

**Ruth Nettles**

090381-SU

**From:** Christian W. Marcelli [CMarcelli@RSBattorneys.com]  
**Sent:** Friday, November 13, 2009 4:42 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** John Hoy; Kirsten Weeks; Patrick Flynn; John Williams; Frank Seidman; Deborah Swain; Christian W. Marcelli; Martin Friedman; Cynthia Yapp  
**Subject:** Filing in Docket No. 090381-SU; Application of Utilities, Inc. of Longwood for an Increase in Wastewater Rates in Seminole County, Florida  
**Attachments:** PSC Clerk 03 (Deficiency Response).ltr.pdf

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- b. Docket No.: 090381-SU; Application of Utilities, Inc. of Longwood for an Increase in Wastewater Rates in Seminole County, Florida
- c. Utilities, Inc. of Longwood
- d. 7 pages
- e. Response to Staff's October 29, 2009, deficiency letter

DOCUMENT NUMBER-DATE

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REPLY TO CENTRAL FLORIDA OFFICE

November 13, 2009

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Ann Cole, Commission Clerk  
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Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

RE: Docket No.: 090381-SU; Application of Utilities, Inc. of Longwood for an Increase in  
Wastewater Rates in Seminole County, Florida  
Our File No. 30057.176

Dear Ms. Cole:

Please find attached hereto Utilities, Inc. of Longwood's responses to the Commission Staff's October 29, 2009, correspondence identifying six (6) deficiencies in the MFRs.

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

Very truly yours,



CHRISTIAN W. MARCELLI

For the Firm

CWM/mp  
Enclosures

cc: John Hoy, Chief Regulatory Officer (w/enclosures)  
Ms. Kirsten E. Weeks (w/enclosures)  
Patrick C. Flynn, Regional Director (w/enclosures)  
John Williams, Director of Governmental Affairs (w/enclosures)  
Frank Seidman (w/enclosures)  
Deborah Swain (w/enclosures)

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**UTILITIES, INC. OF LONGWOOD**  
**DOCKET NO. 090381-SU**  
**RESPONSE TO STAFF'S 10/29/09 DEFICIENCY LETTER**

(1) The balance in the MFR for current assets and the balance in the annual report for current and accrued assets tie in total, with the exception of \$1 for rounding (Annual Report shows \$76,449, while the MFR shows \$76,448). Please see the table below showing the reconciliation between the detailed accounts reported in the MFR as 2008 current assets and in the Annual Report as 2008 current and accrued assets.

Account	MFR	Annual Report	Difference	Explanation
Cash	(261)	(34)	(227)	The Annual Report incorrectly reports only (\$34) as cash. The other (\$227) that should be reported as cash was shown on the annual report as materials and supplies.
A/R - Trade	106,231	106,231	-	Correctly reported on MFR and Annual Report
A/R - Associated Companies	(31,154)	(31,154)	-	Correctly reported on MFR and Annual Report
Materials & Supplies	-	(227)	227	The Annual Report incorrectly reports (\$227) as materials and supplies. This amount is actually shown correctly as cash on the MFR.
Prepayment	-	1,632	(1,632)	The Annual Report identifies the \$1,632 as a prepayment. This is correct; as this amount is reported on Longwood's TB as a prepayment. However, the MFR does not have a line item for prepayment, so it is shown on the MFR as a miscellaneous current & accrued asset.
Miscellaneous Current & Accrued Assets	1,632	-	1,632	The Annual Report identifies the \$1,632 as a prepayment. This is correct; as this amount is reported on Longwood's TB as a prepayment. However, the MFR does not have a line item for prepayment, so it is shown on the MFR as a miscellaneous current & accrued asset.
	76,448	76,448	-	

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(2) The 2007 balance in the MFR in retained earnings and ADIT takes into account an allocation adjustment that was made for MFR purposes only. Longwood's ADIT was overstated for MFR purposes by \$872 at 2007 year end, making 2007 retained earnings understated by \$872 at year end. Similarly, the 2008 balance in the MFR in retained earnings and ADIT takes into account an allocation adjustment that was made for MFR purposes only. Longwood's ADIT was understated for MFR purposes by \$254 at 2008 year end, making 2008 retained earnings overstated by \$254 at year end. Please see the tables below showing the reconciliation of equity capital and liabilities in the MFR to equity capital and liabilities in the Annual Report.

