

STATE OF FLORIDA



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Public Service Commission

August 25, 2015

STAFF'S SECOND DATA REQUEST

Mr. Martin S. Friedman
Friedman & Friedman
766 North Sun Drive, Suite 4030
Lake Mary, Florida 32746

Re: Docket No. 150102-SU - Application for increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven

Dear Mr. Friedman:

By this letter, Commission staff requests that Utilities, Inc. of Sandalhaven (Sandalhaven or utility) provide responses to the following data requests:

1. Please refer to Sandalhaven's response to staff's first data request No. 10.a. Provide all invoices for the tree trimming expense of \$13,500.
2. Please refer to Sandalhaven's response to staff's first data request No. 9.b.
 - a. Quantify the net increase in pumped volume which will impact Lift Station 13 due to the projected annual customer growth.
 - b. Quantify the projected annual customer growth.
3. Please refer to minimum filing requirement (MFR) Schedule A-4, line 26. Please explain how the utility had a negative addition of \$341,741.
4. Please refer to MFR Schedule A-3, page 1 of 2, lines 16 through 22 and MFR Schedule A-3, page 2 of 2, lines 1 through 7. The following table summarizes Sandalhaven's adjustments related to the retirement of the wastewater treatment plant.

Summary of Adjustments to Retire Plant per MFR Schedule A-3

		Plant in Service	Accum. Dep.
354.4	Structures & Improvements	\$ (623,976)	\$ 350,998
355.4	Power Generation Equipment Treatment Plant	(170)	79
375.6	Reuse Transmission & Distribution System	(3,164)	403
380.4	Treatment & Disposal Equipment	(404,329)	433,289
381.4	Plant Sewers	(28,342)	2,105
380.5	Treatment & Disposal Equipment Reuse Treatment Plant	<u>(1,110)</u>	<u>379</u>
	Total	<u>\$(1,061,091)</u>	<u>\$787,253</u>

In Docket No. 060285-SU, MFR Schedule A-6, Page 1 of 2, line 25 (schedule attached), included a total year-end balance of \$141,723 for the accounts listed in the table above. The entire amount of \$141,723 was listed under Account No. 380.4 Treatment & Disposal Equipment. In the instant docket, the utility is now recording a total plant balance of \$1,061,091 that is scheduled to be retired.

- a. Provide a reconciliation that shows how the plant balance increased from \$141,723 as of December 31, 2005 to \$1,061,091 as of December 31, 2014.
 - b. For each account listed in the table above, please list the amount of the plant additions and indicate in which year the additions occurred and the reason for the additions.
 - c. For each account listed in the table above, please list the amount of the plant retirements and indicate in which year the retirements occurred and the reason for the retirements.
 - d. Explain why there is more accumulated depreciation retired than the plant balance for Account No. 380.4.
5. Please refer to MFR Schedule A-3, page 1, lines 28 and 29, pro forma plant additions for engineering services.
- a. List the collection system retirements associated with the project.
 - b. List the adjustments to rate base for the retirements.
 - c. List the adjustments to depreciation expense for the retirements.
6. Please refer to MFR Schedule A-12, line 33, column (3). The CIAC test year-end balance is \$3,276,640. The following table summarizes the CIAC year-end account balances on MFR Schedule A-12 for the test year ended December 31, 2014.

Year-End CIAC Balances for the test year ended December 31, 2014

Account No.	Description	Balance
3550	Line/Main Extension Fees – Force Main	\$76,270
3555	Contributed Lines – Gravity Mains	336,394
	Contributed – Other	
3500	Struct – Pumping Plant	340,846
3505	Struct – Treatment Plant	628,734
3560	Special Collection Structure Manholes	97,788
3565	Services to Customers	62,033
3600	Lagoons	185
3605	Treatment Equipment	62,927
	Other	
3705	Sewer Taps	1,593,575
3715	Sewer Res Cap Fee	77,890
	Total	<u>\$3,276,640</u>

In Docket No. 060285-SU, MFR Schedule A-12 (schedule attached) indicates a CIAC balance of \$2,293,750 for the historic test year ended December 31, 2005. The entire balance was for Line/Main Extension Fees. In the instant docket, the CIAC accounts listed on MFR Schedule A-12 do not show a single account balance indicative of the \$2,293,750 balance for Line/Main Extension Fees. Instead, the utility is now recording a total CIAC balance of \$3,276,640 separated into the accounts listed in the table above.

