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STATE OF FLORIDA



MARSHALL WILLIS, ACTING DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6914

Public Service Commission

March 10, 2010

RECEIVED-FPSC
10 MAR 10 PM 3:30
COMMISSION
CLERK

Christian Marcelli
Rose, Sundstrom & Bentley, LLP
2180 West State Road 434
Sanlando Center, Suite 2118
Longwood, FL 32779

Re: Docket No. 090392-WS - Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke

Dear Mr. Marcelli:

Staff needs the following information to complete our review of the application filed by Utilities Inc. of Pennbrooke (Utility or Pennbrooke).

1. Regarding the Utility's Project Phoenix, please explain why the Utility decided to implement Project Phoenix as opposed to upgrading the Utility's Legacy billing system. Please provide any cost/benefit analyses associated with this decision.
2. How long was the Utility's Legacy billing system in service before being replaced by the Phoenix Project?
3. Please provide staff with the allocation percentages relating to the Phoenix Project for Miles Grant Water and Sewer Company, Wedgefield Utilities, Inc., and the North Carolina system before they were sold.
4. Please provide staff with the allocation percentages relating to the Phoenix Project for any other system divested by Utilities, Inc. since January of 2008.
5. The Utility's MFRs recorded transportation expenses of \$9,937 for water and \$8,458 for wastewater. Of these amounts, how much relates to fuel purchases and what were the total gallons of fuel purchased?
6. Staff notes that none of the bid proposals for Pennbrooke's pro forma plant items have been signed by the Utility. Please provide copies of all signed agreements or contracts for the pro forma plant items as well as copies of invoices to date, if any.

DOCUMENT NUMBER-DATE
01640 MAR 10 09

7. At the customer meeting held on February 24, 2010, some of the customers stated that they receive multiple bills for waster, sewer and irrigation as opposed to one single bill. Please explain why their bills are not consolidated into one bill.
8. The following questions relate to the insurance solicitation (see attachment) that Utilities, Inc. has been mailing to its customers on behalf of Technology Insurance Company:
 - Were the insurance solicitations mailed to all of Utilities, Inc. customers in Florida or were they mailed to customers in other states as well?
 - How often are the insurance solicitations mailed to Utilities, Inc. customer?
 - To date, how many customers have signed up for the insurance?
 - Does Utilities, Inc. receive any compensation from Technology Insurance Company? If so, how much?
 - What are the expenses associated with mailing out the insurance solicitations?
 - How much administrative time does it take Utilities, Inc. to mail the insurance solicitations?
 - Which Utilities, Inc. employees prepare and mail the insurance solicitations?
 - What is the relationship between Utilities, Inc. and Technology Insurance Company?
 - If any of Utilities, Inc. customers have a claim with Technology Insurance Company, who performs the repair work?

It is the Utility's burden to justify its requested costs. Florida Power Corp. v. Cresse, 413 So. 2d 1187, 1191 (Fla. 1982). Further, the Commission has broad discretion with respect to the allowance of rate case expense. It would constitute an abuse of discretion to automatically award rate case expense without reference to the prudence of the costs incurred in the rate case proceedings. Meadowbrook Util. Sys., Inc. v. FPSC, 518 So. 2d 326, 327 (Fla. 1st DCA 1987), rev. den., 529 So. 2d 694 (Fla. 1988).

By letter dated November 21, 2007, pursuant to Rule 25-30.436(6), F.A.C., the Utility through counsel provided their final actual rate case expense incurred for Docket No. 060261-WS. The total rate case expense for WSC employees was \$21,378. In the current rate case, the Utility is requesting \$62,311 for WSC employees. This is a 291% increase the amount for WSC employees hours from 2006.

1. Please explain what is so significant in this current rate case compared to Pennbrooke's last rate case causing the need for the 291% increase in the amount for WSC employees.
 - (a) Please provide any additional documentation to support the WSC employee's hours estimated to complete the rate case.

Regarding the quality of service concerns brought up at the February 24, 2010, multiple customers complained about inadequate pressure (primarily in "K" section and particularly on Saturdays) and poor water quality that has sediment, tastes of chlorine, and is discolored. There is a hardness in the water, and it stains fixtures and leaves a film residue. There appears to be a

Christian Marcelli

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sense of general frustration among the customers over the lack of improvement since the last rate case concerning the above mentioned problems. Please provide an explanation as to what the utility is doing to maintain adequate water pressure, as well as the status of the quality of water delivered to the customers by the Utility.

Please submit this information to the Office of Commission Clerk by March 19, 2010. If you have any questions, please contact me by phone at (850) 413-6844 or by e-mail at jdeason@psc.state.fl.us.

