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COMMISSION
CLERK

Public Service Commission

November 9, 2010

D. Bruce May, Jr.
Holland & Knight, LLP
Post Office Drawer 810
Tallahassee, FL 32302-0810

STAFF'S SECOND DATA REQUEST

Re: Docket No. 100330-WS - Application for increase in water/wastewater rates in Alachua, Brevard, DeSoto, Hardee, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

Dear Mr. May:

By this letter, the Commission staff requests that Aqua Utilities Florida, Inc. (Aqua or Company) provide responses to the following data requests.

Engineering & Inspection Fees

1. Please provide all of the Utility's calculations, bases, workpapers, and support documentation used in determining the proposed Administration and Engineering Fees and Field Inspection Fees.

Customer Deposits

2. Please provide all of the Utility's calculations, bases, workpapers, and support documentation used in determining the proposed \$100 deposit for water and \$171 deposit for wastewater.

Miscellaneous Deferred Debits

3. For each specific miscellaneous deferred debits included in AUF's working capital allowance, please provide a detailed description of what project it resulted from, the total amount of the project, and the amortization period used.

Corporate IT Projects

4. Please provide a list of all major Corporate IT projects that address accounting, customer service, customer billing, and financial and regulatory reporting functions of AAI and its subsidiaries. Please indicate the in-service dates, list the systems that have been/will be replaced, and their corresponding service lives.

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Fines and Penalties

5. Please provide, by system and rate band (if applicable), the amount and nature of all penalties and/or fines incurred by AUF during the test year. In your response, please indicate operation & maintenance account(s) each penalty and/or fine was recorded. If any penalty and/or fine was incurred by an affiliate of AUF, and allocated to AUF, please state the amount allocated to AUF, by system and rate band (if applicable), and in which account during the test year.

Relocation Expense

6. Please identify, by system and rate band (if applicable), the amount of expenses incurred by AUF for the years 2007, 2008, 2009, and the test year associated with employee relocations and to which operation & maintenance account(s) they were booked. For each employee relocated, please identify where the employee was relocated to, and the reason for the relocation. To the extent that employee relocation expenses are a result of allocations from any AUF affiliate, please identify the amount charged and the account to which it was booked.

Pro Forma Plant

7. The following items relate to the pro forma plant improvements reflected in adjustments on MFR Schedules A-3. These improvements include the Purchase of Trucks for Replacement, Administrative Assets, IT, as well as the following system specific improvements:

<u>System</u>	<u>Pro Forma Plant Improvement</u>
Peace River	Gross Alpha Treatment
Breeze Hill	I & I Study and Improvements
Breeze Hill	Collection System
Ocala Oaks	Hydro Tank Replacement
Tangerine	Looping Project on Scott St.
Jasmine Lakes	Disinfection Contact Time
Jasmine Lakes	Generator for Lift Station #5
Jasmine Lakes	WWTP Security Upgrades
Western Shores/Silver Lake Estates	Water Chlorine Conversion
Tangerine	Water Hardness Sequestering
Lake Gibson	Hydro Tank Replacement
Piney Woods	Hydro Tank Replacement
Sunny Hills	Connect Well #4 to Storage Tanks to Well #1 Site
Sunny Hills	Additional Storage
48 Estates	Hydro Tank Replacement
Ravenswood	Hydro Tank Replacement
Arrendondo Farms and Estates	Hydro Tank Replacement
Arrendondo Farms	WWTP Upgrade
The Woods	Hydro Tank Replacement

System	Pro Forma Plant Improvement
The Woods	Sewer Perc Pond Rehab
Tomoka/Twin Rivers	New Tank Liners
Tomoka/Twin Rivers	Chloramine Project
Tomoka/Twin Rivers	Water Main Relocation
Lake Suzy	Fire Flow Upgrades
Lake Suzy	New Air Headers and New Surge Tank
Sebring Lakes	Secondary Water Treatment
Lake Josephine	Secondary Water Treatment
Leisure Lakes	Secondary Water Quality
Leisure Lakes	Water Chlorine Conversion
Summit Chase	Water Sand Strainer Project
Zephyr Shores	Water Quality Project
Skycrest	Water Well #1 Pump Replacement
Valencia Terrace	WWTP Improvements
Park Manor	I & I Study and Improvements
South Seas	Replacement of Reject Tank
South Seas	WWTP Upgrades and New Diffusers
Jungle Den	I & I Study and Improvements
Rosalie Oaks	Lift Station Relocation to Plant Site
Village Water	Effluent Reuse Solution

For each improvement, provide the following information:

- (a) a statement why each improvement is necessary;
- (b) a copy of all invoices and other support documentation if the plant improvement has been completed or in process;
- (c) a copy of the signed contract or any bids, if the plant improvement has not been completed;
- (d) a status of the engineering and permitting efforts, if the plant improvement has not been through the bidding processing;
- (e) the projected in-service date for each outstanding plant improvement; and
- (f) If any outstanding estimated completion dates for the pro forma improvements have changed, please state how many times the date was revised and explain, in detail, why each completion date was changed.

