

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: March 5, 2003
TO: Division of Commission Clerk and Administrative Services
FROM: Tony Sargent, Professional Accountant, Division of Economic Regulation *TS*
RE: Docket No. 021228-WS - application for staff assisted rate case in Brevard County by Service Management Systems, Inc.

The attached letter was sent to the Division of Economic Regulation. Please include it in the official docket file for Docket No. 021228-WS.

Thank you.

(US _____
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 (MS _____
 (EC _____
 (TH _____

DOCUMENT NUMBER-DATE

02190 MAR-5 8

FPSC-COMMISSION CLERK

LAW OFFICES

ROSE, SUNDBSTROM & BENTLEY, LLP

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JAREN L. SHIPPY
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JOHN L. WHARTON

ROBERT M. C. ROSE, OF COUNSEL
WAYNE L. SCHIEFELBEIN, OF COUNSEL
VALERIE L. LORD, OF COUNSEL
(LICENSED IN TEXAS ONLY)

March 4, 2003

Marshall Willis, CPA
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
03 MAR -4 PM 3:42
DIVISION OF
ECONOMIC REGULATION

Re: **Service Management Systems, Inc.; PSC Docket No. 021228-WS**
Application for Staff Assisted Water and Sewer Rate Increase in Brevard County
Our File No. 36082.01

Dear Marshall:

As you know, Service Management Systems, Inc. recently applied for a staff-assisted increase in rates. Bob Nixon and I have been asked to provide minor assistance in reviewing the staff audit findings and in reviewing the staff recommendation, when they are finalized in the coming months.

As you also probably know, the Commission is now finalizing a Transfer of Majority Organizational Control for Service Management Systems, Inc. which we expect to go to the Commission for final decision in early to mid April. In that case, the Commission staff has already performed a complete audit of rate base up through a relatively recent time. While that may need to be updated, I believe that the certification staff has forwarded that audit to you for use of the staff assisted rate case, in order to avoid duplicative audits and analysis of the issues contained therein.

Because both Mr. Nixon and myself assisted in reviewing the audit and in providing comments to the audit, some of the costs that were incurred during the certificate transfer proceeding relate more correctly to the staff assisted case, since that is where the results of that audit will be utilized. Therefore, I am attaching invoices from Mr. Nixon and myself which relate to analysis of the staff Audit Report on rate base and our preparation of a response on behalf of the Utility, which costs we believe should be included in rate case expense in the upcoming staff assisted rate case.

Marshall Willis
March 4, 2003
Page 2

In addition, we have been asked to review the additional audit on operating income and any updates to the rate base audit, and to review the staff recommendation when it is finalized. As such, some additional rate case expense will be incurred by the Utility. We anticipate that the total, including those costs already incurred, will equal approximately \$10,000 to \$65,000 in total rate case costs, depending upon the level of the involvement of myself and Mr. Nixon that is necessary.

Please have the members of the staff contact us approximately three to four weeks before the staff recommendation in the staff assisted rate case is to be issued, and we will be glad at that time to provide an updated actual and estimated rate case expense costs relative to this case for consideration and inclusion in the final staff calculations.

I appreciate your assistance in this regard and look forward to assisting you in any way I can, through the staff assisted rate case process.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD\tms

cc: Ralph Jaeger
Brian Fitch
Shannon Hudson
Jennie Lingo
Troy Rendell
Tony Sargent
Denise Vandiver
Charles Winston
Jim Bates
Marty Sadkin

indian\willis.ltr

ACTUAL LEGAL FEES AND COSTS INCURRED
INDIAN RIVER DEVELOPMENT
Fees and Costs Related to the Audit Response

LEGAL FEES

<u>Invoice Date</u>	<u>Hours</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
08/02	9.70	\$ 2,037.00	\$ 148.82	\$ 2,185.82
09/02	<u>3.80</u>	<u>798.00</u>	<u>242.21</u>	<u>1,040.21</u>
Total	<u>13.50</u>	<u>\$ 2,835.00</u>	<u>\$ 391.03</u>	<u>3,226.03</u>

ACCOUNTING FEES

<u>Invoice Date</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
08/02	\$ 3,420.00	\$ 26.46	<u>\$ 3,446.46</u>

Total Expenses Related to the Rate Base Audit: \$ 6,672.49

Cronin, Jackson, Nixon & Wilson

CERTIFIED PUBLIC ACCOUNTANTS, P.A.

