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REPLY TO ALTAMONTE SPRINGS

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

May 28, 2004

HAND DELIVERY

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

Re: Docket No. 030446-SU; Application by Mid-County Services, Inc., for Rate Increase
in Pinellas County, Florida
Our File No.: 30057.59

Dear Ms. Bayo:

We enclose the following responses of the Applicant, Mid-County Services, Inc., to
the Commission Staff's Audit Report and Exceptions dated April 23, 2004, for filing:

Audit Exception No. 1:

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

CMP **Audit Exception No. 2:**

COM
CTR The Utility will respond to this exception in parts by referring to the numbered
recommendations in the Auditor's report:

- ECR
GCL
OPC
MMS
RCA
SCR
SEC 1
OTH
1. The Utility agrees with the Auditor's recommendations and will make the
required adjustments.
 2. The Utility agrees with the Auditor's recommendations and will make the
required adjustments.

DOCUMENT NUMBER-DATE

06106 MAY 28 04

COMMUNICATIONS CENTER

3. The Utility agrees with the Auditor's recommendations and will make the required adjustments.
4. The Utility agrees with the Auditor's recommendations and will make the required adjustments.
5. The Utility understands the Auditor's determination that legal fees be expensed. However, the Utility does have support for the five invoices listed as unsupported. Copies of the invoices numbered 090148, 091697, 094106, 000788 and 001436 are attached. Accordingly, these items should be included as an expense in 2002.

Audit Exception No. 3:

The Utility agrees with the Auditor's position.

Audit Exception No. 4:

The Utility disagrees with the Auditor's determination in this exception on both items in question. The Utility was able to locate the invoice in question to support the \$975 addition. It is attached. Additionally, it is the Utility's opinion that both of these items are properly capitalized in Account No. 353 - Land and Land Rights. Pursuant to guidance given in NARUC's Uniform System of Accounts for Class A Wastewater Utilities, "Fees, commissions, and salaries to brokers, agents, and others in connection with the acquisition of the land or land rights", it is permissible to include such expenses in this account. Because investigation of easements is clearly connected to the acquisition of land, both amounts are properly capitalized and the auditor's recommended \$2,603.25 adjustment should not be made.

Audit Exception No. 5:

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

Disclosure No. 1:

The utility will provide its response on Tuesday, June 1, 2004.

Ms. Blanca Bayo
May 28, 2004
Page 3

Disclosure No. 2:

Please refer to the utility's response to Staff's Second Data Request No. 19.

Disclosure No. 3:

The Utility is attempting to verify the Auditor's disclosure and will reply when it has finished its internal review.

Disclosure No. 4:

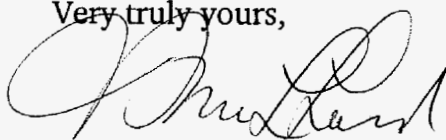
The Utility is attempting to verify the Auditor's disclosure and will reply when it has finished its internal review.

Disclosure No. 5:

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/tlc

cc: Mr. Jeffery A. Small, Audit Manager (by facsimile) (w/ enclosures)
Ms. Kathy L. Welch, Audit Staff (by facsimile) (w/ enclosures)
Mr. Steven M. Lubertozi (w/o enclosures)
Mr. Patrick Flynn (w/o enclosures)
Mr. Frank Seidman (w/o enclosures)

M:\1 ALTAMONTE\UTILITIES INC\MID-COUNTY\(.59) MID-COUNTY 2003 RATE CASE\PSC Clerk 09 (Audit Exceptions).wpd

AUDIT EXCEPTION NO. 2

Electrical & Mechanical Services

Invoice

7906-1 Clark Moody Blvd.
Port Richey, FL 34668

RECEIVED

DATE 12/19/00 INVOICE# #11806

DEC 22 2000

BILL TO

Utilities, Inc.
200 Weathersfield Dr.- Attn : Chris
Altamonte Springs, FL. 32714
~~#4 - MidCounty - influence pump~~

TIGRAE VERDE 2/5 #2

P.O. NO. TERMS PROJECT

 Net 30

| TITY | DESCRIPTION | RATE | AMOUNT |
|------|--|----------|----------|
| 4 | 2 men rt with installation of parts | 45.00 | 180.00 |
| 5 | 2 men rt with installation of parts | 45.00 | 225.00 |
| 1 | Shop Labor | 32.50 | 32.50 |
| | insrtalled new barbarian pump , new breaker to match pump and thermals | | |
| | barbarian 5 hp pump | 2,850.00 | 2,850.00 |
| | freight | 150.00 | 150.00 |
| 3 | thermals | 39.19 | 117.57 |
| | breaker | 378.00 | 378.00 |
| | Sales Tax | 7.00% | 275.31 |

SLH 12/27
(2) 12/27

088-0645-3804005

Total **\$4,208.38**

GERALD T. BUHR

City Attorney for:

