

ORIGINAL

DOCKET NO. 971065-SU: Application for rate increase in  
Pinellas County by Mid-County Services, Inc.

WITNESS: Direct Testimony Of Hillary Y. Sweeney,  
Appearing On Behalf Of Staff

DATE FILED: April 19, 1999

DOCUMENT NUMBER-DATE

04-28 APR 1999

FPSC-RECORDS/REPORTING

1 DIRECT TESTIMONY OF HILLARY Y. SWEENEY

2 Q. Please state your name and business address.

3 A. My name is Hillary Y. Sweeney and my business address is Hurston North  
4 Tower, Suite N512, 400 W. Robinson Street, Orlando, Florida.  
5

6 Q. By whom are you presently employed and in what capacity?

7 A. I am employed by the Florida Public Service Commission as a Regulatory  
8 Analyst III in the Division of Auditing and Financial Analysis.  
9

10 Q. How long have you been employed by the Commission?

11 A. I have been employed by the Florida Public Service Commission since  
12 November 1993.  
13

14 Q. Please review your educational and professional background.

15 A. I have a Bachelor of Science degree in Accounting from Florida A & M  
16 University. I was hired in the Division of Water and Wastewater at the  
17 Florida Public Service Commission as a Regulatory Analyst I. In August 1997,  
18 I transferred to the Division of Auditing and Financial Analysis to work in  
19 the Orlando District office as an auditor at the Regulatory Analyst III level.  
20

21 Q. Please describe your current responsibilities.

22 A. Currently, I am a Regulatory Analyst III with the responsibilities of  
23 planning and directing audits of regulated companies, and assisting in audits  
24 of affiliated transactions. I also am responsible for creating audit work  
25

1 | programs to meet a specific audit purpose and I have specific authority to  
2 | direct and control assigned staff work as well as participate as a staff  
3 | auditor and audit manager.  
4 |

5 | Q. What is the purpose of your testimony today?

6 | A. The purpose of my testimony is to sponsor specific portions of the staff  
7 | audit report of Mid-County Services, Inc., Docket Number 971065-SU and to  
8 | address specific findings included. I am sponsoring Audit Exceptions 1  
9 | through 5. These pages are filed with my testimony and are identified as  
10 | HYS - 1.  
11 |

12 | Q. Did you prepare these audit exceptions?

13 | A. Yes, I was responsible for these audit findings and I am specifically  
14 | sponsoring the items listed above.  
15 |

16 | Q. Please discuss Audit Exception 2 and 3.

17 | A. Audit Exception No. 2 addresses allocated miscellaneous nonutility  
18 | expense. Schedule B-6 (Detail of Operation and Maintenance Expense By Month)  
19 | of the minimum filing requirements (MFRs) includes \$21,238 for Insurance-Other  
20 | (Account 759). This schedule reconciles to the utility's general ledger.  
21 | Attached to my testimony is Exhibit HYS-2 which includes the audit work papers  
22 | for this account. Work paper 43-15/2 details all the entries into this account  
23 | and the allocation to Mid-County. Included in the insurance expense are costs  
24 |  
25 |

1 | for life insurance policies for officers and key employees in which the  
2 | company is the beneficiary. Also, included in the insurance expense are  
3 | costs for fiduciary policies protecting directors, officers, and pension  
4 | funds. The annual cost of these policies was \$122,572.93. The portion  
5 | allocated to Mid-County was \$3,982.83. The Uniform System of Accounts (USOA)  
6 | for Class B Utilities states the following for Account No. 426, Miscellaneous  
7 | Nonutility Expense: "This account shall contain all expenses other than  
8 | expenses of utility operations and interest expense. Items which are included  
9 | in this account are...Life insurance on officers and employees where utility  
10 | is beneficiary." The purpose of these policies is to protect the company and  
11 | does not demonstrate a clear benefit to the ratepayers. The company should  
12 | reclassify \$3,982.83 to Account No. 426, Miscellaneous Nonutility Expense.  
13 |  
14 |

15 |  
16 | Q. Does this conclude your testimony?

17 | A. Yes, it does.  
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**EXCEPTIONS****Exception No. 1****Subject:      Sludge Removal Expense**

**Statement of Fact:** The company recorded \$121,266.50 for sludge removal in Account No. 720, Materials and Supplies for 1996. Per the NARUC Uniform System of Accounts (USOA), sludge removal should be recorded in Account No. 711, Sludge Removal Expense.

**Recommendation:** The company should reclassify the \$121,266.50 to Account No. 711, Sludge Removal Expense.

		<u>Debit</u>	<u>Credit</u>
711	Sludge Removal	\$121,266.50	
720	Materials and Supplies		\$121,266.50

**Exception No. 2****Subject: Allocated Miscellaneous Nonutility Expense****Statement of Fact:** The company recorded an allocation from the parent company of \$3,982.83 for 1996 Insurance Expense, Account No. 759.

Included in insurance expense are costs for life insurance policies for officers and key employees in which the company is the beneficiary. Also, included in insurance expense are costs for fiduciary policies protecting directors, officers, and pension funds.

Per NARUC, Class B, Account No. 426 Miscellaneous Nonutility Expense,

This account shall contain all expenses other than expenses of utility operations and interest expense. Items which are included in this account are . . . :

7. Life insurance on officers and employees where utility is beneficiary . . . .

**Recommendation:** The purpose of these policies is to protect the company and do not demonstrate a clear benefit to the ratepayers. The company should reclassify \$3,982.83 as scheduled below.