- a. Provide a reconciliation that shows how the CIAC account balances listed in the table above increased/decreased from \$2,293,750 as of December 31, 2005 to \$3,276,640 as of December 31, 2014.
 - b. For each account listed in the table above, list the amount of the CIAC additions or adjustments made since December 31, 2005. Also, indicate the year in which they were made and the reason they were made.
 - c. Provide supporting documentation for the additions or adjustments made to arrive at the balances listed in the table above.
 - d. Please indicate which, if any, of the additions or adjustments include cash contributions.
7. Please refer to MFR Schedule A-3, lines 23 through 29.
- a. Has Sandalhaven made adjusting entries in its MFRs to reflect accumulated deferred income taxes (ADITs) associated with the pro forma plant additions?
 - b. If the answer to 7.a. is negative, please explain why and provide the calculations and supporting documentation for the ADITs.
 - c. If the answer to 7.a. is affirmative, please indicate where in the MFRs the utility made the adjusting entries to include the ADITs in the capital structure.

8. Please refer to MFR Volume III, Sandalhaven Field Employees. The utility is listing the equivalent of two full-time operators for the system, including vehicles allocated to each field employee.
 - a. Explain why Sandalhaven will need the equivalent of two full-time wastewater treatment plant (WWTP) operators after the WWTP is retired.
 - b. Provide supporting documentation for maintaining those positions after the WWTP is retired.
9. After the WWTP is decommissioned and retired, what portion of the land, if any, will no longer be used to provide service to Sandalhaven's customers? Will the utility retain ownership of the land or sell it?
12. Please explain in detail the development of the utility's requested reserved capacity charge shown on MFR Schedule E-1. Please provide workpapers showing the calculation of the requested reserved capacity charge.
13. MFR Schedule E-3 indicates there are 73 customers paying a reserved capacity charge. For those customers, please provide responses to the following questions.
 - a. Please provide the start date of the reserve capacity charge.
 - b. Please indicate the date of the anticipated actual connection.
 - c. Please indicate whether service availability and/or allowance for funds prudently invested (AFPI) charges were paid.
14. The utility's existing AFPI charges were established by Charlotte County. Table 24 of the Charlotte County recommended rate report indicates the utility could serve, at build out, 2,298 equivalent residential connections (ERCs) and there were 1,175 ERCs remaining for the purposes of developing the AFPI charges. Please provide a schedule showing the number of ERCs connected, to date, by year since the implementation of the AFPI charges established by Charlotte County.
15. The utility's service availability policy indicates that AFPI charges as well as other service availability charges are collected at the time application is made for service. Please explain at what instance the utility begins to collect the reserved capacity charge.
16. For the 1" meter size, please explain why the utility makes a separate distinction for the restaurant.
17. Please provide a list of all general service customers by meter size.
18. MFR Schedule E-5 indicates the utility has no miscellaneous revenues. Please explain the \$1,848 reflected as other miscellaneous revenues on MFR Schedule E-2, line 46. If the other miscellaneous revenues are from the collection of the utility's miscellaneous service charges, please update MFR Schedule E-5.

19. When comparing Schedule E-2 of the MFRs to Table 22 of the Charlotte County recommended rate report, the general service bills and consumption has dropped by 2 percent and 52 percent, respectively. Please explain.
20. Please provide the cost, with invoices, of the labor to install the force main.
21. Please provide the cost, with invoices, of the materials to install the force main.
22. Please provide the cost, with invoices, of the labor to install the master lift station.
23. Please provide the cost, with invoices, of the materials to install the master lift station.
24. Please see Schedule F-2, referring to the Gallons of Wastewater Treated at the Sandalhaven WWTP. The number of gallons for March 2014 does not match the number of gallons treated as reported to Department of Environmental Protection on the corresponding Discharge Monitoring Report. Please provide the correct number of gallons of wastewater treated at the Sandalhaven WWTP for March 2014.
25. Including the parcels of land that are available for development, and taking into account the zoning restrictions on these parcels, how many ERCs will Sandalhaven be able to serve in its certificated territory at buildout? Please break down the estimate for the potential additional ERCs by customer class (e.g., 340 single family residence, 89 commercial, etc.)
26. How many physical connections does the Utility have as of August 1, 2015 to its mains by customer class/meter size?
27. Does Sandalhaven anticipate extending mains to provide wastewater service to existing buildings within the next five years? Please explain.
28. On Schedule F-10 of the MFRs, the utility states that if the current pattern is utilized to project growth, it will understate the growth for which the utility should prepare. Please explain how much growth the utility anticipates in the next five years, and the basis for its expectation.
29. Please provide a copy of the original contract with Englewood Water District for wastewater treatment capacity as well as a copy of the contract currently in force, with any documents included in the contract by reference.
30. Schedule B-6 indicates a test year expense for Contractual Services – Engineering of \$1,132. Schedule B-9 indicates that this expense is for Effluent Disposal Evaluation by Excel Engineering Consultants.

