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July 15, 2013

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COMMISSION
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Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

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 Ms. Cole:

The following are the responses of Utilities, Inc. of Florida ("UIF" or "Utility") to Staff's First Data Request dated June 13, 2013:

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;

Response:

Summertree Well 13 Hydro Tank Replacement: An interior and exterior inspection of the 5,000-gallon hydropneumatic tank located at Well 13, conducted in August 2009 by a Professional Engineer registered in Florida and as mandated by Chapter 62-555.350(2) F.A.C, identified that the wall thickness of the tank had deteriorated to the point where the tank vessel could not be operated at what was then the normal operating pressure of 65 psi. As an interim measure, the well controls at Summertree's three wells were reset to a lower maximum pressure of 56 psi in order to allow Well 13 to remain in service until the tank could be replaced and without incurring an undue risk of tank failure. Thereafter, the tank replacement capital project was added to our capital improvement plan, the project was budgeted for 2012-13 and then went to bid. The new tank was ordered in 2Q12, delivered in February 2013, and install in the second quarter of 2013.

Orangeburg/Buena Vista TP Water Main Replacement, Phase 3: The original water mains smaller than 3" in diameter and the service lines were constructed of galvanized iron pipe in the early 1960's. Since that time, mineral deposits have accumulated in the piping system resulting in tuberculated pipe that progressively increased pipe friction and reduced the hydraulic capacity of the piping network. The original pipe was subject to increasing frequency of repairs and the mineral deposits significantly reduced the water flow and residual pressure at customers' taps. Isolation valves were not in place in key locations. Many of the water meters were more than 25 years old, difficult to read, and inaccurate. Portions of the galvanized pipe were replaced with PVC and polyethylene pipe in Phases 1 and 2 along with many of the water meters situated within the scope of those phases. The

COM
AED HCD
APA
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scope of Phase 3 is described on the attached Exhibit 1.a, Buena Vista TP WM Phase 3 Project Description.

(b) a copy of all invoices and other support documentation if the plant addition has been completed or is in progress;

Response:

Summertree Well 13 Hydro Tank Replacement: For *Plant Additions to Summertree, Well 13 Hydro Tank Replacement*, please see the invoices titled "*Plant Additions to Summertree, Well 13 Hydro Tank Replacement.PDF*" for the requested invoices and other supporting documentation.

Orangeburg/Buena Vista TP Water Main Replacement, Phase 3: For the plant addition *Orange Wood/Buena Vista Water Distribution Plant Replacement*, please see the invoices titled "*Orange Wood/Buena Vista Water Distribution Plant Replacement.PDF*" for the requested invoices and other supporting documentation.

(c) a copy of the signed contract or any bids, if the plant addition has not been completed;

Response:

Summertree Well 13 Hydro Tank Replacement: Three bids were received for this project. They are attached as *Exhibits 1.c.1, 1.c.2, and 1.c.3*. Environmental Equipment Sales, Inc. was the low project bidder and was awarded the contract to procure the tank, install it along with associated controls and equipment, and remove/dispose of the original tank.

Orangeburg/Buena Vista TP Water Main Replacement, Phase 3: The project was bid out successfully using three bidders.

(d) a status of the engineering and permitting efforts, if the plant addition has not been through the bidding process;

Response: These two projects were bid out successfully using three bidders each.

(e) the projected in-service date for each outstanding plant addition, and

Response:

Summertree Well 13 Hydro Tank Replacement: The project is expected to be placed in service by the end of July 2013.

Orangeburg/Buena Vista TP Water Main Replacement, Phase 3: The project was completed in 1Q13.

(f) all documentation (i.e. invoices) for the original cost of any corresponding retirements.

Response: The Utility does not have the documentation for the original cost of the corresponding retirements. These retired assets were included in the purchase of the systems. The estimation of the proper cost amount to be retired was determined by indexing the cost of the addition based on the estimated date when the asset retired was

placed in service. The Utility used the Handy Whitman Index that is commonly used by the water utility industry for retirement purposes and accepted by its auditors and regulators. The Handy Whitman documentation is included as *Handy Whitman Index-W2.xlsx* and *Handy Whitman Index Numbers.xlsx*

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;

Response:

Summertree Well 13 Hydro Tank Replacement: It is assumed that the hydro tank was likely installed at the time that Well 13 was constructed and placed in to service, which was 1983.

Orangeburg/Buena Vista TP Water Main Replacement, Phase 3: Information provided by FDEP in its sanitary surveys indicates that the subdivision was first developed in 1957.

- (b) any support documentation used to determine the in-service dates, and

Response:

Summertree Well 13 Hydro Tank Replacement: The year of the well construction is referenced in the attached Exhibit 2.b, Summertree Sanitary Survey Report 1-28-2008.

Orangeburg/Buena Vista TP Water Main Replacement, Phase 3: The year of the well construction is referenced in the attached Exhibit 2.b, Buena Vista Sanitary Survey 1-11-07.

- (c) the Handy Whitman support documentation used to calculate retirement adjustments.

Response: The Handy Whitman documentation is included as *Handy Whitman Index-W2.xlsx* and *Handy Whitman Index Numbers.xlsx*

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;

Response: The Lake Tarpon Village MHP's water distribution system is made up primarily of asbestos cement (3" and larger) pipe, galvanized iron pipe (2" and smaller), galvanized iron service laterals (3/4"), isolation valves, fittings, and about 350 water meters that are situated above ground near the side entrance to the trailers. An internal analysis of customer complaints and pipe repair activity indicated that the galvanized iron pipe material is badly tuberculated due to the deposition of minerals,

primarily calcium carbonate, in the interior of the pipe over 50 years of service. This mineralized material significantly increases pipe friction and thus induces a severe pressure loss at affected customers' taps. Providing a new piping system will drastically improve pressure and flow, especially during peak demand periods and thus improve customer service.

