

Diamond Williams

From: Michele Parks [michele@RSBattorneys.com]
Sent: Tuesday, October 04, 2011 5:05 PM
To: Filings@psc.state.fl.us
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Subject: Docket No.: 110153-SU; Application of Utilities, Inc. of Eagle Ridge for an Increase in Wastewater Rates in Lee County, Florida
Attachments: PSC Clerk 09 (Response to Audit Report- Eagle Ridge).ltr.pdf

- a) Christian W. Marcelli, Esquire
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- b) Docket No. 110153-SU
 Utilities, Inc. of Eagle Ridge's Application for Increase in Wastewater Rate in Lee County, Florida
- c) Utilities, Inc. of Eagle Ridge
- d) 2 pages
- e) Eagle Ridge's Response to Staff's Audit Report (Audit Control No. 11-192-4-1)

MICHELE PARKS

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October 4, 2011

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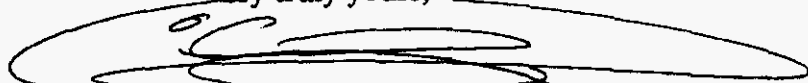
Re: Docket No.: 110153-SU; Application of Utilities, Inc. of Eagle Ridge for an Increase in Wastewater Rates in Lee County, Florida
Our File No. 30057.197

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is the response of Utilities, Inc. of Eagle Ridge, to Staff's audit report filed with the Clerk on September 6, 2011 (Audit Control No. 11-192-4-1).

Feel free to contact us if you have any questions or concerns.

Very truly yours,



CHRISTIAN W. MARCELLI
For The Firm

Enclosures

cc: Steven M. Lubertozi, Executive Director of Reg. Acct and Affairs (w/encs.) (via e-mail)
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UTILITIES, INC. OF EAGLE RIDGE
DOCKET NO. 110153-SU
RESPONSES TO AUDIT REPORT – EAGLE RIDGE

Audit Finding No. 1 – Comparison of Restatement Schedule to General Ledger

The Company agrees with Staff that the missing Commission ordered adjustments from Order PSC-09-0264-PAA-SU need to be booked. This was an inadvertent oversight on the Company's part.

Audit Finding No. 2 – Retirements

The Company agrees with this finding.

Audit Finding No. 3 – Permit

The Company agrees with this finding, but notes the UPIS account and related depreciation accounts affected will actually be account 1300, NARUC 354.4, due to the reclassification of S&I – general to S&I – treatment.

Audit Finding No. 4 – Expense Proforma

The Company agrees with this finding.

Audit Finding No. 5 – Hurricane Costs

The Company agrees with this finding.

Audit Finding No. 6 – Depreciation Restatement

The Company agrees with this finding.

Audit Finding No. 7 – Incorrectly Recorded Expense

The Company agrees with this finding. However, the Company would also propose annualizing the depreciation expense for this asset as was done in its filing. Since the asset was added in December 2010, an additional 11 months of depreciation expense is prudent in order to account for a full year. The additional depreciation expense in this case would be \$90.59 ($\$3,162.50/32/12*11$).