	<u>1996</u> <u>Ins. Expense</u>	<u>Allocation</u> <u>Rate</u>	<u>Debit</u>	<u>Credit</u>
<b>Acct. No. 426 Miscellaneous Nonutility Exp</b>			<b>\$ 3,982.83</b>	
<b>Acct. No. 759 Insurance-Other</b>				
Keyman Life Insurance.	\$ 28,588.34	3.249%		\$ 928.94
Life Insurance	21,749.71	3.249%		706.73
Director/Officer Liability	53,495.28	3.249%		1,738.25
ESOP & Pensions	9,526.03	3.249%		309.53
Accidental/Death Travel	9,213.57	3.249%		299.38

**Exception No. 3****Subject: Account No. 759 Insurance - Other**

**Statement of Fact:** The parent company recorded \$72,263.21 for 1996 Insurance Expense, Account No. 759 and allocated \$2,348 to Mid-County.

Also, the parent company received a reimbursement of \$16,548 for overpayment of an insurance policy.

**Recommendation:** The company did not record the credit for this overpayment. Also, the company recorded installment payments for a policy, but did not provide proof of payment for this policy. The audit staff recommends that the following amounts be removed from Account No. 759, Insurance - Other:

	<u>1996 Ins. Expense</u>	<u>Allocation Rate</u>	<u>Amount to Remove</u>
<b>Acct. No. 759 Insurance -Other</b>			
Credit for Overpayment	\$ 16,548.95	3.249%	\$ 537.73
Unsupported Payments	72,263.21	3.249%	2,348.09

**Exception No. 4****Subject: Account No. 766 Rate Case Expense**

**Statement of Fact:** The company reported current rate case expense of \$46,456 in the MFRs; however, the amount recorded in the general ledger for Docket No. 971065-SU rate case expense is \$6,097.66.

Also, the company recorded \$66.89 for employees' dinner while waiting on copies from the copier. The NARUC USOA classifies ". . . all expenses other than expenses of utility operations and interest expense" to Account No. 426, Miscellaneous Nonutility Expense.

**Rate Case Expense for Docket No. 921293-SU**

In PAA Order No. PSC-93-1713-FOF-SU, Docket No. 921293-SU, the Commission granted the company \$54,873 in rate case expense. That order was protested resulting in the Final Order No. PSC-94-1042-FOF-SU. In Order No. PSC-94-1042-FOF-SU, the Commission granted the company the opportunity to present evidence in support of the total rate case expense incurred during Docket No. 921293-SU and to recover such expenses if deemed prudent. Consistent with the Commission Order, the audit staff has reviewed total rate case expense incurred in Docket No. 921293-SU.

The utility recorded \$8,101.64 in rate case expense as listed below.

<b>Invoices</b>		<b>Checks</b>	
<b>Reference #</b>	<b>Amount</b>	<b>Reference #</b>	<b>Amount</b>
74908	\$ 195.99	84561	\$ 2,445.00
76126	26.70	86766	<u>4,432.80</u>
78366	36.85	<b>Total Checks</b>	<b>\$ 6,877.80</b>
81840	40.12		
85445	<u>924.00</u>		
<b>Total Invoices</b>	<b>\$1,223.66</b>		

**Accumulated Amortization**

The company reported \$84,344 in accumulated amortization of rate case expense for Docket No. 921293-SU. Although Final Order No. PSC-94-1042-FOF-SU granted the company rate case expense of up to \$110,000, rates were not adjusted to reflect the increase. Order No. PSC-93-1713-FOF-SU granted the utility total rate case expense of \$54,873.

**Recommendation:** The company should be required to reduce Account No. 766, Rate Case Expense by \$4,763.92. The company should increase Acct. No. 186 Miscellaneous Deferred Debits by \$29,471 for Amortization of Rate Case expense. In addition, the company did not provide the invoices and checks listed above. Therefore, the company should be required to reduce Account No. 186, Miscellaneous Deferred Debits by \$8,101.46. Details of the adjustments are as follows:

	<u>Amount per Utility</u>	<u>Auditor Adjustment</u>	<u>Balance per Auditor</u>	
*Dkt. No. 921293-SU	\$162,854.00	\$(8,101.46)	\$154,752.54	
Amortization	(84,344.00)	29,471.00	(54,873.00)	
Dkt. No. 971065-SU	<u>46,456.00</u>	<u>(40,425.23)</u>	<u>6,030.77</u>	**
	\$124,966.00	\$(19,055.69)	\$105,910.31	

	<u>Total Rate Case Exp</u>		<u>Annual Rate Case Exp</u>
Per Audit	\$105,910.31	/ 4 =	\$ 26,477.58
Per MFRs	<u>124,966.00</u>	/ 4 =	<u>31,241.50</u>
<b>Adjustments</b>	<b>\$ (19,055.69)</b>		<b>\$ (4,763.92)</b>

\* In Order No. PSC-94-1042-FOF-SU, the Commission granted the company the opportunity to present evidence in support of the total rate case expense incurred during Docket No. 921293-SU and to recover such expenses if deemed prudent.

\*\* \$6,030.77 = (\$6,097.66 - 66.89)

**Exception No. 5****Subject: Other O & M Adjustments**

**Statement of Fact:** The company recorded \$99.93 in fees for late payments in Account No. 718, Chemicals Expense. In Orders No. 13161 issued April 2, 1984, and PSC-96-1083-FOF-SU issued August 22, 1996, the Commission disallowed fees for late payments.

