

Eric Fryson

From: Vandiver, Denise [VANDIVER.DENISE@leg.state.fl.us]
Sent: Thursday, April 19, 2012 3:48 PM
To: Filings@psc.state.fl.us
Cc: Andrew Maurey; Bart Fletcher; Ralph Jaeger; Martin Friedman; Patrick Flynn; Christensen, Patty
Subject: Docket No. 120037-WS; Application for increase in water and wastewater rates in Lake County by Utilities, Inc. of Pennbrooke

Attachments: Letter to Staff on Pennbrooke Deficiency.pdf; Letter to Staff on Pennbrooke Deficiency.docx

a. The full name, address, telephone number, and e-mail address of the person responsible for the electronic filing:

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b. The docket number and title if filed in an existing docket:

Docket No. 120037-WS
Application for increase in water and wastewater rates in Lake County by Utilities, Inc. of Pennbrooke

c. The name of the party on whose behalf the document is filed:

Office of Public Counsel (OPC)


d. The total number of pages in each attached document:

1 page

e. A brief but complete description of each attached document:

Letter addressing deficiency in filing MFR Schedules B-7 and B-8

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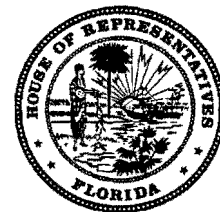
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Speaker of the
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April 19, 2012

Ann Cole, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket 120037-WS; Application for increase in water and wastewater rates in Lake County by Utilities, Inc. of Pennbrooke

Dear Ms. Cole:

We believe that the correct CPI to use on Schedules B-7 and B-8 (Operation & Maintenance Expense Comparison) is the "CPI-U All Items". These schedules are an analytical tool included in the MFRs that compare the requested increase in Operation and Maintenance (O&M) expenses included in the rate case with the approved O&M expenses from the last order, indexed up based on CPI-U over the 2-¾ years. The utility has used the CPI index labeled "CPI-U water and sewerage maintenance" which is an increase of 23.18%. However, the "CPI-U All Items" index is an increase of 5.38% for the same timeframe. By using the maintenance CPI index that is higher, the utility is indicating a higher threshold for determining the reasonableness of its expenses. Because this is an important tool used in determining the reasonable of the expenses to be included in the revenue requirement, we believe that the correct CPI should be used. Attached to this letter are four pages which show the sources of the CPI-U that are referenced in this letter.

We appreciate your consideration of this issue while you are reviewing the MFRs to determine deficiencies. If you should have any questions or concerns, please feel free to call or e-mail me.

Respectfully submitted,

s/ Denise N. Vandiver
Denise N. Vandiver
Legislative Analyst
Office of Public Counsel

c: Division of Economic Regulation (Maurey, Fletcher)
Office of the General Counsel (Jaeger)

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