

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: July 29, 2014
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Robert Graves, Engineering Specialist, Division of Engineering *REG PV*
RE: DN 140060 WS-application for increase in Water and Wastewater rates in Seminole County by Sanlando Utilities Corporation.

Please file the attached Deficiency Letter to Mr. Martin Friedman in the above mentioned docket file.

Thank you.

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

STATE OF FLORIDA



DIVISION OF ENGINEERING
TOM BALLINGER
DIRECTOR
(850) 413-6910

Public Service Commission

July 29, 2014

Mr. Martin Friedman
Friedman, Friedman & Long, P.A.
766 North Sun Drive, Suite 4030
Lake Mary, FL 32746

Re: Docket No. 140060-WS - Application for increase in its Water and Wastewater Rates in Seminole County by Sanlando Utilities Corporation.

Dear Mr. Friedman:

We have reviewed the minimum filing requirements (MFRs) submitted on July 1, 2014, on behalf of Sanlando Utilities Corporation (Sanlando or Utility). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

1. Rule 25-30.437, Florida Administrative Code (F.A.C.), requires that each Class A utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 19-W (11/93), titled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." MFR Schedules B-7 and B-8, as filed, do not comply with Rule 25-30.437 F.A.C. Schedules B-7 and B-8 are comparisons "of the applicant's current and prior test year O&M Expenses before this Commission."

In particular, MFR Schedules B-7 and B-8 require the use of CPI-U All Items index. The Utility used the CPI-U index labeled "CPI-U water and sewerage maintenance" which represents an inflation increase of 18.12 percent. In Docket No. 120037-WS staff required Utilities, Inc. of Pennbrooke to revise these schedules to reflect the "CPI-U All Items" index. The CPI-U All Items index represents an inflation increase of 6.33 percent for the same timeframe. Further, the Schedules B-7 and B-8 are labeled with the incorrect docket number and test year.

To correct this deficiency, the Utility should file revised MFR Schedules B-7 and B-8 labeled with the correct docket number and test year and using the appropriate CPI-U All Items index to calculate the CPI-U index benchmark. The re-filed schedules should include explanations for the expense items that are greater than the revised CPI-U benchmark.

2. Rule 25-30.110(2), F.A.C., requires that the MFRs shall be consistent and reconcilable with the Utility's Annual Report. The following account balances for December 2013 listed in the MFRs do not reconcile to the year end balances in the Utility's 2013 Annual Report.

Water

- a) MFR Schedule E-2, Revenue Schedule at Test Year Rates - Proof of Revenue, pages 1 through 6; column (3) total billable gallons do not reconcile to Annual Report Schedule W-11, column (f).
- b) MFR Schedule E-2, pages 1 through 6, column (4) test year revenues do not reconcile to Annual Report Schedule W-9, column (e).
- c) MFR Schedule E-3, Customer Monthly Billing Schedule, row 12, total customers for each customer class do not reconcile to Annual Report Schedule W-9, column (d), as of December 31, 2013.

Wastewater

- a) MFR Schedule E-2, pages 7 through 10, column (4) test year revenues do not reconcile to Annual Report Schedule S-9, column (e).
 - b) MFR Schedule E-3, row 12, total customers for each customer class do not reconcile to Annual Report Schedule S-9, column (d), as of December 31, 2013.
3. Rule 25-30.437, F.A.C., requires that each Class A utility applying for a rate increase shall provide the information required by Commission Form PSC/AFD 19-W (11/93), titled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The following MFR schedules, as filed, do not comply with Rule 25-30.437, F.A.C.

Water

- a) The instructions for MFR Schedule E-2, require a calculation of revenues at present and proposed rates. The fire protection rates on schedule E-2, pages 5 and 6, do not match the fire protection rates contained in the Utility's currently approved tariff. Please correct any fall out calculations necessary on Schedule E-2 due to this correction.
- b) The instructions for MFR Schedule E-2, require a calculation of revenues at present and proposed rates. The fire protection billing analysis shown on Schedule E-14, page 60 of 65, reflects a 1 inch meter size that is not reflected on Schedule E-2, pages 5 and 6, or in the Utility's approved tariff.
- c) The instructions for MFR Schedule E-2, require a calculation of revenues at present and proposed rates. The total billable gallons on Schedule E-2, column

(3), do not reflect the total cumulative gallons on Schedule E-14, for Residential 1.5 inches (over 15,000 gallons), Multi-Residential 4 inches, and Bulk 4 inches. Please correct any fall out calculations necessary on Schedule E-2 due to this correction.

- d) The instructions for MFR Schedule E-2, require a calculation of revenues at present and proposed rates. The total bills on Schedule E-2, column (2), do not reflect the total cumulative bills on Schedule E-14, for Multi-Residential 1 inch and 1.5 inches, General Service 1 inch, and Bulk Service 4 inches. Please correct any fall out calculations necessary on Schedule E-2 due to this correction.

Wastewater

- a) The instructions for MFR Schedule E-2, require a billing analysis for each class of service by meter size. The total bills on Schedule E-2, column (2), do not reflect the total cumulative bills listed on Schedule E-14 for Residential 1 inch, Multi-Residential 3 inches and 8 inches, and Wholesale. Please correct any fall out calculations necessary on Schedule E-2 due to this correction.
- b) The instructions for MFR Schedule E-2, require a billing analysis for each class of service by meter size. The total billable gallons, on Schedule E-2, column (3), do not reflect the total cumulative gallons listed on Schedule E-14 for Residential 1 inch, Multi-Residential 4 inches, 6 inches and 8 inches. Please correct any fall out calculations necessary on Schedule E-2 due to this correction.
- 4) Rule 25-30.440(1)(b), F.A.C., requires a detailed map showing the location and respective classification of the applicant's customers. Inconsistent with earlier rate case filings, the map provided in the present filing did not clearly identify residential water and wastewater customers. By shading each lot, please provide a map which clearly identifies which lots have water customers and wastewater customers.

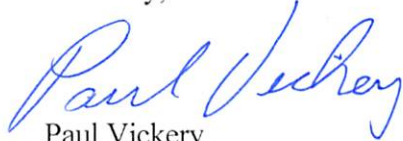
If the requested reconciliations above require a corresponding change to any MFR schedules, those corrected schedules must also be submitted. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted as soon as possible but no later than September 30, 2014.

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Mr. Martin Friedman
July 29, 2014
Page 4

Should you have any questions concerning the information in this letter, please feel free to contact either myself or a member of my staff, Robert Graves by phone at (850) 413-7009 or the Commission attorney on this matter, Caroline Klancke at (850) 413-6220.

Sincerely,



Paul Vickery
Chief of Reliability & Resource Planning
Division of Engineering

cc: Division of Accounting & Finance (Buys, Frank)
Division of Engineering (Graves)
Division of Economics (Thompson, Hudson)
Office of the General Counsel (Klancke)
Office of Commission Clerk (DN 140060-WS)