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LONGWOOD, FLORIDA 32779
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MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD
BRIAN J. STREET

February 9, 2007

HAND DELIVERY

RECEIVED-PPSC
07 FEB -9 PM 12:23
COMMISSION
CLERK

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

RE: Docket No. 060254-SU; Mid-County Services, Inc.'s Application for Rate Increase in Pinellas County, Florida; Docket No. 060255-SU; Tierra Verde Utilities, Inc.'s Application for Rate Increase in Pinellas County, Florida; Docket No. 060256-SU; Alafaya Utilities, Inc.'s Application for Rate Increase in Seminole County, Florida; Docket No. 060257-WS; Cypress Lakes Utilities, Inc.'s Application for Rate Increase in Polk County, Florida; Docket No. 060258-WS; Sanlando Utilities Corp.'s Application for Rate Increase in Seminole County, Florida; Docket No. 060260-WS; Lake Placid Utilities, Inc.'s Application for Rate Increase in Highlands County, Florida; Docket No. 060261-WS; Utilities, Inc. of Pennbrooke's Application for Rate Increase in Lake County, Florida; Docket No. 060262-WS; Labrador Utilities, Inc.'s Application for Rate Increase in Pasco County, Florida; Docket No. 060285-SU; Utilities, Inc. of Sandalhaven's Application for Rate Increase in Charlotte County, Florida; Docket No. 060285-SU
Our File Nos.: 30057.109, .111, .112, .113, .114, .116, .120, .121, .128

- CMP _____
- COM _____
- CTR _____
- ECR _____
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- OPC _____
- RCA _____
- SCR _____
- SGA _____
- SEC _____
- OTH _____

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket is the response of Mid-County Services, Inc., Tierra Verde Utilities, Inc., Alafaya Utilities, Inc., Cypress Lakes Utilities, Inc., Utilities, Inc. of Sandalhaven, Sanlando Utilities Corp., Lake Placid Utilities, Inc., Utilities,

DOCUMENT NUMBER-DATE

01363 FEB-9 6

FPSC-COMMISSION CLERK

Ms. Blanca Bayo
Commission Clerk & Administrative Services Director
Florida Public Service Commission
February 9, 2007
Page 2

Inc. of Pennbrooke, and Labrador Utilities, Inc. (*Utilities*) to Staff's third request for information dated January 8, 2007:

1. Concerning the "WWTP BLDS RECLASS" that occurred in December, 2005, was a physical inventory taken to determine which specific plant items were booked on accounts the utility believed were incorrect?

RESPONSE: Yes, an inventory was taken to determine incorrect amounts booked between NARUC accounts 380 and 354.

2. If so, please provide copies of this physical inventory for each system.

RESPONSE: Please refer to Exhibit 2 attached hereto.

3. If not, why not?

RESPONSE: N/A

For several systems, i.e. Mid-County, Labrador, Cypress Lakes, and Alafaya, the Commission recently approved rate increases. During the processing of those prior cases, the books and records were audited by the Commission Staff.

4. Why weren't these items and/or amounts identified by the utility during the processing of the previous rate cases?

RESPONSE: As Staff recognizes in item (1) of this data request, the reclassification entries were not booked until December 2005. The recently approved rate increases in Mid-County, Labrador, Cypress Lakes, and Alafaya were 2001 and 2002 test years. During routine post-rate case analyses for these systems, Utilities, Inc., noticed that many of the utility ledger balances in account 380 did not appear to be correct, based on what assets were in service. At that time (clearly after the processing of the previous rate cases), an analysis was done to determine how much of the balances in accounts 354 and 380 were correctly booked. The work papers supporting this analysis were provided in item (2) above. Please refer to Exhibit 2 attached hereto.

5. If the utility believed that the plant-in-service amounts were incorrect in these prior rate cases, why weren't the PAA orders protested at that time?

RESPONSE: Please refer to the response to No. 4 above.

When the reclassification is taken into consideration for Cypress Lakes, the remaining balance in Account 380.4 Treatment and Disposal Equipment is (\$63,009) at year end December 31, 2005.

6. Provide an explanation how the utility can have a negative amount in this plant account, when the plant still remains in service.

RESPONSE: During the time that Utilities, Inc., was performing its analysis of accounts 380 and 354, the Commission ordered adjustments from the prior rate case were being booked as well. When the Commission ordered adjustments were booked, they did not take into account the 380/354 reclassification, and therefore the balance in account 380 resulted in a negative. However, during the course of the audit, Utilities, Inc. discovered that an incorrect Commission ordered adjustment was made to account 3804005 in the amount of a \$200,004 credit. The Commission audit staff proposed an adjustment to remove the credit from this account, and Utilities, Inc. agreed. The removal of this credit would leave account 380 with a debit balance of \$136,995.

