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MARSHALL WILLIS, ACTING DIRECTOR
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COMMISSION
CLERK

Public Service Commission

March 10, 2010

STAFF'S SECOND DATA REQUEST

Christian Marcelli
Rose, Sundstrom & Bentley, LLP
2180 West State Road 434
Sanlando Center, Suite 2118
Longwood, FL 32779

Re: Docket No. 090402-WS - Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation.

Dear Mr. Marcelli:

Staff needs the following information to complete our review of the application filed by Sanlando Utilities Corporation (Utility or Sanlando).

It is the Utility's burden to justify its requested costs. Florida Power Corp. v. Cresse, 413 So. 2d 1187, 1191 (Fla. 1982). Further, the Commission has broad discretion with respect to the allowance of rate case expense. It would constitute an abuse of discretion to automatically award rate case expense without reference to the prudence of the costs incurred in the rate case proceedings. Meadowbrook Util. Sys., Inc. v. FPSC, 518 So. 2d 326, 327 (Fla. 1st DCA 1987), rev. den., 529 So. 2d 694 (Fla. 1988).

By letter dated November 22, 2007, pursuant to Rule 25-30.436(6), F.A.C., the Utility through counsel provided their final actual rate case expense incurred for Docket No. 060258-WS. The total rate case expense for WSC employees was \$32,503. In Order No. PSC-07-0205-PAA-WS, the Utility was allowed \$40,007 or 975 hours for WSC employees. In the current rate case, the Utility is requesting 2,200 total hours for WSC employees. This is a 226% increase in hours for WSC employee hours from 2006.

1. Please explain what is so significant in this current rate case compared to Sanlando's last rate case causing the need for the 226% increase in WSC employee hours.
 - (a) Please provide any additional documentation to support the WSC employee's hours estimated to complete the rate case.

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FPSC-COMMISSION CLERK

Again, by letter dated November 22, 2007, pursuant to Rule 25-30.436(6), F.A.C., the Utility through counsel provided their final actual rate case expense incurred for Docket No. 060258-WS. The total rate case expense for expenses and fees related to notices, mailings, and other was \$9,902. In Order No. PSC-07-0205-PAA-WS, the Utility was allowed \$16,249 for customer notices. At that time, there were four mailings for 10,108 customers. In the current rate case, the Utility has only 46 more customers, totaling 10,154 customers and only three mailings. The Utility is requesting \$20,063 for customer notices, postage, copies, and stock. There is only a half of a percent increase in the number of customers with only three mailings compared to four mailings in the last rate case.

2. Please justify and provide documentation for the need of such a large increase in fees related to customer notices for this current rate case when the total for the 2006 rate case only amounted to \$9,902.

Listed on MFR schedules B-5 and B-6, the Utility reports adjusted total annual transportation expense of \$76,326 for water and \$59,727 for wastewater.

3. Please provide documentation for the following items relating to the 2008 test year transportation expenses:
 - (a) How much of those costs were for fuel?
 - (b) What were the total number of fuel gallons purchased?
4. Regarding the Utility's Project Phoenix, please explain why the Utility decided to implement Project Phoenix as opposed to upgrading the Utility's Legacy billing system. Please provide any cost/benefit analyses associated with this decision.
5. How long was the Utility's Legacy billing system in service before being replaced by the Phoenix Project?
6. Please provide staff with the allocation percentages relating to the Phoenix Project for Miles Grant Water and Sewer Company, Wedgefield Utilities, Inc., and the North Carolina system before they were sold.
7. Please provide staff with the allocation percentages relating to the Phoenix Project for any other system divested by Utilities, Inc. since January of 2008.
8. The following questions relate to the insurance solicitation (see attachment) that Utilities, Inc. has been mailing to its customers on behalf of Technology Insurance Company:
 - (a) Were the insurance solicitations mailed to all of Utilities, Inc. customers in Florida or were they mailed to customers in other states as well?
 - (b) How often are the insurance solicitations mailed to Utilities, Inc. customer?
 - (c) To date, how many customers have signed up for the insurance?
 - (d) Does Utilities, Inc. receive any compensation from Technology Insurance Company? If so, how much?

- (e) What are the expenses associated with mailing out the insurance solicitations?
- (f) How much administrative time does it take Utilities, Inc. to mail the insurance solicitations?
- (g) Which Utilities, Inc. employees prepare and mail the insurance solicitations?
- (h) What is the relationship between Utilities, Inc. and Technology Insurance Company?
- (i) If any of Utilities, Inc. customers have a claim with Technology Insurance Company, who performs the repair work?

Quality of service concerns brought up at the February 23, 2010, Sanlando Utilities Corporation customer meeting and recent correspondence: (Customer James Millett, 3983 Lancashire Lane) Meter boxes at the Wekiva Hunt Club Condominiums are off grade and need to be addressed by the utility. Mr. Millett has also had difficulties with contacting an appropriate utility representative to plan for service visits, as well as obtaining customer support coordination over problems that may be the customers responsibility. Staff has seen the condition of at least two meter boxes at Wekiva Hunt Club Condominiums that are significantly off grade.

