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Public Service Commission

May 22, 2014

Mr. Gary Deremer, President
Lakeside Waterworks, Inc.
5320 Captains Court
New Port Richey, FL 34652-3062

STAFF'S FOURTH DATA REQUEST

RE: Docket No. 130194-WS- Application for staff-assisted rate case in Lake County by Lakeside Waterworks, Inc.

Dear Mr. Deremer,

By this letter, the Commission staff requests that Lakeside Waterworks, Inc. (LWI or Utility), provide responses to the following data requests.

Questions 1-12 concern the respective duties of Mr. Gary Deremer, the majority owner of LWI and also the majority owner and Chief Executive Officer of U. S. Water Services Corporation (US Water). Please provide detailed responses, if possible.

1. Please provide a description of Mr. Deremer's duties as the majority owner of LWI.
2. As the majority owner of LWI, does Mr. Deremer have the sole discretion over all financial, legal, operational and regulatory matters? Please explain.
3. Please provide a description of the duties performed by the minority owners of LWI.
4. Please identify the compensation Mr. Deremer receives directly from LWI.
5. Please identify the compensation the minority owners receive directly from LWI.
6. Why are the amounts of Officer Salaries (\$2,500 for water and \$2,500 for wastewater for a total of \$5,000/year) just and reasonable?
7. Please provide a description of how the customers of LWI benefit because Mr. Deremer is the majority owner of the utility.
8. Please provide a description of Mr. Deremer's duties as the majority owner of US Water.

9. Please provide a description of the duties performed by the minority owners of US Water.
10. As the majority owner of US Water, does Mr. Deremer have the sole discretion over all financial, legal and operational matters for US Water? Please explain.
11. LWI pays US Water approximately \$6,160 per month for water and wastewater services.
 - a. What portion of this amount does Mr. Deremer receive as compensation from US Water?
 - b. What portion of this amount do the minority owners receive as compensation from US Water?
12. Please provide a description of how the customers of LWI benefit because Mr. Deremer is the majority owner of US Water.
13. Questions 13 and 14 are follow-up questions related to LWI's Response to Staff's Second Data Request, item number 4, dated March 25, 2014 (FPSC Document No. 01354-14). The Company's response included a summary sheet titled "FGUA Benchmarking Results," showing Customer Service Cost and O&M Cost (\$/account) for FGUA South systems.
 - a. For comparative purposes, how do the Customer Service Cost and O&M Cost (\$/account) for Florida Government Utility Authority (FGUA) South systems compare to these metrics for private systems U.S. Water serves under contract? Please include in your response an explanation why the average Customer Service Cost and O&M Cost (\$/account) for FGUA South systems are lower than U.S. Water's contract with LWI.
 - b. If known, please state which FGUA South systems were identified to determine the \$50.58 average Customer Service Cost per account and the \$213 average O&M Cost per account.
 - c. Is there an FGUA South system that serves approximately the same number of customers as LWI? If so, how does the U.S. Water Agreement For Service contract for that FGUA South system compare to LWI's U.S. Water Agreement For Service contract?
 - d. Please identify all specific services that are included in LWI's U.S. Water Agreement For Service contract that are included under the FGUA South contract.
 - e. Please identify all specific services that are not included in LWI's U.S. Water Agreement For Service contract that are included under the FGUA South contract.
 - f. If the response to sub-part (c) above is affirmative, please provide a copy of the U.S. Water Agreement For Service contract for that company.

