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Public Service Commission

October 17, 2007

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STAFF'S SECOND DATA REQUEST

F. Marshall Deterding
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Re: Docket No. 060122-WU - In re: Joint petition for approval of stipulation on procedure by Aloha Utilities, Inc. and Office of Public Counsel.

Dear Mr. Deterding:

Staff needs the following information to complete our review of the installation of chloramination and Pasco County tie-in facilities by Aloha Utilities, Inc. (Aloha or utility).

- 1) In its response dated May 23, 2007, Aloha stated that all of the chloramination facilities, other than the ammonia feed equipment, have been placed into service. As previously requested in Staff's Amended First Data Request dated April 23, 2007, what was the exact in-service date of the chloramination facilities with the exception of the ammonia feed equipment?
- 2) Provide a printout of the utility's general ledger journal entry for Aloha's recording of the chloramination facilities with the exception of the ammonia feed equipment. This printout should also include the date the journal entry was made.
- 3) Provide a timeline or critical path project schedule for the chloramination facilities without the ammonia feed equipment.
- 4) Provide a timeline or critical path project schedule for the ammonia feed equipment only.
- 5) With exception to the corrosion inhibitor, is it correct that without the ammonia feed equipment placed into service the utility's treatment at its Seven Springs wells is basically chlorination only?

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- 6) Please provide a copy of all construction permits issued by the Florida Department of Environmental Protection (DEP) associated with the chloramination facilities and a copy of the engineering breakdown of all components needed to complete the chloramination facilities that was submitted to the DEP during the construction permit process.
- 7) According to the utility's AFUDC calculation for the chloramination facilities on Schedule No. 5 of Aloha's Exhibit B, the utility commenced this project in August 2002, and completed it in December 2005. Please explain why it took the utility approximately 41 months to complete the chloramination facilities?
- 8) Please provide a complete electronic copy (i.e. Excel spreadsheet) of Schedule Nos. 1 through 19 of Aloha's Exhibit B, entitled "Aloha Utilities, Inc. Seven Springs Water Limited Proceeding Special Report Draft 9-19-07" with all formulas and linked spreadsheets intact.
- 9) Please provide a complete set of all additional workpapers associated with the compilation of Schedule Nos. 1 through 19 of Aloha's Exhibit B. This includes, but is not limited to, a copy of the engineering report prepared by Mr. David W. Porter, P.E. to calculate the increased operations & maintenance (O&M) expenses and other costs, projected customers, water demand, and projected gallons sold due to chloramination, purchased water and/or the Pasco County tie-in.
- 10) With regard to the capitalized costs of the ammonia equipment, please provide the following:
 - (a) a copy of all support documentation (i.e. engineering estimates, bids, invoices, deeds, and/or signed contracts, etc.);
 - (b) a copy of the construction permit from the Florida Department of Environmental;
 - (c) a status of the engineering and permitting efforts, if it has not been permitted; and
 - (d) if this project did not go through the bidding process, please explain why not.
- 11) With regard to the capitalized costs of the Pasco County tie-in including any associated land purchases, please provide the following:
 - (a) a copy of all support documentation (i.e. engineering estimates, bids, invoices, deeds, and/or signed contracts, etc.);
 - (b) a copy of the construction permit from the Florida Department of Environmental;
 - (c) a status of the engineering and permitting efforts, if it has not been permitted;
 - (d) if this project did not go through the bidding process, please explain why not; and
 - (e) the projected in-service date.

- 12) With regard to the additional labor costs from the applicable employees associated with the chloramination facilities, please provide the following:
 - (a) a list of the name and position titles of all such employees immediately before and after these facilities were placed into service;
 - (b) a schedule showing the allocation methodology and calculation for all employees who devoted less than 100% of their time to the Seven Springs water system;
 - (c) a detailed description of the duties and salary/wage for each of these employees immediately before and after these facilities were placed into service;
 - (d) a detailed statement of any change in duties, including, but not limited to, the increase or decrease in responsibilities and/or hours, for each employee after these facilities were placed into service (i.e. additional time required to oversee the operation of the chloramination facilities or additional time required for another reason, etc.);
 - (e) a detailed statement of any change in salary/wage for each employee after these facilities were placed into service (i.e. inflationary or meritorious adjustments, change in duties, or any other reason); and
 - (f) all bases, assumptions, workpapers, and documentation supporting the incremental labor cost associated with the chloramination facilities.

