

FPS-COMMISSION CLERK
8-1-JUL 8 21 50
LONGWOOD, FLORIDA 32779

LAW OFFICES

ROSE, SUNDBSTROM & BENTLEY, LLP

www.rsattorneys.com

Please Respond to the Longwood Office

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
F. MARSHALL DETERDING
MARTIN S. FRIEDMAN, P.A.
JOHN J. FUMERO, P.A.
BRIDGET M. GRIMSLEY
JOHN R. JENKINS, P.A.
KYLE L. KEMPER

July 1, 2010

VIA HAND DELIVERY

CHRISTIAN W. MARCELLI
STEVEN T. MINDLIN, P.A.
THOMAS F. MULLIN
CHASITY H. O'STEEN
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON
ROBERT M.C. ROSE, (1924-2006)

COM _____
APA _____
ECR _____
GCL _____
RAD _____
SSC _____
ADM _____
OPC _____
CLK _____

cover letter & CDs
+ 100 pyo FCD

RECEIVED-FPS
10 JUL - 1 PM 12:00
COMMISSION
CLERK

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 090349-WS; Application for Limited Proceeding Rate Increase in Polk County by
Cypress Lakes Utilities, Inc.
Our File No. 30057.182

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is the response of Cypress Lake Utilities, Inc. (the "Utility") to Staff's seventh data request dated June 17, 2010. Staff has requested the following information in order to complete its analysis in the above-referenced docket.

1. Please provide the sludge hauling invoices from 2008 and 2009, as well as any correspondence between the Utility and the sludge hauling service provider pertaining to the fees charged.

RESPONSE: Please see the invoices on the attached data disc in the Adobe PDF file titled, "Item 1 - Invoices.pdf." Please also see the letter from Appalachian Material Service, Inc. titled "Appalachian Material Service-Inc Ltr 4-5-10.pdf."

2. Please provide all invoices for sludge hauling from January through May 2010.

RESPONSE: Please see the attached invoices in the Adobe PDF file titled, "Item 2 - Invoices.pdf." The reduction in sludge hauling expense in 2009 reflects more efficient plant operations due in part to the plant improvements done in 2008.

3. Please explain how the allocation of property taxes has changed from 2007 to 2008.

RESPONSE: The general ledger account to which the property tax invoices were booked to in 2007 were allocated based on gross plant. Please see below for the percentages allocated to water and sewer:

2007 Allocation for Property Taxes

Gross Plant	
<u>Actual</u>	<u>%</u>
1,544,082	35.35%
2,823,295	64.65%
<u>4,367,377</u>	<u>100.00%</u>

In the filing with the 2008 test year, the method used to allocate property taxes to water and wastewater was active ERCs. Please see below for the percentage of property taxes that were allocated to water and wastewater.

2008 Allocation for Property Taxes

WATER ERCs	1,247.00	52.12%
WASTEWATER ERCs	<u>1,145.50</u>	<u>47.88%</u>
	2,392.50	100.00%

4. Please provide a detailed breakdown of which portions of the \$1,049,052 increase in the wastewater treatment plant are attributable to the growth related expansion of the plant capacity, and which are attributable to the compliance related modifications to the wastewater treatment plant.

RESPONSE: As Staff is aware, there is considerable difficulty in breaking down capital projects based on whether the project is aimed at compliance or growth. For example, NARUC accounts do not make such a distinction, and contracts and/or invoices do not state such information on their face. As such, the Utility has been unable to complete the requested breakdown and will submit its response to this query under separate cover.

5. Please provide the bid proposal from Ken's Bush Hog Service for the work to be performed and associated costs for the wastewater treatment plant expansion.

RESPONSE: Please see the attached bid proposal from Ken's Bush Hog Service for the work to be performed and the associated costs for the wastewater treatment plant modification in the attached Adobe PDF file titled, "Item 5 - KBH Bid April 28 2010.pdf."

6. Please respond to the question raised by Dr. Robert Halleen during the June 16, 2010, telephone conference regarding a \$250,000 contribution, paid by the developer at the time of sale of the utility, to be used for plant modifications.