**Maintenance Repairs**

The company booked an \$800 repair to Mid-County Account No. 720, Materials and Supplies during 1996. The invoice states that the repair is to the Pebble Creek Country Club lift station.

**Prior Period**

The company recorded \$1,944.90 to Account No. 718, Chemicals Expense and \$396 to Account No. 720, Materials and Supplies during 1996. In addition, the parent company, Utilities, Inc. (UI), recorded \$1,236.44 in the 1996 period and allocated to Mid-County Account No. 775, Miscellaneous Expense, \$42.78. The invoices for these expenses reflect a 1995 purchase date.

**Taxes Other Than Income (TOTI)**

The company recorded Sales & Use Taxes of \$754.67 to Account No. 720, Materials and Supplies during 1996. The NARUC USOA classifies "... all other taxes assessed by federal, state, county, municipal, or other local governmental authorities, except income taxes" to Account No. 408, TOTI.

**Recommendation:** The company should make the reductions as scheduled below.

<b>Acct. No. 718</b>	<b>Chemicals Expense</b>		
		Late fees	(\$99.93)
		1995 expenses recorded in 1996	<u>(1,944.90)</u>
		Total reduction to Chemicals	(\$2,044.83)
<b>Acct. No. 720</b>	<b>Materials and Supplies</b>		
		Should be recorded to Pebble Creek Utilities	(\$800.00)
		1995 expenses recorded in 1996	(396.00)
		Misclassified TOTI	<u>(754.67)</u>
		Total reduction to Mat'ls & Supp	(\$1,950.67)
<b>Acct. No. 775</b>	<b>Miscellaneous Expense</b>		
		1995 expenses recorded in 1996	(\$42.78)
<b>Acct. No. 408</b>	<b>TOTI</b>		
		Increase Sales & Use Taxes	\$754.67

MID-COUNTY SERVICES, INC.

Docket No. 971065-SU

Period Ending 12/31/96

Company Calculation for Insurance -Other

*Cre*  
*July 12/97*

Water Service Corporation  
Distribution of Insurance Expenses  
88-83 Page 2 of 5



**SUMMARY**

	Weighted Insurance Distribution CODE 11	Acct 534-90 Other Insurance	1995 Allocation	1995 High/(Low) 1994	
05	Apple Canyon	0.680%	4,511	3,148	1,363
06	Cameiot	0.232%	1,520	1,686	(166)
07	Channer	0.034%	224	182	42
08	Cherry Hill	0.178%	1,151	1,213	(62)
09	Clarendon	0.478%	3,125	3,279	(154)
11	County Line	0.077%	505	413	92
12	DelMar	0.034%	225	182	43
13	Ferson Creek	0.370%	2,419	3,425	(1,006)
14	Galena Territory	1.719%	11,233	10,649	584
15	Killamey	0.221%	1,446	1,263	183
16	Lake Holiday	1.066%	6,914	5,210	1,704
17	Lake Wildwood	0.503%	3,285	2,394	891
18	Northern Hills	0.284%	1,858	1,738	120
20	Lake Marian	0.284%	1,857	0	1,857
22	Valentine	0.042%	275	218	57
23	Walk-up Woods	0.140%	916	782	134
24	Whisp.Hills/Plat./Sun	1.581%	10,397	10,142	255
26	Medina	0.424%	2,774	3,501	(727)
28	Cedar Knuff	0.105%	686	908	(222)
29	Harbor Ridge	0.242%	1,581	1,226	355
30	Great Northern	0.307%	2,006	1,966	22
38	Louisiana Water Service	4.380%	28,626	32,991	(4,365)
38	Utilities Inc. of Louisiana	2.980%	19,545	14,142	5,403
40	UTILties, Inc. of Maryland	1.918%	12,543	12,534	9
41	Colchester	0.367%	2,389	3,178	(779)
42	Greenridge Utilities, Inc.	0.572%	3,741	3,625	116
43	Provinces	1.136%	7,437	0	7,437
44	Maryland Water Service	0.802%	5,882	0	5,882
47	Massanutten	1.906%	12,455	13,024	(569)
50	Holiday Service	0.431%	2,817	2,819	(198)
52	Utilities, Inc. of Pennsylvania	1.084%	7,154	6,954	200
55	Skidaway	3.145%	20,563	12,563	7,970
56	Elk River	0.157%	1,025	1,122	(97)
57	Montague	0.335%	2,187	0	2,187
60	Twin Lakes Utilities	2.902%	18,964	18,929	35
61	Tierre Verde	0.888%	5,789	6,703	(914)
62	Lake Placid	0.181%	1,250	853	397
64	Eastlake	0.774%	5,080	4,906	94
65	Charleston Utilities	1.198%	7,827	7,752	75
66	Pebble Creek	1.548%	10,106	10,341	(235)
67	Alafaya	2.558%	16,726	15,081	1,645
68	Ut of Longwood	1.290%	8,430	0	8,430
68	Wedgfield	0.888%	5,671	0	5,671
70	CWS (South Carolina)	11.571%	75,630	75,700	(70)
74	Southland Utilities	0.150%	977	1,003	(26)
75	United Utility Co.	1.440%	9,410	8,245	1,165
77	South Carolina Utilities	0.257%	1,682	1,740	(58)
79	Tega Cay Water Service	2.378%	15,526	15,563	1,963
80	CWS of NC	22.714%	148,458	154,709	(6,251)
81	Riverpointe Company	0.217%	1,419	1,247	172
83	CWS Systems, Inc.	4.882%	31,912	27,583	4,329
85	Watauga Vista	0.119%	777	772	5
86	Caroline Trace	1.237%	8,088	7,669	419
87	Transylvania	1.842%	10,734	9,793	941
88	Mid-County Services, Inc.	3.248%	21,238	15,022	6,216
89	Lake USKY	1.367%	8,934	7,539	1,395
90	UIF	5.755%	37,613	31,399	6,225
91	Miles Grant	1.255%	8,202	7,186	1,016
92	Tennessee Water Service	0.181%	1,182	1,105	77
93	Land & Lab Technologies	0.970%	6,338	33,166	(26,828)
94	Illinois Corp. Travel	0.080%	390	5,939	(5,549)

