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June 13, 2013

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COMMISSION
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Mr. Martin S. Friedman
Sundstrom, Friedman & Fumero, LLP
766 North Sun Drive, Suite 4030
Lake Mary, Florida 32746

Re: Docket No. 120209-WS - Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.

Dear Mr. Friedman:

Staff needs the following information to complete its review of the application filed by Utilities, Inc. of Florida (UIF or Utility).

1. The following items relate to all pro forma plant additions reflected on Pasco County's MFR Schedule A-3, page 1 of 3.

For each addition, provide the following:

- (a) a statement why each addition is necessary;
- (b) a copy of all invoices and other support documentation if the plant addition has been completed or is in progress;
- (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 process;
- (e) the projected in-service date for each outstanding plant addition, and
- (f) all documentation (i.e. invoices) for the original cost of any corresponding retirements.

2. The following items relate to all pro forma plant retirements identified on Pasco County's MFR Schedule A-3, page 1 of 3.

For each retirement, provide the following:

- (a) a statement explaining what information was relied upon to determine the in-service dates;
- (b) any support documentation used to determine the in-service dates, and
- (c) the Handy Whitman support documentation used to calculate retirement adjustments.

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3. The following items relate to all pro forma plant additions reflected on Pinellas County's MFR Schedule A-3, page 1 of 2.

For each addition, provide the following:

- (a) a statement why each addition is necessary;
 - (b) a copy of all invoices and other support documentation if the plant addition has been completed or is in progress;
 - (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 process;
 - (e) the projected in-service date for each outstanding plant addition, and
 - (f) all documentation (i.e. invoices) for the original cost of any corresponding retirements.
4. The following items relate to all pro forma plant retirements identified on Pinellas County's MFR Schedule A-3, page 1 of 2.

For each retirement, provide the following:

- (a) a statement explaining what information was relied upon to determine the in-service dates;
 - (b) any support documentation used to determine the in-service dates, and
 - (c) the Handy Whitman support documentation used to calculate retirement adjustments.
5. The following items relate to all pro forma plant additions reflected on Seminole County's MFR Schedule A-3, page 1 of 4.

For each addition, provide the following:

- (a) a statement why each addition is necessary;
 - (b) a copy of all invoices and other support documentation if the plant addition has been completed or is in progress;
 - (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 process;
 - (e) the projected in-service date for each outstanding plant addition, and
 - (f) all documentation (i.e. invoices) for the original cost of any corresponding retirements.
6. The following items relate to all pro forma plant retirements identified on Seminole County's MFR Schedule A-3, page 1 of 4.

For each retirement, provide the following:

- (a) a statement explaining what information was relied upon to determine the in-service dates;
- (b) any support documentation used to determine the in-service dates, and
- (c) the Handy Whitman support documentation used to calculate retirement adjustments.

7. The following items relate to Seminole County's MFR Schedule F-1, where there is mention of calibration tests that were performed for all nine systems. For seven of the nine systems, the calibration tests were completed one to two years prior to the test year. For Park Ridge and Phillips, the calibration tests were completed during the test year. In either case, the Monthly Operation Reports, which are sent to the Florida Department of Environmental Protection (DEP), match the uncorrected gallons pumped and not the "Corrected Gallons Pumped."
 - (a) If calibration test were performed before the test year, why did the Utility provide "Corrected Gallons Pumped" data?
 - (b) Were the well meters calibrated after the test?
 - (c) If the answer to Question 7(b) above is "yes," when?
 - (d) If the answer to Question 7(b) above is "no," why not?
 - (e) If the calibration tests were performed on July 19, 2011, for Park Ridge and Phillips, why did the Utility provide "Corrected Gallons Pumped" data for August through December 2011?
 - (f) Were the well meters calibrated after the test?
 - (g) If the answer to Question 7(f) above is "yes," when?
 - (h) If the answer to Question 7(f) above is "no," why not?
 - (i) Please explain and revise the schedules and/or Monthly Operation Reports if necessary.
8. The following items relate to DEP's Sanitary Survey report for Orangewood in Pasco County, where there was mention of a corroded pipe and that the pipe was due to be replaced by May 18, 2012.
 - (a) Did the Utility replace this pipe?
 - (b) If the answer to Question 8(a) above is "yes," please explain when the replacement was completed, what necessitated the repair, and the specific actions taken.
9. The following items relate to DEP's Sanitary Survey report for Oakland Shores in Seminole County, where there was mention of a well that will be replaced. DEP was notified that the Utility was going to replace the well on May 27, 2011.
 - (a) Did the Utility replace this well?
 - (b) If the answer to Question 9(a) above is "yes," please explain when the replacement was completed, what necessitated the replacement, and the specific actions taken.
10. The following items relate to DEP's Sanitary Survey report (dated July 21, 2011) for Park Ridge in Seminole County, where there was a deficiency for failure to comply with the maximum contaminant levels for total trihalomethanes and total haloacetic acids (five). The Utility indicated in its response to DEP that it had applied to convert the existing

