

STATE OF FLORIDA



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Public Service Commission

December 30, 2015

Mr. Leslie Szabo
ALTURAS UTILITIES, L.L.C.
SUNRISE UTILITIES, L.L.C.
P. O. Box 2608
Eaton Park, FL 33840-2608
Email: lszabo@rogers.com

STAFF'S SEVENTH DATA REQUEST

RE: **Docket No. 140219-WU – Application for staff-assisted rate case in Polk County by Alturas Utilities, L.L.C.**

Docket No. 140220-WU – Application for staff-assisted rate case in Polk County by Sunrise Utilities, L.L.C.

Dear Mr. Szabo:

Staff has been advised by the Polk County Health Department (PCHD), on behalf of the Florida Department of Environmental Protection (DEP), that it has scheduled a consent order proceeding with Alturas Utilities, L.L.C. (Alturas or Utility) and Sunrise Utilities, L.L.C. (Sunrise or Utility) for January 14, 2016, concerning late payment of the Annual Operating License (AOL) fees, lack of chlorine residual, and tank issues. The results of the consent order proceeding and the status of both Utilities' compliance with DEP requirements must be taken into consideration by Commission staff in its recommendation regarding Alturas and Sunrises' quality of service. Therefore, staff has rescheduled both recommendations addressing Alturas and Sunrises' requests for staff-assisted rate cases (SARC) for the Commission Agenda Conference on **March 1, 2016**.

In addition, please note that staff is unable to finalize its recommendations regarding Alturas and Sunrises' requests for rate increases because neither Alturas nor Sunrise has provided staff with sufficient information to adequately process the rate cases. As a result, several of the requested pro forma projects and expenses requested by the Utilities have been removed from staff's recommendation because staff has not received sufficient supporting documentation from the Utilities. Also, some test year expenses have been reduced due to insufficient information and recent operational changes. Unless Alturas and Sunrise provide the necessary additional information, staff's recommended rate increases are expected to be significantly lower than the preliminary rate increases presented in the May 1, 2015, Staff Reports previously filed in these dockets.

The following list provides a summary of the affected projects and expenses, and staff's preliminary adjustments based on the information available at this time. Please be advised, these adjustments are not final and are subject to change.

I. List of Projects and Expenses Affected by Insufficient Information From Utilities

ALTURAS & SUNRISE

- A. Alturas and Sunrise have not provided sufficient documentation regarding the source(s) of funds that will be used to finance the Utilities' proposed pro forma projects. This information is necessary to determine the Utilities' capital structures and to demonstrate that the Utilities are prepared to move forward with the projects within the required 12-month timeframe.
- B. Alturas' request for \$2,000 and Sunrise's request for \$4,000 to install backflow prevention devices has been removed from staff's recommendations because neither Alturas nor Sunrise have demonstrated a need for these projects. Neither Utility provided any bids or specific explanations about why these projects are needed. If no documentation is provided, these items will not be included in staff's recommendation.
- C. Alturas' request for \$5,000 per year (total of \$25,000) and Sunrise's request for \$8,500 per year (total of \$42,500) for a 5-year capital improvement project to replace lines have been removed from staff's recommendations because neither Alturas nor Sunrise have demonstrated a need for these projects. Neither Utility provided any bids or specific details about how the projects would be implemented. If no documentation is provided, these items will not be included in staff's recommendation.
- D. Alturas and Sunrises' estimated expenses for the remaining two portions of the triennial tests have been removed from Phase I and moved to the Phase II revenue requirements because neither Alturas nor Sunrise completed the tests by December 2015 as required by DEP, and it is uncertain when the work will be completed. This means neither Alturas nor Sunrise will be able to begin recovering this expense until after all of the Phase II work has been completed and proof of payment provided to the Commission.
- E. Alturas and Sunrise have not provided sufficient support to include a monthly bookkeeping expense. According to Ms. Cathy Parker's letter dated November 9, 2015 (that you provided to staff on November 18, 2015), the \$800 monthly fee for Alturas and Sunrise combined only covers her work related to office management duties, such as billing and customer complaints. The \$800 fee does not include the monthly bookkeeping activities that you originally hired Ms. Parker to perform. At this time, staff's recommendation for Alturas only includes an allowance