9. Please answer the following questions relating to quality of service.

- (a) What is the utility's policy concerning meter box locations?
- (b) What is the Utility's policy in responding to customer concerns over leaks?
- (c) What is the usual response time between a customer's call about leaks and the Utility's site visit in response to the call?
- (d) Also, what is the Utility's policy regarding support given to customers to help reduce any additional costs for problems that may be the customer's responsibility?

In the Utility's February 5, 2010, response to Mr. Stein's correspondence concerning a leaking gate valve near the intersection of N. Marcy Drive and E.E. Williamson Road, the Utility indicated that it is making an effort to locate repair parts.

10. What is the current status of this valve? If it is still leaking, when will it be replaced or fixed?

Christian Marcelli

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March 10, 2010

Please submit the above information to the Office of Commission Clerk by March 22, 2010. If you have any questions, please contact me by phone at (850) 413-6934 or by e-mail at tlinn@psc.state.fl.us.

Sincerely,



Tonya Linn

Regulatory Analyst II

cc: Division of Economic Regulation (Bulecza-Banks, Fletcher, Lingo, Reiger)
Office of the General Counsel (Bennett)
~~Office of Commission Clerk~~
Office of Public Counsel

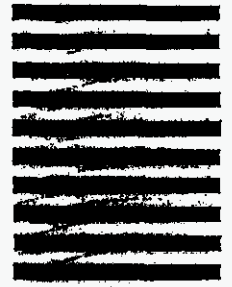


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Guaranteed Acceptance Form

Step 1: Choose your method of payment

Credit Card Option: VISA MASTERCARD Expiration Date:

Card Number:

E-Z Pay Checking Option: I have enclosed a check for my first payment and understand that all future payments will be charged to this account.
(See Q&As for details)

Check or Money Order: Please sign me up for Water Service Line Coverage. I have enclosed my check or money order for my payment of \$64.80.

PLEASE MAKE CHECK PAYABLE TO HOME SERVICE

Step 2: Choose your payment frequency

\$5.40 per month \$16.20 per quarter \$64.80 per year

If I have chosen credit card or E-Z Pay, I authorize Home Service to charge my first and all future payments to my checking account or credit card and my financial institution to debit these payments from my checking account or credit card. This authorization is to remain in effect until Home Service receives notification of change or cancellation.

Phone #: _____ E-Mail: _____

Signature: _____

Please make any corrections to your name or address below.

Mr. James M Millett
3983 Lancashire Ln
Longwood, FL 32779-4683

This service plan, offered with the endorsement of Utilities, Inc., is issued by Technology Insurance Company, license number 03605, and administered by Home Service USA Repair Management (Florida) Corp. ("Home Service"), license number P129179.

UIFLA-SLN-210AA

Special Benefits of Water Service Line Coverage

- 1 No Bills to Pay**
 - All costs are covered for locating and replacing or repairing your covered water service line emergency; up to \$3,500 per service call.
- 2 Up to 2 Service Calls Per Year**
 - You can make up to 2 service calls per year; giving you up to \$7,000 of coverage for labor, materials, permits and tax.
- 3 24-Hour Emergency Service Hotline**
 - Available 24 hours a day, 365 days a year.
- 4 Priority Response**
 - A licensed and insured contractor will make your covered emergency a priority.

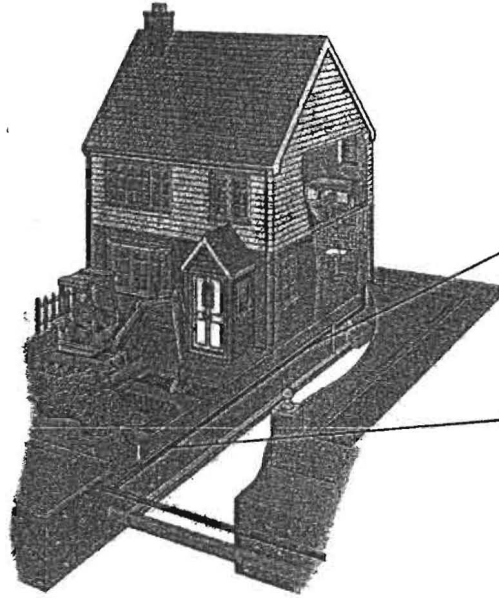
What would you do in a water service line emergency?

The illustration below shows where things may go wrong with your water service line — and how much a Home Service contractor would typically charge customers who don't have Water Service Line Coverage. How would you cope if it happened to you? With Water Service Line Coverage, it's not something you have to worry about; you'll benefit from an emergency response and no bill to pay within the coverage limits.

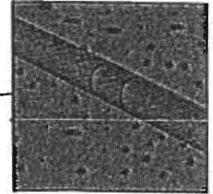
If your water service line breaks, you would typically have to:

- 1 Employ advanced leak detection equipment to pinpoint the leak on your property.
- 2 Find and pay for a contractor who is able to excavate a trench to replace or repair the leaking water line.
- 3 Backfill the earth removed and level the ground.