In your prior response to Staff Data Requests on this subject, you indicated that the "WWTP BLDS RECLASS" entry was to correct the misallocation of the assets included in these accounts. (Emphasis added) Further you indicated that the entry was based on the good faith estimate of the VP of Operations, Patrick Flynn.

7. Describe what you mean by misallocation.

RESPONSE: Please refer to the response to No. 4 above. The reclassification entry was made not to correct a "misallocation," but rather to properly record differences between the assets in accounts 380 and 354.

8. Were these amounts allocated amounts or were these actual plant items placed in service for the various Utilities?

RESPONSE: These amounts were actual plant items placed in service for the various utilities.

9. If these amounts were allocated, from whom were they allocated from (*sic*)?

RESPONSE: N/A

10. Historically, allocated plant items were booked into either Account 390.5 or 398.5 or into a general plant account. Why were these amounts allocated into Account 380.4 or 354.2?

RESPONSE: N/A

11. Provide a detailed listing of the specific plant items, with corresponding amounts, that were reclassified for each utility.

RESPONSE: Please refer to the listing provided in response to No. 2 above.

12. Provide all work papers used by Mr. Flynn to determine the reclassification amounts.

RESPONSE: Please refer to the listing provided in response to No. 2. Mr. Flynn performed a physical inspection of each wastewater treatment plant site in order to correctly determine the dollar amount of assets that belonged in accounts 380 and 354.

13. Was this reclassification in compliance with the NARUC Uniform System of Accounts?

RESPONSE: Yes, the reclassification was in compliance, as the NARUC Uniform System of Accounts was the sole reason the reclassification was made.

14. Who made the decision to do this reclassification, and why?

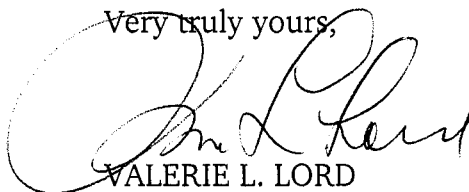
RESPONSE: Upon post-rate case review of the cases mentioned above in Nos. 4 and 5 above, it came to the attention of staff within the operations, accounting, and

Ms. Blanca Bayo
Commission Clerk & Administrative Services Director
Florida Public Service Commission
February 9, 2007
Page 5

regulatory departments of Utilities, Inc. that the balances in accounts 380 and 354 were not matching the inventory of the assets that the utilities had in service. Therefore, staff within these departments made a collective decision to reclassify these asset balances, ensuring that the utilities' books and records accurately reflect the actual plant in service.

Should you have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



VALERIE L. LORD

For the Firm

VLL/tlc
Enclosures

cc: Ralph Jaeger, Esquire, Office of General Counsel (w/o enclosures - via hand delivery)
Jennifer Brubaker, Office of General Counsel (w/o enclosures - via hand delivery)
Katherine Fleming, Office of General Counsel (w/o enclosures - via hand delivery)
Martha Brown, Esquire, Office of General Counsel (w/o enc. - via hand delivery)
Rosanne Gervasi, Office of General Counsel (w/o enc. - via hand delivery)
Cochran Keating, Office of General Counsel (w/o enc. - via hand delivery)
Mr. Troy Rendell, Division of Economic Regulation (w/o enc. - via hand delivery)
Ms. Cheryl Bulecza-Banks, Div. of Economic Reg. (w/o enc. - via hand delivery)
Steven M. Lubertozzi, Chief Regulatory Officer (w/enclosures - via U.S. Mail)
Kirsten E. Weeks, CPA (w/o enclosures - via U.S. Mail)
John P. Hoy, Regional Vice President for Operations (w/o enclosures - via U.S. Mail)
Patrick C. Flynn, Regional Director (w/enclosures - U.S. Mail)
Steven Reilly, Esquire, Office of Public Counsel (w/enclosures - via U.S. Mail)

M:\1 ALTAMONTE\UTILITIES INC\2005 RATE CASES (Misc Corresp etc)\PSC Clerk 06 (Omnibus Data Request 3).ltr.wpd