of \$180 per year for 5 years to recover Ms. Parker's estimated one-time fee of \$900 to set up the utility's books and records ($\$900 / 5 = \180). The allowance for Sunrise is \$260 per year for 5 years to cover the one-time fee of \$1,300 ($\$1,300 / 5 = \260). If Alturas and Sunrise experience a delay in this work, these expenses may be moved to Phase II, or may be removed completely if the Utilities choose not to receive monthly bookkeeping services from Ms. Parker or another contractual accountant.

- F. Alturas and Sunrise have not provided sufficient support to continue the test year office management expense going forward. Alturas and Sunrise's combined test year office management expense has been reduced from \$15,600 to \$9,840 based on the information provided in Ms. Cathy Parker's letter dated November 9, 2015. (Calculations: Test Year = \$300 per week office manager fee x 52 weeks = \$15,600; Future Expense = \$9,600 (\$800 per month office manager fee x 12 months = \$9,600) + \$240 (\$400 per month additional start up fee x 3 months = \$1,200; $\$1,200 / 5$ years amortization of non-recurring expense = \$240 per year) = \$9,840)
- G. Alturas and Sunrise have not provided sufficient support for the additional billing software, billing software training, bank machine to electronically deposit customer payments, and the associated bank machine warranty that were purchased for use at Ms. Parker's office. On November 5, 2015, you advised staff by phone that you already had the invoices and bank documentation to support these expenses, and that you would provide a copy to staff. To date, you have not provided that documentation. Due to the Utilities' delay in providing the necessary supporting documents, staff has moved these expenses from the Phase I to the Phase II revenue requirements.
- H. Alturas and Sunrise have not provided sufficient support to increase the test year contractual service fees of \$2,100 (Sunrise and Alturas combined) paid to Ms. Maria Mitra for collections work to \$4,800 for collections work, billing research, and water service complaints (not related to billing). Ms. Parker's November 9, 2015 letter indicates that Ms. Parker has taken over the responsibility of keeping track of late payments and reviewing service disconnections with you as part of the \$800 per month fee. Therefore, it appears that Ms. Mitra is no longer doing collections work for the Utilities.
- I. Alturas and Sunrise have not provided sufficient information to support the request for \$19,380 for a contractual field service representative to handle meter reading, service complaints, repairs, and maintenance for Alturas and Sunrise combined. Based on the information provided to date, it appears that this worker's primary function will be meter reading, and service connections and disconnections. At this time, staff's recommendations include a meter reading expense of \$3,780 per year for Alturas and Sunrise combined, allocated as \$780 to Alturas and \$3,000 to Sunrise. Alturas and Sunrise must provide additional for the remaining \$15,600 in fees requested for this purpose. Additional support should include a more detailed explanation

of this worker's duties. For example: will this worker be qualified to conduct meter tests and meter replacements; what types of repairs will this worker be expected to complete; will this worker be required to do the mowing at the plant sites; and what types of routine maintenance will this worker perform?

- J. Alturas and Sunrise have not provided sufficient information to support the addition of a transportation expense going forward. Neither Alturas nor Sunrise recorded some transportation expense during the first half of the test year. However, no information has been provided to indicate whether either of the Utilities intends to pay mileage or transportation expenses for any of the current contractual service workers.
- K. Alturas and Sunrise have not provided sufficient support for the test year bad debt expenses of \$516 for Alturas and \$3,899 for Sunrise. To date, Sunrise has not provided any supporting documentation showing how it calculated the bad debt write-offs. Due to the lack of sufficient information, staff is unable to calculate the traditional three-year average of bad debt expense. Therefore, based on the Utilities acknowledgement that test year bad debt expense included multiple years of bad debt write-offs, the test year bad debt has been reduced by two-thirds to reflect an estimated three-year average. At this time, Alturas' bad debt expense has been reduced from \$516 to \$224. Sunrise's bad debt expense has been reduced from \$3,899 to \$1,389.