- 13) With regard to the additional labor costs from the applicable employees associated with the Pasco County tie-in facilities, please provide the following:
 - (a) a list of the name and position titles of all such employees immediately before and after these facilities were placed into service;
 - (b) a schedule showing the allocation methodology and calculation for all employees who devoted less than 100% of their time to the Seven Springs water system;
 - (c) a detailed description of the duties and salary/wage for each of these employees immediately before and after these facilities were placed into service;
 - (d) a detailed statement of any change in duties, including, but not limited to, the increase or decrease in responsibilities and/or hours, for each employee after these facilities were placed into service (i.e. additional time required to oversee the operation of the chloramination facilities or additional time required for another reason, etc.);
 - (e) a detailed statement of any change in salary/wage for each employee after these facilities were placed into service (i.e. inflationary or meritorious adjustments, change in duties, or any other reason); and
 - (f) all bases, assumptions, workpapers, and documentation supporting the incremental labor cost associated with the Pasco County tie-in facilities.

14) The following questions relate to the hard costs reflected on Schedule No. 7 of Aloha's Exhibit B.

(a) Refer to Line 6 – Extreme Fence, Inc. Aloha reflected a total amount of \$25,832 for chain link and pressure treated wooden fences for the utility's Well Nos. 6 and 7.

(1) Please explain how the fencing relates to the chloramination facilities.

(2) Is there any mandate requiring Aloha to install fencing around Well Nos. 6 and 7?

(3) If the answer to Question 14(a)(2) above is "yes", please provide a copy of any such mandate.

(4) If the copy of the mandate provided in response to Question 14(a)(3) above does not require both a chain link and pressure treated wooden fences for Well Nos. 6 and 7 or if the answer to Question 14(a)(2) above is "no", please explain why the utility choose to install the two different type fences instead just one type fence at Well Nos. 6 and 7.

(b) Refer to Line 7 – John Penichat Property Maintenance. The utility included a total amount of \$1,200 for the removal of four trees and the trimming of one tree next to a tower at Aloha's Well No. 7's site. Please explain why this cost should not be considered routine maintenance instead of specifically done for the chloramination facilities.

(c) Refer to Line 19 – Marolf Environmental, Inc. Aloha reflected a total amount of \$315,849.

(1) Please provide Invoice No. 04-014-05S from Marolf Environmental, Inc. (MEI) to Aloha.

(2) With regard to MEI's Invoice 05-011-05S dated May 24, 2005, please provide a copy of Invoice Nos. 1152, 1153, 1154, and 1207 from Florida Utility Group, LLC.

(d) Refer to Line 24 – Tractor Supply Company. The utility included a total amount of \$316 for a 210 gallon poly tank and other miscellaneous items. Please explain how these items relate to the chloramination facilities.

(e) Refer to Line 30 – Custom Pump & Controls, Inc. Aloha reflected a total amount of \$6,371. The signed quote states that the cost is for a sewage lift station pump and accessories. Please explain how these items relate to the chloramination facilities.

15) The following questions relate to the general costs reflected on Schedule No. 8 of Aloha's Exhibit B.

(a) Refer to Line 3 – Department of Environmental Protection (Permitting). These costs include an amount of \$800 for a driveway permit from the Southwest Florida Water Management District around April 29, 2003. Please explain how this driveway permit cost relates to the chloramination facilities.

(b) Refer to Line 4 – Federal Express. The utility included a total amount of \$215. In several of the invoices, Aloha has three accounts for construction work in progress projects which are Account Nos. 105.003, 105.005, and 105.007. Account No. 105.003 is for the chloramination facilities.

(1) What are the specific projects that relate to Account Nos. 105.005 and 105.007?

(2) For any amount of a specific mailing on any invoice that is allocated to Account No. 105.003, please explain in detail the utility's basis for its allocation methodology or calculation.

(c) Refer to Line 5 – Instant Printing & Copying.

(1) If the answer to Question 5 above is "yes", will the utility be sending out additional notices to customers regarding a warning message to fish owners and dialysis patients on the chloramines?

(2) If the answer to Question 15(c)(1) above is "no", explain why.

(3) If the answer to Question 15(c)(1) above is "yes", please provide the projected date that the utility plan to send those notices and please provide a copy of the associated invoices once they are sent out.

