



Public Service Commission  
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**DATE:** June 20, 2003  
**TO:** Division of Commission Clerk and Administrative Services  
**FROM:** Tony Sargent, Professional Accountant, Division of Economic Regulation  
**RE:** Docket No. 021228-WS - application for staff assisted rate case in Brevard County by Service Management Systems, Inc.

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

Thank you.

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TIMOTHY DEVLIN, DIRECTOR  
DIVISION OF ECONOMIC REGULATION  
(850) 413-6900

## Public Service Commission

June 20, 2003

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

**Re: Docket No. 021228-WS, Staff Assisted Rate Case for Service Management Systems, Inc., in Brevard County**

Dear Mr. Bates:

We recently received a letter prepared by the utility's counsel which outlined the utility's concerns with staff's preliminary report dated April 28, 2003, and presented additional topics for staff's consideration. At this time, staff is reviewing these items along with information gathered at the customer meeting held on June 18, 2003.

In staff's preliminary report dated April 28, 2003, estimated allowances for certain expenses were made in preparing preliminary rates for Service Management Systems, Inc. In two instances, Rents and Insurance, staff noted that additional information would need to be submitted by the utility in order for these expenses to remain in staff's final recommendation. At this time, staff has not received the requested information.

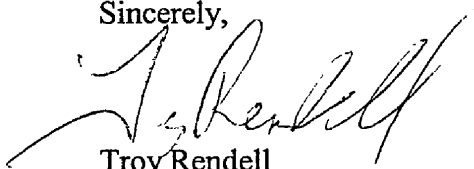
First, in order for insurance expense to be included, staff requires a copy of each existing insurance policy which details the type, amount, and named insured of the policy. Specifically, staff wishes to verify that for each of these policies the current ownership structure of the utility is fully covered. In the above referenced letter from the utility's counsel, additional insurance policies and costs have been presented for staff's consideration. In order for staff to consider these costs, information similar to that requested above must be provided including the type of policy, utility property covered, named insured, total cost, and proof this cost was incurred by the utility.

Second, the utility has informed staff that additional office space must be obtained for utility operations. While staff was provided a preliminary estimate, the utility was instructed to provide a contract or written estimate in order for the requested rent expense to be included in staff's final recommendation.

James Bates  
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In order to maintain the statute mandated time frame of the staff assisted rate case, this requested information must be received by staff no later than June 30, 2003, in order to be considered for staff's final recommendation which is to be filed July 24, 2003. If you have any questions regarding the above requests, please contact Tony Sargent at (850) 413-6968, or Ryan Fitch at (850) 413-6928.

Sincerely,



Troy Rendell  
Public Utilities Supervisor

TR:ts

cc: Division of Economic Regulation (Willis, Sargent, Fitch)  
Office of General Counsel (Jaeger)  
Division of Commission Clerk and Administrative Services (021228-WS)  
F. Marshall Deterding, Esq.