Please note that the Office of Public Counsel (OPC) has requested the Commission reduce the bad debt expense even further, to be no more than 1 percent of the Utility's revenue requirement. Staff is reviewing OPC's proposal.

- L. Alturas and Sunrise have not provided sufficient documentation regarding the administration officer/owner's duties and time worked. OPC has proposed that the owner's salary be reduced due to the deficient accounting records and addition of a bookkeeper to take over those duties from the owner. In addition, staff has applied a penalty of a 25 percent reduction to both the administration officer/owner's salary and the president's salary due to the staff's preliminary finding that Alturas and Sunrise's quality of service is unsatisfactory. The percentage of the penalty is still under review and may change depending upon the outcome of the consent order proceedings with the Polk County Health Department.

At this time, the recommended administration officer/owner's salary is \$6,570 for Alturas and Sunrise combined, with approximately \$1,445 allocated to Alturas and \$5,125 allocated to Sunrise. Also, at this time, the president's salary of \$750 has been reduced to \$563, with approximately \$124 allocated to Alturas and \$439 allocated to Sunrise.

- M. Alturas and Sunrise have not paid the Polk County Tax Collector's annual business license fee of \$58 or provided proof that Alturas or Sunrise has received an exemption from Polk County. Staff's pro forma adjustment to include the annual business license fee of \$58 has been removed from staff's recommendations for both Alturas and Sunrise because the Utilities have not paid this fee in the past and it appears the Utilities do not intend to pay this fee in the future.

- N. Alturas and Sunrise have not provided sufficient documentation to show that the Utilities have implemented any new procedures or safeguards to either: (1) discontinue collecting cash payments from customers at their homes or (2) ensure that cash payments collected from customers at their homes by the Utility's field representative is promptly reported and turned over to the utility's office manager/bookkeeper.

- O. Alturas and Sunrise have not provided any documentation to show that the Utilities have implemented procedures to maintain and safeguard the Utilities' current and historical billing records, such as keeping an electronic backup copy of all records. Rule 25-30.335(7), F.A.C., requires that Utilities shall maintain a record of each customer's account for the most current two years so as to permit reproduction of the customer's bills during the time that the utility provided service to that customer. The former office manager's deletion of a year of records is an apparent violation of this rule, and has interfered with staff's review of the Utilities' billing practices in these dockets.

- P. Alturas and Sunrise have not provided sufficient documentation to show that the Utilities are correctly charging the Commission-approved miscellaneous service charges. Staff will be contacting the Utility's contractual office manager/bookkeeper to discuss the Commission's rules and regulations regarding miscellaneous service charges.

- Q. Alturas and Sunrise's contributions-in-aid-of-construction (CIAC) will be adjusted to reflect a credit for any customer deposit refunds that cannot be completed because the individuals who are due a refund are no longer customers of the utility. The amount of that credit is still under review.

ALTURAS

- R. Alturas' request for \$20,740 for the control rack replacement project has been removed from staff's recommendation due to Alturas not providing sufficient information. Alturas has only provided one bid for this project, and has not provided any information showing the source(s) of funds to finance the project.
- S. Alturas' request for \$22,089 for the tank saddle replacement project has been included in the Phase II revenue requirement because the project is required by DEP. However, this project may be removed from staff's recommendation if Alturas does not provide sufficient documentation showing the source(s) of funds that will be used to finance the project. If approved, the cost of this project will be recovered over the 33 year service life of the new saddles. Due to the lengthy recovery period associated with this project, Alturas cannot rely on the rate increase to cover the immediate cost of this project. Alturas must be able to show that another source of funds is available to pay the vendor the full cost of the project when the work is completed.
- T. Alturas' request for \$2,500 to replace the master flow meter has been reduced to \$1,181, based on staff's research of the meter cost. However, this project may be removed from staff's recommendation because Alturas has not provided any bids for this project. At this time, staff has included the project based solely on the Florida Rural Water Association's (FRWA) recommendation that the meter be repaired or replaced to address Alturas' excessive unaccounted for water issue. Staff has removed the project from Phase I and moved it to Phase II due to the Utility's delay in completing this repair, and the uncertainty about when the work will be completed. In addition, staff's \$1,181 estimate does not include any labor expense. Staff is unable to determine an appropriate labor cost for this project due to the lack of information from Alturas.
- U. Alturas' request for an expense of \$2,000 to cover the hydropneumatic tank inspection has been removed from Phase I and moved to the Phase II revenue requirement due to the Alturas' delay in complying with this DEP requirement and uncertainty about when the work will be completed. This means Alturas will not be able to begin recovering this expense until after all of the Phase II work is completed and proof of payment provided. If approved, this expense will be amortized over 5 years allowing Alturas to recover \$400 per year or \$33 per month ($\$2,000 / 5 \text{ years} = \400 per year ; $\$400 \text{ per year} / 12 \text{ months} = \33 per month). Therefore, Alturas cannot rely on the rate increase to fund the immediate cost of this project.

