



December 2, 2013

VIA E-FILING

Ms. Ann Cole, Commission Clerk
Office of Commission Clerk
Public Service Commission
2540 Shumark Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 130211-WS- Application for staff-assisted rate case in Polk County by
S. V. Utilities, Ltd.
Our File No.: 42035.02

Dear Ms. Cole:

The following is S. V. Utilities, Ltd.'s ("Utility") response to Staff's Audit dated November 7, 2013 [Audit Control No. 13-252-2-3].

Finding 4: Contributions-in-Aid-of-Construction and Accumulated Amortization of CIAC

The Staff Audit imputes as CIAC the value of the collection and distribution systems. However, in this case the collection and distribution systems were not written off, but have been capitalized. Enclosed is the statement from the Utility's CPA to that effect. Since this is a rental mobile home community, the developer would not have had any lot sales against which to write off the cost of the collection and distribution systems. In an identical situation, this Commission in Order No.: PSC-96-0062-FOF-WS issued January 12, 1996, stated as follows:

"The utility does not have any records which indicate whether or not the utility has collected any CIAC or written off the lines to cost of goods sold. The mobile home park is strictly a rental community and the owner still owns all of the lots within the park. Therefore, CIAC shall not be imputed for the mobile home park."

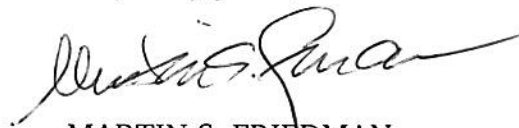
Similarly, this Commission in Order No. PSC-04-1120-PAA-WU issued November 9, 2004, reaffirmed that when the developer does not sell the mobile home lots but leases them to homeowners, the imputation of CIAC is inappropriate. There is no factual or legal basis to depart from that Commission precedence.

Finding 9: Payroll and Corporate Overhead Allocations

The auditors provided the analysis of the correct allocation of payroll of those persons who provide services to the utility directly, as well as correct allocations at the corporate level. Currently, payroll costs of those employees are not correctly being allocated to the proper water and wastewater utilities, thus operating expenses are understated per the PSC annual report. The Auditors then conclude, and S. V. Utilities, Ltd. agrees, that O&M Expenses would increase by \$50,229 for water and \$35,687 for wastewater. The payroll allocations were provided to Audit Staff under confidential classification. These payroll allocations properly reflect the correct payroll allocation and G&A at the corporate level and costs associated with these employees. Enclosed is the schedule showing G&A at the corporate level with the percentage of time each corporate level employee devotes to utility business. The known G&A amounts attributable to the water and wastewater utilities are then deducted from the total to come up with a net G&A expense to be allocated among all of the utilities. The average of the known amounts is 9.42% and that percentage is then applied to the total amount, (after deduction the already included expenses), for a net amount of G&A expenses to allocate of \$135,144. The appropriate amount attributable to S. V. Utilities, Ltd. is \$33,430, which should be allocated between the water and wastewater systems. The worksheets highlighting the Adjusted Payroll Expenses and G&A Expenses (to be added to Operating Expenses) were provided to the Auditors, which reflect the correct Operating Expense figures.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/der
Enclosure

cc: Brian Altman (via email)
Curt Mouring (via email)
Kelly Thompson (via email)

Jim D. Lee, Certified Public Accountant

500 S. Florida Avenue, Suite 640
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January 7, 2008

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No.: 070513-WS, SV Utilities, Ltd. Application for Staff Assisted Rate Case in
Polk County, FL

Dear Sir or Madam:

I understand that in connection with the above proceeding the Commission Staff has recommended the imputation of CIAC in the amount equal to the cost of the collection and distribution systems within the mobile home community.

The tax returns were available to you auditors, and they do not disclose that the collection and distribution systems were written off. Since the partnership owns the land, these costs have been capitalized as part of basis.

Very truly yours,



Jim D. Lee
Jim Lee, CPA

G&A

	<u>2011</u>	<u>2012</u>	<u>Projected 2013</u>	<u>Projected 2014</u>			
Auto/Truck	24,185.47	30,210.58	32,740.73	33,000.00			2,970.00
Bank Fees	14,784.38	26,163.60	27,197.04	28,000.00			2,520.00
Dues & Subscriptions	411.47	236.51	-	-			-
Equipment Rent	18,630.55	15,117.29	16,468.92	17,000.00			1,530.00
Equipment	47,198.25	21,769.84	11,981.33	15,000.00			1,350.00
Filing Fees	158.75	158.75	302.50	300.00			27.00
Insurance	236.53	2,092.03	14,170.75	15,000.00			1,350.00
Legal	11,226.87	9,846.76	9,373.70	10,000.00			900.00
Licenses & Permits	-	254.80	300.00	300.00			27.00
Payroll	1,120,493.53	1,012,675.32	875,558.54	915,000.00	89,828.09	9.82%	82,350.00
Office Supplies	80,416.82	74,544.65	41,536.39	45,000.00			4,050.00
Postage	63,401.38	60,711.60	55,236.33	57,000.00	5,281.20	9.27%	5,130.00
Rent	229,096.93	264,789.57	331,083.69	330,000.00	27,500.00	8.33%	29,700.00
Telephone	53,598.14	60,626.13	39,721.10	35,000.00			3,150.00
Travel	275.85	3,192.52	438.86	500.00			45.00
Seminars & Conferences	464.65	348.63	-	500.00			45.00
	<u>1,666,590.57</u>	<u>1,584,750.58</u>	<u>1,456,109.88</u>	<u>1,501,600.00</u>	122,609.29	9.42%	135,144.00
							\$ 47.42 per lot per year
					CHC VII	869	\$ 41,207.07 2.74%
					SV Utilities	705	\$ 33,430.36 2.23%

Name	
Kim Calcutt	0.0% Office Manager - MHP Rentals
Sharon Cribbs	10.0% Receptionist
Jessica Culbreth	75.0% PM Accounting / Water Billing / Water Cash Receipts
Bridget Ebdrup	5.0% Accounting Manager (oversees AP and Cash Receipts)
Randi Evans	0.0% Personal Assistant to Chairman
Ben Falk	5.0% CFO
Julie Graves	25.0% PM Accounting Manager
Donis Janssen	10.0% Cash Management / AP / Cash Receipts / Checkbooks
Kim Kelley	10.0% Tax Specialist / PSC Reports
Jay Langley	10.0% IT
Marty Marick	50.0% Accounts Payable
Kristin Parow	2.5% Staff Accountant (General Ledger and Financial Statements)
Rhonda Pleima	5.0% Payroll Administrator
Rhonda Riggleman	0.0% Tax Specialist
Linda Tompkins	2.5% Accounting Clerk - Bank Reconciliations
Sue Trevillian	0.0% Personal Assistant to Ben/Brian / Accounting Clerk
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