

STATE OF FLORIDA

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Public Service Commission

June 2, 2015

Steven Cassidy  
 scassidy@cassidyhomes.com  
 Orchid Springs Development Corporation  
 346 E. Central Avenue  
 Winter Haven, FL 33880

STAFF DATA REQUEST

RE: Docket No. 140239-WS – Application for staff-assisted rate case in Polk County by Orchid Springs Development Corporation.

Dear Mr. Cassidy:

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

1. Please refer to Finding 10, Tables 10-1 and 10-2 (Water and Wastewater Operating and Maintenance {O&M}) in the Staff Audit Report, which includes “Contractual Services – Other” expense of \$40,939 for water and \$18,143 for wastewater. Please provide the following for these expenses: a list of vendors included in this category, a detailed description of the services performed by each vendor, and an explanation of why the contracted amounts are justified and reasonable.
2. Please refer to Finding 10, Table 10-1 (Water O&M) in the Staff Audit Report and Schedule 3-D included with the Utility’s application. Please explain in detail the fluctuations in the following water O&M accounts:

Description	Schd. No. 3-D 12/31/2013*	Table 10-1, AF 10 12/31/2014**	% Incr./(Dec.)
Purchased Water	\$5,335	\$1,149	(78.46)
Contractual Services - Testing	822	108	(86.86)
Contractual Services - Other	29,081	47,965	64.00
Bad Debt Expense	812	115	(85.84)

\* Adjusted balance column

\*\* Utility balance column

3. Please refer to Finding 10, Table 10-2 (Wastewater O&M), in the Staff Audit Report and Schedule 3-E included with the Utility’s application. Please explain the fluctuations in the following wastewater O&M accounts:

<u>Description</u>	Schd. No. 3- E <u>12/31/2013*</u>	Table 10-2, AF 10 <u>12/31/2014**</u>	% <u>Incr./(Dec.)</u>
Purchased Wastewater	\$102,455	\$117,987	15.16
Contractual Services - Other	18,150	25,496	40.47
Bad Debt Expense	812	115	(85.84)

\* Adjusted balance column

\*\* Utility balance column

4. Please refer to Tables 10-1 and 10-2 in the Staff Audit Report, which include \$3,070 for “Rents” in the O&M expense balances for water and wastewater for the following items.
- Is the Utility operating out of a facility that is different from the facility it operated out of in the last rate case? If so, what is the total rent?
  - Please provide documentation of the square footage of the facility.
  - Is the Utility sharing this space with another business? If so, how many square feet are dedicated strictly to Utility operations?
  - Please provide a copy of the lease agreement.
5. Please refer to the Staff Audit Report, filed on March 20, 2015 (Document No. 01561-15).
- Please provide a statement detailing which audit finding(s) in the Staff Audit Report with which the Utility agrees.
  - For each finding the Utility disagrees with, please provide a detailed explanation of the disagreement as well as any support documentation, including, but not limited to cancelled checks, invoices, etc.

Other:

- Please provide complete copies of all agreements between Orchid Springs and the City of Winter Haven for purchased water, purchased wastewater treatment, and contractual services as originally executed. If the agreements have been revised, amended, deleted, or modified in any way, please provide a detailed description of each change as well as a copy of each revised agreement.

7. In its last staff-assisted rate case (SARC), the Commission approved expenses for management services provided by the Cassidy Organization, Inc. to Orchid Springs including a full-time Secretary, President, Office Manager and part-time Accountant. In the instant docket, the Utility requested funding for these positions based on the approval of these expenses in the prior docket. The Utility stated, during the recent audit, that it did not have the cash flow to compensate the positions. The following items relate to these expenses.
  - a. Please provide a breakdown of the hours, compensated and non-compensated, allocated to the Utility along with the relevant duties and responsibilities for each of these positions for the past three years.
  - b. If the Utility did not have the cash flow to compensate individuals for these positions, how and by whom were their duties performed?
  - c. Please explain how these services are not duplicative of contractual services now provided by the City of Winter Haven and Beckert Price & Rowse.
8. Please provide justification for the reasonableness of the requested salary amounts for the President, Secretary, Office Manager, and Accountant given the Utility's switch to purchased wastewater treatment and its service contract with the City of Winter Haven since the last SARC.
9. Orchid Springs received a consent order from the DEP in November 2004 concerning its wastewater treatment facility.<sup>1</sup> In the original order, the Utility was instructed to submit a plan for modifications to bring the wastewater treatment plant into compliance. In the first amended consent order, the timeline for completion was extended. Finally, in the second amended consent order, the Utility was ordered to interconnect with the City of Winter Haven. The following questions relate to this order.
  - a. Please explain why the Utility's plan for modification to bring the facility into compliance was rejected by the DEP which eventually led to the second amended consent order requiring abandonment of the wastewater treatment plant and interconnection with the City of Winter Haven.
  - b. Why weren't the improvements to the wastewater facility completed according to the original timeline?
10. In its last SARC, \$16,224 (\$8,112 for each system) was allowed in Contractual Services-Other expense for the Utility's contract with the Cassidy Organization, Inc. in addition to management services. It provided contractual maintenance, repair service, and meter reading to the Utility. The following questions relate to this expense.
  - a. Please explain how the services provided through this contract differ from those provided by the City of Winter Haven for both water and wastewater.

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<sup>1</sup> Docket No. 140239-WS, Document No. 03148-15

- b. Please provide all invoices billed to the Utility for contractual maintenance, repair service, and meter reading by the Cassidy Organization, Inc. over the past three years.

Please file all responses electronically no later than Thursday, June 23, 2015, from the Commission's website at [www.floridapsc.com](http://www.floridapsc.com), by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6185, or Dexter Monroe at (850) 413-6838 or by email at [DMonroe@psc.state.fl.us](mailto:DMonroe@psc.state.fl.us), if you have any questions.

Sincerely,

*s/ Lee Eng Tan*  
Lee Eng Tan  
Senior Attorney

TLT

cc: Division of Engineering (Matthews, Vickery)  
Division of Economics (Thompson, Hudson)  
Division of Accounting & Finance (Monroe, Norris, Fletcher, Brown)  
Office of Auditing & Performance Analysis (Deamer)  
Office of Commission Clerk