SUNRISE

- V. Sunrise's request for \$15,200 to paint the interior of the tanks may be removed from staff's recommendation because Sunrise has not provided sufficient documentation regarding the source(s) of funds that will be used to pay the vendor when the work is completed. Sunrise cannot rely on the rate increase to immediately cover this expense. If approved, Sunrise will only be able to recover approximately \$253 of the expense per month because the expense will be amortized over a 5-year period ($\$15,200 / 5 \text{ years} = \$3,040 \text{ per year}$; $\$3,040 \text{ per year} / 12 \text{ months} = \253 per month).
- W. Sunrise's request for \$6,500 to replace lines between the tank and well, and replace isolation valves has been removed from staff's recommendation because Sunrise has not provided sufficient support for the estimated \$6,500 cost of the project. The supporting documentation that was provided in Sunrise's last SARC is out-of-date and cannot be used to support the requested project. Also, the \$1,995 bid submitted for exploratory work is not sufficient support because it does not include the cost to replace the lines and isolation valves that were previously identified for replacement in Sunrise's last SARC. In addition, if Sunrise had completed the project when it was originally approved by the Commission, exploratory work by a new vendor would not be necessary. Therefore, this may be deemed an imprudent expense.
- X. Sunrise's meter replacement program expense may be removed from staff's recommendation due to insufficient progress on the program, and that Sunrise may not be prepared to continue the program at this time. It appears that Sunrise has only completed one year of the 10-year program and no meters have been installed since early 2014. Sunrise does not have a meter testing program, has not identified the next batch of meters that need to be replaced, and has not stated when it will begin replacing meters again.

At this time, Sunrise's meter replacement program expense has been removed from Phase I and moved to the Phase II revenue requirement to allow Sunrise time to get the program back on track. Based on a review of the Sunrise's actual meter replacement costs and other meter replacement cost research by staff, it appears that an increase of the expense from \$1,359 to \$3,450 may be warranted. However, in order to assure that the meters are replaced and the customers are protected, staff intends to recommend that Sunrise be required to establish an escrow account to hold the funds until the meters are replaced. The Commission has used this approach in other staff-assisted rate cases.

An example of how an escrow account would work is: If an expense of \$3,450 were approved, the utility would be required to deposit \$287.50 in the escrow account each month ($\$3,450 / 12 \text{ months} = \287.50 per month), and provide documentation to the Commission showing that the money has been deposited into the account. Whenever the utility replaces some meters, the utility can then request the release of that amount of funds from the escrow account. Upon receipt of sufficient documentation from the utility showing that the work has been completed,

the Commission will authorize the release of that amount of funds from the escrow account to reimburse the utility for its meter replacement costs. The escrow account will be continued until the meter replacement program is completed in approximately 8 to 9 years. In the event the utility does not replace the meters, the funds will be refunded with interest to the utility's customers.

Please be aware, if Sunrise is unwilling to establish and properly maintain an escrow account for this purpose, staff intends to recommend discontinuation of the meter replacement program expense. In which case, Sunrise will simply return to the traditional method of capitalizing meter replacements and reflecting the adjustments in rate base.