Additionally, annual water losses in this system routinely exceed 10%; during the growing season the monthly water loss may exceed 20% as documented in the MFR schedules. Beginning with the development of Lake Tarpon Village in the 1960's, the water meters were customarily installed adjacent to each trailer's side entrance, not in the utility easement near the lot line. As a consequence, unmetered underground connections located between the utility easement and the water meters at the trailer generate real water losses that are extremely difficult to identify. These unmetered connections are used seasonally by customers for landscape irrigation as deduced from the pattern of water loss variability during and after the growing season. By installing new taps and laterals throughout the water system, repositioning meters on the lot line and reconnecting each meter to the trailers with new polyethylene pipe, water losses due to unmetered irrigation use will be reduced significantly. Unmetered connections will be eliminated.

(b) a copy of all invoices and other support documentation if the plant addition has been completed or is in progress;

Response:

The project for plant addition "Replacement of a portion of Lake Tarpon distribution system", has not been opened and no money has been spent on the project yet. It is expected to go out to bid at the end of July. A contract will be awarded in August and construction will take place during the third quarter of 2013.

(c) a copy of the signed contract or any bids, if the plant addition has not been completed;

Response: Although no bids have been received yet, the attached *Exhibit 3.c. Lake Tarpon Main Replacement.pdf* describes the scope of work, the quantity of materials, and the extended project costs inclusive of mobilization, demobilization, installation, restoration, pressure testing and disinfection. This reflects the application of unit prices for similar recent pipe replacement activity in the Utility's Buena Vista Trailer Park in Pasco County.

(d) a status of the engineering and permitting efforts, if the plant addition has not been through the bidding process;

Response: This project does not require the issuance of a construction permit because the water mains will be replaced with similar sized pipe. Therefore, no engineering services are to be utilized on this project. Bid information will be provided to staff as soon as it is received in August, 2013.

(e) the projected in-service date for each outstanding plant addition, and

Response: The project is expected to be placed in service by the end of December 2013.

(f) all documentation (i.e. invoices) for the original cost of any corresponding retirements.

Response: The Utility does not have the documentation for the original cost of the corresponding retirements. These retired assets were included in the purchase of the systems. The estimation of the proper cost amount to be retired was determined by indexing the cost of the addition based on the estimated date when the asset retired was placed in service. The Utility used the Handy Whitman Index that is commonly used by the water utility industry for retirement purposes and accepted by its auditors and regulators. The Handy Whitman documentation is included as *Handy Whitman Index-W2.xlsx* and *Handy Whitman Index Numbers.xlsx*

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;

Response: The galvanized water main and service laterals being replaced in this capital project were originally installed with the development of the Lake Tarpon Village MHP in the early 1960's. Meter age is based on meter installation data extracted from the billing and customer account information as well as utilizing manufacturer's meter numbering system to identify when specific meters were built. The vast majority of existing water meters are replacement meters installed over the last 12 years, which are expected to be operating within allowable tolerances for accuracy.

- (b) any support documentation used to determine the in-service dates, and

Response: The utility has no supporting documentation regarding the age of the water mains or service laterals.

- (c) the Handy Whitman support documentation used to calculate retirement adjustments.

Response: The Handy Whitman documentation is included as *Handy Whitman Index-W2.xlsx* and *Handy Whitman Index Numbers.xlsx*

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;

Response:

Park Ridge Water Main and Valve Replacement: An explanation of the project scope and justification is attached as *Exhibit 5.a, Park Ridge Water Main Replacement.pdf*.

Park Ridge WTP Electrical Improvements: Because the Park Ridge WTP's electrical system and needed improvements closely parallel the planned improvements to be completed at Phillips WTP, please refer to the Phillips project scope as described in *Exhibit 5.a, Phillips WTP Elec. Improvements.pdf*.

Ravenna Park Force Main Replacement: The attached Exhibit 5.a Ravenna Park FM Relocation plan describes the original location of a 4" diameter force main running from Lift Station #SF-1 on Vihlen Road to a receiving manhole on Satsuma Drive. The force main, made of asbestos cement pipe had deteriorated, required increasingly more frequent repairs, generated a sanitary sewer spill each time, and was located primarily along the back lot line of a row of single family homes making access to the force main problematic. The project entailed the installation of a new PVC force main within the road right-of-way and the abandonment of the original pipe, which was installed on or before 1959 when the neighborhood was first developed. After completing this project, the customers in that area will no longer be at risk of coming in contact with raw wastewater due to pipe failures and the Utility will remain compliant with current FDEP rules and regulations regarding the maintenance of the Utility's facilities.

Ravenna Park Reduction of I&I: The project scope and justification is described on the attached *Exhibit 5.a Ravenna Park I&I Improvements.pdf*.

Ravenna Park WTP Electrical Improvements: An explanation of the project scope and justification is attached as *Exhibit 5.a, Ravenna Park Elec Improvements.pdf*.

Phillips WTP Electrical Improvements: An explanation of the project scope and justification is attached as *Exhibit 5.a, Phillips WTP Elec Improvements.pdf*

Weathersfield WTP Electrical Improvements: Similar to the electrical improvements made at Ravenna Park, Phillips, and Park Ridge WTP's, the electrical components at Weathersfield WTP that were vintage 1959 materials were no longer reliable, were not up to current electrical code, was considered a high risk of catching fire and difficult to troubleshoot when parts failed. Once completed, the electrical system that provides and controls power to well pumps, high service pumps, chemical feed pumps, monitoring and instrumentation equipment, lighting, ventilation, alarms, and ancillary equipment at the site will provide reliable performance while minimizing the generation of water hammer with each high service pump cycle.