Account	2007			Explanation
	MFR	Annual Report	Difference	
Common Stock Issued	1,000	1,000	-	Correctly reported on MFR and Annual Report
Additional Paid in Capital	1,119,449	1,119,449	-	Correctly reported on MFR and Annual Report
Retained Earnings	657,852	656,980	872	Allocation adjustment made to ADIT changes the retained earnings balance by the same amount
A/P	5,880	5,880	-	Correctly reported on MFR and Annual Report
N/P & A/P - Associated Companies	(112,719)	(112,719)	-	Correctly reported on MFR and Annual Report
Customer Deposits	33,043	33,043	-	Correctly reported on MFR and Annual Report
Accrued Taxes	13,564	13,564	-	Correctly reported on MFR and Annual Report
Accrued Interest	(608)	(608)	-	Correctly reported on MFR and Annual Report
CIAC	1,661,914	1,661,914	-	Correctly reported on MFR and Annual Report
AA of CIAC	(1,243,510)	(1,243,510)	-	Correctly reported on MFR and Annual Report
ADIT	310,454	311,326	(872)	Allocation adjustment made to ADIT changes the retained earnings balance by the same amount
	2,446,319	2,446,319	-	

2008				
Account	MFR	Annual Report	Difference	Explanation
Common Stock Issued	1,000	1,000	-	Correctly reported on MFR and Annual Report
Additional Paid in Capital	1,504,610	1,504,610	-	Correctly reported on MFR and Annual Report
Retained Earnings	635,292	635,546	(254)	Allocation adjustment made to ADIT changes the retained earnings balance by the same amount
Advances from Associated Companies	1,468,997	1,468,997	-	Correctly reported on MFR and Annual Report
A/P	20,251	20,251	-	Correctly reported on MFR and Annual Report
N/P & A/P - Associated Companies	(1,990,378)	(1,990,378)	-	Correctly reported on MFR and Annual Report
Customer Deposits	25,813	25,813	-	Correctly reported on MFR and Annual Report
Accrued Taxes	13,015	13,015	-	Correctly reported on MFR and Annual Report
Accrued Interest	1,061	1,061	-	Correctly reported on MFR and Annual Report
CIAC	1,661,914	1,661,914	-	Correctly reported on MFR and Annual Report
AA of CIAC	(1,285,603)	(1,285,603)	-	Correctly reported on MFR and Annual Report
ADIT	322,674	322,420	254	Allocation adjustment made to ADIT changes the retained earnings balance by the same amount
	2,378,646	2,378,646	-	

(3) Please see the explanation below.

MFR B-2 Balance Per Books - Taxes Other Than Income	82,706	
2008 Annual Report : F-3(a); S-3 Taxes Other Than Income	82,954	Includes Sales/Use Tax of \$247.88 which was included in the MFRs Schedule B-6, Detail of Operation & Maintenance Expense.
	(248)	

(4) Please see the explanation below.

B-6 Operation & Maintenance Expenses by Month - Wastewater - Total Annual	577,507	Includes Sales/Use Tax of \$247.88 which was included in Taxes Other Than Income per 2008 Annual Report.
2008 Annual Report : F-3(a); S-3 Operating Expenses	577,260	
	247	

(5) Please see the explanation below.

B-15 Test Year Per Books - Total Taxes Other Than Income	82,706	
2008 Annual Report : F-3(a); S-3 Taxes Other Than Income	82,954	Includes Sales/Use Tax of \$247.88 which was included in the MFRs Schedule B-6, Detail of Operation & Maintenance Expense
Difference	(248)	

(6) It is important to first note that more often than not, these numbers won't tie due to timing issues. For example, the Annual Report pages are based on a number on the last day of the year – in this case, December 31, 2008. In contrast, MFR page E-3 looks at a bill date to determine a number. A bill date for December could be any date between December 1<sup>st</sup> and December 31<sup>st</sup>. That being said, Longwood does appear to have a large discrepancy between the two numbers in question. After some research, it was determined that Longwood did not use the correct numbers in its S-9A and S-11 pages of the Annual Report. These pages have been revised and are enclosed in this deficiency response. As noted, these pages now tie much more closely than before, and reflect the customer numbers in place for residential and for commercial (by meter size) at year end.

Please see below for the certificates held for the field employees that operate Longwood.

EMPLOYEE	TITLE	CERTIFICATES HELD
Bonagura, John	Business Manager	N/A
Callahan, Robert	Operator	None
Carver, Nathaniel	Project Manager	C Water Treatment Operator, A Wastewater Treatment Operator
Cooper, Robert	Operator	C Distribution System, C Collection System
Durham, Rick	Regional Vice President	None
Ebert, Shawn	Field Technician	C Distribution System
Flynn, Patrick	Regional Director	B Water Treatment Operator
Galarza, Richard	Field Technician	None
Gongre, Bryan	Regional Manager	A Water Treatment Operator, C Wastewater Treatment Operator
Haws, Scotty	Safety Manager	A Water Treatment Operator, A Wastewater Treatment Operator
Hollister, Jimmie	Field Technician	C Distribution System
Leard, Mark	Field Technician	None
Learned, Scott	Field Technician	C Distribution System
Marinelli, John	Field Supervisor	A Distribution System, A Collection System
Morrell, Matthew	Field Technician	C Distribution System
Pennington, Jonathan	Field Technician	None
Phillips, Christopher	Meter Reader	None
Pinder, Jeffrey	Field Supervisor	C Distribution System, C Collection System
Shue, Mickey	Field Technician	C Distribution System, A Collection System
Vanmeter Jr, Nathan	Lead Operator	B Wastewater Operator
Wright, Thomas	Field Technician	None

