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REPLY TO ALTAMONTE SPRINGS

MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD, OF COUNSEL
(LICENSED IN TEXAS ONLY)

May 6, 2004

HAND DELIVERY

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RECEIVED - FPSC
MAY - 6 PM 12: 14
COMMISSION
CLERK

Re: Docket No. 030444-WS; Application by Bayside Utility Services, Inc., for Rate Increase in Bay County, Florida
Our File No.: 30057.57

Dear Ms. Bayo:

We enclose for filing the following supplement to the responses of the Applicant, Bayside Utility Services, Inc., to the Commission Staff's Audit Report and Exceptions dated March 24, 2004:

CMP **Audit Exception No. 1:**

COM The Utility agrees with the Auditor's recommendations and will book the required
CTR journal entries.

ECR **Audit Exception No. 2:**

GCL
OPC The Utility recognizes the Commission's Rules pertaining to capitalized organization
MMS and franchise costs, and will book the required journal entries. The Utility is working to
 rectify the presentation of these costs in the future.

RCA
SCR **Audit Exception No. 3:**

SEC 1 The Utility agrees with the Auditor's recommendations and will book the required
OTH journal entries.

DOCUMENT NUMBER-DATE

05300 MAY -6 04

FPSC-COMMISSION CLERK

Audit Exception No. 4:

The Utility agrees with the Auditor's recommended adjustment.

Audit Exception No. 5:

The Utility agrees with the Auditor's recommended adjustment.

Audit Exception No. 6:

The Utility recognizes the different depreciation rates for Accounts 380 and 381. The Utility is working to correct this.

Audit Exception No. 7:

The Utility agrees with the Auditor's recommended adjustment.

Audit Exception No. 8:

The Utility agrees that the schedule provided the Utility should be included in the ADIT average balance.

Audit Disclosure No. 1:

Account 334.4 - Automatic Meter Reading Equipment: This project has been pushed back to 2006. The UPIS accumulated depreciation and depreciation expense related to this project should be removed.

Account 331.4 - Water Main Improvements: The Utility does not have a written estimate as of the date of this response. It will provide a written estimate as soon as it has received it from the contractor.

Account 354.2 - Lift Station Improvements: Attached are copies of the three estimates from GSP, Inc. for this project totaling \$22,800. The \$22,800 of capital expenditures should be included in rate base. Therefore, the UPIS, accumulated depreciation and depreciation expense contained in the MFR should be adjusted.

Ms. Blanca Bayo
May 6, 2004
Page 3

Account 361.2 - Gravity Main Improvements: Attached is a copy of the estimate from Roto Rooter for this project totaling \$8,842. The \$8,842 of capital expenditures should be included in rate base. Therefore, the UPIS, accumulated depreciation and depreciation expense contained in the MFR should be adjusted.

Audit Disclosure No. 2:

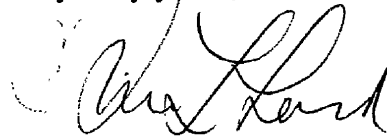
The Utility corrected this billing discrepancy and appropriately refunded the affected customers.

Audit Disclosure No. 3:

The pro forma adjustments to operation and maintenance expenses included in the MFR were estimates based on partial year data. The increases contained in the audit report reflect actual expense increases when 2002 historical costs are compared with 2003 historical costs. Accordingly, these increases should be included for rate making purposes.

Should you have any questions concerning the enclosed, please do not hesitate to give me a call.

