

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

STATE OF FLORIDA



DIVISION OF  
ACCOUNTING AND FINANCE  
ANDREW L. MAUREY  
DIRECTOR  
(850) 413-6900

# Public Service Commission

November 17, 2016

## STAFF'S SECOND DEFICIENCY LETTER

RECEIVED-PPSC  
2016 NOV 17 PM 3:55  
COMMISSION CLERK

Mr. Martin Friedman  
Friedman & Friedman, P.A.  
766 North Sun Drive, Suite 4030  
Lake Mary, FL 32746

**Re: Docket No. 160101-WS - Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.**

Dear Mr. Friedman:

We have reviewed the response to staff's first deficiency letter and subsequent 2015 Annual Report revisions submitted on October 31, 2016, on behalf of Utilities, Inc. of Florida (UIF or Utility). After reviewing the information provided, we still find the minimum filing requirements (MFRs) to be deficient. The specific deficiencies are identified below:

1. Rule 25-30.110(2), Florida Administrative Code (F.A.C.), requires that the MFRs shall be consistent and reconcilable with the Utility's 2015 Annual Reports. The following schedules in the MFRs do not reconcile to the Utility's revised 2015 Annual Reports.
  - a. MFR Schedule B-8, Operation & Maintenance Expense Comparison – Wastewater, ERC's (Eagle Ridge)
  - b. MFR Schedule D-2, Reconciliation of Capital Structure to Requested Rate Base (Mid-County)
2. Rule 25-30.437, F.A.C., requires that each Class A utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 20 (11/93), entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The following MFR schedules, as originally filed, do not comply with Rule 25-30.437, F.A.C., and they were not revised in response to staff's first deficiency letter.

a. MFR Schedules B-7 and B-8, Operation and Maintenance (O&M) Expense Comparison (Water and Wastewater)

The Utility is required to compare current test year O&M expenses with the account balances approved by the Commission for its prior test year and provide an explanation of all differences which are not attributable to the change in customer growth and the Consumer Price Index - All Urban Consumers (CPI-U). Per these instructions, please make the following revisions.

- i. LUSI, Labrador, Sanlando, Tierra Verde, Longwood, Sandalhaven, UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co. – The CPI-U for December 31, 2015 is incorrect and should be 236.525.
- ii. LUSI, Labrador, Sanlando, Tierra Verde, Longwood, UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co. – The CPI-U for the prior test year is incorrect. It should be the CPI-U from the month ended the test year, not the annual average.
- iii. Labrador and Sanlando – The O&M expenses in column (2) of MFR Schedules B-7 and B-8 do not tie to the amounts approved in the Utility's prior order.
- iv. Sandalhaven – MFR Schedule B-8, Column (2), do not tie to the amounts approved in Order No. PSC-07-0865-PAA-SU.
- v. UIF-Pasco Co. and UIF-Seminole Co. – Individual accounts in column (2) of MFR Schedules B-7 and B-8 do not tie to the amounts approved in the Utility's prior order, even though the total does.

3. Rule 25-30.437, F.A.C., requires that each Class A utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 20 (11/93), entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The following MFR schedules, as filed, do not comply with Rule 25-30.437, F.A.C.

a. MFR Schedule E-2, Revenue Schedule at Present and Proposed Rates

The Utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis. Please make the following revisions.

- i. Eagle Ridge – The total billable residential gallons do not match the consolidated factor at the 10,000-gallon consumption level, which is the gallonage cap on the corresponding MFR Schedule E-14. Please correct MFR Schedule E-2 using the appropriate consolidated factor to calculate the residential revenue.

4. Rule 25-30.440, F.A.C., requires a utility to file additional engineering information. For the following subsections of the Rule, the deficiencies for the identified systems apply.
  - a. (2) A list of chemicals used for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized.
    - i. Lake Placid, Cypress Lakes, Eagle Ridge (Cross Creek), UIF-Marion Co. (GoldenHills/Crownwood), UIF-Pinellas Co. (Lake Tarpon), and UIF-Orange Co. (Crescent Heights and Davis Shores) – The data was not provided (or it was not labeled).
  - b. (3) The most recent chemical analyses for each water system conducted by a certified laboratory covering the inorganic, organic turbidity, microbiological, radionuclide, secondary and unregulated contaminants specified in Chapter 62-550, F.A.C.
    - i. The following systems are missing the following tests. If a test is not required, please state the reason.
      - LUSI (South) Lake Groves (WW): Missing Lead & Copper
      - Lake Utility Services North: Missing Disinfectant Byproducts for Lake Louisa, CR 591, Lake Ridge, and Clermont 2 systems
      - Crystal Lake: Missing Disinfectant Byproducts and Lead & Copper
      - Crescent Heights: Missing all except Disinfectant Byproducts and Lead & Copper
      - Davis Shores: Missing all except Disinfectant Byproducts and Lead & Copper
  - c. (4) All water and wastewater plant operating reports for the test year and the year proceeding the test year.
    - i. Labrador – DMR - Part B of July 2014 was given, but should have been July 2015.
  - d. (10) Provide a list, by customer, of all complaints received during the test year, with an explanation of how each complaint was resolved.
    - i. Cypress Lakes, LUSI (South-Lake Groves and LUSI North- Amber Hill, Crescent Bay, CR561, Lake Louisa, The Oranges), Pennbrooke, Sanlando, Longwood, Eagle Ridge (Cross Creek), UIF-Marion Co. (GoldenHills/Crownwood), UIF-Orange Co. (Crescent Heights and Davis Shores), UIF-Pasco Co. (Summertree and Orangewood-Buena Vista Manor), and UIF-Seminole Co.(Weathersfield, Phillips, Crystal Lake, and Jansen), Preston Cove (please provide what main system this is located),

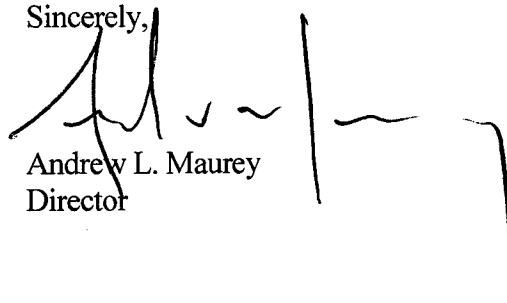
Mr. Martin Friedman  
Page 4  
November 17, 2016

and Trailwoods (please provide what main system this is located) –  
Complaints were provided in a table format with some of the text cut off.  
Please resend the complaints with the entire information showing.

- e. (11) Provide a copy of all customer complaints that the utility has received regarding DEP secondary water quality standards during the past five years.
  - i. The system is not specified for each DEP complaint. Please provide the system information per DEP complaint.

If any above corrections require a corresponding change to any other MFR schedules, those corrected schedules must also be submitted in accordance with Rule 25-30.436(4)(e), F.A.C. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than December 13, 2016.

Sincerely,



Andrew L. Maurey  
Director

ALM:amn

cc: Division of Accounting and Finance (Andrews, Bulecza-Banks, D. Buys, Fletcher, Frank, Norris, Sowards, Wolmers)  
Division of Auditing & Performance Analysis (Deamer)  
Division of Economics (Bruce, Daniel, Friedrich, Hudson, Johnson)  
Division of Engineering (P. Buys, Ellis, Graves, King, Knoblauch, Lee, Matthews)  
Office of the General Counsel (Janjic, W. Taylor, Trierweiler)  
Office of Commission Clerk (Docket No. 160101-WS)  
Office of the Public Counsel