AMES L. CARLSTEDT, C.P.A.
KRISTINE R. CHRISTIAN, C.P.A.
JOHN H. CRONIN, JR., C.P.A.
ROBERT H. JACKSON, C.P.A.
ROBERT C. NIXON, C.P.A.
KARENETTE SUNG, C.P.A.
COLLYN M. TOWNER, C.P.A.
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2560 GULF-TO-BAY BOULEVARD
SUITE 200
CLEARWATER, FLORIDA 33765-4419
(727) 791-4030
FACSIMILE
(727) 797-3602
e-Mail
cpas@cinw.net

INVOICE

August 9, 2002

Service Management Systems, Inc.
235 Hammock Shore Drive
Melbourne Beach, FL 32951

#1168

For professional services rendered during July 2002, as follows:

1. Review current and prior PFC audit workpapers and recalculate accumulated depreciation since 1994; e-mail regarding what the auditor did incorrectly.	\$ 3,157.50
2. Review PSC audit report and prepare e-mail with comments to Mr. Bates and Mr. Deterding.	262.50
3. Preparation and review of the 2002 Index and Pass-Through adjustment	825.00
4. Telephone and copies	33.10
Total	<u>\$ 4,278.10</u>

OK
JB

LAW OFFICES

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TALLAHASSEE, FLORIDA 32302-1567

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PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

F.E.I. # 59-2783536

INDIAN RIVER DEVELOPMENT
C/O BOB FRAZIER, ESQUIRE
FRAZIER, HOTTE & ASSOCIATES
2400 E COMMERCIAL BLVD, STE 826
FT LAUDERDALE, FL 33308

INVOICE # 25538
AUGUST 20, 2002
FILE # 36082-0001

PAGE 1

All Audit

MATTER TRANSFER APPLICATION

07/01/02	OBTAIN AUDIT AND PREPARE LETTER TO CLIENT RE: SAME.	2.40	
07/02/02	REVIEW NIXON'S FIRST REACTION TO AUDIT; TELEPHONE CONFERENCE WITH PSC RE: OBTAINING WORKPAPERS; REVIEW FILES RE: PRIOR AUDITS AND ORDERS; ADDITIONAL TELEPHONE CONFERENCE WITH PSC RE: OBTAINING ALL WORKPAPERS FROM PRIOR AUDITS.	1.90	
07/02/02	TELEPHONE CONFERENCE WITH NIXON AND BATES; TELEPHONE CONFERENCE WITH STAFF RE: WORKPAPERS NEEDED; REVIEW CASES AND REVIEW BATES' DRAFT LETTER.	0.00	
07/03/02	TELEPHONE CONFERENCE WITH PSC STAFF ACCOUNTANT RE: WORKPAPERS NEEDED AND APPROXIMATE TIME FOR SAME.	1.30	
07/05/02	TELEPHONE CONFERENCE WITH STAFF; OBTAIN ALL WORKPAPERS AND BEGIN REVIEW OF SAME.	0.30	
07/08/02	DRAFT LETTER TO NIXON RE: WORKPAPERS AND FINISH REVIEW OF SAME.	1.10	
07/11/02	TELEPHONE CONFERENCE WITH BATES RE: DELAY IN AUDIT RESPONSE; TELEPHONE CONFERENCE WITH NIXON RE: AUDIT RESPONSE.	1.40	
07/22/02	TELEPHONE CONFERENCE WITH SADKIN RE: ISSUES ON TABLE AND REVIEW BATES LETTER AND TELEPHONE CONFERENCE WITH BATES.	0.70	
07/24/02		0.60	
		9.70	2,037.00
	LONG DISTANCE CALLS	10.00	
	FEDERAL EXPRESS	17.61	
	TELECOPIER	31.50	
	EXTRA CLERICAL SUPPORT	17.81	
	COPIES FROM PSC	71.90	