100.000%	653,606
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624,302 29,300



SOURCE

*This exhibit: Purpose of this schedule is to show the bases of the Company's allocations in Mid-County 4/3-15*





MID-COUNTY SERVICES, INC.

Docket No. 971065-SU

Period Ending 12/31/96

Acct. # 759 Allocated Other Insurance Expense

*Cle*  
*4/26/97*

Author: Hilary Y. Kemp  
Present: In-Oct. 1994

CB-JAN	LIBERTY	W/C Ins. Overpayment	(16,548.95)			
63912	ROLLINS	Crisis Lines	656.11			
77624	ROLLINS	Performance Bond	123.34			
87932	ROLLINS	Misc. Servy Bond - Mass	67.27			
02406	ALEXANDER	Life Ins-Perry B. Owens	72.33	(72.33) 00		
09556	P. BEVINS	Disab. Inc - Patrick O' Brian	70.62			
10748	ALEXANDER	Koyman - David H. Demaree	1,336.79	(1,336.79) 00		
10748	ALEXANDER	Koyman - James L. Cameron	614.96	(614.96) 00		
10748	ALEXANDER	Koyman - Patrick O' Brian	1,197.22	(1,197.22) 00		
10748	ALEXANDER	Koyman - Andrew N. Dopock	465.63	(465.63) 00		
10748	ALEXANDER	Koyman - STE	483.25	(483.25) 00		
11065	P. BEVINS	Disab. Inc - Patrick O' Brian	92.70			
10747	ROLLINS	Dir./Off - Lib	18,955.79	(18,955.79) 00		
11654	ALEXANDER	Life Ins-CIV	590.58	(590.58) 00		
11658	ALEXANDER	Life Ins-KO	468.83	(468.83) 00		
11641	MELANGE	Accidental/ Death & Travel	5,135.43	(5,135.43)		
11642	P. BEVINS	Disab. Inc - Perry B. Owens	167.38			
12-78	ALEXANDER	Life Ins-JLC	1,104.70	(1,104.70) 00		
13099	CONNECTICUT	Disab. Inc - Perry B. Owens	699.33			
15775	ROLLINS	Parsons & ESOP Plans	5,179.45	(5,179.45) 00		
16614	ALEXANDER	KymcoLS	1,090.86	(1,090.86) 00		
16605	ALEXANDER	Hyv Performance Bond Cal.	29.32			
19427	ALEXANDER	Comm. Pack - Provy	15,952.52	195569 09/21/95		
19427	ALEXANDER	Comm. Pack - Gen Lib	54,353.08	195569 09/21/95		
19427	ALEXANDER	Umbrella/ Bacon Lib (2nd)	51,819.18	195569 09/21/95		
19427	ALEXANDER	Comm. Pack Assoc Gen	52,326.09	195569 09/21/95		
19749	FRANKLIN	Life Ins - DRD	882.64	(882.64) 00		
19925	LIBERTY	W/C Ins / LOS'S Dow	25,466.88	199946 09/28/95		
20269	ALEXANDER	Life Ins - CD	1,649.53	(1,649.53) 00		
21145	MCCANNES	Life Ins - FRO	12,635.86	(12,635.86) 00		
20724	ROLLINS	Misc. Servy Bond - WS	151.78			
21481	ALEXANDER	Koyman - FRO	1,175.15	(1,175.15) 00		
22189	LIBERTY	W/C Ins. #2	6,945.51			
24188	ALEXANDER	Koyman - FRO	5,310.16	(5,310.16) 00		
24595	ALEXANDER	Koyman - FCB	2,224.99	(2,224.99) 00		
24595	ALEXANDER	Koyman - JLC	1,516.99	(1,516.99) 00		
24595	ALEXANDER	Koyman - DRD	2,820.42	(2,820.42) 00		
24491	ROLLINS	Hyv Performance Bond - Cole	93.42			
27586	Jan-96	Am	ALEXANDER	Life Ins-Perry B. Owens	1,127.67	(1,127.67) 00
27666	Jan-96		ALEXANDER	Fire Acc	183.00	
28202			LIBERTY	W/C Ins. #5	9,238.63	
28666			ALEXANDER	Comm. Pack - Assoc Gen & Fina	51,980.00	210471 04/11/96
28666	09/01/96		ALEXANDER	Comm. Pack - General Liability	53,984.80	205827 02/08/96
29477			ALEXANDER	Comm. Pack - Assoc (Audit)	599.00	205827 02/08/96
29477			ALEXANDER	Comm. Pack - General Liability	(1,254.00)	
29477			ALEXANDER	Comm. Pack - General Liability	35,865.00	
29477			ALEXANDER	Comm. Pack - Assoc (Audit)	(2,235.00)	
29943			LIBERTY	W/C Ins. #6	9,238.63	
29943			LIBERTY	W/C Ins. Final Audit	11,072.00	
32735			LIBERTY	W/C Ins. #7	9,238.63	
33336	Apr-96	07/01/96	ROLLINS	Dir./Off - Lib	9,471.90	(9,471.90) 00
33337	Apr-96	3 YR	ALEXANDER	Profession Ins.	97,419.26	211156 04/18/96
34056			LIBERTY	W/C Ins. #8	9,238.63	
34145	May-96	Am	P. BEVINS	Disab. Inc - Patrick O' Brian	131.31	
35156	Apr-96	3 YR	ROLLINS	Crisis, Employee Dismissal Bond	700.99	213304 05/16/96
35674	Apr-96	Am	ALEXANDER	Koyman - James L. Cameron	1,129.81	(1,129.81) 00
35674	Apr-96	Am	ALEXANDER	Koyman - Andrew N. Dopock	855.46	(855.46) 00
35674	Apr-96	Am	ALEXANDER	Koyman - Patrick O' Brian	2,199.34	(2,199.34) 00
35674	Apr-96	Am	ALEXANDER	Koyman - David H. Demaree	2,455.97	(2,455.97) 00
35858	Jun-96	Am	P. BEVINS	Disab. Inc - Patrick O' Brian	172.36	
35976	Jun-96	Am	P. BEVINS	Disab. Inc - Perry B. Owens	311.22	
36599			LIBERTY	W/C Ins. #9	9,238.63	
36600			ALEXANDER	Life Ins - CIV	786.18	(786.18) 00
36600	Jun-96	Am	ALEXANDER	Life Insurance - Catherine Owens	624.14	(624.14) 00
36898			ALEXANDER	Life Insurance JLC	1,330.96	(1,330.96) 00
37189	Jun-96	Am	MASS MUTUAL	Disability Income - Perry B. Owens	688.80	