Town of Zolfo Springs, FL
City of Bowling Green, FL

Attorney at Law

Northfork Professional Center
1519 Dale Mabry Hwy., Suite 100
Lutz, Florida 33549

www.gtbuhr.com
Invoice

Private Practice in:

UTILITIES
ENVIRONMENT
LOCAL GOVERNMENT

James Camaren, CEO
Utilities, Inc.
2335 Sanders Road
Northbrook, IL, 60062-6196

V09416

DATE

INVOICE #

6/1/2001

587

Mid-County

| ATTORNEY | SERVICE PROVIDED | HRS | Date | AMOUNT |
|-------------|--|------|-----------|--------|
| GTB-Time | Research files at Pinellas County re. County ROW or easement to canal; go to clerk's office and pull casement and deed owned by County on canal; visit prior owner re. possible easements for client, etc; visit site. | 5.25 | 5/31/2001 | 918.75 |
| Mileage exp | Mileage | 75 | 5/31/2001 | 56.25 |

088-0645-3537002

Total

JK 2
\$975.00

BUHR & ASSOCIATES, P.A.

Attorneys at Law

Private Practice in:

UTILITIES
ENVIRONMENT
LOCAL GOVERNMENT

HERALD T. BUHR

City Attorney for:

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Town of Zolfo Springs, FL
City of Bowling Green, FL

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www.gtbuhr.com

Invoice

James Camaren, CEO
Utilities, Inc.
2335 Sanders Road
Northbrook, IL, 60062-6196

79416

DATE

INVOICE #

8/30/2002

848

Mid-County

ATTORNEY

GTB-Gen. Time
GTB-Gen. Time
GTB-Gen. Time

| | | |
|-----|----------|--------|
| 3.5 | 8/7/2002 | 700.00 |
| 0.5 | 8/8/2002 | 100.00 |
| 3.5 | 8/9/2002 | 700.00 |
| | 8/9/2002 | 33.60 |

088-0645-1041000

of Jc

Total

\$2,883.60

2

BUHR & ASSOCIATES, P.A.

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GERALD T. BUHR
City Attorney for:

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Town of Zolfo Springs, FL
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UTILITIES
ENVIRONMENT
LOCAL GOVERNMENT

Invoice

v9416

James Camaren, CEO
Utilities, Inc.
2335 Sanders Road
Northbrook, IL, 60062-6196

DATE

INVOICE #

8/1/2002

825

Mid-County

| ATTORNEY | SERVICE PROVIDED | HRS | Date | AMOUNT |
|----------|------------------|-----|------|--------|
|----------|------------------|-----|------|--------|

act as

088 - 0645 - 1041000

dkj

Total

\$1,550.00

2

BUHR & ASSOCIATES, P.A.

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GERALD T. BUHR

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Town of Zolfo Springs, FL
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UTILITIES
ENVIRONMENT
LOCAL GOVERNMENT

Invoice

9416

James Camaren, CEO
Utilities, Inc.
2335 Sanders Road
Northbrook, IL, 60062-6196

DATE

INVOICE #

5/29/2002

797

Mid-County

| ATTORNEY | SERVICE PROVIDED | HRS | Date | AMOUNT |
|----------|------------------|-----|------|--------|
|----------|------------------|-----|------|--------|

ok-jc

088 - 0645 - 1041000

Total

\$1,111.25

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E-Mail: gtbuhr@gtbuhr.com

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City of Bowling Green, FL

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UTILITIES
ENVIRONMENT
LOCAL GOVERNMENT

Invoice

James Camaren, CEO
Utilities, Inc.
2335 Sanders Road
Northbrook, IL, 60062-6196

109416

DATE

INVOICE #

4/29/2002

785

Mid-County

| ATTORNEY | SERVICE PROVIDED | HRS | Date | AMOUNT |
|----------|------------------|-----|----------|--------|
| | | 0.5 | 4/8/2002 | 87.50 |

ok ye

088-0645-1041000

Total

\$393.75

(2)

AUDIT EXCEPTION NO. 4

GERALD T. BUHR

City Attorney for:

Town of Zolfo Springs, FL
City of Bowling Green, FL

Attorney at Law

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Invoice

Private Practice in:

UTILITIES
ENVIRONMENT
LOCAL GOVERNMENT

James Camaren, CEO
Utilities, Inc.
2335 Sanders Road
Northbrook, IL, 60062-6196

V09416

DATE

INVOICE #

6/1/2001

587

Mid-County

| ATTORNEY | SERVICE PROVIDED | HRS | Date | AMOUNT |
|-------------|--|------|-----------|--------|
| GTB-Time | Research files at Pinellas County re. County ROW or easement to canal; go to clerk's office and pull easement and deed owned by County on canal; visit prior owner re. possible easements for client, etc; visit site. | 5.25 | 5/31/2001 | 918.75 |
| Mileage exp | Milcage | 75 | 5/31/2001 | 56.25 |

088-0645-3537002

dtg 2

Total

\$975.00

Telephone (813) 949-3681

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