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COMMISSION
December 30, 2013 CLERK

VIA FEDEX

Carlotta S. Stauffer, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Docket No. 130212-WS; Application for an Increase in Water and Wastewater Rates in Polk County by Cypress Lakes Utilities, Inc.
Our File No.: 30057.212

Dear Ms. Stauffer:

The following are Cypress Lakes Utilities, Inc.'s responses to the Staff's Audit dated December 16, 2013, Audit Control No. 13-296-4-1:

Finding 1: Plant Proforma

Response: Please see the attached files described below for seven invoices reflecting Draws 1, 2, and 3 by Lehigh Environmental, Change Order #1 by Lehigh, parts and materials purchased from USABB, and two invoices from Utility Group of Florida for the emptying of the tanks. Also attached is the quote from Lehigh in the amount of \$76,221.00 dated October 12, 2012 titled "Lehigh Environmental.pdf".

\$ 5,656.54	USA BB (file "CDE_USABB Quote #615249.pdf")
\$ 3,945.00	Utility Group of Florida, 1st invoice (file "Cypress Lakes Surge Tank Cleaning Project 2013083.pdf")
\$ 1,360.00	Utility Group of Florida, 2nd invoice (file "Cypress Lakes Surge Tank Cleaning Project 2013083 2nd Invoice.pdf")
\$ 15,000.00	Lehigh Environmental, Draw #1 (file "Lehigh Draw 1 9-10-13.pdf")
\$ 15,000.00	Lehigh Environmental, Draw #2 (file "Lehigh Draw # 2 10-7-2013.pdf")
\$ 15,000.00	Lehigh Environmental, Draw #3 (file "Lehigh Draw # 3 11-11-13.pdf")
\$ 19,650.00	Lehigh Environmental, Change Order #1 (file "Lehigh Enviro Change Order # 1 Project 2013083.pdf")
\$ 75,611.54	Total, to date
\$ 31,221.00	Remaining budgeted amount
\$106,832.54	Revised project total
<u>(\$110,000.00)</u>	Revised project budget amount
(\$ 3,167.46)	Adjustment to the pro forma amount

COM _____
AFD _____
APA _____
CO _____
ENG LCD _____
GCL _____
JDM _____
TEL _____
CLK _____

There will be two more draws by Lehigh Environmental totaling \$31,221.00 in the next few weeks reflecting the remaining work to be completed as per the original contract amount of \$76,221.00.

Assuming there are no additional change orders to the project, an adjustment to the revised pro forma item in the amount of (\$3,167.46) is appropriate. The project will wrap up in January. The Company will provide additional documentation at that time if warranted.

Finding 2: Retirements Not Recorded

Response: This finding is acceptable to the Company.

Finding 3: Adjustment From Order Incorrectly Booked

Response: This finding is acceptable to the Company.

Finding 4: Expense Recorded As Plant

Response: This finding is acceptable to the Company.

Finding 5: Sludge Equipment

Response: This finding is acceptable to the Company.

Finding 6: Misclassification of Wastewater Treatment Additions

Response: This finding is acceptable to the Company.

Finding 7: Rollforward Accumulated Depreciation Adjustment

Response: This finding is acceptable to the Company.

Finding 8: Accumulated Depreciation Understatement

Response: This finding is acceptable to the Company.

Finding 9: Contributions In Aid of Construction (CIAC)

Response: This finding is acceptable to the Company.

Finding 10: Accumulated Amortization of CIAC

Response: This finding is acceptable to the Company.

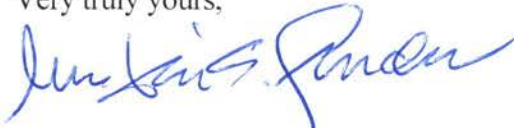
Finding 11: Other Miscellaneous Expense Non-Recurring

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Response: This finding is acceptable to the Company.

If you or the Staff have any questions, please feel free to contact me.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/der

cc: Jason Barrett (via e-mail)
Patrick Flynn (via e-mail)
Frank Seidman (via e-mail)