SOURCE: *As indicated*

*1/2*

*1/2/15*  
*2*

MID-COUNTY SERVICES, INC.  
 Docket No. 971065-SU  
 Period Ending 12/31/96  
 Acct. # 759 Allocated Other Insurance Expense

*CW*  
*12/1/96*

Author: Hilary Y. Kemp  
 Planner: In-Ord. WGA

Policy No.	Effective Date	Term	Company	Description	Amount	Allocation	Notes
38005			LIBERTY	W / C Ins. #10	9,238.63		
39778	Jan-96	Ann	ACM Ins	Director / Officer Liability	25,068.49	(25,068.49) ②	
39885	Jul-96	Ann	Reliance	Accidental / Death & Travel	4,078.14	(4,078.14) ②	
41123	Jul-96	Ann	ACM Ins	Pension & ESOP Plans	4,346.58	(4,346.58) ②	
41124			LIBERTY	W / C Ins. #11	9,238.63		
41743			ALEXANDER	Kyrma LS	1,302.50	(1,302.50) ②	
42157			ALEXANDER	Hwy Performance Bond - Cal.	20.82		192508 08/10/95
44091			MERRILL	Umbrella / Excess Liability	16,525.95	(16,525.95) ②	
44091			MERRILL	General Liability	8,213.75	(8,213.75) ②	
44091			MERRILL	Commercial Property	7,224.20	(7,224.20) ②	
44091			MERRILL	Commercial Automobile	11,801.64	(11,801.64) ②	
44869			LIBERTY	W / C Dividend	(12,954.98)		
44869			LIBERTY	W / C Ins. #1	8,445.55		
45148	Oct-96	Ann	ALEXANDER	Life Ins - Carl Daniels	476.27	(476.27) ②	
46054			MERRILL	Commercial Automobile 3 of 9	3,319.05	(3,319.05) ②	
46055			MERRILL	Commercial Automobile	3,319.05	(3,319.05) ②	
46056			MERRILL	Commercial Automobile	3,689.01	(3,689.01) ②	
46712			ACM Ins	Permit Bond	43.29		
46974			LIBERTY	W / C Ins. #2	1,528.38		
48025			MERRILL	Commercial Automobile	8,213.41	(8,213.41) ②	
48026			MERRILL	General Liability	3,319.05	(3,319.05) ②	
49295			ACM Ins	Permit Bond - Colchester Hwy	6.85		
49296			LIBERTY	W / C Ins. #3	2,114.31		
49395	Dec-96	Ann	ALEXANDER	Kyrma - James L. Cameron	64.83	(64.83) ②	
49396	Dec-96	Ann	ALEXANDER	Kyrma - David H. Demaris	162.41	(162.41) ②	
49515			MERRILL	Commercial Automobile 5 of 9	3,319.05	(3,319.05) ②	
50625			MERRILL	Commercial Automobile 6 of 9	3,319.05	(3,319.05) ②	
51723			LIBERTY	W / C Ins. #4	6,301.05		
<b>Total Policy Amount</b>					<b>263,686.83</b>	<b>(211,385.69)</b>	