- Y. Sunrise has not provided sufficient documentation to show that Sunrise either owns or has the right to continued use of the land upon which the utility's facilities are located. Sunrise has the option to correct the ownership through: (1) a warranty deed correction to transfer ownership of the land from Alturas to Sunrise, (2) a long-term lease of the land from Alturas to Sunrise, or (3) an easement from Alturas to Sunrise. Staff intends to recommend that proof of the correction of Sunrise's land ownership be required prior to implementation of the Phase II rate increase.

II. Data Requests

The above list details why staff will not be able to recommend approval of many of your requests. Additional information along with proper support is required before any decision can be recommended. The following requested information must be received in order for staff to adequately complete its analyses in the rate cases:

ALTURAS & SUNRISE

1. Please provide documentation showing the source(s) of funding for both Alturas and Sunrise's pro forma projects. Examples of sufficient support include documents showing that Alturas and Sunrise have obtained:
 - a bank loan or completed the preliminary work to obtain a bank loan;
 - a letter of credit from a bank;
 - a letter or signed agreement from a vendor stating the terms of the extended credit agreement;
 - a signed investment agreement from the private investor(s) accompanied by the financial statements of those investors; or
 - bank documents showing that the utility owner has sufficient funds to cover the immediate cost of the projects.

The general statements you previously provided to staff regarding possible investors and possible credit agreements with vendors are not sufficient support documentation for Commission purposes.

As a reminder, if you have concerns about providing this information for confidential reasons, you may request that the documents be granted a confidential classification pursuant to Section 367.156(2), F.S., and Rule 25-22.006, F.A.C.

2. Please provide any additional bids that Alturas and Sunrise have obtained for the pro forma projects.
3. Please provide any support documentation that Alturas and Sunrise have to demonstrate the need for the pro forma projects.
4. Please provide any invoices, receipts, and proof of payment that Alturas and Sunrise have for any pro forma projects that have been recently completed, if any.
5. Please provide any invoices, receipts, and proof of payment that Alturas and Sunrise have to support the addition of the new billing software, billing software training, bank deposit machine, and bank deposit machine warranty.
6. Please provide all available invoices and proof of payment for contractual service provider fees that have been incurred by Alturas and Sunrise since September 2015, for work completed by the office manager/bookkeeper, the collections worker, and the technical field representative. Please submit all available invoices regardless of whether Alturas or Sunrise has issued a payment for those services yet or not. You do not need to re-submit the four September/October invoices that you previously provided on October 20, 2015, for Mr. Danny Massey's work.
7. Please provide an updated letter from Ms. Parker that addresses the bookkeeping work. In addition, please finalize your negotiations with Ms. Parker and ask her to submit an updated letter that includes a description of the bookkeeping work she will provide for Alturas and Sunrise, and all fees that she will charge for that service, including the lump sum fee. It is critical that you complete your negotiations with Ms. Parker as soon as possible so that staff may consider those expenses in the recommendations. Please be advised if Alturas and Sunrise fail to bring the books and records into compliance with Commission regulations and/or keep the records in compliance going forward, both Alturas and Sunrise may be subject to a show cause (compliance enforcement) proceeding by the Commission.

8. Please provide an updated description of the work that will be performed by Ms. Mitra now that Ms. Parker has taken over the collections work. Please provide a breakdown of each duty, a description of whether that duty will be performed on a regular basis or on an as-needed basis, and how many hours are necessary for each duty on a weekly or monthly basis.
9. Please provide an updated description of the work that will be performed by the contractual field representative.
 - a. Please provide a breakdown of each duty, a description of whether that duty will be performed on a regular basis or on an as-needed basis, and how many hours are necessary for each duty on a weekly or monthly basis.
 - b. Will the field representative be qualified to replace water meters, or will Alturas and Sunrise still have to hire another contractor to replace meters?
 - c. Will the Alturas and Sunrise field representative be qualified to test meters?
 - d. What types of repairs will the field representative be expected to be qualified to complete?
 - e. Will the Alturas and Sunrise field representative be responsible for mowing the plant site?
 - f. Will Alturas and Sunrise reimburse the field representative for mileage or other transportation expenses? If yes, please describe what expenses will be reimbursed, and provide documentation for any mileage or transportation reimbursements that have been paid to date.
10. Please provide a statement indicating whether Alturas and Sunrise's owner is willing to establish and maintain an escrow account for the purpose of ensuring that the meter replacement program expense is held in a secure account pending completion of the meter replacements.
11. Please provide a statement about whether Alturas and Sunrise plan to provide transportation expenses to the other contractual service workers.