Weathersfield Valve Replacement: The project entailed the installation of eight (8) gate valves in select locations within the Weathersfield water distribution system using valve insertion technology to accomplish the work without requiring a shutdown of the all or a portion of the water system. See attached *Exhibit 5.a Weathersfield Valve Replacement.pdf* where the locations marked in blue signify where the new valves were installed. These locations were identified as being key sites where existing valves no

longer functioned or could not be located. Installation of the valves now allows small areas of the distribution system to be isolated in order to optimize flushing of the mains and to make planned or emergency repairs to the system without requiring a complete outage of the whole system. In this way, fewer customers are inconvenienced by outages and for a shorter duration.

(b) a copy of all invoices and other support documentation if the plant addition has been completed or is in progress;

Response:

Park Ridge Water Main and Valve Replacement: Three bids were received for this project as shown on the attached *Exhibit 5.a, Park Ridge Water Main Replacement.pdf* on the bid tab. Central Florida Tapping, Inc. (CPT) was the low bidder and was awarded the contract. Please see the invoices titled "*Park Ridge Water Distribution and Valve Replacement.PDF*" for the requested invoices and other supporting documentation.

Park Ridge WTP Electrical Improvements: The plant addition *Park Ridge WTP Electrical Equipment Replaced.PDF*, has not been opened and no money has been spent on the project yet. Invoices and supporting documentation will be provided once the project has been completed.

Ravenna Park Force Main Replacement: Please see the invoices titled "*Ravenna Park Force Main Replacement.PDF*" for the requested invoices and other supporting documentation.

Ravenna Park Reduction of I&I: Please see the invoices titled "*Ravenna Park reduction of I&I.PDF*" for the requested invoices and other supporting documentation.

Ravenna Park WTP Electrical Improvements: Please see the invoices titled "*Ravenna Park WTP Electrical Equipment Replaced.PDF*" for the requested invoices and other supporting documentation.

Phillips WTP Electrical Improvements: the project has not yet incurred any invoices. Invoices and supporting documentation will be provided once the project has been completed.

Weathersfield WTP Electrical Improvements: please see the invoices titled "*Weathersfield WTP Electrical Equipment Replaced.PDF*" for the requested invoices and other supporting documentation.

Weathersfield Valve Replacement: please see the invoices titled "*Weathersfield Valve Installation.PDF*" for the requested invoices and other supporting documentation.

(c) a copy of the signed contract or any bids, if the plant addition has not been completed;

Response:

Park Ridge Water Main and Valve Replacement: N/A

Park Ridge WTP Electrical Improvements: The low bidder for the Phillips WTP electrical improvements project was selected and awarded the Park Ridge WTP electrical improvements project to take advantage of the bid quoted.

Ravenna Park Force Main Replacement: N/A

Ravenna Park Reduction of I&I: N/A

Ravenna Park WTP Electrical Improvements: The project was bid out successfully using three bidders as shown on the attached *Exhibit 5.a, Phillips & Ravenna Park Elec Impr Bids.pdf*

Phillips WTP Electrical Improvements: The project was bid out successfully using three bidders as shown on the attached *Exhibit 5.a Phillips & Ravenna Park Elec Impr Bids.pdf*

Weathersfield WTP Electrical Improvements: N/A

Weathersfield Valve Replacement: N/A

(d) a status of the engineering and permitting efforts, if the plant addition has not been through the bidding process;

Response:

Park Ridge Water Main and Valve Replacement: The project has been completed and was placed into service in July 2013.

Park Ridge WTP Electrical Improvements: N/A

Ravenna Park Force Main Replacement: N/A

Ravenna Park Reduction of I&I: The project was completed in December 2012.

Ravenna Park WTP Electrical Improvements: N/A

Phillips WTP Electrical Improvements: N/A

Weathersfield WTP Electrical Improvements: N/A

Weathersfield Valve Replacement: N/A

(e) the projected in-service date for each outstanding plant addition, and

Response:

Park Ridge Water Main and Valve Replacement: The project has been completed and was placed into service in July 2013.

Park Ridge WTP Electrical Improvements: The project is under way and is to be placed into service by December 31, 2013.

Ravenna Park Force Main Replacement: The project was completed and placed into service on August 28, 2012.

Ravenna Park Reduction of I&I: The project was completed in December 2012.

Ravenna Park WTP Electrical Improvements: The project is under way and is to be placed into service by December 31, 2013.

Phillips WTP Electrical Improvements: The project is under way and is to be placed into service by December 31, 2013.

Weathersfield WTP Electrical Improvements: The project was completed and placed into service in June 2013.

Weathersfield Valve Replacement: The project was completed in the December 2012.

(f) all documentation (i.e. invoices) for the original cost of any corresponding retirements.

Response: The Utility does not have the documentation for the original cost of the corresponding retirements. These retired assets were included in the purchase of the systems. The estimation of the proper cost amount to be retired was determined by indexing the cost of the addition based on the estimated date when the asset retired was placed in service. The Utility used the Handy Whitman Index that is commonly used by the water utility industry for retirement purposes and accepted by its auditors and regulators. The Handy Whitman documentation is included as *Handy Whitman Index-W2.xlsx* and *Handy Whitman Index Numbers.xlsx*

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;

Response:

Park Ridge Water Main and Valve Replacement and WTP Electrical Improvements: Information provided by FDEP in its sanitary surveys indicates that the subdivision was first developed in 1955 when the well was constructed. The equipment being replaced in this project is original equipment installed at that time.