Calculation of Allocation of Other Insurance Expense for Mid-County

Other Ins. Exp per WSC

Category	WSC Amount	Alloc. Rate	Alloc. Amount
Keyman	28,588.34	3.34%	958.98
Life	(21,749.71)	3.34%	(726.73)
Director/Officer Liability	33,468.28	3.34%	(1,128.25)
Accidental / Death & Travel	(9,213.57)	3.34%	(299.36)
ESOP & Pension	(9,526.83)	3.34%	(308.57)
No check provided	(72,283.21)	3.34%	(2,348.69)
Other Adjustments	(16,248.85)	3.34%	(537.73)
<b>Adjusted Other Ins.</b>	<b>242,228.74</b>		<b>314,369.34</b>

① Total adj for Misc Non-utility Expense (33,967.83)

②  $14,364.34 - 21,238.00 = 6,868.66$

③ See GYP 48-15  
 1 (2132)

② = Miscellaneous Non-utility Expense  
 ③ = No Check

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4				
3	SOURCE	<i>As indicated</i>		
2				
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*242*  
*1/3-15*  
*2*

MID-COUNTY SERVICES, INC.  
 Docket No. 971065-SU  
 Period Ending 12/31/96  
 Support for Audit Exception # 2

*Cla*  
 12/19/97

**FLORIDA PUBLIC SERVICE COMMISSION  
 AUDIT DOCUMENT/RECORD REQUEST  
 NOTICE OF INTENT**

TO: Frank Garcia  
 UTILITY: Mid County Services  
 FROM: Charleston Winston  
 (AUDIT MANAGER)

Hillary Y. Kemp  
 (AUDITOR PREPARING REQUEST)

REQUEST NUMBER: 52 DATE OF REQUEST: 11/19/97  
 AUDIT PURPOSE: Rate Case Audit Docket No. 971065-SU  
 REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: 11/20/97  
 REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE: INCIDENT TO AN INQUIRY  
X OUTSIDE OF AN INQUIRY

**ITEM DESCRIPTION: Insurance**

- Please respond to the questions for the policies listed below.
1. Who are the beneficiaries? *Walter Service Corp. on all but disability. Disability person named was beneficiary.*
  2. Why were these policies purchased? *To protect the co. rate payers from sudden loss of pay*
  3. Are these policies available to everyone in the company? *Personnel.*

REF #	VENDOR #	PAYEE	DESCRIPTION	AMOUNT
27586	00095	Alexander	Life Ins-PBO	\$ 1,200
33336		Rollins	Dir./Off - Liab	9,471
34145	02788	P. Revere	Disab. Inc - POB	201
35674	00095	Alexander	Keyman - DHD	3,782.40
35674	00095	Alexander	Keyman - JLC	1,740
35674	00095	Alexander	Keyman - AND	1,317.40
35674	00095	Alexander	Keyman - POB	3,387.40
35858	02788	P. Revere	Disab. Inc. -POB	264.34
35976	02788	P. Revere	Disab. Inc. -POB	477.29
36600	00095	Alexander	Life Ins - CJW	1,373

PBC

CONTINUED

TO: AUDIT MANAGER \_\_\_\_\_ DATE: \_\_\_\_\_

**THE REQUESTED RECORD OR DOCUMENTATION:**

- (1)  HAS BEEN PROVIDED TODAY
- (2)  CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_
- (3)  AND IN MY OPINION, ITEM(S) \_\_\_\_\_ IS (ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

*[Signature]*  
 SIGNATURE AND TITLE OF RESPONDENT)

Distribution: Original: Utility (for completion and return to Auditor)  
 Copy: Audit File and FPSC Analyst

PSC/AFA-6 (Rev.2/95)

SOURCE **PBC**      *Auditor's Office Company Files*  
 RESPONSE TO DOCUMENT REQUEST      *12/15*  
 1 of 2

MID-COUNTY SERVICES, INC.

Docket No. 971065-SU

Period Ending 12/31/96

Support for Audit Exception # 2

*Clad*  
*12/13/97*

REF #	VENDOR #	PAYEE	DESCRIPTION	AMOUNT
36600	00095	Alexander	Life Ins - KO	\$ 1,090
36868	00095	Alexander	Life Ins - JLC	2,429
37189	00314	Mass Mutual	Disab Inc - PBO	1,344
39885		Reliance	Accidental/Death Travel	9,188.40
39778	08137	AON Risk	Dir./Off. Liab.	50,000
41743	00095	Alexander	Kymn:LS	1,502
45148	00095	Alexander	Life Ins - CD	2,120
49395	00095	Alexander	Keyman - JC	1,577.50
49396	00095	Alexander	Keyman - DD	3,952
35156		Rollins	Crime, Employee Dishonesty Bond	4,059
37189		Mass Mutual	Disab Inc - PBO	1,344.45
41123		AON Risk	Pension & ESOP	9,500

(PBC)

SOURCE	(PBC)	AUDITOR'S NOTE: COMPANY FILED RESPONSE TO DOCUMENT REQUEST	2/2 1/3-15 B
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MID-COUNTY SERVICES, INC.

