

STATE OF FLORIDA

COMMISSIONERS:
ART GRAHAM, CHAIRMAN
LISA POLAK EDGAR
RONALD A. BRISÉ
JULIE I. BROWN
JIMMY PATRONIS



DIVISION OF ECONOMICS
GREG SHAFER
DIRECTOR
(850)413-6410

Public Service Commission

July 13, 2015

RECEIVED FPSC
15 JUL 13 PM 4:54
COMMISSION
CLERK

Mr. Steven McDonald
Orchid Springs Development Corporation
618 E. South Street, Suite 700
Orlando, FL 32801

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

Dear Mr. McDonald:

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

1. The utility provided an incomplete response to staff's data request dated June 2, 2015. While the utility provided a list of vendors and a description of the services performed, it did not provide staff with an explanation of why the contracted amounts are justified and reasonable.
 - a. Please provide an explanation of why the contracted amounts are justified and reasonable and provide any associated contracts.
 - b. In addition to 1(a), please provide a detailed description of the management services that the Cassidy Organization currently performs for Orchid Springs and an explanation of why the contracted amounts are justified and reasonable. Please note that the utility's response should not refer to the 1998 SARC for justification.
2. The utility's response to staff's data request dated June 2, 2015, No. 5, indicates that "the utility's agreement or disagreement with each of the audit's findings has been made under separate cover." Please provide the date and document number of the filing. If the filing has not been made, please indicate the utility's agreement or disagreement with each of the audit findings.
3. Please provide current fully executed copies of the Water System Interconnection Agreement and the Agreement Concerning Wastewater. In addition, please state whether the Water Facility or the Wastewater Transmission Facilities have been purchased by the City or not, as indicated in both the Water System Operation, Service and Maintenance Agreement and the Agreement Concerning Wastewater, respectively.

4. In regard to the utility's response to staff's data request dated June 2, 2015, No. 7(a), please provide a detailed description of the "day-to-day activities" which the utility's President is responsible. Please provide a detailed explanation of what the day-to-day operation of the utility entails. As part of your response, please include the number of hours per week worked by the President on utility matters. Does the person fulfilling the role of utility president have other job duties/responsibilities within the Cassidy Organization and related companies? If so, identify the job duties/responsibilities performed for other Cassidy Organization companies.
5. Please provide a list of the relevant duties and responsibilities for the past three years for the Secretary and the Part-time Accountant which were previously omitted from the utility's response to staff's data request dated June 2, 2015, No. 7(a). As part of your response, please include the hours per week worked by the part-time accountant.
6. In its response to staff's data request date June 2, 2015, No. 7(c), the utility asserts that it handles the day-to-day operations. Please provide a detailed explanation of what the day-to-day operation of the utility entails and how it differs from the day-to-day operations described in the contracts with the City of Winter Haven.
7. In regard to the utility's response to staff's data request dated June 2, 2015, No. 8, please explain in detail how the agreement with the City of Winter Haven added an additional layer of management oversight that did not previously exist.
8. The utility provided a response to staff's data request dated June 2, 2015, No. 9, that did not address staff's request. Please respond to the following:

Orchid Springs received a consent order from the DEP in November 2004 concerning its wastewater treatment facility. 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?
9. In its response to staff's data request dated June 2, 2015, No. 10(a), the utility stated "The utility performs the day-to-day operation of the utility including, but not limited to, customer service, billing, late notices, customer account management, account deposits, accounts payable, accounts receivable." Based on the utility's contracts with the City of Winter Haven (City), it appears that the City handles almost every aspect of the day-to-day operation of the utility. In fact, based on the contracts, it appears that Orchid Springs' primary responsibility is to handle billing-related and administrative issues with

July 13, 2015

Page 2

customers. Is that correct? If not, please describe in detail the duties of the utility that are performed outside of billing-related and administrative issues that are not already performed by the City as indicated in the Water System Operation, Service and Maintenance Agreement and the Agreement Concerning Wastewater.

10. In its response to staff's data request dated June 2, 2015, No. 10(b), the Utility provided the following:

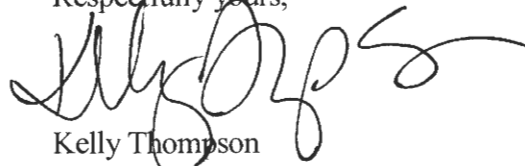
The utility performs services and repairs not done by the City of Winter Haven through in-house resources. These items are not billed to the utility through the Cassidy Organization, Inc.

Please provide a detailed description of the "services and repairs not done by the City of Winter Haven" that the utility has performed over the last three years. As part of your response, please explain how the costs associated with these services and repairs are accounted for within the utility and account for the hours spent performing these services and repairs with invoices, timesheets, etc.

11. What is the month/year (estimated as closely as possible) that you expect to complete the work to replace 130 feet of clay sewer line with PVC and rebuild the manhole?
12. What are the estimated costs for the remainder of the work related to the projects mentioned in question 11 (e.g., replacement of roadway, tree removal, sod, keeping lift station pumped out during manhole work, and other items)?
13. Please provide itemized billing statements for work done by Dennis Wood Engineering related to the sewer line replacement project.
14. Please provide a detailed explanation of all deposits received from customers, interest on deposits paid to customers, and deposits refunded to customers for the past five years.

Please file all responses electronically no later than Tuesday, July 28, 2015, from the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6986 or by email at kthompson@psc.state.fl.us, if you have any questions.

Respectfully yours,



Kelly Thompson
Public Utility Analyst II

cc: Division of Economics (Daniel, Hudson, Thompson)
Division of Engineering (Matthews, Vickery)
Division of Accounting & Finance (Monroe, T. Brown, Morris, Fletcher)
Office of General Counsel (Tan, Young)
Office of Commission Clerk (Docket No. 140239-WS)