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Public Service Commission

February 7, 2007

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07 FEB - 7 PM 3:52  
COMMISSION  
CLERK

Mr. Joseph G. Gabay  
U.S. Water Service Corporation  
4939 Cross Bayou Boulevard  
New Port Richey, FL 34652

**Re: Application for staff-assisted rate case by Pasco Utilities, Inc., Docket No. 060599-WU**

Dear Mr. Gabay:

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

1. The following items relate to the pro forma plant additions, repairs and maintenance requested by the utility. For each addition, repair and maintenance, please provide the following:

- a) a statement why each is necessary
- b) identification of each that is required by the Department of Environmental Protection
- c) if the plant addition, repair or maintenance has been completed, provide a copy of all invoices and other support documentation and the date the addition was placed in-service
- d) if the plant addition, repair or maintenance has not been completed, please provide:
  - i) a copy of the signed contract or any bids or estimates
  - ii) the current status of each plant addition, repair or maintenance
  - iii) estimated cost
  - iv) costs incurred to date
  - v) estimated cost to complete the addition, repair or maintenance
  - vi) percent completed
  - vii) projected in-service date

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2. According to Audit Finding No. 3, in 1987, the utility abandoned and capped a non-productive well and disposed of the property where the well was located and reduced the value of land by \$700.

- a) What was the book value of the land?

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- b) How did the utility determine that \$700 was the amount by which to decrease the land account?
  - c) Was the land sold? If so, to whom and at what selling price?
  - d) Was there a gain on the sale of land? If so, what was the amount of the gain.
3. The utility executed a management agreement with U.S. Water Services Corporation (WSC) on February 1, 2006. During the test year, Mr. Fernandez was paid \$24,000 for some of the same activities that WSC is now performing.
- a) Please list the activities not being performed by WSC that Mr. Fernandez is responsible for.
  - b) How many hours per week does Mr. Fernandez work on utility related operations?
  - c) What is Mr. Fernandez's hourly rate?
  - d) By what dollar amount should Mr. Fernandez's \$24,000 management fee be decreased to account for duties now performed by WSC?
4. Does the utility have employees? If so, please list their names, job titles, job descriptions, hours worked per week and hourly rate of pay.
5. Please list the nature of the legal matters included in legal expenses and how they are utility related.
- a) Please explain how the Y.C. Fernandez, Sr. guardianship/incapacitation matter is utility related.
6. The utility recorded \$3,600 in rent expense. Please provide the following information regarding rent expense.
- a) What is being leased by the utility?
  - b) How was the rent expense determined. Provide a calculation, if appropriate.
  - c) If the rent is office rent, provide the size in square feet of the building in which the utility rents space.
  - d) How many entities/companies share the building?
  - e) How many square feet does the utility operation occupy?
7. A Breakdown of Monthly U.S. Water Services Rates provided by the utility lists \$328.10 per month for transportation expense.
- a) Please list the items and activities included in the \$328 monthly fee.
  - b) Does the fee cover all transportation expenses? If not, list the items excluded.

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- c) Does the utility own or lease vehicles? If so, describe each vehicle and list the associated annual costs.
8. Did the utility sustain hurricane damage for which repair costs were included in the test year period July 1, 2005 through June 30, 2006? If so, please list the amount of the repair and the account to which it was recorded.
9. Has the utility begun maintaining its accounts and records in conformance with the 1996 National Association of Regulatory Utility Commissioners Uniform System of Accounts for Class C Water and Wastewater Utilities? If not, when will it begin?

Please submit the above information to the Division of the Commission Clerk and Administrative Services by February 26, 2007. If you have any questions, please contact me by phone at (850) 413-6427 or by e-mail at [nmerta@psc.state.fl.us](mailto:nmerta@psc.state.fl.us).

Sincerely,



Sam Merta  
Professional Accountant Specialist

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cc: Division of Economic Regulation (Rendell)  
Office of the General Counsel (Bennett)  
Division of the Commission Clerk and Administrative Services (060599-WU)