12. Please provide any invoices and proof of payment for mileage or transportation expenses that have been reimbursed to the office manager/bookkeeper or collections worker.
13. Please provide any additional information Alturas and Sunrise want to provide to support the requested bad debt expense.
14. Please provide a description of all procedures and safeguards that have been implemented to ensure that cash payments collected from customer at their homes by field representatives are properly reported, recorded, and turned over to Alturas and Sunrise's office manager/bookkeeper in a timely manner.
15. Please provide a description of all procedures and safeguards that have been implemented to protect Alturas and Sunrise's billing records from deletion.
16. Please provide an update on the status of Alturas and Sunrise's efforts to bring the books and records into compliance with Commission regulations.
17. Please provide updated contact information for Mr. Stuart Sheldon, who is listed as the President of Alturas and Sunrise, with the Florida Secretary of State Corporations Division.
18. Please provide any available documentation that shows the Sunrise land ownership issue has been corrected.

ALTURAS

19. In response to Staff's First Data Request (Question 15), Alturas identified replacement of water plant piping as a pro forma project with an estimated cost of \$4,500. However, no supporting documentation regarding this project has been submitted. If Alturas wants this project considered in this SARC, please provide the information requested below.
 - a) Please describe the scope of work required and a justification for the need.
 - b) Please state whether the work has been completed?
 - If so, please provide the final invoice showing payment has been made.
 - If not completed, please provide the anticipated start date and bids for the materials and labor.

20. In response to Staff's First Data Request (Question 15), Alturas identified replacement of exiting piping as a pro forma project with an estimated cost of \$9,500. However, no supporting documentation regarding this project has been submitted. If Alturas wants this project considered in this SARC, please provide the information requested below.
 - a) Please describe the scope of work required and a justification for the need.
 - b) Please state whether the work has been completed?
 - If so, please provide the final invoice showing payment has been made.
 - If not completed, please provide the anticipated start date and bids for the materials and labor.

21. In response to Staff's First Data Request (Question 15), Alturas identified the need to paint the interior of the hydropneumatic water tank as a pro forma project with an estimated cost of \$4,100. However, no supporting documentation regarding this project has been submitted. If Alturas wants this project considered in this SARC, please provide the information requested below.
 - a) Please describe the scope of work required and a justification for the need.
 - b) Please state whether the work has been completed?
 - If so, please provide the final invoice showing payment has been made.
 - If not completed, please provide the anticipated start date and bids for the materials and labor.

22. On August 25, 2015, the Florida Rural Water System conducted a test of the water plant master flow meter and reported it was inaccurate and needed to be repaired or replaced.
 - a) Please state whether the flowmeter has been repaired or replaced.
 - If so, please provide the final invoice showing payment has been made.
 - If not, please provide the anticipated start date and bids for the materials and labor.

23. In response to Staff's First Data Request (Question 15), Alturas identified the need to replace the electric panel as a pro forma project with an estimated cost of \$6,500. On August 24, 2015, Alturas provided a bid from UTI technicians stating a cost \$20,740 for the replacement of the control panel and rack. If Alturas wants this project considered in this SARC, please provide the additional bids or invoices for completed work.

24. If there are any other pro forma repairs or replacements Alturas would like considered in its rate case, please provide the information requested below.
- a) Please describe the scope of work required and a justification for the need.
 - b) Please state whether the work has been completed?
 - If so, please provide the final invoice showing payment has been made.
 - If not completed, please provide the anticipated start date and bids for the materials and labor.
25. Please provide documentation showing Alturas completed its triennial water testing for primary and secondary standards and provide a copy of the results. If Alturas has not completed the testing, please explain why not.
26. Please provide copies of all customer complaints filed directly with the Utility for the period of January 1, 2015 through December 2015.