Ravenna Park Force Main Replacement, Reduction of I&I and WTP Electrical Improvements: Information provided by FDEP in its sanitary surveys indicates that the subdivision was first developed in 1959 when the well was constructed. The assets replaced or improved in this project reflect the construction of the gravity sewer system at that time.

Phillips WTP Electrical Improvements: Information provided by FDEP in its sanitary surveys indicates that the subdivision was first developed in 1955 when the well was constructed. The equipment being replaced in this project is original equipment installed at that time.

Weathersfield WTP Electrical Improvements and Valve Replacement: Information provided by FDEP in its sanitary surveys indicates that the subdivision was first developed in 1958 when the well was constructed. The equipment being replaced in this project is original equipment installed at that time.

(b) any support documentation used to determine the in-service dates, and

Response:

Park Ridge Water Main and Valve Replacement and WTP Electrical Improvements: The year of the well construction is referenced in the attached *Exhibit 6.b, Park Ridge & Phillips Sanitary Surveys 2005.pdf*.

Ravenna Park Force Main Replacement, Reduction of I&I and WTP Electrical Improvements: The year of the well construction is referenced in the attached *Exhibit 6.b, Ravenna Park Sanitary Survey, 2005.pdf*.

Phillips WTP Electrical Improvements: The year of the well construction is referenced in the attached *Exhibit 6.b, Park Ridge & Phillips Sanitary Surveys 2005.pdf*.

Weathersfield WTP Electrical Improvements and Valve Replacement: The year of the well construction is referenced in the attached *Exhibit 6.b, Weathersfield Sanitary Survey 2005.pdf*.

(c) the Handy Whitman support documentation used to calculate retirement adjustments.

Response: The Handy Whitman documentation is included as *Handy Whitman Index-W2.xlsx* and *Handy Whitman Index Numbers.xlsx*

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?

Response: The "Corrected Gallons Pumped" refers to the correction made to the raw pumped data to account for meter inaccuracy. This is done in order to produce a true value of the water actually pumped in order to quantify water loss for purposes of complying with Consumptive Use Permit conditions as specified by St. Johns River Water Management District. This did not impact the gallons pumped values reported on the MOR's.

(b) Were the well meters calibrated after the test?

Response: No. The well meters were found to be within allowable tolerance as defined by SJRWMD.

(c) If the answer to Question 7(b) above is "yes," when?

Response: N/A

(d) If the answer to Question 7(b) above is "no," why not?

Response: The well meters were found to be within allowable tolerance as defined by SJRWMD.

(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?

Response: As stated above, the results from flow meter testing were used to identify water loss with the highest level of accuracy possible.

(f) Were the well meters calibrated after the test?

Response: If the flow meters are found to be out of tolerance, they are replaced.

(g) If the answer to Question 7(f) above is "yes," when?

Response: N/A

(h) If the answer to Question 7(f) above is "no," why not?

Response: Replacing meters that are inaccurate with ones that meet factory specifications and installing the meters in conformance with manufacturer's guidelines offers the optimum means of measuring flow across all flow rates.

(i) Please explain and revise the schedules and/or Monthly Operation Reports if necessary.

Response: No revisions to the MOR's are warranted. The data contained in the MOR's is accurate.

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?

Response: Yes.

(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.

Response: The replacement was completed in May 2012. An above ground section of flanged pipe that was located in the chemical storage room was corroded after more than 60 years of service and being situated in an environment conducive to corrosion. Originally, the room held 150# bottles of chlorine gas used for disinfection purposes. Currently, the room contains a sodium hypochlorite storage tank.

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?

Response: No

(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.

Response: N/A

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?

Response: Yes

(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?

Response: The Utility made application to FDEP in 2011 to utilize chloramination for disinfection purposes instead of free chlorine at the Park Ridge WTP. The Utility received clearance on March 7, 2011 to place the additional facilities into service. Attached is *Exhibit 10, Free Chlorine to Chloramine Conversion, 030712.pdf* that reflects the use of this process thereafter.

Free chlorine disinfection typically refers to the standard method of disinfecting a water supply in which sodium hypochlorite, at approximately a 12% solution, is injected into the flow of raw water in order to kill pathogenic bacteria that might be present. A minimum of contact time occurs before delivery of disinfected water to the customers.

Essentially, the chloramination process includes the injection of a small amount of ammonia at the Park Ridge WTP, in addition to chlorine, in order to create a chlorine compound, monochloramine, which will adequately disinfect the water supply but not react with naturally occurring organics. Organics may be present in the groundwater source or in the water distribution system in the form of biofilm on the interior surfaces of the pipes. In this way, disinfection byproducts such as trihalomethanes and haloacetic acids will minimally form resulting in water quality that meets current regulations.

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?

Response: No, the well pump was replaced.

(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.

Response: The well pump was replaced in March 2013. Utility staff identified a reduction in pump output that resulted in pulling the pump. Due to the age of the pump and the cost to repair it, it was prudent to replace the pump with a more energy efficient unit with a full factory warranty and thus increase reliability thereafter rather than repair the pump.

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?

Response: The Utility met with a group of Summertree residents representing each of the multiple Homeowners Associations that make up the Summertree community in December 2010. At that meeting, the residents identified the quality of service issues that were of most concern. This included:

- a. a description of the procedure used to inform the customers of Public Notices associated with FDEP drinking water regulations,
- b. the method and frequency of unidirectional flushing of the water distribution system
- c. the reason for the annual conversion of the disinfection system to free chlorine for a one-month period each year
- d. the posting of the customer's refund on their account reflecting the requirement of the Final Order in that rate case
- e. the importance of each customer providing the Utility with an active phone number on their account as a primary means of communicating with customers in an emergency by way of a reverse-911 call out system.
- f. Additionally, the group agreed to continue meeting with the Utility.