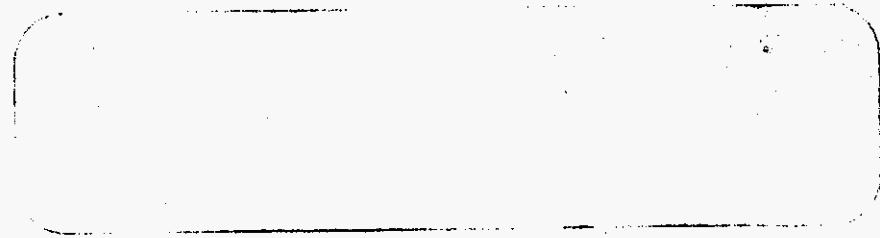
Sincerely,

Jared Deason
Regulatory Analyst IV

cc: Division of Economic Regulation (Bulecza-Banks, Fletcher, Lingo, Reiger)
Office of the General Counsel (Brubaker)
Office of Commission Clerk
Office of Public Counsel



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PERMIT NO. 6706



REF: UIFLA-SLN-210AA Issue Date: January 28, 2010
Mr. James M Millett

Reply By Date: March 8, 2010

Property to which letter relates:

Mr. James M Millett
3983 Lancashire Ln
Longwood, FL 32779-4683

PLEASE QUOTE: UIFLA-SLN-210AA

REPLY BY DATE: 03/08/10



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Re: Your responsibilities for your water service line

Dear Mr. Millett,

We would like to introduce you to a great service available to you as a customer of Utilities, Inc.

Water Service Line Coverage, from Home Service, provides protection against problems with the water service line that brings fresh water into your home. As a homeowner, you are responsible for the repair and maintenance of the water service line, from the boundary of your property all the way into your home.

Problems with your water service line can occur at any time of year, caused by soil conditions, shrinking ground or simply age.

While we prefer that our customers never experience such an emergency, we all know these things can happen.

Water Service Line Coverage from Home Service provides the following great services:

- **Up to \$7,000 in Annual Coverage Repair**
 - All costs are covered for locating the problem, plus labor and materials for repairing or replacing the water service line; up to \$3,500 per service call and up to 2 calls per year.
- **24-Hour Emergency Service Hotline**
 - Open 24 hours a day, 365 days a year.
- **Priority Response**
 - A local Home Service contractor will make the covered emergency a priority.
- **Quality Work**
 - All Home Service contractors are fully licensed and insured.

Water Service Line Coverage offers a year-round emergency response that will give you peace of mind, and in the event of an emergency, could save you over \$2,000 in costly repairs.

Thousands of Utilities, Inc. customers already protect their water service line for just 18¢ per day. To join them, simply call TOLL-FREE 1-888-300-4513 and give yourself a little peace of mind that in the event of an emergency, you're covered.

Sincerely,

Michael Backus
Vice President, Customer Service
Home Service

P.S. Keep reading for more information on the service and ways to sign up.

**CALL TOLL-FREE 1-888-300-4513**

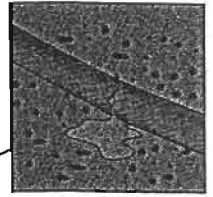
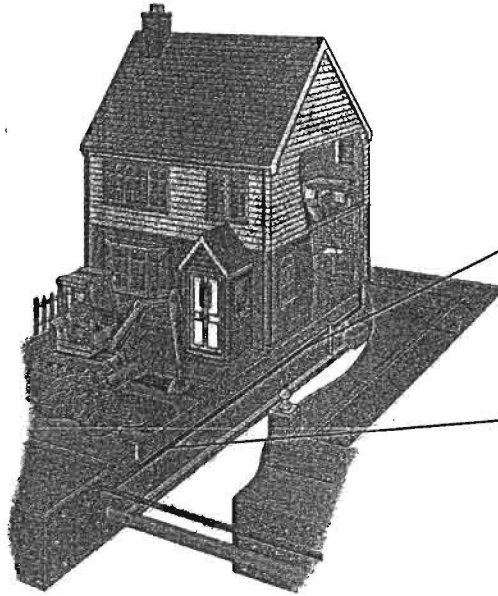
What would you do in a water service line emergency?

The illustration below shows where things may go wrong with your water service line — and how much a Home Service contractor would typically charge customers who don't have Water Service Line Coverage. How would you cope if it happened to you? With Water Service Line Coverage, it's not something you have to worry about; you'll benefit from an emergency response and no bill to pay within the coverage limits.

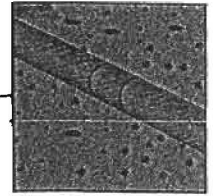
If your water service line breaks, you would typically have to:

- 1 Employ advanced leak detection equipment to pinpoint the leak on your property.
- 2 Find and pay for a contractor who is able to excavate a trench to replace or repair the leaking water line.
- 3 Backfill the earth removed and level the ground.