SUNRISE

27. In response to Staff's First Data Request (Question 15), Sunrise identified replacement of piping and valves at the well as a pro forma project with an estimated cost of \$3,500. However, no supporting documentation regarding this project has been submitted. If Sunrise wants this project considered in this SARC, please provide the information requested below.
- a) Please describe the scope of work required and a justification for the need.
 - b) Please state whether the work has been completed?
 - If so, please provide the final invoice showing payment has been made.
 - If not completed, please provide the anticipated start date and bids for the materials and labor.
28. In response to Staff's First Data Request (Question 15), Sunrise identified the need to install four (4) emergency shut off valve boxes in the main line as a pro forma project with an estimated cost of \$8,500. However, no supporting documentation regarding this project has been submitted. If Sunrise wants this project considered in this SARC, please provide the information requested below.
- a) Please describe the scope of work required and a justification for the need.
 - b) Please state whether the work has been completed?
 - If so, please provide the final invoice showing payment has been made.
 - If not completed, please provide the anticipated start date and bids for the materials and labor.

29. In response to Staff's First Data Request (Question 15), Sunrise identified the need to paint the interior of the hydropneumatic water tanks as a pro forma project with an estimated cost of \$11,500. However, no supporting documentation regarding this project has been submitted. If Sunrise wants this project considered in this SARC, please provide the information requested below.
- a) Please describe the scope of work required and a justification for the need.
 - b) Please state whether the work has been completed?
 - If so, please provide the final invoice showing payment has been made.
 - If not completed, please provide the anticipated start date and bids for the materials and labor.
30. If there are any other pro forma repairs or replacements that Sunrise would like considered in this rate case, please provide the information requested below.
- a) Please describe the scope of work required and a justification for the need.
 - b) Please state whether the work has been completed?
 - If so, please provide the final invoice showing payment has been made.
 - If not completed, please provide the anticipated start date and bids for the materials and labor.
31. Please state whether Sunrise has completed its triennial water testing for primary and secondary standards and provide a copy of the results. If not, please explain why not.
32. Please provide copies of all customer complaints filed directly with Sunrise for the period of January 1, 2015 through December 2015.
33. Please state whether the Florida Rural Water Association has performed a leak survey of the Sunrise system.
- a) If so, when did the leak survey occur or provide the date it is scheduled.
 - b) If not, please explain why?

Conclusion

Mr. Szabo, you have made it clear that you believe you have fully answered all of staff's questions. However, as shown above, there are still many unanswered, outstanding issues with these SARCs. Staff believes that many of your responses have been incomplete, insufficient, vague, and even dismissive. Although you believe many of staff's questions are unnecessary and simply administrative, each of staff's requests has a specific, intended purpose in the Utilities' SARCs. Staff has expended an extraordinary number of hours attempting to help you complete these SARCs and put the Utilities in a better position to improve their operations going forward.

Please be aware, Section 367.081(2)(a)(1), Florida Statutes, requires that the Commission set rates which are just, reasonable, compensatory, and not unfairly discriminatory to any customers. In order for the Commissioners to fulfill this statutory requirement, it is vital that the Commissioners be provided with information that is accurate, reliable, and complete. Consequently, Commission staff is charged with the responsibility to ensure that its recommendations to the Commissioners are based on known, measureable, and verifiable data. All of staff's requests are necessary in order for staff to prepare an accurate, reliable, and complete recommendation to be presented to the Commissioners for their consideration of the Utilities' requested rate increases.

Therefore, please provide any documentation that will help address the concerns listed above. Any projects and expenses that are ultimately removed from staff's recommendation will not be considered by the Commissioners in this rate proceeding.

Please file all responses electronically no later than **Friday, January 22, 2016**, from the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form.

Should you have any questions, please do not hesitate to contact me at (850) 413-6234 or KCorbari@psc.state.fl.us.

Sincerely,

s/ Kelley F. Corbari

Kelley F. Corbari
Senior Attorney

KFC/dml

cc: Office of Commission Clerk