RESPONSE: The Utility received the \$250,000 that the developer contributed in September 1999 via transfer wire, at which time it accordingly booked the amount to account 2721000 – CIAC-SEWER UNDISTRIB, which increased the credit balance of the CIAC account to \$-711,034.25. There were various account reclassifications, but the CIAC-Sewer amount on the books as of May 31, 2010 is \$-711,034.25 (please see the attached CIAC trial balance titled “Item 6 - Sewer CIAC Reconciliation.xlsx”). This issue was addressed in the Staff Recommendation in Docket No. 971220-WS, dated June 18, 1998 (attached for your convenience in the Adobe PDF file titled, “Item 6 - Staff Rec (Cypress Lakes Docket No. 971220-WS).pdf”). Moreover, Commission Order No. PSC-00-0261-FOF-WS acknowledged that the Utility was to book the contributed funds to CIAC, which it did accordingly. Please see the attached journal entry to general ledger in the Adobe PDF file titled, “Item 6 - CIAC Entries.pdf”). Accordingly, this CIAC balance is not included in the currently established rate base.

7. In the Utility’s 2008 annual report, on Schedule S-4(a), the Utility reflected a year-end balance of (\$4,966) in Account No. 380. Also, in the 2009 annual report, the Utility shows a year-end balance in this same amount of \$11,022. Please reconcile the amount reflected in Account No. 380 on Schedule S-4(a) of the 2008 and 2009 annual reports with the \$1,049,052 plant increase shown for Account No. 380 on Schedule No. 6 of the Utility’s filing.

RESPONSE: The Utility is not able to reconcile the amounts on the annual reports with the amount on Schedule 6 of the filing because the amount on Schedule 6 of the filing reflects project additions to be completed (at the time of filing) and the amounts on the annual report reflect the actual plant balances at the year-end dates. Please see the attached MS Excel file titled, “Item 7 - Reconcile of Account 380 on Annual.xlsx” under the tab titled ‘Reconcile’ to see the values that comprise the balance of \$15,987.87, which is the difference between the year ending balance from 2008 (\$4,966), and the year ending balance from 2008 of \$11,022 in account 380.

However, please note that the account values from either annual are not part of the plant increase of \$1,049,052 listed on Schedule 6 of the filing. The \$1,049,052 amount listed on Schedule 6 of the filing results from two capital projects, 2000218 and 2009832. This value is reconciled in the attached MS Excel file titled, “Item 7 - Reconcile of Account 380 on Sch 6.xlsx” under tab ‘2009832’. On the bottom of this tab you see the reconciliation broken down, with capitalized time estimates and IDC corrections being similar because they are estimates, as explained in Notes 1 and 2 on Schedule 6 in the filing. The \$187.31 value comes from project

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
July 1, 2010
Page 4

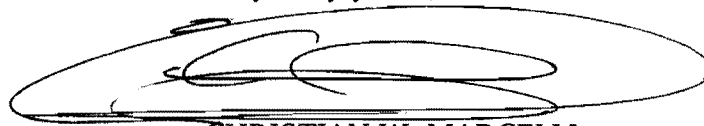
2000218 which can be seen under the tab titled '2000218', where the values included are highlighted in yellow. The \$896,965.48 for project 2009832, consists of all of the values that are colored in under the tab titled '2009832'. They are color-coded to enhance clarity when reconciling to Schedule No. 6 on the filing.

8. Please provide an updated Schedule No. 12, reflecting actual rate case expense incurred and a current estimate to complete.

RESPONSE: Please see the Adobe PDF file titled, "Item 8 - Cypress Lakes Rate Case Exp Update 6-29-10.pdf" for the updated rate case expense for Cypress Lakes as of 6/30/10. Please also see the Adobe PDF files titled, "Item 8 - Captime Report as of 6.29.10.pdf" and "Item 8 - Cypress Lakes Additional Invoices as of 6.29.10.pdf" as support documentation.