Tele – Unified Communications Project

- 8. In AAI’s Project Financial Worksheet for its Tele- Unified Communications Project, AAI stated that this project entails installing video conferencing equipment at its corporate headquarters and strategic remote offices across its enterprise. In addition, AAI asserted this project would increase its operational efficiencies by reducing travel required for meetings, training, and interviews. Moreover, based industry benchmarks, AAI contends this project

would provide cost savings to its customers by reducing its travel budget of those individuals using this equipment by approximately 30 percent. Please respond to the following:

- a. Please identify where in the MFRs has AUF reduced its allocated expenses to capture the cost savings discussed above? As part of your response, please provide all workpapers and calculations, including but not limited to, a list of all individuals that will be utilizing this equipment, their respective gross travel expenses during the test year before any allocation, and their respective allocation methodology to allocate these travel expenses to AUF.
- b. If the Utility has not made any such cost saving adjustments in its MFRs, please provide all workpapers and calculations, including but not limited to, a list of all individuals that will be utilizing this equipment, their respective gross travel expenses during the test year before any allocation, and their respective allocation methodology to allocate these travel expenses to AUF.

Advertising Expense

9. Please identify, by system or rate bands, operation and maintenance account(s) and year, the amount of advertising and marketing expenses directly incurred by AUF or allocated to AUF since January 1, 2008 through the test year. Please indicate the purpose of each advertising initiative/project.

Lobbying Expense

10. Please provide the total amount of lobbying expenses allocated or directly charged to each of the system or rate band involved in the immediate rate case proceeding since January 1, 2008 through the test year, and identify the primary operation and maintenance expense account(s) in which it is recorded.

Salary Expenses

11. Since January 1, 2008 through the test year, please provide a detailed breakdown of work performed and the percentage of time recorded by each employee for their specific AUF related-duties, excluding field employees.

Meter Reading Expenses

12. Please explain any and all cost savings and other benefits realized by AUF that correspond to the RF meter replacement program. This should include any reduction in salaries expense associated with meter readers as well as any reductions in administrative time needed for correcting inaccurate meter readings since January 1, 2008 through the test year.

Affiliate Charges

13. Please provide a copy of the Organizational Chart for AAI, clearly illustrating the relationships between AAI and its subsidiaries for the period 2007 through 2010. For each of the subsidiaries please describe, in detail, the corporate functions that they perform.
14. Please provide a copy of the Organizational Charts for AAI and all other subsidiaries that allocate costs to AUF, that lists the employees, their respective job titles, the salaries for each employee, and a list of the duties and responsibilities of each employee for the period 2007 through 2010.
15. Please provide a copy of any and all documentation (formal and/or informal) and/or policy and procedures manuals that address how costs are allocated or charged by AUF to its various water and wastewater systems; and how costs from all other affiliates (including parent and service companies) are allocated to AUF and all affiliates of AUF.
16. Please provide documentation for any and all costs directly assigned to AUF by its affiliates including the type of cost and basis for assignment. Provide each and every document related to affiliate costing guidelines and related studies utilized or relied on for comparison with or analysis of cost allocation practices affecting AUF in this proceeding.
17. Please provide any and all AUF system allocation workpapers, calculations, and all necessary documents that would allow an individual to recompute the amounts allocated by Aqua America, Aqua Services, and any other affiliate/subsidiary for 2007, 2008, 2009, test year twelve months ending April 30, 2010, and for each month of 2010 thereafter. The above documents should include, but is not limited to, by affiliate: the total dollars by general ledger account number to be allocated, the name of the general ledger account, the allocation factor applied to each account, the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor, and a description of the allocation factor. The information provided should allow one to recompute allocations and then redistribute or carry forward adjustments made, by system, to the expense and rate base items included in the instant rate proceeding.
18. Please provide all AUF systems direct charge workpapers, calculations, and all other necessary documents that would allow an individual to adjust the amounts directly charged by Aqua America, Aqua Services, and any other affiliate/subsidiary for 2007, 2008, 2009, test year twelve months ending April 30, 2010, and for each month of 2010 thereafter. The information provided should allow one to redistribute direct charges that have been charged by AUF to its various systems in Florida.
19. Please provide all AUF system allocation workpapers, calculations, and all other necessary documents that would allow an individual to recompute the amounts allocated by AUF for 2007, 2008, 2009, test year twelve months ending April 30, 2010, and for each month of 2010 thereafter. The above documentation should include, but is not limited to: the total dollars by general ledger account number to be allocated, the name of the general ledger account, the allocation factor applied to each account, the calculation of the allocation factor including the numerator for each system that is allocated a portion of the cost and the denominator of the