- Homeowner's responsibility — Green section of water service line
- Water company's responsibility — Red section of water service line



Locate, excavate & repair leak \$1,130
Plan Members — NO CHARGE!



Replace segment of pipe \$2,661
Plan Members — NO CHARGE!

A crisis averted in 3 simple steps:

1. 24-Hour Help

You suddenly notice a large pool of water from a burst water service line. No need to search for someone to come repair it — just call the 24/7 Emergency Service Hotline.

2. Priority Response

A local, high-quality, licensed contractor will be sent to your home as a priority to make the repair.

3. Job Complete

Job done; all you need to do is sign to show you are satisfied, and the bill for covered repairs will be settled for you within the coverage limits.

To set up this essential coverage simply call TOLL-FREE 1-888-300-4513

Available: Mon. — Fri. 8 a.m. — 8 p.m. Sat. 10 a.m. — 4 p.m. EST

Questions & Answers

What am I responsible for?

As a homeowner, you are responsible for the water service line on your property, from the water company's connection all the way into your home. The water company's connection is normally in the road in front of your home.

What is covered in this coverage?

You will be covered up to \$3,500 per service call for the cost of repairing or replacing burst or leaking water service lines on your property. This includes all service call charges, labor and materials for covered repairs — so you'll have no bill to pay within the coverage limits.

Does my homeowner's insurance cover this?

Most homeowner's insurance policies do not cover repair or replacement of the water service line. If you find you have similar coverage, your service agreement fee will be refunded in full.

Who is eligible to join?

Any single-family residential homeowner with a home up to 5,001 sq. ft. can join. Tenants should check with their landlord before applying. Sorry, mobile homes, commercial properties and multi-unit dwellings are not eligible for coverage.

When can I make a service call?

Membership starts the day your Acceptance Form is processed and lasts one year. To prevent service calls on pre-existing problems (and

to keep fees low for everyone), there is a 30-day period at the start of your contract before you can make a service call, giving you 11 months of coverage during your first year of enrollment.

Am I restricted to only one service call per year?

You can make up to two service calls per year, giving you a total of up to \$7,000 of coverage every year.

What quality of repair can I expect?

A high-quality, licensed and insured contractor will be responsible for handling your emergency. Permanent repairs are made where possible and will be guaranteed against faulty material and workmanship for one year.

What is E-Z PAY?

E-Z Pay is a paperless, stress free, simple, and secure way to safeguard your privacy because you authorize us to automatically debit your bank/checking account as your payment becomes due, at no additional cost! Your coverage will be automatically renewed so there's no risk of it expiring and losing your benefits. We will automatically debit the checking account from which you wrote your first payment. You choose your payment frequency and we take care of the rest! Your authorization remains in effect until you notify Home Service of change or cancellation. It's that simple!

Special Benefits of Water Service Line Coverage

- 1 No Bills to Pay**
 - All costs are covered for locating and replacing or repairing your covered water service line emergency; up to \$3,500 per service call.
- 2 Up to 2 Service Calls Per Year**
 - You can make up to 2 service calls per year; giving you up to \$7,000 of coverage for labor, materials, permits and tax.
- 3 24-Hour Emergency Service Hotline**
 - Available 24 hours a day, 365 days a year.
- 4 Priority Response**
 - A licensed and insured contractor will make your covered emergency a priority.

Guaranteed Acceptance Form

Step 1: Choose your method of payment

Credit Card Option: VISA MASTERCARD Expiration Date:

Card Number:

E-Z Pay Checking Option: I have enclosed a check for my first payment and understand that all future payments will be charged to this account.
(See Q&As for details)

Check or Money Order: Please sign me up for Water Service Line Coverage. I have enclosed my check or money order for my payment of \$64.80.

PLEASE MAKE CHECK PAYABLE TO HOME SERVICE

Step 2: Choose your payment frequency

\$5.40 per month \$16.20 per quarter \$64.80 per year

If I have chosen credit card or E-Z Pay, I authorize Home Service to charge my first and all future payments to my checking account or credit card and my financial institution to debit these payments from my checking account or credit card. This authorization is to remain in effect until Home Service receives notification of change or cancellation.

Phone #: _____ E-Mail: _____

Signature: _____

Please make any corrections to your name or address below.

Mr. James M Millett
3983 Lancashire Ln
Longwood, FL 32779-4683

This service plan, offered with the endorsement of Utilities, Inc., is issued by Technology Insurance Company, license number 03605, and administered by Home Service USA Repair Management (Florida) Corp. ("Home Service"), license number P129179.

UIFLA-SLN-210AA



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 367 LANCASTER PA

POSTAGE WILL BE PAID BY ADDRESSEE

HOME SERVICE
PO BOX 522921
MIAMI FL 33152-9956