Continued

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AUGUST 20, 2002
FILE # 36082-0001

PAGE 2

TOTAL COSTS ADVANCED	148.82
TOTAL STATEMENT	\$2,185.82

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(850) 877-6555

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F.E.I. # 59-2783536

INDIAN RIVER DEVELOPMENT
7860 PETERS RD, F111
PLANTATION, FL 33324
ATTN: STACEYINVOICE # 25710
SEPTEMBER 18, 2002
FILE # 36082-0001

PAGE 1

MATTER TRANSFER APPLICATION

08/06/02	REVIEW NIXON'S SCHEDULE; PREPARE VARIOUS DOCUMENTS; LETTER TO BATES; TELEPHONE CONFERENCE WITH BATES; REVIEW COUNTY WEBSITE RE: TAX BILLS; TELEPHONE CONFERENCE WITH COUNTY TAX DEPT., ALL RE: INDEX AND PREPARATION OF SAME.	2.80
08/09/02	REVIEW INQUIRIES FROM STAFF AND AUDIT AND PROPOSED RESPONSE FROM NIXON; WORK ON FINALIZING AUDIT RESPONSE; BEGIN DRAFTING RESPONSE TO OTHER INQUIRIES FROM STAFF; TELEPHONE CONFERENCE WITH FRAZIER RE: BOTH; LETTER TO BATES;	4.20
08/09/02	TELEPHONE CONFERENCE WITH BATES; DRAFT LETTER TO FRAZIER RE: NEEDED ADDITIONAL INFORMATION.	0.00
08/12/02	DRAFT LETTER TO PSC RE: AUDIT RESPONSE; SEND TO NIXON IN DRAFT FORM; TELEPHONE CONFERENCE WITH NIXON AND BATES RE: SAME AND RE: ADDITIONAL INFORMATION; FINALIZE LETTER TO PSC RE: AUDIT RESPONSE AND SEND.	2.10
08/21/02	REVIEW LETTER FROM PSC AND DRAFT COVER LETTER TO HEIN.	0.40
08/22/02	TELEPHONE CONFERENCE WITH FRAZIER'S OFFICE RE: NEEDED INFORMATION ON ISSUES; INTRA-OFFICE CONFERENCE RE: SAME.	0.90
08/26/02	TELEPHONE CONFERENCE WITH LINDA AT FRAZIER'S OFFICE; REVIEW AND FINALIZE LETTER TO PSC RE: ANSWERS TO EXTENSIVE QUESTIONS; REVIEW FILES RE: SAME.	2.10
08/28/02	TELEPHONE CONFERENCE WITH PSC RE: ISSUES ON PASS-THROUGH AND INDEX; REVIEW FILE; TELEPHONE CONFERENCE WITH BATES AND JURGUTIS; REVIEW TAX BILLS RECEIVED FROM JURGUTIS AND SEND WITH COVER LETTER TO	1.40

1.7
Audit2.10
Audit

Continue

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INDIAN RIVER DEVELOPMENT

INVOICE # 25710
SEPTEMBER 18, 2002
FILE # 36082-0001

PAGE 2

RENDELL.

13.90

2,919.00

LONG DISTANCE CALLS
TELECOPIER
PHOTOCOPIES
LEXIS SERVICE

0.75
47.50
827.75
10.00

TOTAL COSTS ADVANCED

886.00

TOTAL STATEMENT

\$3,805.00

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