tabbles®
EXHIBIT
2

Florida Operations
Costs capitalized to WWTP by subdivision

	Acct: 3804005 WWTP & Equipment	Acct: 3547003 Buildings & Structures		Per phone conversation w/ patrick structure %	Accounting Comments
602 UIF - Weathersfield	9,915	146,561		100%	No WWTP, bulk sewer system. Only structure is storage shed at
608 UIF - Park Ridge	-	-			Water only system
613 UIF - Wisbar	91,705	-			Okay, bulk sewer system
614 UIF - Lincoln Heights	-	57,100		100%	Written off 11/05, bulk sewer system since 2002, master lift sta
625 UIF - Summertree	143,185	30,087			Bulk sewer system since 1991, remaining buildings are about \$
635 UIF - Crownwood	95,046	-		0%	Okay, no buildings
637 UIF - Lake Tarpon	-	-			Water only system
640 Miles Grant	1,563,951	69,799	1,633,750	85%	Okay, storage sheds and block bldg for lab, elec equip, blowers
641 Lake Placid	211,018	56,516	267,534	85%	Bldg acct should be \$5K, storage shed only
643 Eastlake	190,748	15,309	206,057		Bulk sewer, plant removed in '70s, master lift strn on site only
644 Pebble Creek	1,252,637	1,597,098	2,849,735	85%	Plant lab & office are built into the plant structure, est. \$50K is
645 Mid County	3,064,726	11,944	3,076,670	75%	Okay, office trailer on site
646 Tierra Verde	-	-	-		Bulk sewer system
647 Alafaya	5,690,590	189,736	5,880,326	85%	Bldg should be \$5K for field office trailer
648 Longwood	806,336	758,910	1,565,246	85%	Bldg acct should be \$150K for field office trailer, storage shed, l
649 Wedgetfield	3,681,196	384,162	4,065,358	85%	Bldg acct should be \$45K for field office trailer + new instrumer
672 Cypress Lakes	1,223,195	1,566	1,224,761	85%	Bldg acct should be \$20K for field office trailer, storage sheds (
673 Eagle Ridge	2,065,524	12,523	2,078,047	75%	Okay, field office trailer and storage sheds (2)
674 Cross Creek	1,324,159	49,561	1,373,720	85%	Bldg acct should be \$10K for small framed office + \$5K for stora
675 Lake Groves	2,901,871	233,661	3,135,532	85%	Bldg acct should be \$30K for field office & pole barn
680 Sarlando	4,845,390	266,024	5,111,414	85%	Okay- maint. shop, pole barn, RSDS bldg, portion of control bld
690 Sandalhaven	466,292	249,455	715,747	85%	Bldg acct should be \$30K for block office bldg, instrumentation
691 Pennbrooke	917,831	149,881	1,067,712	75%	Bldg acct should be zero, no bldgs on site
692 Hutchinson Island	442,545	460,955	903,500	85%	WTP & WWTP on same site. RO equipment is in bldg w/office, q
693 Labrador	1,084,510	168	1,084,678	75%	Bldg acct should be \$100K for field office, equipment bldgs (3)
694 Bayside	224,245	12,200	236,445		Bulk sewer system w/3 pump stations, no office or plant
699 Sandy Creek	450,007	15,774	465,781	90%	Okay-framed field office
	32,406,771	4,535,242	36,942,013		

Account 3804005 contains both plant structures and equipment such as blowers, pumps, ect.

Account 3547003 contains costs related to the building and structures at the WWTP site.

ers, chemical storage = \$460K

Florida Operations
Costs capitalized to WWTP by Subdivision

	Acct: 3804005 WWTP & Equipment	Acct: 3547003 Buildings & Structures	Per phone conversation w/ patrick structure %	Accounting Comments	
602 UIF - Weathersfield	9,915	146,561	100%	No WWTP, bulk sewer system. Only structure is storage shed and reg. Office	
608 UIF - Park Ridge	-	-	-	Water only system	
613 UIF - Wisbar	91,705	-	-	Okay, bulk sewer system	
614 UIF - Lincoln Heights	-	57,100	100%	Written off 11/05, bulk sewer system since 2002, master lift station only	
625 UIF - Sunnertree	143,185	30,087	-	Bulk sewer system since 1991, remaining buildings are about \$30K	
635 UIF - Crownwood	95,046	-	0%	Okay, no buildings	
637 UIF - Lake Tarpon	-	-	-	Water only system	
640 Miles Grant	1,563,951	69,799	1,633,750	85%	Okay, storage sheds and block bldg for lab, elec equip, blowers
641 Lake Placid	211,018	56,516	267,534	85%	Bldg acct should be \$5K, storage shed only
643 Eastlake	190,748	15,309	206,057	-	Bulk sewer, plant removed in '70s, master lift strn on site only
644 Pebble Creek	1,252,637	1,597,098	2,849,735	85%	Plant lab & office are built into the plant structure, est. \$50K is lab/office related
645 Mid County	3,064,726	11,944	3,076,670	75%	Okay, office trailer on site
646 Tierra Verde	-	-	-	Bulk sewer system	
647 Alafaya	5,690,590	189,736	5,880,326	85%	Bldg should be \$5K for field office trailer
648 Longwood	806,336	758,910	1,565,246	85%	Bldg acct should be \$150K for field office trailer, storage shed, blower bldg & maint. Shop
649 Wedgfield	3,681,196	384,162	4,065,358	85%	Bldg acct should be \$45K for field office trailer + new instrumentation bldg on WD#3419
672 Cypress Lakes	1,223,195	1,566	1,224,761	85%	Bldg acct should be \$20K for field office trailer, storage sheds (3)
673 Eagle Ridge	2,065,524	12,523	2,078,047	75%	Okay, field office trailer and storage sheds (2)
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680 Sanlando	4,845,390	266,024	5,111,414	85%	Okay- maint. shop, pole barn, RSDS bldg, portion of control bldg, not WTP-related
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691 Pembroke	917,831	149,881	1,067,712	75%	Bldg acct should be zero, no bldgs on site
692 Hutchinson Island	442,545	460,955	903,500	85%	WTP & WWTP on same site. RO equipment is in bldg w/office, generator, repair shop, lockers, chemical storage = \$460K
693 Labrador	1,084,510	168	1,084,678	75%	Bldg acct should be \$100K for field office, equipment bldgs (3)
694 Bayside	224,245	12,200	236,445	-	Bulk sewer system w/3 pump stations, no office or plant
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	32,406,771	4,535,242	36,942,013		