allocation factor, and a description of the allocation factor. The information provided should allow one to recomputed allocations and then redistribute and carry forward adjustments made, by system, to the expense and rate base items included in the instant rate proceeding.

20. Please provide the AUF system direct charge workpapers, calculations, and other necessary documents that would allow an individual to adjust the amounts directly charged by AUF for 2007, 2008, 2009, test year twelve months ending April 30, 2010, and for each month of 2010 thereafter. The information provided should allow one to redistribute direct charges that have been charged by AUF to its various systems in Florida.
21. Please provide a list, by system, of activities AUF employees billed to each system and the amounts booked for 2007, 2008, 2009, test year twelve months ending April 30, 2010, and for each month of 2010 thereafter. Also provide the accounts those expenses were booked to.
22. Please provide a list by system of sundry expenses either allocated or directly charged to each system and the activities associated with each sundry expense for 2007, 2008, 2009, test year twelve months ending April 30, 2010, and for each month of 2010 thereafter. If the sundry expenses are allocated, please provide the allocation factor for each system including both the numerator and denominator for each year requested.
23. Please provide the Excel spreadsheet used to allocate the direct and indirect costs for the accounting units associated with AUF for 2007, 2008, 2009, test year twelve months ending April 30, 2010, and for each month of 2010 thereafter.
24. Please provide any and all documents in your possession, custody or control that demonstrate whether charges from all unregulated affiliates are provided to AUF at the lower of cost or market.

Normalization Expense Adjustments

25. According to MFR Schedules B-3 (Pages 1 and 2), the Utility has proposed adjustments to Salaries, Officer's Salaries, Pensions and Benefits, Contractual Services – Management Fees, Contractual Services – Other, Insurance – Vehicle, Insurance – General Liability, Insurance – Workman's Comp, Insurance – Other, Property Taxes, and Payroll Taxes. Please provide any and all of the Utility's calculations, bases, workpapers, and support documentation for the above-mentioned adjustments.

Pro Forma Expense Adjustments

26. According to MFR Schedules B-3 (Pages 3 through 5), the Utility has proposed pro forma adjustments to Salaries, Officer's Salaries, Pensions and Benefits, Contractual Services - Management Fees, Contractual Services - Other, Insurance – Vehicle, Insurance – General Liability, Insurance – Workman's Comp, Insurance – Other, Property Taxes, Payroll Taxes, as well as the following system specific pro forma adjustments:

<u>System</u>	<u>Pro Forma Expense Item</u>	<u>Amount</u>
Tangerine	Chemical for Sequestering	\$5,565
Palm Terrace	Purchased Water	\$42,245
Zephyr Shores	Purchased Sewer Treatment	\$323

Please provide any and all of the Utility's calculations, bases, workpapers, and support documentation for the above pro forma adjustments.

Rate Case Expense

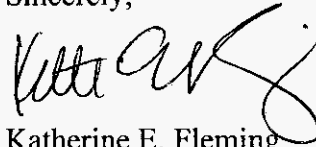
The following questions relate to AUF's requested rate case expense.

27. For each individual person, in each firm providing consulting services to the applicant pertaining to this docket, please provide the billing rate, and an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also, please provide a description and associated cost for all expenses incurred to date.
28. For each firm or consultant providing services for the applicant in this docket, please provide copies of any and all invoices for services provided to date.
29. If rate consultant invoices are not broken down by hour, please provide reports that detail, by hour, a description of actual duties performed and amount incurred to date.
30. Please provide an estimate of costs to complete the case by hour for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the PAA process.
31. Please provide an itemized list of any and all other costs estimated to be incurred through the PAA process.

D. Bruce May, Jr.
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Please file the original and five copies of the requested information by November 29, 2010, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6218 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Katherine E. Fleming', written in a cursive style.

Katherine E. Fleming
Senior Attorney
Office of the General Counsel

KEF/sh

cc: Office of Commission Clerk
Charlie Beck

Data-Request-Letter.doc