Docket No. 971065-SU

Period Ending 12/31/96

Invoice Support for Audit Exception # 2

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ALEXANDER HAMILTON LIFE  
An Insurance Subsidiary of Johnson-Peterson Corporation  
P.O. Box 26072 • Cary, NC 27513-0072

POLICY NUMBER DATE DUE PAYABLE  
0005391536 12-16-96 ANNUALLY

JAMES L CAMAREN

PLEASE PUT POLICY NUMBER ON CHECK. MAKE CHECK PAYABLE TO 'ALEXANDER HAMILTON LIFE'

PREMIUM TOTAL DUE 1,577.50  
1,577.50

48-15 p2  
2nd

WATER SERV. CORP  
ATTEN: LAWRENCE SCHUMACHER  
2335 SANDERS  
NORTHBROOK IL 60062

PLEASE DETACH AND KEEP THIS PART FOR YOUR RECORDS. DATE PAID CHECK NO. F112600286

ALEXANDER HAMILTON LIFE  
An Insurance Subsidiary of Johnson-Peterson Corporation  
P.O. Box 26072 • Cary, NC 27513-0072

POLICY NUMBER DATE DUE PAYABLE  
0005915695 10-10-96 ANNUALLY

CARL DANIELS

PLEASE PUT POLICY NUMBER ON CHECK. MAKE CHECK PAYABLE TO 'ALEXANDER HAMILTON LIFE'

PREMIUM TOTAL DUE 2,120.00  
2,120.00

48-15 p2  
2nd

WATER SERV. CORP  
ATTEN: LAWRENCE SCHUMACHER  
2335 SANDERS  
NORTHBROOK IL 60062

PLEASE DETACH AND KEEP THIS PART FOR YOUR RECORDS. DATE PAID CHECK NO. F092201177

ALEXANDER HAMILTON LIFE  
3005 Hamilton Court • Farmington Hills, MI 48334-1208

POLICY NUMBER DATE DUE PAYABLE  
0003400694 01-22-96 ANNUALLY

PERRY S SMITH

PLEASE PUT POLICY NUMBER ON CHECK. MAKE CHECK PAYABLE TO 'ALEXANDER HAMILTON LIFE'

PREMIUM TOTAL DUE 1,200.00  
1,200.00

43-12 p1  
2nd



PLEASE DETACH AND KEEP THIS PART FOR YOUR RECORDS. DATE PAID CHECK NO. F001501888

ALEXANDER HAMILTON LIFE  
An Insurance Subsidiary of Johnson-Peterson Corporation  
P.O. Box 26072 • Cary, NC 27513-0072

POLICY NUMBER DATE DUE PAYABLE  
0005391549/97 12-16-96 ANNUALLY

DAVID S DEJAREE

PLEASE PUT POLICY NUMBER ON CHECK. MAKE CHECK PAYABLE TO 'ALEXANDER HAMILTON LIFE'

PREMIUM TOTAL DUE 3,952.00  
3,952.00

48-15 p2  
2nd

WATER SERV. CORP  
ATTEN: LAWRENCE SCHUMACHER  
2335 SANDERS RD  
NORTHBROOK IL 60062

PLEASE DETACH AND KEEP THIS PART FOR YOUR RECORDS. DATE PAID CHECK NO. F112600287

SOURCE



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Docket No. 971065-SU

Period Ending 12/31/96

Invoice Support for Audit Exception # 2

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F001690383

ALEXANDER HAMILTON LIFE  
1145 Hamilton Court • Farmington Hills, MI 48334-1200

POLICY NUMBER  
0000092612

DATE DUE  
06-05-96

PAYABLE  
ANNUALLY

PLEASE PUT POLICY NUMBER ON  
CHECK. MAKE CHECK PAYABLE TO  
'ALEXANDER HAMILTON LIFE'

CARL J WENZ

PREMIUM  
TOTAL DUE

*45-15 pc*  
*1*  
*2003*  
*1,373.00*  
*1,373.00*

F001690383

PLEASE DETACH AND KEEP THIS PART FOR YOUR RECORDS.

DATE PAID \_\_\_\_\_ CHECK NO. \_\_\_\_\_

03-15 (10/95)

F001690384

ALEXANDER HAMILTON LIFE  
1145 Hamilton Court • Farmington Hills, MI 48334-1200

POLICY NUMBER  
0000092638

DATE DUE  
06-05-96

PAYABLE  
ANNUALLY

PLEASE PUT POLICY NUMBER ON  
CHECK. MAKE CHECK PAYABLE TO  
'ALEXANDER HAMILTON LIFE'

CATHERINE OWENS

PREMIUM  
TOTAL DUE

*45-15 pc*  
*1*  
*2003*  
*1,000.00*  
*1,000.00*

F001690384

PLEASE DETACH AND KEEP THIS PART FOR YOUR RECORDS.

DATE PAID \_\_\_\_\_ CHECK NO. \_\_\_\_\_

03-15 (10/95)



SOURCE



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MID-COUNTY SERVICES, INC.