Should you or the Staff have any questions regarding this filing, please do not hesitate to contact me.

Very truly yours,



CHRISTIAN W. MARCELLI
For the Firm

CWM/der
Enclosures

cc: Steven M. Lubertozzi, Executive Director of Regulatory Accounting and Affairs (w/enclosures) (via e-mail)
Kirsten E. Weeks, Manager of Regulatory Accounting (w/enclosures) (via e-mail)
John Williams, Director of Governmental Affairs (w/enclosures) (via e-mail)
Patrick C. Flynn, Regional Director (w/enclosures) (via e-mail)
Bart Fletcher, Division of Economic Regulation (w/enclosures) (via e-mail)
Curt Mouring, Division of Economic Regulation (w/enclosures) (via e-mail)
Stan Rieger, Division of Economic Regulation (w/enclosures) (via e-mail)
Jennifer Brubaker, Esquire, Office of General Counsel (w/enclosures) (via e-mail)
Charles Rehwinkel, Esquire, Office of Public Counsel (w/enclosures) (via e-mail)

M:\ALTAMONTE\UTILITIES INC\CYPRESS LAKES\182) 2009 RATE CASE\PSC Clerk 22 (Response to 7th Data Request).ltr.doc

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 25, 2011
TO: Division of Economic Regulation
FROM: Ann Cole, Commission Clerk, Office of Commission Clerk *ac*
RE: Data Request CD
Docket Number 090349-WS, Document Number 05423-10

Attached please find one CD in the above-referenced matter entitled Response to Staff's Seventh Data Request, which is being forwarded to the Division of Economic Regulation for further disposition.

If you have any questions regarding this transmittal, please feel free to contact me.

Thank you.

Cypress Lakes Utilities, Inc
Docket No. 090349-WS
DN
05423-10

Response to Staff's
Seventh Data Request

E:\

File Edit View Favorites Tools Help

Back Search Folders

Address E:\

Name	Size	Type	Date Modified	Location
Files Currently on the CD				
Item 1 - Appalachian Material Service-Inc Ltr 4-5-10.pdf	133 KB	Adobe Acrobat Document	6/28/2010 7:16 PM	Files Currently on the CD
Item 1 - Invoices.pdf	1,617...	Adobe Acrobat Document	6/28/2010 7:16 PM	Files Currently on the CD
Item 2 - Invoices.pdf	550 KB	Adobe Acrobat Document	6/28/2010 7:16 PM	Files Currently on the CD
Item 5 - KBH Bid Apr 28 2010.pdf	293 KB	Adobe Acrobat Document	6/28/2010 7:18 PM	Files Currently on the CD
Item 6 - CIAC entries.PDF	93 KB	Adobe Acrobat Document	6/29/2010 12:10 PM	Files Currently on the CD
Item 6 - Sewer CIAC Reconciliation.xlsx	14 KB	Microsoft Office Excel 2...	6/28/2010 7:19 PM	Files Currently on the CD
Item 6 - Staff Rec (Cypress Lakes Docket No. 971220-WS).pdf	776 KB	Adobe Acrobat Document	6/29/2010 2:29 PM	Files Currently on the CD
Item 7 - Reconcile of Account 380 on Annual.xlsx	20 KB	Microsoft Office Excel 2...	6/28/2010 7:23 PM	Files Currently on the CD
Item 7 - Reconcile of Account 380 on Sch 6.xlsx	234 KB	Microsoft Office Excel 2...	6/28/2010 7:23 PM	Files Currently on the CD
Item 8 - Captive Report as of 6.29.10.pdf	97 KB	Adobe Acrobat Document	6/29/2010 1:49 PM	Files Currently on the CD
Item 8 - Cypress Lakes Additional Invoices as of 6 29 10.pdf	227 KB	Adobe Acrobat Document	6/29/2010 2:35 PM	Files Currently on the CD
Item 8 - Cypress Lakes Rate Case Exp Update 6-29-10.pdf	51 KB	Adobe Acrobat Document	6/30/2010 3:58 PM	Files Currently on the CD