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

Response: The Utility identified a number of key locations in the distribution system where water had a long detention time in the mains. Initially, automatic flushing valves (ARV's) were installed at three locations on dead end lines in order to better maintain an adequate chlorine residual in the system, to optimize the use of water for flushing, and thus to reduce the presence of sulfur odors at the tap. Since then, additional ARV's have been installed and customer complaints have been reduced.

Attached as *Exhibit 12.a, Summertree HOA Email String.pdf* is an email string that illustrates the working relationship that has been developed between the customers and the Utility and that exemplifies a spirit of cooperation and heightened level of customer service.

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

Response: The following table provides a count of how many customers in each county have a second meter for irrigation.

COUNTY	SYSTEM	# OF CUSTOMERS WITH A 2 nd METER FOR IRRIGATION
Marion	Crownwood	3
Marion	Golden Hills	4
Pasco	Buena Vista	1
Pasco	Orangewood	2
Seminole	Bear Lake Manor	1
Seminole	Phillips	1
Seminole	Trailwoods	4
Seminole	Weathersfield	7

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

Response: Below are the thresholds that have been established for considering a bill "high usage".

- There is a usage threshold on the meter read devices that will alert the meter reader to recheck the read that he/she entered into the device if the meter read results in usage that is 2.5 times higher than the customer's average usage.
- There is a dollar value parameter of \$250.00 on each service type that will automatically require a manual review of the bill before it is produced.
- There is a billing exception produced if the consumption results in usage that is 2.5 times higher than the customer's average usage.

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

Response: If an account exceeds the thresholds described in response 14, a field activity for a reread is issued before the bill is produced. The field operator will confirm the original reading taken, obtain a new meter read and verify if the leak indicator is registering a possible leak.

- If the reading is in line with the original read billed and no leaks are present, the customer is notified in person or by a door tag.
- If the reading is in line with the original read billed and the leak indicator is moving, the operator will attempt to speak personally to the customer to advise they may have a possible leak present. If no one is home, a door tag is left to advise the customer of the findings with a request to contact the Customer Service Department.
- If the reading is not in line and is less than the billed read, a corrected bill is issued to the customer.

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

Response: During the test year, the protocol and actions described in response 15 to follow up with customers regarding high usage were followed.

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

Response: During the test year, the following multi-residential wastewater rates were charged in Pasco County.

01/01/2011 – 03/04/2011 \$39.55/SFE
03/04/2011 – 07/21/2011 \$28.27/SFE
07/21/2011 – 07/26/2011 \$27.83/SFE
07/26/2011 – 12/31/2011 \$27.91/SFE

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.

Response:

- i. For Management & Regulatory Consultants, Inc.'s billing rate and itemized description of work performed please see the document titled "*Management & Regulatory Consultants, Inc. Summary of Rate Case Expense.PDF*".
 - ii. For Milian, Swain & Associates, Inc.'s billing rate and itemized description of work performed please see the document titled "*Milian, Swain & Associates, Inc. Summary of Rate Case Expense.PDF*".
 - iii. For Sundstrom, Friedman & Fumero, LLP's billing rate and itemized description of work performed please see the document titled "*Sundstrom, Friedman & Fumero, LLP Summary of Rate Case Expense.PDF*".
- (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.

Response:

- i. For copies of all Management & Regulatory Consultants, Inc.'s invoices for services provided to date please see the document titled "*Management & Regulatory Consultants, Inc. Invoices.PDF*".
- ii. For copies of all Milian, Swain & Associates, Inc.'s invoices for services provided to date please see the document titled "*Milian, Swain & Associates, Inc. Invoices.PDF*".

- iii. For copies of all Sundstrom, Friedman & Fumero, LLP's invoices for services provided to date please see the document titled "*Sundstrom, Friedman & Fumero, LLP Invoices.PDF*".
- (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.

Response:

- i. Management & Regulatory Consultants, Inc.'s invoices are broken down by hour.
- ii. For Milian, Swain & Associates, Inc.'s invoices are broken down by hour.
- iii. Sundstrom, Friedman & Fumero, LLP's invoices are broken down by hour.
- (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.

Response:

- i. For an itemized list of all other cost estimated to be incurred through the PAA process for Management & Regulatory Consultants, Inc., please see the document titled "*Management & Regulatory Consultants, Inc. Summary of Rate Case Expense.PDF*".
- ii. For an itemized list of all other cost estimated to be incurred through the PAA process for Milian, Swain & Associates, Inc., please see the document titled "*Milian, Swain & Associates, Inc. Summary of Rate Case Expense.PDF*".
- iii. For an itemized list of all other cost estimated to be incurred through the PAA process for Sundstrom, Friedman & Fumero, LLP, please see the document titled "*Sundstrom, Friedman & Fumero, LLP Summary of Rate Case Expense.PDF*".
- iv. For an itemized list of all other cost estimated to be incurred through the PAA process for Utilities, Inc. employees, please see the document titled "*UI Employee Rate Case Expense.PDF*". This information is being provided pursuant to a Request for Confidential Classification filed in this Docket.
- (e) Please provide an itemized list of all other costs estimated to be incurred through the PAA process.

