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Public Service Commission

June 27, 2006

STAFF'S FIRST DATA REQUEST

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
2180 West State Road 434
Sanlando Center, Suite 2118
Longwood, FL 32779

Re: Docket No. 060256-SU - Application for increase in wastewater rates in Seminole County by Alafaya Utilities, Inc.

Dear Mr. Friedman:

Staff needs the following information to complete our review of the application.

A. The following items relate to the pro forma plant additions reflected in adjustment (A)(1) Work Orders on MFR Schedule A-3.

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1. For each addition, provide the following:
 - (a) a statement why each addition is necessary;
 - (b) a copy of all invoices and other support documentation if the plant addition has been completed;
 - (c) a copy of the signed contract or any bids, if the plant addition has not been completed;
 - (d) a status of the engineering and permitting efforts, if the plant addition has not been through the bidding processing; and
 - (e) the projected in-service date for each outstanding plant addition.
2. The following item pertains to the utility's water and wastewater treatment systems. Please provide your latest Wastewater Treatment Plant Site Map that shows the

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- wastewater plants, equalization tanks, filter and reclaimed water storage tank and any proposed additions.
3. With regard to Account 711, Sludge Removal Expense reflected on MFR Schedule B-8, staff requests the following additional information.
 - (a) Was the contract for sludge removal competitively bid out? If so, how many companies provided a bid?
 - (b) What is the per gallonage cost of sludge removal?
 - (c) How many gallons of sludge were removed during the test year?
 - (d) What is the typical percent of solids concentration of the sludge and the percent of volatile solids when the sludge is removed from the digester?
 - (e) Provide your calculations, assumptions, references that demonstrate that the quantity and concentration of sludge removed from the digester is reasonable.
 4. With regard to Account 732, Contractual Services - Accounting reflected on MFR Schedule B-8, the utility stated that “[a]udit fees have increased substantially in the last four years at a rate higher than the CPI Index”. Staff requests the following additional information related to the audit fees.
 - (a) Who are the firms or individuals performing the audit services, and what have their hourly rates or lump sum fee been the last four years?
 - (b) Has the scope of the audit services changed in the last four years? If so, provide the specific changes in the scope of the audit services.
 5. With regard to Account 759 , Insurance - Other reflected on MFR Schedule B-8, Alafaya stated that there was a claim by one of Alafaya’s customers in the amount of \$6,000.79.
 - (a) State the nature of this claim.
 - (b) Provide all documentation that the utility has involving this claim.
 6. The following items relate to the utility’s requested rate case expense.
 - (a) For each individual person, in each firm providing consulting services to the applicant pertaining to this docket, provide the billing rate, and an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also provide a description and associated cost for all expenses incurred to date.
 - (b) For each firm or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date.

- (c) If rate consultant invoices are not broken down by hour, please provide reports that detail by hour, a description of actual duties performed, and amount incurred to date.
 - (d) Please provide an estimate of costs to complete the case by hour for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the PAA process.
 - (e) Please provide an itemized list of all other costs estimated to be incurred through the PAA process.
7. In reviewing your vehicle schedule (Tab 9 of Volume III) submitted for Rule 25-30.440(9) Florida Administrative Code, vehicle # 9932, the 99 Dodge Dakota, does not have a driver assigned, and vehicle # 9932 is assigned to Jerome Hampton. Comparing this schedule to the employee schedule (Tab 8 of Volume III) submitted for Rule 25-30.440(8), Florida Administrative Code, there are no vacant positions listed and Jerome Hampton is not listed as an Alafaya Utilities, Inc. employee. Please explain why these two vehicles should not be removed from Alafaya Utilities, Inc. costs.
8. With regard to reuse, staff requests the following additional information.
- (a) Please provide a copy of your response to the letter, dated April 19, 2006, from Christianne C. Ferraro, P.E., Program Administrator, Water Facilities at the Florida Department of Environmental Protection, regarding Alafaya's distribution system.
 - (b) It is our understanding that the utility is planning to build an additional reuse ground storage tank, next year. Please confirm the size of the proposed tank and the estimated cost.
 - (c) Based on our June 23, 2006 conference call meeting, (1) what size and capacity augmentation well(s) does Alafaya plan to request in its permit application; and (2) when does the utility plan on filing its application for a construction permit(s)?
 - (d) With the additional reuse tank and possible reuse well, does the utility believe that this will allow the utility to provide reuse service 24 hours a day, 365 days a year? If not, what other plans does the utility have to increase the quantity of reuse?
 - (e) The utility signed a contract to sell reuse water to the City of Oviedo. Have you negotiated a reciprocal contract to buy reuse water from the City of Oviedo? If not, why not.
 - (f) Reuse distribution lines have been installed in the Little Creek area. When does the utility anticipate the reuse distribution lines will be activated? What will it cost to activate the Little Creek area reuse lines?
 - (g) Has Alafaya placed any reuse quantity restriction on the golf course? If so, explain in detail.

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- (h) If an augmentation well is constructed, does the utility have any estimation of how much of that quantity will be used in the next year during the dry season or in the next five years?
- (i) Provide a copy of all reuse water restriction notices sent to its customers from January 1, 2006 to date.
- (j) How are the 2-day a week from 4:00 p.m. to 10:00 a.m. reuse restrictions enforced and/or accomplished.
- (k) State how many reuse residential and general service customers the utility has and provide the estimated cost of installing reuse meters and backflow preventors for all of its existing reuse customers?
- (l) Are there any physical impediments or other restrictive factors that would prohibit the installation of reuse meters?

Please submit the above information to the Division of the Commission Clerk and Administrative Services by July 27, 2006. If you have any questions, please contact me by phone at (850) 413-7017 or by e-mail at bfletche@psc.state.fl.us.

Sincerely,



Bart Fletcher
Professional Accountant Specialist

cc: Division of Economic Regulation (Rendell, Daniel, Redemann)
Office of the General Counsel (Jaeger)
~~Division of the Commission Clerk and Administrative Services~~
Office of Public Counsel