Mr. Friedman
Page 6
August 25, 2015

- a. Is this cost part of the decommissioning of the WWTP?
 - b. If not, please explain the nature of this cost.
 - c. Is it a recurring cost?
31. Schedule B-9 indicates an expense of \$3,626 for Contractual Services – Testing paid to Sanders Laboratories, Inc. Please explain the nature and reason for the testing, as well as whether it will be an expense on a going forward basis after the WWTP is retired.

Please respond to staff's data request by September 14, 2015 to allow this docket to be processed within the statutory time frame. Furthermore, please submit the following information to the Office of Commission Clerk, Docket No. 150102-SU, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0850. The information should not be addressed to staff. If you have any questions, please feel free to contact me at (850) 413-6218.

Sincerely,

/s/ Suzanne Brownless

Suzanne Brownless
Senior Attorney

SBr
Attachments
cc: Office of Commission Clerk (Docket No. 150102-SU)

Sewer Plant in Service by Primary Account

Company: Utilities Inc. of Sandalhaven
 Docket No.: 000285-SU
 Historic Test Year End: December 31, 2005
 Projected Test Year End: December 31, 2007
 Historic [x] or Projected [X]
 Interim [] or Final [x]

Florida Public Service Commission

Schedule: A-6
 Page 1 of 2
 Preparer: Virchow, Krause

Revised: 12/06
 Preparer: Seidman, F.

Explanation: Provide the ending balances and average of plant in service for the prior year and the test year by primary account. Also show non-used & useful amounts by account.