disinfection process to another type and that the Utility was waiting for a response from DEP.

(a) Did DEP approve the application?

(b) If the answer to Question 10(a) above is "yes," please explain when the conversion was completed, and provide a detailed description of both the old and new disinfection processes?

11. The following items relate to DEP's Sanitary Survey report for Ravenna Park in Seminole County, where there was mention of well #1 being repaired. DEP was notified about the well being repaired on March 11, 2013.

(a) Did the Utility repair this well?

(b) If the answer to Question 11(a) above is "yes," please explain when the repair was completed, what necessitated the repair, and the specific actions taken.

12. The following items relate to the Utility's last rate case, Order No: PSC-10-0585-PAA-WS, issued September 22, 2010. Page 6 of the Order states "within eight months from the issuance of the Order, the Utility shall meet with its Summertree customers to discuss water quality improvement options."

(a) Did the Utility meet with the Summertree customers and what was the outcome of that meeting?

(b) What steps is the Utility taking to improve the water quality for Summertree?

13. For each water system, please indicate how many customers in each county have a second meter for irrigation.

14. For each water system, please indicate the Utility's threshold for considering a bill "high usage."

15. For each water system, please describe the Utility's protocol for following up with customers with "high usage."

16. For each water system, please describe any action taken to follow up with customers to address "high usage" during the test year.

17. In Pasco County, please indicate the rates used to bill for multi-residential wastewater service during the test year.

18. The following items relate to UIF's requested rate case expense.

(a) 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.

- (b) For each firm or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date.
 - (c) 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.
 - (d) 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.
 - (e) Please provide an itemized list of all other costs estimated to be incurred through the PAA process.
19. According to Orange County's MFR Schedule B-5, Chemicals expense increased substantially in December 2011 when compared to previous months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Chemicals expense.
20. According to Orange County's MFR Schedule B-5, Bad Debt Expense increased substantially in May and August 2011 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the above increases in Bad Debt Expense.
21. According to Orange County's MFR Schedule B-7, Contractual Services - Other increased by approximately \$950 during the test year. The explanation provided states: the "Increase in cost of testing/repairing backflow preventers and master meters; varies from year to year."
- (a) Were the testing/repairing for backflow preventers associated with customer meters?
 - (b) If the answer to Question 21(a) above is "yes," how much of the \$2,396 adjusted test year amount is attributable to testing backflow preventers?
 - (c) If the answer to Question 21(a) above is "yes," did the Utility receive any compensation for the backflow preventer testing?
 - (d) If the answer to Question 21(a) above is "no," explain where these backflow preventers are located in the Utility's water system and how many, as well as how often, these tests are performed.
22. According to Pasco County's MFR Schedule B-5, Chemicals expense increased substantially in December 2011 when compared to previous months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Chemicals expense.
23. According to Pasco County's MFR Schedule B-5, Contractual Services - Testing increased substantially in February 2011 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 - Testing.
24. According to Pasco County's MFR Schedule B-5, Transportation Expenses increased substantially in May 2011 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.

