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MARSHALL WILLIS, DIRECTOR
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10 MAY 12 AM 10:23

COMMISSION
CLERK

Public Service Commission

May 12, 2010

STAFF'S FIRST DATA REQUEST

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

Re: Docket No. 090462-WS - Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole County by Utilities, Inc. of Florida.

Dear Mr. Marcelli:

Staff needs the following information to complete our review of the application filed by Utilities, Inc. of Florida (Utility or UIF).

1. The following items relate to the *pro forma* plant improvements reflected in adjustments on MFR Schedule A-3.

For each addition, provide the following:

- (a) a statement why each addition is necessary;
 - (b) a copy of all invoices and other support documentation if the plant addition has been completed or is in process;
 - (c) a copy of the signed contract or any bids, if the plant addition has not been completed;
 - (d) a status of the engineering and permitting efforts, if the plant addition has not been through the bidding process; and
 - (e) the projected in-service date for each outstanding plant addition.
2. Please provide the detailed worksheets and a summary schedule that supports the net reduction to rate base of approximately \$300,000 that is cited in the November 2, 2009 letter to the Commission from Rose, Sundstrom, and Bentley, LLP.

DOCUMENT NUMBER - DATE

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3. Please explain the **To correct parent companies allocations during the year** adjustment included in Schedule A-3 for each UIF company and provide supporting worksheets for the adjustment, along with the associated accumulated depreciation adjustment.
4. Please explain the **To adjust Transportation Equipment for vehicle usage by County** adjustment included in Schedule A-3 for each UIF company and provide supporting worksheets for the adjustment, along with the associated accumulated depreciation adjustment.
5. Please explain the **Adjustments to Rollforward Plant – 1/1/2006 to 12/31/2008** adjustment included in Schedule A-3 for each UIF company and provide supporting worksheets for the adjustments, along with the associated accumulated depreciation adjustment.
6. Please explain the **To correct parent companies allocations during the year based on ERCs** adjustment included in Schedule B-3 for each UIF company and provide supporting worksheets for the adjustments.
7. The following items relate to UIF'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 all associated 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 PAA process.
 - (e) Please provide an itemized list of all other costs estimated to be incurred through the PAA process.
8. On MFR Schedule B-7, page 2 of 2, the salaries have increased above the benchmark for Accounts 601 and 603 since 2005. In prior Utilities, Inc. (UI) cases, UI cited customer growth and increased revenues as the justification for adding several new customer support employees, both in the state of Florida as well as positions in Northbrook, IL whose salaries were allocated to UI's subsidiaries.
 - (a) Due to the recent sale of UI systems (including, but not limited to, Miles Grant, Hutchinson Island, Wedgefield, and a large subsidiary in North Carolina) which should cause a decline in UI's revenues, please explain why no reductions to salaries have been made.

(b) Please provide all the Utility's support justifying its salary increases since 2005. At a minimum, please include in your response each employee's name, title, salary amount for all direct employees, gross salary amount and allocated salary amount for all indirect employees, and a detailed description of the duties and responsibilities of all direct and allocated personnel employed in 2005 and those employed in 2008. Please include an explanation and a detailed support for any new direct or allocated salary employees and provide support for any salary increases from 2005 to 2008 for existing direct and allocated salary employees that are still employed by UI in 2008.

9. Please provide the actual amounts for the items listed in Schedules B-11 rather than the budgeted amounts for the test period 2008.
10. Regarding infiltration and inflow (I&I) at the Ravenna Park/Lincoln Heights wastewater system in Seminole County, in the previous rate case, the Commission determined in Order No. PSC-07-0505-SC-WS a 19.3 percent excessive I&I. Based on the City of Sanford's charge for wastewater treated at that time, purchased wastewater treatment was reduced \$20,600 due to excessive I&I. In the current filing, there are more gallons treated than gallons sold. This is an indication that excessive I&I still exists at Ravenna Park/Lincoln Heights.

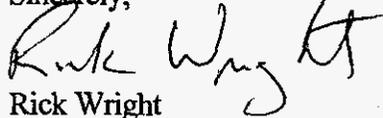
Attached is a copy of the December 26, 2006 I&I study for Ravenna Park/Lincoln Heights submitted by the Utility in the previous rate case. Please update with test year 2008 information to determine the amount of existing I&I for this system. Please keep in mind that instead of the 100 percent estimated return for General Service, as reflected in the previous I&I study, the Commission, in Order No. PSC-07-0505-SC-WS, considered a 96 percent return as a more realistic estimate for wastewater returned from the elementary school.

11. During the test year, what did the City of Sanford charge the Utility per thousand gallons for treated wastewater?
12. What was the total amount charge to the Utility for purchase wastewater treatment during the test year by the City of Sanford.
13. What improvements has the Utility made to address excessive I&I since the last rate case? Please provide cost details with resulting benefits.
14. Does the Utility plan to address the excessive I&I situation on an ongoing basis? If there are no plans, please explain why.
15. Why did the Utility not identify the excessive I&I situation in this current filing by making an appropriate adjustment to the purchased wastewater treatment expense?

Christian Marcelli
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Please submit the above information to the Office of Commission Clerk by June 11, 2010. If you have any questions, please contact me by phone at (850) 413-6435 or by e-mail at rwright@psc.state.fl.us.

Sincerely,



Rick Wright
Professional Accountant Specialist

cc: Division of Economic Regulation (Maurey, Fletcher, Deason, Lingo, Rieger, Walden)
Office of the General Counsel (Young)
Office of Commission Clerk (Docket No. 090462-WS)
Office of Public Counsel