UTILITY NAME: UTILITIES INC OF LONGWOOD

<b>YEAR OF REPORT</b> <b>31-Dec-08</b>
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SYSTEM NAME / COUNTY : Seminole County

**WASTEWATER OPERATING REVENUE**

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER OF CUSTOMERS * (d)	AMOUNTS (e)
<b>WASTEWATER SALES</b>				
Flat Rate Revenues:				
521.1	Residential Revenues	1,597	1,544	\$ 640,681
521.2	Commercial Revenues	84	83	48,530
521.3	Industrial Revenues			-
521.4	Revenues From Public Authorities			-
521.5	Multiple Family Dwelling Revenues			-
521.6	Other Revenues			-
521	Total Flat Rate Revenues	<u>1,681</u>	<u>1,627</u>	\$ <u>689,211</u>
Measured Revenues:				
522.1	Residential Revenues			-
522.2	Commercial Revenues			72,814
522.3	Industrial Revenues			-
522.4	Revenues From Public Authorities			-
522.5	Multiple Family Dwelling Revenues			-
522	Total Measured Revenues			\$ 72,814
523	Revenues From Public Authorities			-
524	Revenues From Other Systems			-
525	Interdepartmental Revenues			-
Total Wastewater Sales		<u>1,681</u>	<u>1,627</u>	\$ <u>762,025</u>
<b>OTHER WASTEWATER REVENUES</b>				
530	Guaranteed Revenues			\$ -
531	Sale of Sludge			-
532	Forfeited Discounts			5,877
534	Rents From Wastewater Property			-
535	Interdepartmental Rents			-
536	Other Wastewater Revenues (Including Allowance for Funds Prudently Invested or AFPI)			2,834
Total Other Wastewater Revenues				\$ <u>8,711</u>

\* Customer is defined by Rule 25-30.210(1), Florida Administrative Code.  
521.1 includes accruals

UTILITY NAME:

UTILITIES INC OF LONGWOOD

<b>YEAR OF REPORT</b> 31-Dec-08
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SYSTEM NAME / COUNTY :

SHADOW HILLS / SEMINOLE

**CALCULATION OF THE WASTEWATER SYSTEM METER EQUIVALENTS**

<b>WATER METER SIZE (a)</b>	<b>TYPE OF WATER METER (b)</b>	<b>EQUIVALENT FACTOR (c)</b>	<b>NUMBER OF WATER METERS (d)</b>	<b>TOTAL NUMBER OF METER EQUIVALENTS (c x d) (e)</b>
All Residential		1.0	1,544	1,544
5/8"	Displacement	1.0	59	59
3/4"	Displacement	1.5		0
1"	Displacement	2.5	10	25
1 1/2"	Displacement or Turbine	5.0	8	40
2"	Displacement, Compound or Turbine	8.0	2	16
3"	Displacement	15.0	4	60
3"	Compound	16.0		0
3"	Turbine	17.5		0
4"	Displacement or Compound	25.0		0
4"	Turbine	30.0		0
6"	Displacement or Compound	50.0		0
6"	Turbine	62.5		0
8"	Compound	80.0		0
8"	Turbine	90.0		0
10"	Compound	115.0		0
10"	Turbine	145.0		0
12"	Turbine	215.0		0
Total Wastewater System Meter Equivalents				<u>1,744</u>

**CALCULATION OF THE WASTEWATER SYSTEM EQUIVALENT RESIDENTIAL CONNECTIONS**

Provide a calculation used to determine the value of one wastewater equivalent residential connection (ERC).

Use one of the following methods:

(a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.

(b) If no historical flow data are available, use:

$$ERC = ( \text{Total SFR gallons treated (Omit 000)} / 365 \text{ days} / 280 \text{ gallons per day} )$$

For wastewater only utilities:

Subtract all general use and other non residential customer gallons from the total gallons treated.

Divide the remainder (SFR customers) by 365 days to reveal single family residence customer gallons per day.

**NOTE:**

Total gallons treated includes both treated and purchased treatment.

ERC Calculation:

$$150.368/365/280=1,471 \text{ ERC's}$$