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Public Service Commission

October 6, 2006

STAFF'S FOURTH 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. 060257-WS- Application for increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

Dear Mr. Friedman:

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

(1) With regard to reuse;

- (a) To what areas is Cypress Lakes permitted to provide reuse?
- (b) Please provide a list of customers who receive reuse.
- (c) Does the utility have an executed contract to provide reuse to the Cypress Lakes Golf Course (Golf Course)? If so, please provide a copy.
- (d) If the utility does not have a contract to provide reuse to the Golf Course, what agreements exist with the utility and the Golf Course regarding cost and acceptance of reuse service?
- (e) Is the Golf Course able to meet 100% of the utility's effluent disposal needs? If not what alternatives are the utility considering for effluent disposal?

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- (f) Does the utility meet all of the irrigation needs of the Golf Course? If not, what alternatives are available to the Golf Course?
- (g) Is the reuse provided to the Golf Course and other areas metered, and if so, what is the annual gallons of reuse provided to the Golf Course and other areas for the 2005 test year? Please list the gallons used by the Golf Course and other areas separately.
- (h) If reuse is not metered, provide the estimated cost of installing reuse meters and backflow preventors for all existing reuse customers.
- (i) Are there any physical impediments or other restrictive factors that would prohibit the installation of reuse meters?
- (j) Has Cypress Lakes placed any reuse quantity restriction on the golf course? If so, please explain in detail.
- (k) There is currently no charge to the Golf Course for reuse, has the utility considered charging a fee? If not, please explain why.
- (l) Are there any additional golf courses in or near Cypress Lakes' service territory? If so, for each golf course, please state what the approximate closest distance, in feet and miles, is to either the utility's wastewater treatment plant or Cypress Lakes' existing reuse transmission line.
- (m) If the answer is "yes" to Question 18(l) above, has Cypress Lakes approached the management of those golf courses regarding reuse service? If yes, provide a copy of all documentation memorializing any discussions with the management of those golf courses. If not, please explain why.
- (n) If the answer is "yes" to Question 18(l) above, has the utility performed itself or commissioned a consultant to perform any feasibility studies to provide reuse service to any other golf courses? If so, please provide a copy of those feasibility studies.
- (o) Has the utility performed itself or commissioned a consultant to perform any feasibility studies to provide reuse service to its residential customers? If so, please provide a copy of those feasibility studies.
- (p) Regarding the transmission line providing reuse to the Golf Course and other areas, please state: the diameter of the line, the length of line in feet and miles, and the total gallon per day capacity of the line.
- (q) What is Cypress Lakes' reuse gallon per day capacity?
- (r) Is reuse a requirement or condition of the water management district's Consumptive Use Permit?

- (s) From December 31, 2004 to December 31, 2005, provide a monthly breakdown, by primary plant account, of the specific, incremental reuse plant (i.e. filtration, pumping equipment, transmission lines) installed by the utility in order to provide reuse.
- (t) From December 31, 2004 to December 31, 2005, also provide a monthly corresponding breakdown, by primary plant account, of the associated accumulated depreciation and depreciation expense for the specific, incremental reuse plant.
- (2) The following items related to the pro forma plant additions requested on Schedule A-3 of the MFRs. For each pro forma plant item, please provide the following:
 - (a) A copy of the "Capital Project Request" sheet from the Integrated Solution System.
 - (b) All retirement entries, as well as the methodology and calculations used to calculate the retirement of any items that are replacements for existing plant.
- (3) Within the last three years, has the utility considered or discussed whether the capacity of the water or wastewater treatment plant will need to be increased during the next five years? If so, please provide the utility's conclusions and the basis for those conclusions.
- (4) Please provide a breakdown of the amount and description, by sub-category of the items included in Materials and Supplies and Miscellaneous Expenses (Schedule B-5 and B-6 (Lines 8 and 26)).
- (5) According to Schedule F-1, in column 6, there were several months in which unaccounted for water exceeded 10%. Please explain and document why this occurred.
- (6) Comparing Schedules F-1 and F-2, the schedules show Cypress Lakes treated more wastewater than it sold water, in June and July 2005. Please explain how this occurred.
- (7) In Schedules F-9 and F-10, the SFR data (Columns 2 & 3) and the flow data (Column 7) does not match the data in the utility's Annual Reports for the years (2001-2005). Please explain why the data is different and provide staff copies of all reconciled documents for each year. If necessary, revised Schedules F-9 & F-10, and provide copies to staff.
- (8) In Schedule F-3, the utility's "Maximum Day" is October 5, 2005, with 492,000 gallons usage. Was there an anomaly or unusual occurrence on that day?
- (9) Please provide a legible copy of Exhibit A originally provided to audit staff on September 11, 2006 in response to Audit Document/Record Request No. CL-072-26.

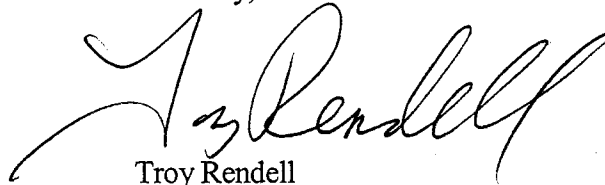
Martin S. Friedman, Esquire

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Please provide the above information by November 6, 2006. If you have any questions, please call Jay Revell at (850) 413-6425, or Gerald Edwards at (850) 413-7001.

Sincerely,

A handwritten signature in black ink, appearing to read "Troy Rendell". The signature is fluid and cursive, with a large initial "T" and "R".

Troy Rendell
Public Utilities Supervisor

TR:jr

cc: Division of Economic Regulation (Bruce, Bulecza-Banks, Edwards, Lingo, Revell)
Office of the General Counsel (Fleming)
~~Division of the Commission Clerk and Administrative Services~~