Account 3804005 contains both plant structures and equipment such as blowers, pumps, ect.

Account 3547003 contains costs related to the building and structures at the WWTP site

This Instrument Prepared by:
of Associated Land Title Group, Inc
.710 Third Ave, New Smyrna Beach, FL 32169
For Purposes of Title Insurance
File # 400-92-5846
Parcel ID # 8506-08-01-0623

3795 3746
VOLUSIA CO., FL

Warranty Deed

(The terms "grantor" and "grantee" herein shall be construed to include all genders and singular or plural as the context indicates.)

6-1057.00

REDACTED

Made this 18th day of December, 1992

BETWEEN

ROBERT JOHNSTON and DENZIA LOU JOHNSTON, husband and wife

whose post office address is: 308 S. Spaulding Cove
Heathrow, Florida 32746

of the County of _____ State of _____, grantor, and
WATSON E. MILLS and JOYCE H. MILLS, husband and wife (SS#:

whose post office address is:
1586 River North Court
Macon, Georgia 31211

of the County of _____ State of Georgia, grantee.

WITNESSETH: That said grantor, for and in consideration of the sum of Ten (\$10.00) Dollars, and other good and valuable considerations to said grantor in hand paid by said grantee, the receipt whereof is hereby acknowledged, has granted, bargained and sold to the said grantee, and grantee's heirs, successors and assigns forever, the following described land, situate, lying and being in Volusia County, Florida, to-wit:

That certain condominium parcel known as Unit 623, together with an undivided interest in the common elements and common surplus appurtenant to said unit, all in accordance with and subject to the covenants, conditions, restrictions, terms, easements, assessment rights and other provisions of the Declaration of Condominium of Seascape Towers, a Condominium and the Exhibits thereto, recorded in Official Records Book 2850, Page 1817, Public Records of Volusia County, Florida.

FILED FOR RECORD
RECORD VERIFIED
180391

Subject to easements and restrictions of record, if any, which are specifically not extended or reimposed hereby. Subject to 1993 taxes and assessments.

1992 DEC 22 PM 2:04
CLERK OF THE CIRCUIT
& COUNTY VOLUSIA CO., FL

REC FEE \$ 6.00 REC'D PAYMENT AS
DOC ST \$ 1057.00 INDICATED FOR CLASS
INT TAX \$ _____ % INTANGIBLE A DOC
PENALTY \$ _____ STAMP TAXES SIGNED
INTEREST \$ _____
Check Clerk Court Volusia Co. Fla.

and said grantor does hereby fully warrant the title to said land, and will defend the same against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF Grantor has hereunto set grantor's hand and seal the day and year first above written.

Signed, Sealed and Delivered in Our Presence:

Charlene B. Dahlberg
Charlene B. Dahlberg
Sheri L. Vance
Sheri L. Vance

Robert Johnston (Seal)
ROBERT JOHNSTON
Denzia Lou Johnston (Seal)
DENZIA LOU JOHNSTON
Sheri L. Vance (Seal)
Print, type or stamp name of Notary Public
Personally known OR Produced I. D.
Type and number of I. D. produced: _____

STATE OF Florida
COUNTY OF Seminole

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared

ROBERT JOHNSTON and DENZIA LOU JOHNSTON, husband and wife
drivers license shown as identification
to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged before me the execution of same.

WITNESS my hand and official seal in the County and State last aforesaid this 18th day of December, 1992

Notary Public, State of Florida at Large
My Commission Expires Oct 20, 1995
Bonded thru Agent's Notary Brokerage
Sheri L. Vance Notary Public
Sheri L. Vance