Response:

- i. For an itemized list of all other cost estimated to be incurred through the PAA process for Management & Regulatory Consultants, Inc., please see the document titled "*Management & Regulatory Consultants, Inc. Summary of Rate Case Expense.PDF*".
- ii. For an itemized list of all other cost estimated to be incurred through the PAA process for Milian, Swain & Associates, Inc., please see the document titled "*Milian, Swain & Associates, Inc. Summary of Rate Case Expense.PDF*".
- iii. For an itemized list of all other cost estimated to be incurred through the PAA process for Sundstrom, Friedman & Fumero, LLP, please see the document titled "*Sundstrom, Friedman & Fumero, LLP Summary of Rate Case Expense.PDF*".

iv. \$200.00 travel expenses for Mr. Flynn to attend the Commission Conference (mileage included with attorney costs).

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.

Response: Orange County's MFR Schedule B-5 for the test year of 2011 shows \$206 recorded in December 2011. The amount was estimated and allocated from the Southeast Region to account for the chemicals used in the business units within the Southeast Region. These specific chemicals are not used in the UI business units within Orange County and therefore were reversed on Schedule B-5, Column (3).

<u>Business Unit</u>	<u>Payee</u>	<u>Invoice #</u>	<u>Date</u>	<u>Amount</u>
252123.5480	Southeast Region-805100.5480	5543	12/31/2011	174.70
252124.5480	Southeast Region-805100.5480	5543	12/31/2011	31.01
<hr/>				
Total				205.71

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0

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.

Response: The substantial increases in May and August, compared to other months, are due to the write-offs of two customer accounts that had exceptionally high balances. The methodology for account 5510, Uncollectible Accounts, is that customer accounts from CC&B are written-off after a final bill is issued upon service termination and outstanding for 210 days, or 180 days past due. Please see *Attachment 20-A.pdf* for the supporting documentation for the 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?

Response: Please see paragraph below.

(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?

Response: Please see paragraph below.

(c) If the answer to Question 21(a) above is "yes," did the Utility receive any compensation for the backflow preventer testing?

Response: Please see paragraph below.

(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.

Response: Please see paragraph below.

Response: Upon further review of Orange County's MFR schedule B-7, the explanation for "Contractual Services – Other" regarding the testing and/or repairing of backflow preventers and master meters was in error. The difference is due to the cost of maintaining our computer and technological systems, as they have increased since the last rate case. This reflects the need to develop, implement, and use additional tools to meet regulatory mandates.

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.

Response: Pasco County's MFR Schedule B-5 for the test year of 2011 shows \$3,914 recorded for Chemicals in December. Of that amount, \$2,770 was an allocation from the Southeast Region for estimated usage of chemicals from inventory. The remaining \$1,144 was for the invoices listed below. The allocation for the chemical usage was reversed on Schedule B-5 in Column (4) and the net amount remaining for December is consistent with the previous months.

<u>Business</u>					
<u>Unit</u>	<u>Payee</u>	<u>Invoice #</u>	<u>Date</u>	<u>Amount</u>	
252106.5480	THE DUMONT COMPANY INC	397939	12/7/2011	65.00	
252106.5480	THE DUMONT COMPANY INC	400322	12/19/2011	117.00	
252106.5480	THE DUMONT COMPANY INC	400321	12/19/2011	52.00	
252125.5480	THE DUMONT COMPANY INC	396065	12/1/2011	91.00	
252125.5480	THE DUMONT COMPANY INC	103138	12/6/2011	520.00	
252125.5480	THE DUMONT COMPANY INC	400125	12/18/2011	78.00	
252125.5480	THE DUMONT COMPANY INC	400124	12/18/2011	117.00	
252125.5480	THE DUMONT COMPANY INC	403863	12/30/2011	104.00	
			<u>Total</u>	<u>1,144.00</u>	

Usage Allocation for Chlorine:

<u>Business</u>		<u>Invoice #</u>	<u>Date</u>	<u>Amount</u>
<u>Unit</u>	<u>Payee</u>			
252106.5480	Southeast Region-805100.5480	5543	12/31/2011	1174.17
252107.5480	Southeast Region-805100.5480	5543	12/31/2011	108.89
252125.5480	Southeast Region-805100.5480	5543	12/31/2011	812.64
252126.5480	Southeast Region-805100.5480	5543	12/31/2011	674.67
Total				2,770.37

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.

Response: Pasco County's MFR Schedule B-5, Contractual Services – Testing increased substantially in February 2011 due to a payment testing that is performed every three years. Please see *Attachment 23-A.pdf* showing invoice #88137 from Advanced Environmental Laboratories, Inc. for \$8,178.00.

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.

Response: Pasco County's MFR Schedule B-5 Transportation Expense of \$3,860 for May 2011 includes \$401 for Auto Licenses, \$509 for Auto Repair, and \$2,950 for fuel. The amount for fuel includes 2 invoices recorded in error. The invoices were reversed in June, bringing the total fuel for May 2011 to \$2,137.

252107	6215	DUNKLE'S FUEL SERVICE INC	88892	5/31/2011	347.20	
252126	6215	DUNKLE'S FUEL SERVICE INC	88888	5/31/2011	465.48	
252107	6215	DUNKLE'S FUEL SERVICE INC	91241	6/29/2011		(347.20)
252126	6215	DUNKLE'S FUEL SERVICE INC	91242	6/29/2011		(465.48)

- The \$401 for the auto licenses are allocated based on ERCs. A copy of the payment for the licenses as well as the allocation is on *Attachment 24-A.pdf*.
- Auto repair and fuel are invoiced electronically and paid via wire transfer and allocated to each Business Unit accordingly. Please see *Attachment 24-B.pdf* for the detail supporting the \$509 for auto repair and maintenance and *Attachment 24-C.pdf* for the detail supporting the \$2,137 fuel charges.

