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Public Service Commission

November 14, 2008

RECEIVED-FPSC
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COMMISSION
CLERK

James L. Ade, P.L.
841 Prudential Drive
Suite 1400
Jacksonville, FL 32207

Re: Docket No. 080353-WU – Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.

Dear Mr. Ade:

We have reviewed the minimum filing requirements (MFRs) submitted on October 14, 2008, on behalf of Placid Lakes Utilities, Inc. (Placid Lakes or Utility). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

1. Rule 25-30.436(7), F.A.C., requires that a copy of any contacts or agreements between the Utility and its parent or affiliated companies for services rendered between or among them. There is no shown contract or agreements between the Utility and Lake Placid Holding Corp. in regards to contractual work and rental space which the Utility receives.
2. Pursuant to Rule 25-30.436(7)(i), F.A.C., the Utility must show documentation of the Utility's ownership of the land upon which the utility treatment facilities are located, or documentation that provides continued use of the land such as a 99-year lease. The Utility did not include documentation regarding land ownership or proof of continued use of the land for the water plant and well sites.

Rule 25-30.437, F.A.C., requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 19 (11/93), entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." Further, Rule 25-30.110, F.A.C., requires that each utility shall furnish any information the Commission requests or requires for determining rates of the utility and that the information be consistent with and reconcilable with the Utility's annual report to the Commission. The following schedules are deficient pursuant to this rule.

3. Rule 25-30.437(1), F.A.C., requires that each section of the MFRs are to be indexed and tabbed. The entire MFRs were submitted without tabs dividing the groups of schedules.

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Schedules A-18 Comparative Balance Sheet- Assets and A-19 Comparative Balance Sheet- Liabilities

4. These schedules were not included in the Rate Base schedules and are missing entirely.

Schedule A-4 Annual Plant Additions and Balances

5. Line 8 shows the Water per Books balance on 12/31/00 to be \$1,900,079. According to the annual report for the year ended 12/31/00, the balance was \$1,879,442. .

Schedule B-7 Operation & Maintenance Expense Comparison

6. The explanation for account 633, Contract Services- Legal is missing. According to the instructions, an explanation must accompany all accounts in which the difference is greater than growth plus inflation.

Schedule E-1, Rate Schedule

7. Based on information shown on pages 1, 10 and 11 of Volume II of the Utility's MFRs, the Utility serves two public fire protection customers and one public authority customer. However, there are neither present nor proposed rates listed for these customers.

Schedule E-2, Revenue Schedule at Present and Proposed Rates

8. The Utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis (Volume II, Schedule E-13 of the Utility's filing). Based on information shown on pages 1, 10 and 11 of Volume II of the Utility's MFRs, the Utility serves two public fire protection customers and one public authority customer. However, these customers were combined into the general service category on both pages of the Utility's E-2 schedule.
9. Although not a deficiency by rule, staff was unable to locate approved tariff pages and the corresponding approved rates for the public fire protection and public authority customers that should be placed on the Utility's E-2 schedule as discussed in deficiency number seven and eight above.
10. Page 1 of Schedule E-2 refers to an annualization adjustment for both bills and consumption for the test year ended December 31, 2007. However, neither the adjustment(s) nor the methodology(ies) to calculate the adjustment(s) were provided.

Schedule E-3, Customer Monthly Billing Schedule

11. The number of residential customers billed shown on Schedule E-3, page 1 does not match the number of residential customers billed shown on Schedule E-2, pages 1 or 2.
12. The number of general service customers billed shown on Schedule E-3, page 1 does not match the number of general service customers billed shown on Schedule E-13, page 1.

13. The numbers of public fire protection and public authority customers that should be shown on a combined basis in column (6) of Schedule E-3, page 1, do not match the corresponding number of customers on Schedule E-13, pages 1, 10 and 11.
14. The number of general service customers billed shown on Schedule E-3, page 2 does not match the number of general service customers billed shown on Schedule E-13, page 1.
15. The numbers of public fire protection and public authority customers that should be shown on a combined basis in column (6) of Schedule E-3, page 2, do not match the corresponding number of customers on Schedule E-13, pages 1, 10 and 11.

Schedule E-12, Projected Test Year Revenue Calculation

16. The Utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis (Volume II, Schedule E-13 of the Utility's filing). Based on information shown in Volume II, Schedule E-13, pages 1, 10 and 11 of the Utility's MFRs, the Utility serves two public fire protection customers and one public authority customer. However, these customers were combined into the general service category on the utility's Schedules E-2, E-3 and E-12.
17. Although not a deficiency by rule, staff was unable to locate approved tariff pages and the corresponding approved rates for the public fire protection and public authority customers that should be placed on the Utility's E-12 schedule as discussed in (10) above.
18. The Utility is required to provide a schedule of historical and projected bills and consumption by classification. Schedule E-12 refers to an annualization adjustment for base year bills. However, neither the adjustment(s) nor the methodology(ies) to calculate the adjustment(s) were provided.
19. The Utility is required to include the calculation of each projection factor used (i.e., indicate the projection factor(s) and the numerical calculation(s) that derives any projection factor used on the schedule). However, neither the projection factors nor the corresponding calculations were provided.
20. Pursuant to Rule 25-30.440(2), F.A.C., a list of chemicals used for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized must be included in the filing. There is no such list in the MFRs.
21. Rule 25-30.440(3), F.A.C., requires that the most recent chemical analyses for each water system conducted by a certified laboratory covering the inorganic, organic turbidity, microbiological, radionuclide, secondary and unregulated contaminants specified in Chapter 17-550, F.A.C. No recent chemical analyses of inorganics, turbidity, radionuclides, secondaries, or unregulated contaminants were included.
22. Rule 25-30.440(4), F.A.C., requires monthly operating reports for the water plant are not shown for the year preceding the test year. NOTE: As a substitute for this omission, if the Utility were to provide the monthly operating reports for 2008, that would suffice.
23. Rule 25-30.440(5), F.A.C., requires the most recent sanitary survey for each water plant and inspection report for each wastewater plant conducted by the health

department or the Department of Environmental Protection (DEP). There is no sanitary survey included in the filing.

24. Rule 25-30.440(7), F.A.C., requires any Notices of Violation, Consent Orders, Letters of Notice, or Warning Notices from the health department or the DEP since the Utility's last rate case or the previous five years, whichever is less. No such notices from the health department were included. If none of these documents are applicable, the Utility should so state.
25. Rule 25-30.440(8), F.A.C., requires that each applicant for a rate increase shall provide the Commission one copy of a list of all field employees, their duties, responsibilities, certificates held, and an explanation of each employees' salary allocation method to the Utility's capital or expense accounts. In its explanation of each employee's salary allocation method, Placid Lakes failed to state the respective capital accounts (i.e. Accounts 311- Pumping Equipment or 320- Water Treatment, etc.) or expense accounts (i.e. Accounts 601- Salaries and Wages for Employees or 603- Salaries and Wages for Officers), for each employee's salary.

If any above corrections require a corresponding change to any MFR schedules, those corrected schedules must also be submitted. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than December 14, 2008.

Sincerely,



Timothy Devlin
Director

cc: Office of the Commission Clerk
Office of the General Counsel (Young)
Division of Economic Regulation (Bulecza-Banks, Fletcher, Billingslea)