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DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

December 16, 2003

Mr. Martin S. Friedman
Rose, Sundstrom & Bentley LLP
600 S. North Lake Boulevard, Suite 160
Altamonte Springs, FL 32701

Re: Docket No. 030444-WS, Application for Utilities, Inc. of Bayside, for Increase in Rates in Bay County

Dear Mr. Friedman:

We have reviewed the minimum filing requirements (MFRs) submitted on November 17, 2003, on behalf of the above mentioned utility. After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

1. Rule 25-30.436(4)(h), Florida Administrative Code, requires that any system that has costs allocated or charged to it from a parent, in addition to those reported on Schedule B-12 of Commission Form PSC/WAW 20, shall file three copies of additional schedules showing additional information as detailed in the rule. The document that the utility submitted did not reflect all of the information that is required by this rule. The utility has failed to include the following items of this rule:
 - (3) The allocation or direct charging method used and the basis for using that method; and
 - (4) The workpapers used to develop the allocation method, including but not limited to the numerator and denominator of each allocation factor.

2. Pursuant to Order No. PSC-00-2388-AS-WU, issued December 13, 2000, Utilities, Inc. (UI), agreed to provide a cross-reference for its general ledger account numbers to the National Association of Regulated Utility Commission Uniform System of Accounts primary account numbers. Staff notes that we have received a cross-reference in Docket No. 020407-WS in connection with the staff's discussion with UI regarding its books and records. However, that document did not include references for all operation and maintenance expense accounts, particularly materials

AUS _____
 CAF _____
 CMP _____
 COM _____
 CTR _____
 ECR _____
 GCL _____
 OPC _____
 MMS _____
 SEC _____
 OTH _____

DOCUMENT NUMBER-DATE

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references for all operation and maintenance expense accounts, particularly materials and supplies and miscellaneous expenses. Please submit a complete copy which cross-references all accounts for this docket.

Rule 25-30.437, Florida Administrative Code, requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ERC 20 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." Numbers 3-15 of the following list are deficiencies pursuant to this rule.

3. Schedule A-3, Schedule of Adjustment to Rate Base
Schedule A-5, Schedule of Water Plant in Service By Primary Account
Schedule A-6, Schedule of Wastewater Plant in Service By Primary Account
Schedule A-9, Schedule of Water Accum. Depreciation By Primary Account
Schedule A-10, Schedule of Wastewater Accum. Depreciation By Primary Account
Schedule B-13, Net Depreciation Expense - Water
Schedule B-14, Net Depreciation Expense - Wastewater

Pro forma adjustments have to be reflected by primary account on these schedules. The utility has not done this.

4. Schedule A-15, Schedule of Annual AFUDC Rates Used

The explanation for this schedule requires that the utility state the authority for any AFUDC rates used. The utility has not provided this information.

5. Schedule B-7 Operation and Maintenance Expense Comparison - Water
Schedule B-8 Operation and Maintenance Expense Comparison - Wastewater

Please provide an explanation for Bad Debt, Miscellaneous, and Material and Supplies Expenses on Schedule B-7, and Materials and Supplies, Sludge Removal, and Bad Debt Expense on Schedule B-8.

Line 28 of these schedules require the use of Equivalent Residential Connections (ERCs) not Customer Equivalents (CEs). Please provide a statement that the utility has in fact used ERCs. If the utility has used CEs, provide the appropriate comparison of ERCs as required.

6. Schedule B-11 Analysis of Major Maintenance Projects-Water & Sewer

Schedule B-11 is inconsistent with explanations on Schedule B-7 & Schedule B-8 regarding Materials and Supplies on Maintenance. Provide an explanation for expense projected in excess of \$1,300 for water and \$1,800 for wastewater.

7. Schedule B-15, Taxes Other Than Income

Gross Revenues, including miscellaneous Service Charges are subject to regulatory assessment fees; therefore, the amount reflected on B-15 should reflect 4.5% of total revenues.

8. Schedule C-6, Accumulated Deferred Income Taxes - Summary

Please provide an explanation stating whether the negative numbers are debit or credit balances. Also, the balances shown on the summary schedule, page 1 of 3, do not match the balances reflected on the balance sheet or the capital structure.

9. Schedule D-2, Reconciliation of Capital Structure to Requested Rate Base
Schedule D-4, Simple Average Cost of Short-Term Debt
Schedule D-5, Cost of Long-Term Debt

Schedule D-2, line 1, Long Term Debt does not tie to the total on Schedule D-5, column 4.

Schedule D-2 line 2, Short Term Debt does not tie to the total on Schedule D-4, column 3.

10. Schedule E-2 Revenue Schedule at Present and Proposed Rates

The explanation for this schedule requires that the utility provide a calculation of revenues at present and proposed rates.

Schedule E-2, 2 of 4, 3 of 4, and 4 of 4 for water are missing.

Schedule E-2, 1 of 4, and 2 of 4, of wastewater are missing.

11. Schedule E-2 Revenue Schedule at Present and Interim Rates

This schedule should provide the revenue schedule at present and interim rates.

Schedule E-2 Interim, 1 of 2, for wastewater is missing.

Schedule E-2 Interim, 2 of 2, column [2] - [14] should be totaled.

12. Schedule E-3 Customer Monthly Billing Schedule

The explanation for this schedule requires the utility to provide a schedule of monthly customers billed or served by class.

Schedule E-3 total customers do not match Schedule E-2 total bills.

13. Schedule F-1 on page 72 of Volume I (Financial, Rate and Engineering Filing Requirements) is deficient in its explanation as to why unaccounted for water is greater than 10%. The utility needs to provide staff with a clear explanation why unaccounted for water exceeds 10%.

Also on Schedule F-1, the utility is deficient in its explanation of the two different unaccounted for water percentages. The utility needs to provide staff with a clear

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and detailed explanation why there are two unaccounted for water percentages, what specific monthly data makes up the basis for the two different percentages, and how each were calculated.

14. Schedule F-9 on page 80 of Volume I (Financial, Rate and Engineering Filing Requirements) is deficient in its breakdown of water gallons sold for previous years. The utility needs to provide staff with a breakdown of water gallons sold for years 1998, 1999, 2000, and 2001.
15. Schedule F-10 on page 81 of Volume I (Financial, Rate and Engineering Filing Requirements) is deficient in its breakdown of wastewater gallons sold for previous years. The utility needs to provide staff with a breakdown of wastewater gallons sold for years 1998, 1999, 2000, and 2001.

If any corrections to the above deficiencies require a corresponding change to any schedules, those corrected schedules must also be submitted.

Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than January 16, 2004.

Sincerely yours,



Tim Devlin

Director of Economic Regulation

TD:tb

cc: Division of Commission Clerk and Administrative Services
Office of the General Counsel (Jaeger)
Division of Economic Regulation (Willis, Rendell, Biggins, Davis)