

STATE OF FLORIDA



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Public Service Commission

February 27, 2015

Martin S. Friedman, Esquire
 766 North Sun Drive, Suite 4030
 Lake Mary, Florida 32746
 mfriedman@fflegal.com

STAFF'S FOURTH DATA REQUEST
via email

Re: Docket No. 140060-WS - Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation.

Dear Mr. Friedman:

By this letter, the Commission staff requests that Sanlando Utilities Corporation (Sanlando or utility) provide responses to the following data requests.

1. Please complete the table below summarizing gallons of water pumped, sold and unaccounted for after the Orange County Utilities (OCU) connection was closed.

	Total Gallons Pumped (000,000)	Corrected Gallons Pumped (000,000)	Gallons Sold (000,000)	Other Uses (000,000)	Unaccounted for Water	% Unaccounted for Water
August-14						
September-14						
October-14						
November-14						
December-14						
January-15						

2. For each proforma plant item approved by the Commission in Company’s last rate case (Docket No. 110257-WS), please complete the table below.

Table 1

Proforma Plant Items Approved in Commission Order No. PSC-13-0085-PAA-WS	Commission Approved Amount in Order No. PSC-13-0085-PAA-WS	Total Amount Transferred to Utility Plant in Service (\$)
1. FDOT scheduled widening of SR 434	\$165,000	
2. Force Main replacement	\$61,644	
3. Wekiva Hunt Club Filter Replacement	\$496,752	
4. Engineering report on Wekiva-Apopka Reuse Main	\$125,000	
5. Wekiva-Apopka Reuse Main	\$2,167,879	

3. For each Pro forma Plant Item identified in which the Total Amount Transferred to Utility Plant in Service exceeds the amount approved by the Commission in Order No. PSC-13-0085-PAA-WS, please provide justification for the increase. Additionally, please provide documentation supporting the total Amount Transferred to Utility Plant in Service.
4. Regarding Sanlando’s Road Widening Project (item 1 in Table 1, above), what work has the Utility provided that required \$59,721 in capitalized labor in addition to the work performed by the contractor?
5. Regarding Sanlando’s Force Main replacement Project (item 2 in Table 1, above), what work did the Utility provide that required \$10,489.65 in capitalized labor in addition to the work performed by the contractor?
6. Regarding Sanlando’s Engineering report on Wekiva-Apopka Reuse Main (item 4 in Table 1, above), it appears that the engineering contract was increased by more than \$60,000. What factors contributed to the increase in the engineering contract? What additional duties were performed by the engineering firm?

For Questions 7-13 refer to Sanlando's Program to televise and clean 10 percent of its gravity collection system. For all responses that are already contained in the Utility's July 8, 2014 filing in this docket, please state "see July, 8, 2014 Letter."

7. Prior to implementation of the described inspection program, what was Sanlando's procedure for inspecting its gravity collection system (i.e. once every ten years)?
8. Please describe how/why Sanlando determined that a 10 percent annual inspection was appropriate at this time.
9. Please discuss the purpose of the inspection. In this discussion please discuss how these inspections may benefit Sanlando customers.
10. Please describe the results of inspections performed in 2013 (i.e. the Company identified obvious signs of groundwater infiltration).
11. Did the Utility bid out this inspection program? If so, please provide a summary of the bids. If Sanlando has selected a company to perform the inspections please provide justification for the selected company.
12. Does the Utility have a deadline for signing an agreement with a contractor to perform the inspections? If yes, when is the deadline?
13. Please provide justification including any bids for Sanlando's selection of Sunshine Building and Development to perform work associated with air header replacement (see Sanlando e-filing dated February 20, 2015).
14. Regarding the October 17, 2014, letter filed by Mr. George Hammer in this docket, please discuss all correspondences with Mr. Hammer. Please include any resolution associated with Mr. Hammer's concerns.
15. Please provide detailed support documentation/or a calculation for the Utility's proposed reuse rate of \$5.13 for the base facility charge and \$.51 for the gallonage charge.
16. How much reuse water was produced during the test year?
17. For the test year, please provide the monthly residential potable water billing data for the residential reuse customers?
18. Please provide, by primary operation and maintenance expense account, the estimated portion of those expenses required to operate the reuse system.
19. If the Commission were to approve a rate structure to bill Seminole County for wastewater service based on those customers' water demand, would the Utility be able to obtain those customers' monthly water demand data from Seminole County? Would there be any cost associated with obtaining that data?

20. Please provide a detailed explanation of the marketing agreement with HomeServe USA? What are the expenses associated with this agreement? What accounting treatment is used for regulatory purposes?
21. According to the MFR's the Utility bills the private fire protection service (PFP) on an annual basis. The current approved PFP tariff reflects it should be billed on a monthly basis. Please explain why the Utility bills the PFP service on an annual basis?

