 10% be treated as 10%, and
  - d. Lines with no serviceable lots are treated as 100%.Please refer staff to where the methodologies for (b), (c), and (d) were accepted by the Commission in its Orders for either the 1999 or 2009 rate cases.
21. Please provide Staff an electronic (Excel) copy of the Supporting Documentation for Schedule F-7, the Used and Useful Analysis of the Transmission and Distribution System.

22. Please refer to the Supporting Documentation for Schedule F-7, the Used and Useful Analysis of the Transmission and Distribution System. The Utility proposes to use a Standard Current Cost as the basis of determining weighting for used and useful percentages. Please explain why this methodology is used, instead of the original cost used in the utility's two previous rate cases.
23. Please refer to the Supporting Documentation for Schedule F-7, the Used and Useful Analysis of the Transmission and Distribution System. The Utility's total number of lots has increased since the 2009 proceeding from 5,103 to a current total of 5,147. Please answer the following questions:
  - a. Please explain the increase in the total number of lots.
  - b. Please provide a line-by-line analysis of the increase or decrease in serviceable lots.
  - c. Please describe the number of customers taking a single service on more than one lot.
  - d. Please describe the number of lots taking multiple services.
24. Based upon the maps provided by the Utility showing service connections, it appears that the Utility may be serving outside the utility's certificated territory. For example, the Utility may be providing service to customers in Township 37 South, Range 29 East, Sections 24 and 13, including the following lines:
  - a. Placid View Drive
  - b. Washington Blvd NE
  - c. Chicago Road NE
  - d. Briar Glen Road
  - e. Augusta Road NE
  - f. Lincoln Road NE

Please confirm if the Utility is serving outside the certificated area for any service connections on the above lines or any other lines. Also include a list of the number of customers being served on each line that are outside of the certificated area.

25. If the Utility is serving customers outside of its certificated area for those lines listed above or for any other line, please describe when and under what circumstances you began serving these customers. Also, please explain why the utility did not amend its certificates in accordance with Section 367.045, Florida Statutes (F.S.), to include the additional territory that is now being served.
26. If the Utility is serving customers outside its certified territory, how long will it be before the Utility files amendment applications in accordance with Section 367.045, F.S., to add the territory being served?
27. Please refer to Schedule F-1. Please explain the determination of the Other Uses category at 10 percent of gallons produced, and how this reflects with the Utility's frequency of flushing, fire flows, and other flows that can be estimated.

28. Please refer to MFR Schedule F-1 filed in this docket, as well as the corresponding MFR schedule filed in the company's last rate case, Docket No. 080353-WU. In the last rate case, Schedule F-1 shows no water pumped for "Other Uses" (column 4), and a total "Unaccounted For Water" (column 6) of 2.79%. The corresponding data for the current rate case shows a marked increase in "Other Uses" and "Unaccounted For Water," comprising over 14% of the gallons pumped. Please provide an explanation for the increase.
29. Please refer to the Monthly Operating Report for September 2012 included in Volume III, Schedule V, Part A. Please describe any unusual events, fire flows, flushing, or variations in customer demand that may have influenced the total demand of 534,000 gallons on 9/19/12.
30. Please refer to the Monthly Operating Report for September 2012 included in Volume III, Schedule V, Part A. Please describe any unusual events, loss of pressure, flows, or variations in customer demand that may have influenced the total demand of 21,000 gallons on 9/22/12. As part of this response, please explain the increase in the chlorine peak flow rate given the decrease in finished water produced compare to the previous day.
31. Please explain the apparently discrepancy between the system's Total Finished Water Produced in the Utility's Monthly Operating Reports and the reported quantity withdrawn on the Utility's Water Use Permit Report Form during the test year.
32. Please refer to the Utility's Monthly Operating Reports for the test year. Did the Utility exceed its withdraw capacity as permitted by SWFWMD for any day, and if so, please identify the days.
33. Please refer to the Utility's Monthly Operating Reports for the test year. The Reports mark the facility as staffed daily, but the list of Licensed Operators states it was staffed for 7 days/shifts. Please clarify this discrepancy.
34. The map provided appears to denote significantly more private wells than is reflected on the U&U T&D information for the number of private wells from Schedule I of MFR Volume III. Please explain wells designation on the map and the reason for the apparent discrepancy from the number of private wells (6) reported on page 5 of MFR Volume III.
35. Please refer to MFR Schedules F-1 and E-2. Please explain why the total "Gallons Sold" (87,665, column 3) on Schedule F-1 does not match the total "Consumption in kgals" (87,705, column 3) on Schedule E-2.
36. Please refer to MFR Schedule E-3. Column 3 shows that, after remaining steady all year, the number of General Service customers increased dramatically from November to December of the test year. Please describe the increase in general service customers and note the location of lines in T&D.

