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Public Service Commission

COMMISSION
CLERK

January 14, 2011

D. Bruce May, Jr.
Holland & Knight, LLP
Post Office Drawer 810
Tallahassee, FL 32302-0810

STAFF'S FIFTEENTH DATA REQUEST

Re: Docket No. 100330-WS - Application for increase in water/wastewater rates in Alachua, Brevard, DeSoto, Hardee, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

Dear Mr. May:

By this letter, the Commission staff requests that Aqua Utilities Florida, Inc. (Aqua or Utility) provide responses to the following data requests.

Salaries related to Acquisitions and Corporate Development

Per Order No. PSC-09-0385-FOF-WS, pgs. 89-90, the Commission disallowed 24 percent of salaries directly related to acquisition and corporate development job activities for the Director of Corporate Development and the Senior Vice President-Corporate Development. Please respond to the following:

1. Please explain or describe whether AUF has included in its requested revenue requirements allocated salaries related to acquisitions and corporate development.
2. For each employee who has job duties related to acquisitions and corporate development, please identify how much of their total time was spent for that purpose.
3. If the Director of Corporate Development or the Senior Vice President-Corporate Development spends less than 24 percent of their total time on acquisitions and corporate development, please explain why. Please provide support for the difference.
4. How much time did the Vice President of Corporate Development and Corporate Counsel spend on acquisitions and corporate development during the test year? Please identify how much of this employee's total salary was included in the Utility's requested revenue requirements? Please show all calculations of allocations to each water and wastewater rate band and stand-alone system.

5. Please state whether the Vice President of Corporate Development was replaced by the Vice President of Engineering and Environment Affairs. Please state whether the Vice President of Engineering and Environment Affairs replaced. Please identify the percentage of time that the Vice President of Engineering and Environment Affairs spends on acquisitions and corporate development.

Confidential Document No. 09225-W10; WP40-19/2 p.2

6. Please provide the status of all positions included in the budget that were listed as terminated and were not replaced. In your response, please state whether those positions have been replaced to date and whether their allocated salaries have been included.

Bad Debt Expense

7. Please provide the Utility's policy on Bad Debt Expense.
8. In the Utility's response to OPC's First Set of Interrogatories, No. 49, the Utility provided the beginning balance, the gross bad debt expense amount, write-offs, recoveries, other charges/credits, and the net ending balance of bad debt expense. Listed on the MFRs is the gross bad debt expense. Please explain why bad debt expense for rate setting purposes is not equal to the Utility's write-offs less recoveries and adjustments.
9. Please provide detail showing the recoveries, write-offs, and other charges and credits for bad debt expense incurred by AUF from May 1, 2007 to April 30, 2008 and May 1, 2008 to April 30, 2009. Please provide the details broken down by bands and stand alone systems.
10. Please provide the bad debt expense for the most recent 12 months ended December 31, 2010, provide detail showing the recoveries, write-offs, and other charges and credits. Please provide the details broken down by bands and stand alone systems.
11. Please explain and provide any and all support documentation related to the \$116,069 bad debt expense adjustment for sewer band two. What does this amount represent? Please explain or describe whether this adjustment will be reflected in future years.

Operating and Maintenance Contracts with Municipality Authorities and Other Parties

12. On Page 2 of the Management's Discussion and Analysis of Financial Condition and Results of Operations section in AAI's 2009 Annual Report, it states, in pertinent part, ". . . [i]n addition, we provide water and wastewater service through operating and maintenance contracts with municipal authorities and other parties close to our utility companies' service territories," The following questions related to these services mentioned above. Please respond to the following:
 - a. Please provide a list of any and all of the "municipal authorities and other parties" with which AAI or any affiliate has operating and maintenance contracts.

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- b. For any of these municipal authorities and other parties identified in 12a, does AAI or any affiliate provide any billing, meter reading, and/or customer services.
- c. For each municipal authority and other party identified in 12a, please describe, in detail, any and all of the specific services rendered or performed by AAI or any affiliate.
- d. Please explain or describe, in detail, how either AAI, ASI, ACO, or other affiliate costs are allocated for the provision of water or wastewater services to these municipal authorities and other parties. In your response, please include any and all work papers and calculations showing any and all cost allocations (i.e. rate base and operating expense allocations) for the provision of water or wastewater services to these municipal authorities and other parties.
- e. Please provide a copy of any and all operating and maintenance contracts with the municipal authorities and other parties identified in 12a.
- f. Please provide the 2010 ERC count for each municipal authority and other party identified in 12a. In the response, ERCs should be determined using the American Water Works Association's meter equivalent factors.
- g. Please explain or describe whether AUF included the ERC counts for the municipal authorities and other parties, identified in 12a, in its supplemental response to Staff's Fifth Data Request, No. 1, dated January 3, 2011. If so, please provide a more detailed breakdown showing where these ERCs are reflected. If not, please explain why the ERC counts for these municipal authorities and other parties were not included in AUF's supplemental response.

Please file the original and five copies of the requested information by February 3, 2011, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6218 if you have any questions.

Sincerely,



Katherine E. Fleming
Senior Attorney
Office of the General Counsel

KEF/sh

cc: Office of Commission Clerk
Charlie Beck