25. According to Pasco County's MFR Schedule B-7, Contractual Services - Engineering increased by approximately \$1,370 during the test year. The explanation provided states: "Eng. Services used in support of permitting activities in Summertree regarding addition of polyphosphate."
 - (a) Are these costs reflective of the total cost or do they represent an amortized portion of the total cost related to Summertree's polyphosphate addition?
 - (b) Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the Summertree polyphosphate addition.
26. According to Pasco County's MFR Schedule B-7, Contractual Services - Testing increased by approximately \$8,300 during the test year. The explanation provided states, "Triennial testing expense occurred in 2011 but not in 2008. FDEP adjusted timing of testing cycles."
 - (a) Are these costs reflective of the total cost or do they represent an amortized portion of the total cost for the Triennial testing?
 - (b) Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the Triennial testing.
27. According to Pinellas County's MFR Schedule B-5, Chemicals expense increased substantially in December 2011 when compared to previous months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Chemicals expense.
28. According to Pinellas County's MFR Schedule B-5, Miscellaneous Expenses increased substantially in March and November 2011 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (all invoices over \$100) for the above increases in Miscellaneous Expenses.
29. According to Seminole County's MFR Schedule B-5, Chemicals expense increased substantially in December 2011 when compared to previous months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the above increase in Chemicals expense.
30. According to Seminole County's MFR Schedule B-5, Miscellaneous Expenses increased substantially in January and May 2011 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation (all invoices over \$100) for the above increases in Miscellaneous Expenses.

31. According to Seminole County's MFR Schedule B-7, Material & Supplies expense increased by approximately \$4,500 during the test year for "increased frequency and cost of repairs to facilities due to age of systems."
- (a) How much of these costs relate to Park Ridge?
 - (b) Given the \$425,000 in pro forma plant improvements identified for Park Ridge, would it be reasonable to expect these costs to decrease in the future?
 - (c) If the answer to Question 31(b) above is "yes," how much does the Utility project the expenses will decrease?
 - (d) If the answer to Question 31(b) above is "no," explain why.
32. According to Seminole County's MFR Schedule B-7, Contractual Services – Engineering increased by approximately \$7,100 during the test year for "engineering services used in support permitting a change in water treatment method at Park Ridge."
- (a) Were any of the costs associated with the change in water treatment method capitalized to plant?
 - (b) If the answer to Question 32(a) above is "yes," why would the engineering costs not be capitalized as well?
 - (c) Why shouldn't the Contractual Services – Engineering expense referenced above be amortized?
33. According to Seminole County's MFR Schedule B-8, Material & Supplies expense increased by approximately \$5,000 during the test year for "increased frequency and cost of repairs to facilities due to age of systems."
- (a) How much of these costs relate to Ravenna Park?
 - (b) Given the \$235,765 in pro forma plant improvements identified for Ravenna Park, would it be reasonable to expect these costs to decrease in the future?
 - (c) If the answer to Question 33(b) above is "yes," how much does the Utility project the expenses will decrease?
 - (d) If the answer to Question 33(b) above is "no," explain why.
34. According to Orange, Pasco, Pinellas, and Seminole County's MFR Schedules B-9, each reflect engineering fees for "Engineering Services which help facilitate Wastewater Treatment Plant operating permits."
- (a) Why would this expense be allocated to any water system?

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- (b) Do the engineering fees included on each Schedule B-9 reflect total costs or an amortized portion of the total costs?
- (c) If the expense represents the entire unamortized amount, please provide all invoices for "Engineering Services which help facilitate Wastewater Treatment Plant operating permits."

Please submit the above information to the Office of Commission Clerk no later than July 15, 2013. If you have any questions, please contact me by phone at (850) 413-6550 or by e-mail at todd.brown@psc.state.fl.us.

Sincerely,



Todd M. Brown
Public Utility Analyst IV

cc: Division of Accounting and Finance (Bullard, Carbonell, Fletcher, Maurey)
Division of Economics (Bruce, Daniel, Hudson, Roberts, Thompson)
Division of Engineering (P. Buys, Rieger, Vickery)
Office of the General Counsel (Lawson)
Office of Commission Clerk (Docket No. 120209-WS)
Office of Public Counsel