

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: October 27, 2015
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Leslie Ames, Attorney, Office of the General Counsel
RE: 140217-WU- Application for staff-assisted rate case in Sumter County by Cedar Acres, Inc.

RECEIVED-PPSC
15 OCT 27 PM 3:40
COMMISSION
CLERK

Attached, please find a compliance and management audit initiation letter and data request to Cedar Acres, Inc.. Please file the document in the documents tab of the above docket file.

Thank you for your assistance. Please let me know if you have any questions.

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

STATE OF FLORIDA



OFFICE OF
AUDITING & PERFORMANCE ANALYSIS
DALE MAILHOT
DIRECTOR
(850) 413-6854

Public Service Commission

October 26, 2015

Mr. David Simons
Cedar Acres, Incorporated
4700 Sheridan Street, Suite N
Hollywood, FL 33021

Dear Mr. Simons:

The Office of Auditing and Performance Analysis is initiating a compliance and management audit of Cedar Acres, Incorporated. This audit is being performed at the request of the Commission. Specifically, we will review and document your operations to determine if:

- ▶ The utilities are in compliance with Chapter 25-30 of the Commission rules that govern water and wastewater utilities.
- ▶ Internal controls are in place and sufficient to protect the company and its customers, and,
- ▶ Operations are performed in an efficient and effective manner.

Mr. Tripp Coston has been designated as project manager for this review. Mr. Coston is responsible for making sure that you are aware of the audit's progress, and that our review is independent and accurate. At the conclusion of the audit, you will have an opportunity to review and respond to the report draft prior to release.

In preparation for the review, we request that the following actions be taken by your company:

- ▶ Designate a company official to be a liaison with our staff. We suggest that this be a person capable of rendering an opinion as to the proprietary or confidential nature, of the information requested by our staff. Please advise Mr. Coston of the person so designated by November 2, 1015.
- ▶ Furnish us with the responses to the attached data request, no later than November 9, 2015. This will allow us to familiarize ourselves with company operations.

The details of providing this documentation, and future document request responses, can be worked out between your appointed liaison and Mr. Coston. Should the need arise to request confidential treatment of material provided during this audit, please follow the procedure outlined in *Chapter 25-22.006 (3) and (4) Florida Administrative Code*.

As stated in this rule, you have a right to file a request for confidential classification on portions of staff's report and audit work papers. You must file this request with the Office of Commission Clerk no later than 21 days from the date of audit exit conference. During the audit, you

Mr. David Simons
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may use the Document Request/Notice of Intent form to indicate any documents deemed potentially confidential. This will exempt such documents from public access requirements until the above-described 21-day period elapses.

I would like to thank you in advance for your cooperation and for the efforts of all company personnel toward the satisfactory completion of this review. In turn, we will make every effort possible to minimize interruptions to your schedule and to provide you with a fair and impartial review of your operations.

Please contact Mr. Coston, Project Manager, if you have any questions regarding this review at (850) 413-6814.

Sincerely,



Dale Mailhot
Director
Office of Auditing and Performance Analysis

Attachments

cc:

Patti Daniel, Chief, Division of Economic Regulation
Cissy Galloway, Division of Accounting and Finance
Office of Public Council

**FLORIDA PUBLIC SERVICE COMMISSION
AUDIT DOCUMENT/RECORD REQUEST
NOTICE OF INTENT**

TO: David Simons

UTILITY: Cedar Acres, Inc.

Tripp Coston
AUDIT MANAGER

FROM: Tripp Coston

REQUEST NUMBER: EPU DR-1

DATE OF REQUEST: 10/26/15

AUDIT PURPOSE: Management Controls and Operations of Cedar Acres, Inc.

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: 11/09/15

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE: _____ **INCIDENT TO AN INQUIRY**

X **OUTSIDE OF AN INQUIRY**

ITEM DESCRIPTION:

Please provide the requested responses and documents in an electronic disc format, with separate confidential and non-confidential information, and Bates stamp documents in sequential order.

1. Please describe the roles, duties, and responsibilities of each member of the company's staff, including contracting personnel.
2. Please provide a listing of all contractors providing service on behalf of the company, including mailing address, and names and phone numbers of key contact personnel.
3. Please provide a copy of the company's procedures related to:
 - a. Compliance with Commission rules and regulations.
 - b. Compliance with DEP rules and regulations.
 - c. Daily operations, including, service, maintenance, billing and customer communication.
 - d. Contractor oversight.
4.
 - a. Please describe the company's protocol and process for notifying customers of a "Boil Water" notice.
 - b. Please describe the company's protocol and process for notifying customers of a planned and unplanned service outage.
5.
 - a. Please describe the company's current protocol and process for meter testing and replacement.

- b. Please describe the company's future plan and timetable for meter testing and replacement.
- c. Please provide all supporting documentation for meters tested and replaced since January 2014 to date.
- 6. Please describe the company's process for handling, responding to and documenting resolution of customer calls or letters regarding issues and complaints received directly by the company.
- 7. Please describe the company's process for handling, resolving, and documenting resolution of complaints received from the Commission's Office of Customer Assistance and Outreach.
- 8. Please provide all written status reports issued by contract personnel involving service and billing issues for the period January 2014 to date.
- 9. Please describe the process for generating bills, receipt of payment, and processing of payments.
- 10. a. Please provide copies of the meter reading logs for the three most recent billing cycles available.
- b. Please provide copies of customer billing invoices for the three most recent billing cycles available.
- c. . Please provide copies of any informational customer billing inserts for the three most recent billing cycles available.

TO: AUDIT MANAGER _____

DATE: _____

THE REQUESTED RECORD OR DOCUMENTATION:

- (1) HAS BEEN PROVIDED TODAY
- (2) CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY _____
- (3) AND IN MY OPINION, ITEMS(S) _____ IS (ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156 F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF COMMISSION CLERK AND ADMINISTRATIVE SERVICES. REFER TO RULE 25-22.006, F.A.C.
- (4) THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

SIGNATURE AND TITLE OF RESPONDENT