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Public Service Commission

December 14, 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. 060246-WS - Application for increase in water and wastewater rates in Polk County by Gold Coast Utility Corp.

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.

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, or updated projected in-service date, for each outstanding plant addition.

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
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- (f) All retirement entries, as well as the methodology and calculations used to calculate the retirements of any items that are replacements for existing plant.
  - (g) Since the preparation of the MFRs, has any other plant been identified as a result of replacement by pro forma plant? If so, please provide the costs retired and the associated accumulated depreciation and expense.
2. The following questions relate to Schedule B-3, Adjustments to Operating Income. The utility requested increases to salaries and wages, employees pension and benefits, contractual services- other, and workman's comp. However, the utility's March 15, 2006, test year approval letter stated that its historic test year ending December 31, 2005, was representative of a normal full year of operation.
- (a) If the historic test year ending December 31, 2005 is representative of a normal full year of operation, explain why salaries and wages, employee benefits, and contractual services other would need to be increased.
3. With regard to Account Nos. 601 & 701, Salaries & Wages – Employees, the utility reflected salaries of \$50,066 on MFR Schedule B-5 and \$65,607 on MFR Schedule B-6. According to MFR Schedule B-3, Gold Coast has proposed a pro forma salary adjustment of \$36,499 for water and \$47,828 for wastewater. These adjustments represent a salary increase of 73% for water and wastewater.
- (a) Please provide all of the utility's calculations, bases, workpapers, and support documentation for the above salary increase.
  - (b) Please explain, in detail, why the utility's salary adjustment is significantly greater than the Commission's 2006 Index of 2.74%.
4. With regard to Account Nos. 603 & 703, Salaries & Wages – Officers, the utility reflected salaries of \$4,500 on MFR Schedule B-5 and \$4,500 on MFR Schedule B-6. According to MFR Schedule B-3, Gold Coast has proposed a pro forma salary adjustment of \$35,663 for water and \$45,337 for wastewater. This adjustment represents a salary increase of 793% for water and 1007% for wastewater.
- (a) Please provide all of the utility's calculations, bases, workpapers, and support documentation for the above salary increase.
  - (b) Please explain, in detail, why the utility's salary adjustment is significantly greater than the Commission's 2006 Index of 2.74%.
5. With regard to Account 604 & 704, Employee Pensions & Benefits reflected on MFR Schedule B-5, the utility reflected pensions & benefits of \$10,465 for water and \$15,121 for wastewater. According to MFR Schedule B-3, Gold Coast has proposed

Mr. Martin S. Friedman, Esquire  
Page 3 of 2  
December 14, 2006

a pro forma pensions & benefits adjustment of \$18,474 for water and \$22,800 for wastewater which is associated with the utility's pro forma salary adjustment of \$35,663 for water and \$45,337 for wastewater. This adjustment represents a pensions & benefits increase of 177% for water and 151% for wastewater.

- (a) Please provide all of the utility's calculations, bases, workpapers, and support documentation for the \$18,474 for water and \$22,800 for wastewater pro forma pensions & benefits adjustment.

Please submit the above information to the Division of the Commission Clerk and Administrative Services by January 3, 2007. If you have any questions, please contact me by phone at (850) 413-6844 or by e-mail at [tbiggins@psc.state.fl.us](mailto:tbiggins@psc.state.fl.us).

Sincerely,



Tracey Biggins  
Professional Accountant

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