Very truly yours,



VALERIE L. LORD
For the Firm

VLL/mp
Enclosures

cc: Mr. Jeffery A. Small, Audit Manager (via facsimile)
Ms. Kathy L. Welch, Audit Staff (via facsimile)
Mr. Bart Fletcher (w/enclosures) (via hand delivery)
Mr. Steven M. Lubertozzi
Mr. Patrick Flynn
Mr. Frank Seidman

M:\1 ALTAMONTE\UTILITIES INC\BAYSIDE\(.57) BAYSIDE 2003 RATE CASE\PSC Clerk 08 (Audit Exceptions).wpd



2990 Minnesota Avenue
Lynn Haven, FL 32444

Estimate

Date	Estimate No.
4/17/2003	145

Name/Address
Utilities, Inc. of Florida 200 Weatherfield Ave. Altamonte Springs, FL 32714 Attn: Rhonda Clark

Description	Qty	Rate	Project	Other	Total
Estimated costs for plumbing repair at Marina Bayside : Proposed estimate includes the installation of a Pump Around and locking aluminum cover.		3,800.00			3,800.00
Labor and materials shall have one year warranty. tax L/S #3 <i>Estimate by</i> <i>4/20/04</i>		7.00%			0.00
Total					\$3,800.00

ATTACHMENT TO: Disclosure #1
 Acct No 3542

BS PAGE 1-3



2990 Minnesota Avenue
Lynn Haven, FL 32444

Estimate

Date	Estimate No.
4/17/2003	144

Name/Address
Utilities, Inc. of Florida 200 Weatherfield Ave. Altamonte Springs, FL 32714 Attn: Rhonda Clark

Description	Qty	Rate	Project	Other	Total
				Estimate for Plumbing Rep...	
Estimate for plumbing repair of the Middle Station at Bayside Proposed estimated costs shall include the rewiring of the Middle Lift Station at Bayside and the installation of Valve Box, Pump-Around, and Manhole cover shall be installed. All fees for services provided to complete installation are included. Labor and materials shall include a 1 year warranty. tax L/S #2 OK <i>Robert [Signature]</i> 4/20/04		6,500.00			6,500.00
		7.00%			0.00
			Total		\$6,500.00

ATTACHMENT TO: Disclosure No 1
 HCC No 354 R

PAGE 2 of 3

*FAX TO GARY
+ GARY*

FAKED
S/S03 Estimate



OSP
OLEAN GUYER PIPING INC.
2990 Minnesota Avenue
Lynn Haven, FL 32444

Date	Estimate No.
4/17/2003	143

Name/Address
Utilities, Inc. of Florida 200 Weathersfield Ave. Altamonte Springs, FL 32714 Attn: Rhonda Clark

				Project
Description	Qty	Rate		Total
The proposed estimate for plumbing repairs for the Tiki Hut Station located in Bayside will include the following services and materials: Removal of old building and installation of new top hatch cover and valve box. All services and associated fees/costs for electrical services and/or usage of pump truck(s) as required are included within this quoted price. This quoted price shall remain effective for a period of ninety (90) days. Work shall include a 1 year warranty on installation and materials provided. for a period of 1 year. tax		12,500.00		12,500.00
<i>L/S #1</i>		7.00%		0.00
<i>OK Robert Clark 4/20/04</i>				
Total				\$12,500.00

ATTACHMENT TO: *Disclosure No. 1*
Acct No. 354.2

PAGE 3 of 3

Apr 13 04 03:18p



2990 Minnesota Avenue
Lyon Haven, FL 33444

Job Quote

Date	Job Quote #
4/13/2004	815

Quote Prepared For		Rate	Total
Utilities, Inc of Florida 200 Weathersfield Ave Altamonte Springs, FL 32714 Attn: Rhonda Clark			
Description		Rate	Total
Proposal or estimate for Repairing Manholes At Bayside.		8,842.00	8,842.00
Jet & Clean Lines Pump Sand out of manholes Seal manholes & invert tax.		6.50%	0.00
		Total	8,842.00

All work shall be completed in a workmanship like manner, in compliance with Florida Plumbing Code and Health Department rules and laws. Any damage done to sod shall not be warranted or replaced. Payment shall be made upon completion of job. Our workers are covered by Workers Compensation Insurance as required by the State of Florida

OWNER
Contractor/Client Acceptance Signature

[Handwritten Signature]
[Handwritten Signature]

accepted
Date 4/15/04

Roto Rooter Representative Signature

Date

ATTACHMENT TO: Disclosure No 1
Acc 716 3012