

STATE OF FLORIDA

COMMISSIONERS:  
ART GRAHAM, CHAIRMAN  
LISA POLAK EDGAR  
RONALD A. BRISÉ  
EDUARDO E. BALBIS  
JULIE I. BROWN



MARSHALL WILLIS, DIRECTOR  
DIVISION OF ECONOMIC REGULATION  
(850) 413-6900  
RECEIVED-FPSC

11 NOV -1 AM 9:53

COMMISSION  
CLERK

# Public Service Commission

October 31, 2011

Mr. F. Marshall Deterding  
Rose, Sundstrom & Bentley, LLP  
2548 Blairstone Pines Drive  
Tallahassee, FL 32301

**Re: Docket No. 100337-WS - Application for increase in water and wastewater rates in Pasco County by Mad Hatter Utility, Inc.**

Dear Mr. Deterding:

Staff needs the following information to complete our review of the application filed by Mad Hatter Utility, Inc. (Utility or Mad Hatter).

**Rate Case Expense**

The following items relate to the Utility's requested rate case expense.

1. For each individual person, in each firm providing consulting services to the applicant pertaining to this docket, provide the billing rate, and an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also provide a description and associated cost for all expenses incurred to date.
2. For each firm or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date.
3. 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.
4. 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.
5. Please provide an itemized list of all other costs estimated to be incurred through the PAA process.

**Rate Base**

6. The following items relate to the six pro forma additions reflected in adjustment (A)(2) through adjustment (A)(7) on MFR Schedule A-3.

For the pro forma additions, please provide the following:

- (a) a statement why the addition is necessary;
- (b) a copy of all invoices and other support documentation if the plant addition has been completed or in process;
- (c) a copy of the signed contract or any bids, if the plant addition has not been completed;
- (d) a status of the engineering and permitting efforts, if the plant addition has not been through the bidding processing;
- (e) The projected in-service dates for the outstanding plant additions; and
- (f) all documentation (i.e. invoices) for the original cost of any corresponding retirements.

**O&M Expenses**

7. According to MFR Schedule B-3, the Utility has proposed an increase of \$92,600 for water and wastewater to Salaries & Wages. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above adjustment to Salaries & Wages.
8. According to MFR Schedule B-3, the Utility has proposed an increase of \$21,298 for water and wastewater to Employee Benefits for. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above adjustment to Employee Benefits.
9. According to MFR Schedule B-3, the Utility has proposed an increase of \$34,447 for wastewater to Purchased Wastewater Expense. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above adjustment to Purchased Wastewater Expense.
10. According to MFR Schedule B-3, the Utility has proposed a pro forma increase of \$8,800 for water and wastewater to Vehicle Expense. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above pro forma adjustment to Vehicle Expense.
11. According to MFR Schedule B-5, Purchased Power increased substantially in June 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Purchased Power.
12. According to MFR Schedule B-5, Chemicals increased substantially in May 2010, September 2010, and November 2010 when compared to other months. Please provide all

of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Chemicals.

13. According to MFR Schedule B-5, Materials & Supplies increased substantially in August 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Materials & Supplies.
14. According to MFR Schedule B-5, Contractual Services – Engineering increased substantially in April 2010, May 2010 June 2010 and September 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Contractual Services – Engineering.
15. According to MFR Schedule B-5, Contractual Services – Legal increased substantially in January 2010, May 2010, June 2010 and July 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Contractual Services – Legal.
16. According to MFR Schedule B-5, Contractual Services – Other increased substantially in March 2010, June 2010, September 2010 and December 2010 when compared to other months. In addition, Contractual Services – Other reflected negative amounts for August 2010 and October 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Contractual Services – Other.
17. According to MFR Schedule B-5, Transportation Expenses increased substantially in December 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Transportation Expenses.
18. According to MFR Schedule B-5, Miscellaneous Expenses increased substantially in February 2010, July 2010, August 2010 and October 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Miscellaneous Expenses.
19. According to MFR Schedule B-6, Purchased Sewage Treatment increased substantially in June 2010 and October 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Purchased Sewage Treatment.
20. According to MFR Schedule B-6, Sludge Removal Expense increased substantially in June 2010 and October 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Sludge Removal Expense.

21. According to MFR Schedule B-6, Purchased Power increased substantially in November 2010 and December when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Purchased Power.
22. According to MFR Schedule B-6, Chemicals increased substantially in February 2010, October 2010, and December 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation f (i.e. invoices) or the above increase in Chemicals.
23. According to MFR Schedule B-6, Materials & Supplies increased substantially in June 2010 and September 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Materials & Supplies.
24. According to MFR Schedule B-6, Contractual Services – Engineering increased substantially in July 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Contractual Services – Engineering.
25. According to MFR Schedule B-6, Contractual Services – Legal increased substantially in May 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Contractual Services – Legal.
26. According to MFR Schedule B-6, Contractual Services – Other increased substantially in April 2010, June 2010, September 2010 and December 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Contractual Services – Other.
27. According to MFR Schedule B-6, Transportation Expenses increased substantially in September 2010 and December 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Transportation Expenses.
28. According to MFR Schedule B-6, Miscellaneous Expenses increased substantially in February 2010, July 2010, September 2010 and October 2010 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Miscellaneous Expenses.

**O&M Expenses**

29. Does the Utility have any net losses carry forwards? If so, please provide all of the Utility's calculations, basis, workpapers, and support documentation for them.
30. Please provide all of the Utility's workpapers, and support documentation for the \$79,198 increase in Accumulated Deferred Income Taxes (ADITs) found on schedule D-2 .

Mr. F. Marshall Deterding  
Page 5  
October 31, 2011

31. If the Utility has \$523,736 of Credit ADITs for approximately \$6.5 million of historical plant investment, please explain how the ADITs only increase by approximately \$79,000 on an additional plant investment of approximately \$12.8 million.

Please submit the above information to the Office of Commission Clerk by November 30, 2011. If you have any questions, please contact Bart Fletcher by phone at (850) 413-7017 or by e-mail at [bfletcher@psc.state.fl.us](mailto:bfletcher@psc.state.fl.us).

Sincerely,



Bart Fletcher  
Public Utilities Supervisor

cc: Division of Economic Regulation (T. Brown, Maurey, Daniel, Walden, Stallcup, Lingo)  
Office of the General Counsel (Jaeger)  
Office of Commission Clerk (Docket No. 100337-WS)  
Office of Public Counsel