

COMMISSIONERS:
ART GRAHAM, CHAIRMAN
LISA POLAK EDGAR
RONALD A. BRISÉ
JULIE I. BROWN
JIMMY PATRONIS

STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL
CHARLIE BECK
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

October 14, 2015

STAFF'S FIFTH DATA REQUEST

Mr. Martin S. Friedman
Friedman & Friedman
766 North Sun Drive, Suite 4030
Lake Mary, Florida 32746

Re: Docket No. 150102-SU – Application for increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven

Dear Mr. Friedman :

By this letter, the Commission staff requests that Utilities, Inc. of Sandalhaven (Sandalhaven or utility) provide responses to the following data requests:

Data Requests 1 through 7 originated from concerns addressed in the Office of Public Council's letter dated August 6, 2015, filed in Docket No. 150102-SU (Document No. 04940-15). MFR Schedule A-3 includes adjustments for the retirement, decommissioning, and abandonment of the wastewater treatment plant (WWTP). The table below summarizes the utility's proposed adjustments to CIAC and accumulated amortization (A/A) of CIAC related to the retirement of the WWTP.

	CIAC	Accumulated Amortization
Organization		\$5,996
Structure – Treatment Plant	\$628,734	(896,345)
Lagoons	185	(103)
Treatment Equipment	62,927	(40,230)
Tap Fees	618,653	(167,679)
Total	\$1,310,499	(\$1,071,361)

1. The summary shows an adjustment to retire \$691,846 (\$628,734 + \$185 +\$62,927) of CIAC related to the retirement of the WWTP. Considering that these amounts were not identified as specifically related to the WWTP in the last docket, explain the basis used to determine \$691,846 is appropriate?
2. Please explain why the utility is retiring CIAC for Lagoons but not retiring a corresponding UPIS amount for Lagoons.

3. Please explain why the utility is retiring \$628,734 for CIAC Structure - Treatment Plant but retiring only \$623,976 for the corresponding UPIS Structure – Treatment Plant.
4. Please explain why the adjustment to retire CIAC accumulated amortization of \$896,345 for Structure – Treatment Plant is greater than the \$628,734 adjustment to retire the corresponding CIAC.
5. Please explain how the utility identified CIAC of \$618,653 for Tap Fees related to the WWTP retirement. Provide all of the utility's calculations, basis, and work papers used to determine the amount.
6. As the above table indicates, the utility is proposing to retire \$1,310,499 from CIAC related to the retirement of the WWTP. However, the utility's total adjustment to UPIS to retire the WWTP is \$1,061,091.
 - a. Why is the total CIAC greater than the amounts recorded in UPIS?
 - b. Provide all of the utility's calculations and work papers used to determine the CIAC of \$1,310,499.
7. Please explain why the adjustment to retire CIAC includes a debit of \$5,996 to A/A of CIAC related to "Organization."
 - a. Please explain the rationale for accumulated amortization in this account?
 - b. Please explain why there is not a corresponding balance in CIAC?
 - c. Please provide the basis for including organization costs in the retirement of the WWTP?
8. Please refer to MFR Schedule A-14, line 22. The utility is proposing an adjustment to remove \$869,345 from accumulated amortization of CIAC for Structures, Treatment Plant. However, on MFR Schedule A-12, line 23, the utility is proposing an adjustment to remove \$628,734 from CIAC for Structures, Treatment Plant.
 - a. Please explain the basis for removing more accumulated amortization of CIAC (\$869,345) from the same classification of CIAC (\$628,724).
 - b. Please provide all calculations supporting the proposed adjustments.
9. Please refer to MFR Schedule A-3. The utility is proposing to retire \$404,329 from UPIS account 380.4, Treatment & Disposal Equipment related to the retirement of the WWTP. The corresponding retirement to accumulated depreciation for the same account is \$433,289.
 - a. Please explain how the accumulated depreciation is greater than the plant balance.
 - b. Provide all of the utility's calculations, basis, and work papers used to determine the accumulated depreciation amount.
10. Please refer to Sandalhaven's response to staff's first data request number 11, wherein the utility provided all invoices that comprise the expenses in Account 736 Contractual Services – Other. Staff was unable to verify a total expense of \$21,950. Staff calculated a total expense for Utilities, Inc. of \$1,043,069; \$4,560 of which is allocated to Sandalhaven based on an allocation factor of 0.44%. Staff verified \$12,111 that was directly related to Sandalhaven (\$51,095 of engineering services invoices from CPH was

not counted). Please provide a schedule showing all of the utility's calculations, basis, and work papers for the total annual expense of \$21,950 in Account 736 Contractual Services – Other.

11. In the last PSC rate case in 2006 (Docket No. 060258-SU), Sandalhaven included a total CIAC of \$2,293,750 for the test year ended December 31, 2005, on MFR Schedule A-12. The entire CIAC balance was classified as Line/Main Extension Fees. In the instant rate case, MFR Schedule A-12 includes a total CIAC balance of \$3,276,640 for the test year ended December 31, 2005. Please provide a schedule showing all the CIAC additions and reclassifications to the various CIAC accounts since 2005. The schedule should include for each year, the date of the additions, the classification or reclassification, and the amount.
12. Please refer to MFR Schedule A-12, line 30.
 - a. List all the CIAC contributions that comprise the balance of \$1,593,575 and the dates received.
 - b. Explain why this entire amount is being adjusted to a zero balance.
 - c. Provide all of the utility's calculations, basis, and work papers used to determine the adjustment to the 370 – Sewer Taps account.
13. In the last PSC rate case in 2006, Sandalhaven included a total Accumulated Amortization of CIAC of \$829,268 for the test year ended December 31, 2005, on MFR Schedule A-12. The entire A/A of CIAC balance was classified as Line/Main Extension Fees. In the instant rate case, MFR Schedule A-12 includes a total A/A of CIAC balance of \$1,641,454 for the test year ended December 31, 2005. Please provide a schedule showing all the A/A of CIAC additions and classifications to the various A/A of CIAC accounts since 2005. The schedule should include for each year, the date of the additions, the classification or reclassification, and the amount.
14. Please refer to Sandalhaven's response to staff's first data request number 22a.
 - a. Please explain why the outstanding balance of short-term debt in the months of December 2013 and December 2014 is significantly lower than the outstanding balance in the eleven months January 2014 through November 2014.
 - b. Please provide a schedule listing the interest expense paid by Utilities, Inc. for each month from December 2013 through December 2014.

Mr. Martin Friedman

Page 4

October 14, 2015

Please file all responses electronically no later than Monday, October 26, 2015, from the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6218 if you have any questions.

Sincerely,

/s/ Suzanne Brownless _____

Suzanne Brownless

Senior Attorney

SBr/cc

cc: Mr. Jared Deason
Office of Commission Clerk