Docket No. 971065-SU

Period Ending 12/31/96

Invoice Support for Audit Exception # 2

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statement of premium *(V0095)*

ALEXANDER HAMILTON LIFE  
INSURANCE COMPANY OF AMERICA

*(04-29-96)*

PAGE 1

WATER SERVICE CORP  
2335 SANDERS RD  
NORTHBROOK IL 60062

GROUP NUMBER *(604393 - 96)*

AGENT - 0000019032  
01271 - RICHARD D PETERSON AGENCY

Name	Identification Number	Policy Number	Term	Months	Quantity of Annual Dues	Amount Due
DAVID H. O'HARCE	0005704055	0005734025	12	PREMIUM	1	3,782.40
JAMES L. CAHAREN	0005704068	0005704068	12	PREMIUM	1	1,740.00
PATRICK J. O'BRIEN	0005704084	0005704084	12	PREMIUM	1	1,187.40
ANDREW H. DOPUCH	0005704097	0005704097	12	PREMIUM	1	1,317.40
STEPHEN T. KENNEDY	0005716009	0005716009	12	PREMIUM	1	1,875.00

*12-15 P*  
*12-15 P*

PLEASE MAKE CHECK PAYABLE TO - ALEXANDER HAMILTON LIFE INSURANCE

PLEASE REMIT THIS AMOUNT \$11,600.36

*(1,373.00)*

*(I)*

*OK*  
*2ND*  
*10,227.36.*  
*(2)*

*(02 0005 16510)*

*(PBC)*

TO GET THE POLICY DOCUMENT PLEASE CALL 8726

2300 HAMILTON COURT • FARMINGTON HILLS, MI 48334 • (313) 563-3000  
RETURN WITH PAYMENT

*3/7*

SOURCE

*(PBC)*

*431*  
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MID-COUNTY SERVICES, INC.

Docket No. 971065-SU

Period Ending 12/31/96

Invoice Support for Audit Exception # 2

*Cee*  
*Hope 7/9*

RELIANCE STANDARD LIFE  
INSURANCE COMPANY  
PLEASE REMIT PAYMENT TO:  
PO BOX 8500 (0000)  
PHILADELPHIA PA 19178-0000

STATEMENT OF PREMIUM DUE  
POLICY NO. 58 46 887  
GEN POLICY ID: 01  
BILL GROUP

STATEMENT DATE: 07-31-96  
POLICYHOLDER - WATER SERVICE COMP  
AGENT - 00-0034

WATER SERVICE COMP.  
ATTN: DAVID SWANER  
1328 SANDERS ROAD  
MORTYNSHOOK  
IL 00003

*Visit*  
*SI*  
*#7/96-7/97*

TOTAL PREMIUM DUE MUST BE SUBMITTED WITHIN 45 DAYS OF STATEMENT DATE

ENROLLMENT NO.	DESCRIPTION	NO	EFFECTIVE DATE	EXPIRES	PAID GROSS PREMIUM	DUE GROSS PREMIUM	PREMIUM DUE
000 R		15	07-23-93	07-23-94	9,188.40	9,188.40	9,188.40
001 R		15	07-23-94	07-23-95	9,188.40	9,188.40	9,188.40
002 R		15	07-23-95	07-23-96	9,188.40	9,188.40	9,188.40
003 R	3RD ANNU INMT	15	07-23-96	07-23-97		9,188.40	9,188.40
TOTAL GROSS PREMIUM PAID.....					277,986.40		
TOTAL GROSS PREMIUM DUE.....						28,188.40	28,188.40
PREMIUM DUE.....						28,188.40	28,188.40

*7/1/96*

*02 0005 16510*

*88,188.40*  
*15-15-92*

PLEASE RETURN A COPY OF THIS STATEMENT WITH YOUR CHECK FOR THE PREMIUM DUE IN THE ENCLOSED ENVELOPE.  
ADMINISTRATIVE OFFICES - RELIANCE STANDARD LIFE INSURANCE COMPANY 3801 PARKWAY PHILADELPHIA PA 19120-2400  
THE HOME OFFICE OF RELIANCE STANDARD LIFE IS LOCATED IN PHARADISE PARK, IL

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MID-COUNTY SERVICES, INC.

Docket No. 971065-SU

Period Ending 12/31/96

Invoice Support for Audit Exception # 2

*CW*  
*W/12/97*

INVOICE

Rollins Hudig Hall of Illinois, Inc.  
P.O. Box 75511, Chicago, Illinois 60675-5511  
Telephone 312-701-4000 FAX 312-701-4143  
F.E.I.N. 36-2714362

**ROLLINS HUDIG HALL**

*AON RISK SERV*

412604-000

Utilities Inc Etal

2335 Sanders Road  
Northbrook  
IL 600620000

*8137*

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EXTENSION OF POLICY PERIOD FROM  
5/1/96 TO 7/1/96

**PBC**

3/01/96 PH00019711	Directors & Officers Liab	01	PREMIUM	9,168.00
7/01/96 RENEWAL	Pacific Insurance Co	02	TAX	275.00
		03	SERVICE FEE	28.00
				<i>9,471.00</i>

*2 mos. extension of anniversary date to July 1, 1996*

SOURCE

**PBC**

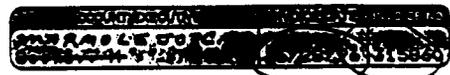
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**INVOICE**

Rollins Hudig Hall of Illinois, Inc.  
 P.O. Box 75511, Chicago, Illinois 60675-5511  
 Telephone 312-701-4000 FAX 312-701-4143  
 F.E.I.N. 36-2714362



412604-000

Utilities Inc Etal

2335 Sanders Road  
 Northbrook  
 IL 600620000

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PREMIUM & USE ON ACCOUNT OF SERVICE				
7/01/96	BINDER	Directors & Officers Liab		
7/01/97	RENEWAL	Continental Casualty Co.	01 PREMIUM	80,000:00 <i>157</i>
<i>NEW INS. CO. FOR RENEWAL FULLY 7/1/96/97</i>		<i>02 000516510</i>		
AN AON COMPANY				

SOURCE



*137*  
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