- Homeowner's responsibility — Green section of water service line
- Water company's responsibility — Red section of water service line



Locate, excavate & repair leak \$1,130
Plan Members —
NO CHARGE!



Replace segment of pipe \$2,661
Plan Members —
NO CHARGE!

A crisis averted in 3 simple steps:

1. 24-Hour Help

You suddenly notice a large pool of water from a burst water service line. No need to search for someone to come repair it — just call the 24/7 Emergency Service Hotline.

2. Priority Response

A local, high-quality, licensed contractor will be sent to your home as a priority to make the repair.

3. Job Complete

Job done; all you need to do is sign to show you are satisfied, and the bill for covered repairs will be settled for you within the coverage limits.

To set up this essential coverage simply call TOLL-FREE 1-888-300-4513

Available: Mon. — Fri. 8 a.m. — 8 p.m. Sat. 10 a.m. — 4 p.m. EST

Questions & Answers

What am I responsible for?

As a homeowner, you are responsible for the water service line on your property, from the water company's connection all the way into your home. The water company's connection is normally in the road in front of your home.

What is covered in this coverage?

You will be covered up to \$3,500 per service call for the cost of repairing or replacing burst or leaking water service lines on your property. This includes all service call charges, labor and materials for covered repairs — so you'll have no bill to pay within the coverage limits.

Does my homeowner's insurance cover this?

Most homeowner's insurance policies do not cover repair or replacement of the water service line. If you find you have similar coverage, your service agreement fee will be refunded in full.

Who is eligible to join?

Any single-family residential homeowner with a home up to 5,001 sq. ft. can join. Tenants should check with their landlord before applying. Sorry, mobile homes, commercial properties and multi-unit dwellings are not eligible for coverage.

When can I make a service call?

Membership starts the day your Acceptance Form is processed and lasts one year. To prevent service calls on pre-existing problems (and

to keep fees low for everyone), there is a 30-day period at the start of your contract before you can make a service call, giving you 11 months of coverage during your first year of enrollment.

Am I restricted to only one service call per year?

You can make up to two service calls per year, giving you a total of up to \$7,000 of coverage every year.

What quality of repair can I expect?

A high-quality, licensed and insured contractor will be responsible for handling your emergency. Permanent repairs are made where possible and will be guaranteed against faulty material and workmanship for one year.

What is E-Z PAY?

E-Z Pay is a paperless, stress free, simple, and secure way to safeguard your privacy because you authorize us to automatically debit your bank/checking account as your payment becomes due, at no additional cost! Your coverage will be automatically renewed so there's no risk of it expiring and losing your benefits. We will automatically debit the checking account from which you wrote your first payment. You choose your payment frequency and we take care of the rest! Your authorization remains in effect until you notify Home Service of change or cancellation. It's that simple!

REF: UIFLA-SLN-210AA Issue Date: January 28, 2010
Mr. James M Millett

Reply By Date: March 8, 2010

Property to which letter relates:

Mr. James M Millett
3983 Lancashire Ln
Longwood, FL 32779-4683



PLEASE QUOTE: UIFLA-SLN-210AA

REPLY BY DATE: 03/08/10



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Re: Your responsibilities for your water service line

Dear Mr. Millett,

We would like to introduce you to a great service available to you as a customer of Utilities, Inc.

Water Service Line Coverage, from Home Service, provides protection against problems with the water service line that brings fresh water into your home. As a homeowner, you are responsible for the repair and maintenance of the water service line, from the boundary of your property all the way into your home.

Problems with your water service line can occur at any time of year, caused by soil conditions, shrinking ground or simply age.

While we prefer that our customers never experience such an emergency, we all know these things can happen.

Water Service Line Coverage from Home Service provides the following great services:

- **Up to \$7,000 in Annual Coverage Repair**
- All costs are covered for locating the problem, plus labor and materials for repairing or replacing the water service line; up to \$3,500 per service call and up to 2 calls per year.
- **24-Hour Emergency Service Hotline**
- Open 24 hours a day, 365 days a year.
- **Priority Response**
- A local Home Service contractor will make the covered emergency a priority.
- **Quality Work**
- All Home Service contractors are fully licensed and insured.

Water Service Line Coverage offers a year-round emergency response that will give you peace of mind, and in the event of an emergency, could save you over \$2,000 in costly repairs.

Thousands of Utilities, Inc. customers already protect their water service line for just 18¢ per day. To join them, simply call TOLL-FREE 1-888-300-4513 and give yourself a little peace of mind that in the event of an emergency, you're covered.

Sincerely,



Michael Backus
Vice President, Customer Service
Home Service

P.S. Keep reading for more information on the service and ways to sign up.



CALL TOLL-FREE 1-888-300-4513

 **Utilities, Inc.**

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