37. Order No. PSC-09-0632-PAA-WU, issued on September 17, 2009, in Docket No. 080353-WU, Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc., stated that the company should loop opposing water lines on Thurman Avenue to mitigate taste and odor issues experienced by the customers. Has this work been completed and, if so, when?
38. The Monthly Operating Report for Nov 2012 has 31 days, while the calendar month only has 30 days. Please explain. Staff notes that the data for November 31st is the same as that for October 31<sup>st</sup>. Has this apparent error on the November MOR affected the monthly total and average amounts for November?
39. Regarding the wastewater service the utility provides, please answer the following questions:
  - a. Please describe the wastewater treatment facility, including date of installation and capacity.
  - b. Please provide the number of wastewater customers by type, including residential single family, residential multi-family, and general service.
  - c. Please provide total wastewater customer usage.
  - d. Please identify the location of the wastewater treatment plant.
  - e. Please identify the location of wastewater customers.
  - f. Please identify how many wastewater customers are also water customers, and if wastewater customers are not water customers, please describe how their water service is provided.
  - g. Please explain how wastewater service is provided to all other water customers.
  - h. What is the capacity of the water treatment plant that serves the 13 wastewater customers?
40. Did any unusual events occur on February 3, 2012, August 9, 2012, or September 19, 2012? If so, please describe.
41. Do any customers have separate irrigation meters and, if so, how many?
42. Please identify how many single family residential customers' homes occupy more than one lot.
43. Please refer to the 2013 F-150 4x4 Super Cab in Volume III Schedule IX.
  - a. Please explain the reason for a third vehicle, instead of replacing the 2003 Truck with the 2013 F-150 4x4.
  - b. How frequently is this vehicle used?
  - c. How frequently is it required for maintenance and construction projects that either of the F-150 4x2 trucks could not perform?

Martin S. Friedman, Esquire

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44. Workpaper 5, page 5 of 15, describes the utility's decision in Oct 2009 to continue the utility's meter replacement program at six meters per month. However, the Utility reports that between 2009 and 2012 only 27 meters were replaced. Please explain the reason for this delay in meter replacements.
45. Please describe the meter replacement project timeline and milestones, including how many meters are to be replaced each month and the projected completion date.
46. Are either the golf course or its associated buildings customers of Placid Lakes? If so, does Placid Lakes provide water for irrigation? If not, does a cross connection exist between its facilities and Placid Lakes? If it is not a regular customer but has a cross-connection with Placid Lakes, how frequently does it take service from the utility?

Please submit the above information to the Office of Commission Clerk no later than September 1, 2013. If you have any questions, please contact me by phone at (850) 413-6877 or by email at [lroberts@psc.state.fl.us](mailto:lroberts@psc.state.fl.us).

Sincerely,



Lydia Roberts  
Public Utilities Analyst  
Division of Economics

cc: Division of Economics (Daniel, Hudson, Roberts)  
Division of Accounting and Finance (Bulecza-Banks, Maurey, Fletcher, Norris)  
Division of Engineering (Ballinger, Vickery, Lewis, Watts)  
Office of the General Counsel (Gilcher)  
Office of Commission Clerk (Docket 130025-WU)