Woodlands Des Pinar (WDP)

22. According to Audit Finding No. 3 in staff's audit of Sanlando, the Utility asserted that any increase in annual operating expense at the Wekiva wastewater plant was, "offset by a corresponding decrease in annual operating expense due to the closure of the WDP wastewater plant." Additionally, per the audit, the Utility is still compiling a list of Utility assets that were inventoried, removed, or transferred to other affiliate systems. As a result of the limited available information at the time of the audit, the audit staff was unable to determine whether the increase in operating expense at the Wekiva wastewater plant was indeed offset by the closing and demolishing of the WDP wastewater plant. Please provide additional documentation including, but not limited to, invoices, work papers, and calculations to support the Utility's assertion.
23. A utility is entitled to an amortization period for forced abandonment or the prudent retirement of plant assets prior to the end of their depreciable life using a prescribed formula set forth in Rule 25-30.433(9) Florida Administrative Code (F.A.C.).
 - a. Do the circumstances of the Utility's decommissioning of WDP make this adjustment appropriate?
 - b. If so, please provide the appropriate calculations and support documentation.

Rate Case Expense

24. Please clarify if any of the Water Service Corporation (WSC) employee capitalized time spent on the rate case was compensated as overtime pay for hourly employees or bonuses for salaried employees. If so, please provide a breakdown of the amount by employee.
25. In Docket No. 110257-WS, the Utility's most recent rate case, the Commission approved \$45,673 of rate case expense for mapping revisions made by CPH Engineers, Inc. In Docket No. 130212-WS, the Utility's sister company, Cypress Lakes Utilities, Inc., the Commission approved WSC employee rate case expense which included 14 hours for the updating of maps by Susan DiPasquale. Please explain why 42.75 hours, attributed to Susan DiPasquale, were required to update Sanlando's maps in light of the Utility's previous expense, as well as in comparison to its sister company.
26. Based on the itemized descriptions of rate case work performed by WSC employees, approximately 16 hours of various MFR preparation are recorded for Patrick Flynn and Darrien Pitts' hours reflected approximately 124 for preparation of MFR schedules A, B,

D, and E, and an additional 50 hours for the preparation of the chemical and transportation schedules. Please explain why the WSC In-House hours related to MFR preparation are not duplicative of the approximately 351 hours for MFR preparation and review that Milian, Swain and Associates, Inc. documented in its rate case expense support documentation.

27. Based on the itemized descriptions of rate case work performed by WSC employees, Darrien Pitts spent approximately 142 hours responding to audit requests. Please provide a detailed description of the work performed and information provided for each entry, including whether the time was related to prior Commission-ordered adjustments the Utility had not made.

Insurance Expense

28. For the following items, please refer to the table provided by the Utility for Affiliate Audit Request No. 4. According to Audit Request Number "Affiliate 4."
- a. What type of insurance is included in the category "Other"?
 - b. Please provide a similar breakdown of "Other" insurance expense for 2011, 2012, and 2014.

Miscellaneous Expense

29. According to the affiliate audit conducted for Utilities, Inc. in this docket, audit staff noted expenses totaling approximately \$46,000 in Account 6185 - Travel/Lodging related to a leadership meeting held at the Rosen Center Hotel during the test year ending December 31, 2013.
- a. Please provide a breakdown by vendor, amount, and allocation of the total expenses associated with this meeting.
 - b. Please explain the details of the meeting, including, but not limited to its purpose, who at Sandlando Utilities, Inc. attended, and how often it has been held annually. In addition, please explain why the level of expense is reasonable and should be allocated to the Utility.

Other

30. In the Utility's response to Item 26(c) of staff's third data request, the Utility provided invoices for Contractual Services-Engineering, Acct. No. 631. One of the invoices included a water main removal and replacement with a corresponding reimbursement from the Florida Department of Transportation (FDOT) totaling \$5,650. The following items relate to this response.
- a. For the entire project, what was the total contribution received from FDOT? Please provide support documentation of the entire amount.

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37. Please refer MFR Schedule C-2. Please explain the inconsistencies between bringing forward the amounts from MFR Schedule C-5, pages 1 and 2, line 16 to MFR Schedule C-2, pages 1 and 2, line 11. It appears that signs were reversed on C-2 for water and not all the entries on C-5 were not brought forward to the C-2 for wastewater.
38. In the settlement between OPC and Utilities, Inc. approved by Commission Order No. PSC-14-0044-FOF-WS, the Utility agreed that for "those systems where cash CIAC has been inadvertently allocated to plant designated accounts, all cash shall be moved back to the appropriate cash CIAC accounts." The settlement further stated that these adjustments shall be made no later than June 30, 2014.
- a. On what date did the Utility make the agreed upon adjustments to move cash CIAC allocated to plant designated accounts back to the appropriate cash CIAC accounts?
 - b. Please provide proof of the adjustments, and any affect the adjustments have on the CIAC and Plant balances for water and wastewater.
39. In a letter dated February, 6, 2015, the Utility requested to add the cost of a new back hoe (\$69,991.36) to the pro forma plant amounts already requested. The letter indicated that the Utility would take delivery of the new back hoe on February 13, 2015.
- a. Please provide documentation of receipt of payment for the back hoe, and
 - b. Please provide the salvage value and any retirement amounts associated with the old back hoe.

Please file the original and five copies of the requested information by Friday, March 13, 2015 with Carlotta Stauffer, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call Keino Young at (850) 413-6226 if you have any questions.

Sincerely,

/s/ Kyesha Mapp

Kyesha Mapp
Attorney

KY/as

cc: Office of Commission Clerk