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?

Response: The cost associated with the Sequesterant Injection Improvements are reflective of the total cost for this one-time event.

(b) Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the Summertree polyphosphate addition.

Response: Please see *Attachment 25-A.pdf* for supporting documentation.

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?

Response: These costs represent the entire cost of the triennial testing. The invoice does include \$136 for monthly coliform testing as well.

(b) Please provide all of the Utility's calculations, basis, workpapers, and support documentation (i.e. invoices) for the Triennial testing.

Response: Please refer to *Attachment 23-A.pdf* for a copy of this invoice.

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.

Response: Pinellas County's MFR Schedule B-5 for the test year of 2011 shows \$660 recorded in December. Of that amount, \$296 was an allocation from the Southeast Region for estimated usage of chemicals from inventory. The remaining \$363 was for the invoices listed below. The allocation for the chemical usage was reversed on Schedule B-5 in Column (4) and the net amount remaining for December is consistent with the previous months.

<u>Business Unit</u>	<u>Payee</u>	<u>Invoice #</u>	<u>Date</u>	<u>Amount</u>
252128.5480	THE DUMONT COMPANY INC	396066	12/1/2011	117.00
252128.5490	HACH COMPANY	403850	12/31/2011	246.23
<u>Total</u>				<u>363.23</u>

Usage Allocation for Chlorine:

<u>Business Unit</u>	<u>Payee</u>	<u>Invoice #</u>	<u>Date</u>	<u>Amount</u>
252128.5480	Southeast Region-805100.5480	JA 5543	12/31/2011	296.40
<u>Total</u>				<u>296.40</u>

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.

Response:

The \$1,025 in March includes:

- \$103 for travel meals for M. Wilson. See *Attachment 28-A.pdf*.
- \$188 Allocations from WSC for communication services from multiple providers. Invoices are extremely voluminous and can be provided upon request.
- \$566 for water meter testing at the Lake Tarpon Water plant. Please see *Attachment 28-B.pdf* for a copy of Invoice 105033 from Paralee Company, Inc.

The \$1,172 in October includes:

- \$1,000 for Invoice #017834 paid to the Florida Department of Environmental Protection for the Drinking Water Annual Operating License Fee. Please see *Attachment 28-C.pdf*.
- \$162 Allocations from WSC for communication services from multiple providers. Invoices are extremely voluminous and can be provided upon request.

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.

Response: Seminole County's MFR Schedule B-5 for the test year of 2011 shows \$5,510 recorded in December. Of that amount, \$2,735 was an allocation from the Southeast Region for estimated usage of chemicals from inventory. The remaining \$2,775 was for

the invoices listed below. The allocation for the chemical usage was reversed on Schedule B-5 in Column (4) and the net amount remaining for December is consistent with the previous months.

<u>Business Unit</u>	<u>Pavee</u>	<u>Invoice #</u>	<u>Date</u>	<u>Amount</u>
252110.5480	THE DUMONT COMPANY INC	103376	12/8/2011	390.00
252110.5480	THE DUMONT COMPANY INC	104333	12/22/2011	390.00
252110.5480	THE DUMONT COMPANY INC	104386	12/22/2011	422.50
252113.5480	THE DUMONT COMPANY INC	398795	12/13/2011	227.50
252113.5480	THE DUMONT COMPANY INC	401587	12/27/2011	195.00
252114.5480	THE DUMONT COMPANY INC	398794	12/13/2011	26.00
252115.5480	THE DUMONT COMPANY INC	399720	12/14/2011	123.50
252116.5480	THE DUMONT COMPANY INC	399718	12/14/2011	39.00
252117.5480	THE DUMONT COMPANY INC	399719	12/14/2011	78.00
252118.5480	THE DUMONT COMPANY INC	399519	12/14/2011	195.00
252121.5480	THE DUMONT COMPANY INC	398793	12/13/2011	221.00
252121.5480	THE DUMONT COMPANY INC	401589	12/27/2011	130.00
252122.5480	THE DUMONT COMPANY INC	104137	12/20/2011	260.00
252122.5480	THE DUMONT COMPANY INC	401588	12/27/2011	78.00
Total				2,775.50

Usage Allocation for Chlorine:

252110.5480	Southeast Region-805100.5480	JA	5543	12/31/2011	789.07
252111.5480	Southeast Region-805100.5480	JA	5543	12/31/2011	782.53
252113.5480	Southeast Region-805100.5480	JA	5543	12/31/2011	154.71
252114.5480	Southeast Region-805100.5480	JA	5543	12/31/2011	39.97
252115.5480	Southeast Region-805100.5480	JA	5543	12/31/2011	68.91
252116.5480	Southeast Region-805100.5480	JA	5543	12/31/2011	54.44
252117.5480	Southeast Region-805100.5480	JA	5543	12/31/2011	121.29
252118.5480	Southeast Region-805100.5480	JA	5543	12/31/2011	234.31
252119.5480	Southeast Region-805100.5480	JA	5543	12/31/2011	165.40
252121.5480	Southeast Region-805100.5480	JA	5543	12/31/2011	151.27
252122.5480	Southeast Region-805100.5480	JA	5543	12/31/2011	172.63
Total					2,734.53

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.