14. The Company's response included a summary sheet titled "FGUA Benchmarking Results," showing Customer Service Cost and O&M Cost (\$/account) for FGUA West systems.
- a. For comparative purposes, how do the Customer Service Cost and O&M Cost (\$/account) for Florida Government Utility Authority (FGUA) West systems compare to these metrics for private systems U.S. Water serves under contract? Please include in your response an explanation why the average Customer Service Cost and O&M Cost (\$/account) for FGUA West systems are lower than U.S. Water's contract with LWI.
 - b. If known, please state which FGUA West systems were identified to determine the \$38.51 average Customer Service Cost per account and the \$225 average O&M Cost per account.
 - c. Is there an FGUA West system that serves approximately the same number of customers as LWI? If so, how does the U.S. Water Agreement For Service contract for that FGUA West system compare to LWI's U.S. Water Agreement For Service contract?
 - d. Please identify all specific services that are included in LWI's U.S. Water Agreement For Service contract that are included under the FGUA West contract.
 - e. Please identify all specific services that are not included in LWI's U.S. Water Agreement For Service contract that are included under the FGUA West contract.
 - f. If the response to sub-part (c) above is affirmative, please provide a copy of the U.S. Water Agreement For Service contract for that company.
15. Questions 15-35 relate to LWI's planned repairs or improvements (a/k/a proforma) by year identified in the EXCEL file sent to Commission staff by Troy Rendell on May 5, 2014, at approximately 2:00 in the afternoon.¹ For the columns identified as 2013 and 2014, please state which projects:
- (a) Have been completed (please state the completion date);
 - (b) Have been started as of 5/1/2014, but not are not completed;
 - (c) Have not been started as of 5/1/2014.
16. This question pertains to the water column identified as 2013.
- a. For 2013, a \$5,296 water project pertaining to chlorine feed pumps is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

¹ If you need assistance identifying this document, please contact Michael Barrett at 850 413-6544.

17. This question pertains to the water column identified as 2013.
 - a. For 2013, a \$1,233 water project pertaining to a water main is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

18. This question pertains to the wastewater column identified as 2013.
 - a. For 2013, a \$3,690 wastewater repair project pertaining to diffusers is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

19. This question pertains to the water column identified as 2014.
 - a. For 2014, a \$2,000 water project pertaining to a generator housing is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

20. This question pertains to the water column identified as 2014.
 - a. For 2014, a \$10,000 water project pertaining to a control panel is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

21. This question pertains to the water column identified as 2014.
 - a. For 2014, a \$5,000 water project pertaining to a web-based alarm system is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

22. This question pertains to the water column identified as 2014.
 - a. For 2014, a \$1,960 meter replacement project is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

23. This question pertains to the water column identified as 2014.
 - a. For 2014, a \$3,123 water project pertaining to a flow meter is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

24. This question pertains to the wastewater column identified as 2014.
 - a. For 2014, a \$30,000 wastewater project pertaining to the aeration basin is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

25. This question pertains to the wastewater column identified as 2014.
 - a. For 2014, a \$6,000 wastewater project pertaining to a digester tank is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

26. This question pertains to the wastewater column identified as 2014.
 - a. For 2014, a \$25,000 wastewater project pertaining to an air header is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

27. This question pertains to the wastewater column identified as 2014.
 - a. For 2014, a \$5,000 wastewater project pertaining to blowers is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

28. This question pertains to the wastewater column identified as 2014.
 - a. For 2014, a \$8,000 wastewater project is shown on this document for influent headworks. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

29. This question pertains to the wastewater column identified as 2014.
 - a. For 2014, a \$8,000 wastewater project is shown on this document for the aeration basin. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

30. This question pertains to the wastewater column identified as 2014.
 - a. For 2014, a \$15,000 wastewater project pertaining to the spray field is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

31. This question pertains to the wastewater column identified as 2014.
 - a. For 2014, a \$5,000 wastewater project pertaining to the electrical power system is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

32. This question pertains to the wastewater column identified as 2014.
 - a. For 2014, a \$19,000 wastewater project pertaining to re-rating the plant pertaining is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

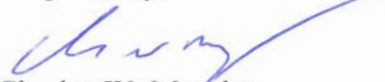
33. This question pertains to the wastewater column identified as 2014.
 - a. For 2014, a \$41,000 wastewater project pertaining to lift station #4 is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

34. This question pertains to the wastewater column identified as 2014.
 - a. For 2014, a \$38,000 wastewater project pertaining to lift station #3 is shown on this document. Please identify any cost savings that will result from completing this project.

- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.
35. This question pertains to the wastewater column identified as 2014.
- a. For 2014, a \$7,000 wastewater project is shown on this document for mapping. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Please file the original and five copies of the requested information by June 2, 2014, with Ms. Carlotta Stauffer, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6191 if you have any questions.

Respectfully,



Charles W. Murphy
Senior Attorney

CWM/dml

cc: Office of Commission Clerk