(d) Refer to Line 8 – Media General. The utility included a total amount of \$272 related to an advertisement on chloramines in the Tampa Tribune.

(1) Please provide a copy of this advertisement.

(2) If the answer to Question 5 above is "yes", will the utility place another advertisement on chloramines?

(3) If the answer to Question 15(d)(2) above is "no", please explain why.

(4) If the answer to Question 15(d)(2) above is "yes", please provide the projected date that the utility plans to place the advertisement and please provide a copy of the associated invoices once the advertisement is placed.

(5) Is there any mandate by an authoritative body that requires the utility place this advertisement on chloramines?

(6) If the answer to Question 15(d)(5) above is "yes", please provide a copy of any such mandate.

(7) If the answer to Question 15(d)(5) above is "no", please explain why the utility placed an advertisement when the chloramine notices were or will be directly send to all customers.

(e) Refer to Line 13 – Radio Shack. The utility included a total amount of \$187 for three tape recorders, tapes, and batteries.

(1) Please explain in detail how these tape recorders, tapes, and batteries costs relate to the chloramination facilities.

(2) Are the tape recorders, tapes, and batteries being used solely for the chloramination facilities?

(3) If the answer to Question 15(e)(2) above is “no”, please explain what the other purposes they are being used for and why the utility has allocated the total cost to the chloramination facilities.

(f) Refer to Line 16 – St. Petersburg Times. The utility included a total amount of \$794 related to an advertisement on chloramines.

(1) Please provide a copy of this advertisement.

(2) If the answer to Question 5 above is “yes”, will the utility place another advertisement on chloramines?

(3) If the answer to Question 15(f)(2) above is “no”, please explain why.

(4) If the answer to Question 15(f)(2) above is “yes”, please provide the projected date that the utility plans to place the advertisement and please provide a copy of the associated invoices once the advertisement is placed.

(g) Refer to Line 17 – Tucker/Hall, Inc. The utility included a total amount of \$14,607 for an advertising campaign for the chloramine conversion. If the answer to Question 15(d)(5) above is “no”, please explain why the utility believed it was necessary to incur \$14,607 for a advertising campaign for the chloramine conversion.

(h) Refer to Line 18 – U.S. Peroxide, LLC. Aloha reflected a total amount of \$4,375 for the generation of design drawings. Please provide a copy of the design drawings referred to here.

(i) Refer to Line 21 – Harberston - Swanston. The utility included a total amount of \$72 for trailer jacks. Please explain how these trailer jacks relate to the chloramination facilities.

16) Provide a copy of the current permit from the Southwest Florida Water Management District or any other documentation that supports the 2.04 million gallons per day allowable withdrawal amount reflected on Schedule No. 15 of Aloha’s Exhibit B.

17) Provide a copy of any documentation from Pasco County supporting the bulk water rate of \$3.68 per 1,000 gallons reflected on Schedule No. 15 of Aloha’s Exhibit B.

October 17, 2007

18) The following items relate to the utility's requested rate case expense.

(a) For each individual person, in each firm providing consulting services to the applicant pertaining to this docket, provide the billing rate, and an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also provide a description and associated cost for all expenses incurred to date.

(b) For each firm or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date.

(c) If rate consultant invoices are not broken down by hour, please provide reports that detail by hour, a description of actual duties performed, and amount incurred to date.

(d) Please provide an estimate of costs to complete the case by hour for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the limited proceeding.

(e) Please provide an itemized list of all other costs estimated to be incurred through the limited proceeding.

19) If the engineering breakdown mentioned in Question 6 above does not match the components reflected in the invoices supporting the hard costs on Schedule No. 7 in Aloha's Exhibit B by an amount equal to \$10,000 or more, please provide a reconciliation schedule showing the difference in quantity and unit prices of items and stating the reasons for incremental differences and any new items contained the requested hard costs in Schedule No. 7.

Please submit the above information to the Office of the Commission Clerk by November 19, 2007. If you have any questions, please contact me by phone at (850) 413-7017 or by e-mail at bart.fletcher@psc.state.fl.us.

Sincerely,



Bart Fletcher
Professional Accountant Specialist

cc: Division of Economic Regulation (Bulecza-Banks, Lingo, Rendell, Walden)
Office of the General Counsel (Hartman)
Office of Commission Clerk (Docket No. 060122-WU)
Office of Public Counsel