Response: Seminole County's MFR Schedule B-5, Miscellaneous Expenses for January and May 2011 are identified as follows:

January:

- "Other Miscellaneous Expenses" \$3,086: This is comprised of allocation entries from the Southeast Regional Office UA ledger. On a monthly basis, the ending ledger balance on the Southeast Regional Office AA ledger is allocated to each system in the Southeast Region based on ERCs. The activity in the AA ledger on the Southeast Region is comprised of monthly accruals and previous accrual reversals. The accruals are estimates based on invoices for the month that have not yet been paid. Please see *Attachment 30A-30K.pdf* for details.
- "Answering Service" \$103: Allocation based on ERCs for two invoices from Syntheny. Please see *Attachment 30A-30K.pdf*.
- "Other Office Expenses" \$276: Allocations from WSC for \$83 and from the Southeast Region for postage for \$193. Please see *Attachment 30A-30K.pdf* for the postage invoice.
- "Office Telecom" \$1,334: Allocations from WSC for communication services from multiple providers. Invoices are extremely voluminous and can be provided upon request.
- "Office Landscape/Mow" \$1,004: \$900 monthly allocated for landscaping and mowing services by Gray's Landscaping Services. *Attachment 30A-30K.pdf*.
- "Office Alarm System/Phone" \$624: The amounts include payments for security systems and monitoring. Please see *Attachment 30A-30K.pdf*.
- "Water-Elect Equip Repairs" \$1,545: Please see *Attachment 30A-30K.pdf*.
- "Deferred Maint Expense" \$1,723: This amount is to amortize expenses incurred for water tank maintenance and is consistent with prior months.

May:

- "Customer Service Printing" \$4,631: *Attachment 30A-30K.pdf*
- "Letter of Credit Fee" \$269: \$250 is for the renewal of the LOC fees. Please see *Attachment 30A-30K.pdf*.
- "Printing/Blueprints" \$2,300: *Attachment 30A-30K.pdf*.
- "Office Telecom" \$1,603: Allocations from WSC for communication services from multiple providers. Invoices are extremely voluminous and can be provided upon request.
- "Office Landscape/Mow" \$936: \$900 monthly allocated for landscaping and mowing services by Gray's Landscaping Services. Please see response above and refer to *Attachment 30A-30K.pdf* "Office Alarm System/Phone" \$622: The amounts include payments for security systems and monitoring. Please see *Attachment 30A-30K.pdf*.

- “Water-Other Maint Expense” \$1,264: Please see the invoices in *Attachment 30A-30K.pdf*.

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?

Response: Very little.

(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?

Response: The pro forma plant improvements in Park Ridge will reduce chemical expense if it can be demonstrated that the replacement of galvanized pipe results in a reduction in disinfection byproducts sufficient to allow the discontinuance of ammonia. As of now, that is an unknown. It is probable that the replacement of electrical equipment will provide increased energy efficiencies, but it is not expected to decrease Materials and Supplies significantly.

(c) If the answer to Question 31(b) above is “yes,” how much does the Utility project the expenses will decrease?

Response: N/A

(d) If the answer to Question 31(b) above is “no,” explain why.

Response: Irrespective of the age of electrical equipment, in a typical year, the utility will incur some material costs to replace or repair electrical components. Additionally, the replacement of galvanized pipe was not predicated on a high repair frequency, but due to the tuberculation of the pipe resulting in a negative impact to quality of service.

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?

Response: No.

(b) If the answer to Question 32(a) above is “yes,” why would the engineering costs not be capitalized as well?

Response: The notation referenced on MFR Schedule B-7 was made in error. The correct explanation is that the \$7,100 in engineering services reflects the cost to have a registered professional engineer perform an interior and exterior inspection of each ground storage tank and hydropneumatic tank in Seminole County, a total of 13 vessels.

(c) Why shouldn't the Contractual Services – Engineering expense referenced above be amortized?

Response: Because the individual tank inspection fees were relatively small amounts on a per tank basis, it is appropriate to expense these items.

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?

Response: It is difficult to specifically quantify the amount that is attributable to Ravenna Park since the two sewer systems in Seminole County share similar attributes such as age of system, types of materials, etc.

(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?

Response: No.

(c) If the answer to Question 33(b) above is "yes," how much does the Utility project the expenses will decrease?

Response: N/A

(d) If the answer to Question 33(b) above is "no," explain why.

Response: The Utility expects to realize a reduction in purchased sewer expense as a result of reducing the amount of excess inflow and infiltration entering the collection system after wet weather. However, these improvements are not likely to cause a drop in annual Material and Supplies expense.

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?

Response: The notation on MFR Schedule B-9 mischaracterizes the activities that prompted the use of engineering services. It is correct to say that engineering services were utilized in addressing water system related issues. For instance, when replacing an existing asset with an asset of the same size and characteristics, it is necessary for the utility to have a registered professional engineer provide a letter to FDEP that communicates this activity. This notification of what is essentially a “maintenance” activity from FDEP’s perspective is in lieu of submitting an application for a construction permit, which would necessarily cost substantially more.

(b) Do the engineering fees included on each Schedule B-9 reflect total costs or an amortized portion of the total costs?

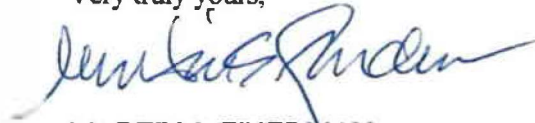
Response: The engineering fees reflect actual costs incurred

(c) If the expense represents the entire unamortized amount, please provide all invoices for “Engineering Services which help facilitate Wastewater Treatment Plant operating permits.”

Response: As stated above, no engineering services were utilized for renewing WWTP operating permits.

If you have any questions, please feel free to contact me.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

cc: Kirsten Markwell (via e-mail, w/o attachments)
Patrick Flynn (via e-mail, w/o attachments)
Todd Brown (via e-mail w/o attachments,)
Steve Reilly (via US Mail, w/ attachments)