No.	(1) Account No. and Name	(2) Prior Year 12/31/2004	(3) Historic Test Year 12/31/2005	(4) Historic Test Year Average	(5) Historic TY Non-Used & Useful %	(6) Non-Used & Useful Amount	(7) Projected Year 12/31/2006	(8) 2006 Projected Year Average	(9) Projected Test Year 12/31/2007	(10) Projected 2007 Test Year Average	(11) Projected TY Non-Used & Useful %	(12) Non-Used & Useful Amount
1	INTANGIBLE PLANT											
2	351.1 Organization	\$ 1,587	\$ 27,106	\$ 14,347	0%	\$ -	\$ 6,741	\$ 18,923	\$ 6,741	\$ 6,741	0%	\$ -
3	352.1 Franchises	1,828	3,421	2,625	0%	-	13,247	8,334	13,247	13,247	0%	-
4	380.1 Other Plant & Misc. Equipment	-	-	-	0%	-	-	-	-	-	0%	-
5	COLLECTION PLANT											
6	353.2 Land & Land Rights	35,000	128,588	81,794	0%	-	154,429	141,508	154,429	154,429	0%	-
7	354.2 Structures & Improvements	715,748	1,073,228	894,488	0%	-	3,871,505	2,472,366	2,905,600	3,388,552	0%	-
8	360.2 Collection Sewers - Force	199,056	203,712	201,384	0%	-	2,468,515	1,338,114	2,668,515	2,568,515	0%	-
9	361.2 Collection Sewers - Gravity	588,043	619,764	603,904	0%	-	765,509	682,637	765,509	765,509	0%	-
10	362.2 Special Collecting Structures	-	-	-	0%	-	-	-	-	-	0%	-
11	363.2 Services to Customers	-	-	-	0%	-	-	-	-	-	0%	-
12	364.2 Flow Measuring Devices	-	-	-	0%	-	-	-	-	-	0%	-
13	365.2 Flow Measuring Installations	-	-	-	0%	-	-	-	-	-	0%	-
14	375.2 Reuse Services	-	-	-	0%	-	-	-	-	-	0%	-
15	380.2 Other Plant & Misc. Equipment	-	-	-	0%	-	-	-	-	-	0%	-
16	SYSTEM PUMPING PLANT											
17	353.3 Land & Land Rights	-	-	-	0%	-	-	-	-	-	0%	-
18	354.3 Structures & Improvements	-	-	-	0%	-	-	-	-	-	0%	-
19	370.3 Receiving Wells	-	-	-	0%	-	-	-	-	-	0%	-
20	371.3 Pumping Equipment	-	-	-	0%	-	-	-	-	-	0%	-
21	389.3 Other Plant & Misc. Equipment	-	-	-	0%	-	-	-	-	-	0%	-
22	TREATMENT AND DISPOSAL PLANT											
23	353.4 Land & Land Rights	-	-	-	0%	-	-	-	-	-	0%	-
24	354.4 Structures & Improvements	-	-	-	0%	-	-	-	-	-	0%	-
25	380.4 Treatment & Disposal Equipment	424,457	141,723	283,090	0%	-	363,486	267,804	204,440	298,963	0%	-
26	381.4 Plant Sewers	-	-	-	0%	-	-	-	-	-	0%	-
27	382.4 Outfall Sewer Lines	-	-	-	0%	-	-	-	-	-	0%	-
28	389.4 Other Plant & Misc. Equipment	-	-	-	0%	-	-	-	-	-	0%	-
29	GENERAL PLANT											
30	353.5 Land & Land Rights	-	-	-	0%	-	-	-	-	-	0%	-
31	354.5 Structures & Improvements	-	-	-	0%	-	-	-	-	-	0%	-
32	380.5 Office Furniture & Equipment	752	752	752	0%	-	752	752	752	752	0%	-
33	391.5 Transportation Equipment	52,309	52,309	52,309	0%	-	(0)	26,154	(0)	(0)	0%	-
34	392.5 Stores Equipment	-	-	-	0%	-	-	-	-	-	0%	-
35	393.5 Tools, Shop & Garage Equipment	17,841	17,841	17,841	0%	-	17,841	17,841	17,841	17,841	0%	-
36	394.5 Laboratory Equipment	3,768	4,310	4,038	0%	-	4,591	4,450	281	2,436	0%	-
37	395.5 Power Operated Equipment	-	-	-	0%	-	-	-	-	-	0%	-
38	396.5 Communication Equipment	-	-	-	0%	-	-	-	-	-	0%	-
39	397.5 Miscellaneous Equipment	-	-	-	0%	-	-	-	-	-	0%	-
40	398.5 Other Tangible Plant	1,409	1,584	1,497	0%	-	-	792	-	-	0%	-
41	TOTAL	\$ 2,041,798	\$ 2,274,338	\$ 2,158,068			\$ 7,896,614	\$ 4,985,476	\$ 6,737,353	\$ 7,216,984		

Recap Schedules: A-2, A-4

CIAC by Type and Classification

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Historic Year End: December 31, 2005
 Projected Year End: December 31, 2007
 Historic [x] or Projected [X]
 Interim [] or Final [x]

Florida Public Service Commission

Schedule: A-12
 Page 1 of 3
 Preparer: Virchow, Krause

Revised: 12/06
 Preparer: Seidman, F.

Provide the ending balances and average of CIAC, by classification for the prior year and the test year. If a projected year is employed, provide breakdown for base year and intermediate year also.

Line No.	(1) Description	(2) Prior Year 12/31/2004	(3) Historic Year 12/31/2005	(4) Historic Year Average	(5) Projected Year 12/31/2006	(6) 2006 Projected Year Average	(7) Projected Test Year 12/31/2007	(8) Projected 2007 Test Year Average
WATER								
1	Plant Capacity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2								
3	Line/Main Extension Fees	-	-	-	-	-	-	-
4								
5	Meter Installation Fees	-	-	-	-	-	-	-
6								
7	Contributed Plant	-	-	-	-	-	-	-
8								
9	Other	-	-	-	-	-	-	-
10								
11	Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12								
13								
14	WASTEWATER							
15								
16	Plant Capacity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17								
18	Line/Main Extension Fees	2,239,139	2,293,750	2,266,445	4,577,818	3,422,131	4,809,359	4,115,745
19								
20	Contributed Plant	-	-	-	-	-	-	-
21								
22	Other	-	-	-	-	-	-	-
23								
24	Total	\$ 2,239,139	\$ 2,293,750	\$ 2,266,445	\$ 4,577,818	\$ 3,422,131	\$ 4,809,359	\$ 4,115,745

Recap Schedules: A-2, A-11