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Public Service Commission

February 6, 2014

STAFF'S FIFTH DATA REQUEST

Mr. Martin S. Friedman, Esquire
Friedman, Friedman & Long, P.A.
766 N. Sun Drive, Suite 4030
Lake Mary, FL 32746

Re: Docket No. 130212-WS, Application for increase in water/wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

Dear Mr. Friedman:

By this letter Commission staff requests that Cypress Lakes Utilities, Inc. (Utility) provide responses to the following data requests:

1. Please provide the frequency and costs of recurring engineering costs such as calibration of the flow meters, testing and reporting requirements, and system map updates. As part of the response, please provide the engineering costs booked to Account 631 and Account 731 from 2005 to 2012 and describe the need and expense levels for system map updates related to Phase 12 in 2012 and types of work and the expense levels in 2010 and 2011.
2. Please describe your company's compliance to the requirements of Order No. PSC-04-1275-AS-WS, issued December 23, 2004, in Docket No. 040316-WS¹ regarding the addendum reports to the Monthly Operating Reports detailing other uses. As part of the response, please provide copies of these additional reports for 2011 and 2012 for Cypress Lakes Utilities.

¹ See Docket No. 040316-WS, In re: Analysis of Utilities, Inc.'s plan to bring all of its Florida subsidiaries into compliance with Rule 25-30.115, Florida Administrative Code.

3. According to the revised MFR Schedule B-9, the water and wastewater systems are allocated Employment Finders Fees, \$351 and \$382 respectively, from the Regional Vice President/South and Water Services Corporation accounts. The following items relate to this expense.
 - a) Please provide a breakdown of the total fees paid per new position in 2012 and support documentation for the fees.
 - b) Please provide the total annual amount of Employment Finders Fees incurred in 2010, 2011, 2012, and 2013.
 - c) Please justify why it is reasonable to allocate these expenses down to the Utility as annually reoccurring expenses.
4. Please provide the amount, NARUC account, and support documentation for any deferred maintenance amortization expense included in the 2012 test year.
5. What was the annual amount of deferred maintenance amortization expense incurred in 2010, 2011, 2012, and 2013?
6. According to the Utility's 2006 Rate Case MFRs, Transportation expense totaled \$5,348 and did not include any allocations from the parent company. In the MFRs for the current case, Transportation expense totals \$20,490 with allocations from the parent company. The following items relate to this expense:
 - a) Please explain and justify the decision to switch from a direct allocation method to a multi-level allocation system for this expense.
 - b) Please provide work papers and calculations detailing this expense including direct costs and any allocations for 2009, 2010, 2011, and 2012.
 - c) Please explain how these costs are determined and provide a detailed justification of how this cost provides a direct benefit to the Cypress Lakes systems.
 - d) Please expand on the reasons cited on MFR Schedules B7 and B8 to justify the significant increase in transportation expense since the last rate case. For purposes of this response, provide documentation to support the requested increase in transportation expense.

7. Please clarify if any of the WSC employee capitalized time spent on the rate case was classified as overtime pay and provide a breakdown of the amount by employee.
8. What is the parent company's policy regarding personal usage of company issued cell phones? Are employees required to pay the parent company for personal usage? If so, how is this amount monitored?
9. Please provide a breakdown by vendor, amount, and allocation of expenses recorded in the following general ledger accounts, including support documentation. In addition, please explain why the level of expense is a reasonable allocation to the Utility.
 - a) Account No. 5945 – Office Telecom
 - b) Account No. 6205 – Travel Entertainment
 - c) Account No. 6207 – Travel Other
 - d) Account No. 5875 – Kitchen Supplies
 - e) Account No. 5797 – Contributions
 - f) Account No. 6390 – Weather/Hurricane Costs
 - g) Account No. 5870 – Holiday Events/Picnics
10. For each account listed in Question 9 above, please explain why the costs incurred in each category is necessary for the provision of regulated water and wastewater service in Florida.
11. According to the Utility's response to staff's first data request, the Utility updated its water and wastewater system maps in May 2012. In the breakdown of WSC capitalized time spent on the Utility's rate case, Susan DiPasquale's capitalized time in August 2012 and September 2012 is classified as "Cypress Lakes Maps." Please explain and justify the amount of Ms. DiPasquale's time spent working on maps in light of the previous expense for updating system maps.
12. According to the affiliate audit conducted for Utilities Inc. of Florida in its 2012 rate case, audit staff noted expenses totaling \$25,559 in Account 6185 – Travel/Lodging related to a leadership meeting held at the Rosen Center Hotel. Based on the sampling of affiliate travel expense reports from the Utility's current 2012 test year, expenses totaled

at least \$29,978 with a majority of the Rosen Center expense booked in Account No. 6205 – Travel Entertainment.

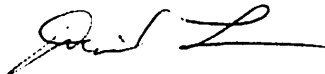
- a) Please provide a breakdown by vendor, amount, and allocation of the total expenses associated with this meeting.
- b) Please explain the details of the meeting, including, but not limited to its purpose, who at Utilities, Inc. attends, and how often it has been held annually. In addition, please explain why the level of expense is a reasonable allocation to the Utility.

Please submit the requested information by **February 19, 2014**. When filing the response, please be sure to refer to the docket number and direct the response to:

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

If you should have any questions, please contact me by phone at (850) 413-6836 or by e-mail at dqlee@psc.state.fl.us.

Sincerely,



Daniel Lee
Engineering Specialist
Division of Engineering

cc: Division of Engineering (Vickery, Lewis, Lee)
Office of the General Counsel (Gilcher)
Division of Accounting & Finance (Fletcher, Kelly, Norris)
Division of Economics (Thompson)
Office of Commission Clerk (Docket No. 130212-WS)
Office of the Public Counsel (J. R. Kelly, Stephen Reilly)
Mr. Martin S. Friedman (mfriedman@ffllegal.com)