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COMMISSION
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January 24, 2011

HAND DELIVERY

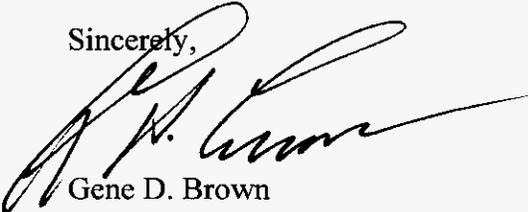
100104-WU

Ms. Ann Cole
Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Dear Ms. Cole:

Enclosed is the utility's response to the show cause proceeding initiated by the final order in Docket No. 100104-WU. It is my understanding that this is a new administrative proceeding which will be given a new docket number. Please let me know that number when it has been assigned and I will use it on all future pleadings.

Sincerely,



Gene D. Brown

Enclosure
cc: Ralph Jaeger, Esq.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Show Cause Proceeding against
Water Management Services, Inc. for
failure to document travel expenses

DOCKET NO.

100104-WU

RESPONSE BY WATER MANAGEMENT SERVICES, INC.

Water Management Services, Inc. (WMSI) responds to the order to show cause initiated by the Florida Public Service Commission (FPSC) as follows:

1. This proceeding was initiated by an order of the FPSC dated January 3, 2011, Order No. PS-11-0010-SC-WU, Docket No. 100104-WU. It is based upon an alleged violation of an order issued by the FPSC on November 14, 1994, Order No. PSC-94-1383-FOF-WU in Docket No. 940109-WU. The part of the 1994 order dealing with transportation expenses provided, in part, as follows:

In its MFR's, the utility requested annual transportation expenses of \$15,600. This included an allowance of \$5,200 for Mr. Garrett, \$2,600 for Mr. Shiver. . . . Mr. Garrett and Mr. Shiver are full time field employees.

...

The utility does not own any vehicles.

...

we do not believe that it would be fair to penalize field employees for management's decision not to require records.

...

it appears that the requested transportation allowance for field employees is reasonable. However, these employees shall maintain travel records prospectively so that we may adequately consider the level of such expenses in future proceedings.

(pp. 42-44; emphasis added).

2. Several points are clear from this order:

A. It dealt exclusively with WMSI employees using their own vehicles for utility purposes, and did not involve company owned vehicles at all.

B. The requirement that "these employees" keep travel records was

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referring to the “field employees” as referred to repeatedly in the same paragraph.

3. The ordering sentence on page 78 of the order should be read in context with the facts of that case, which did not involve any company vehicles. That one sentence order cannot take on a life of its own, separate and apart from the facts and discussion at pages 42-44 of the order. In any event, the one sentence order on page 78 simply states “that St. George Island Utility Company, Ltd. shall hereafter keep accurate mileage records,” which the utility company has done.

4. WMSI has gone above and beyond the mandate of the ‘94 order by keeping the following records regarding transportation expenses.

A. Employee Owned Vehicles. For each mile driven for utility purposes by any employee owned vehicle, WMSI requires a reimbursement request from each employee which details the date and miles driven. Each of these are reviewed and approved by management to insure that they are reasonable and that the miles were driven for utility purposes prior to reimbursement to the employee at the IRS approved rate. This procedure is applied evenly and consistently to all WMSI employees, not just “field employees,” as referenced in the order.

B. Company Owned Vehicles. For each company owned vehicle, WMSI maintains “accurate mileage records,” as referenced in the ‘94 order. In addition, WMSI maintains detailed and accurate gasoline records to document that all gas purchased by WMSI was used in a company owned vehicle. The utility also maintains detailed repair and maintenance expense records on all company owned vehicles, as well as accurate lease and finance expense records.

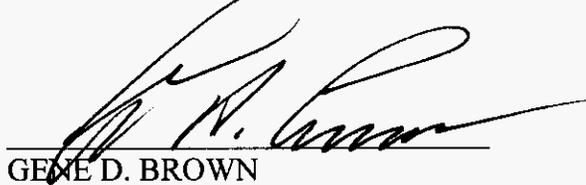
All of these records, on both employee owned and utility owned vehicles, were maintained throughout the 2009 test year used in Docket No. 100104-WU, and at all other times relevant to this proceeding. These records demonstrate a good faith effort to comply with the ‘94 order. There is certainly nothing wilful or intentional in anything WMSI has done or not done with regard to transportation expenses. Such detailed record keeping is consistent with the evidence produced in that case, which demonstrated that WMSI is a well managed company that provides excellent service to its customers.

5. In the January 3, 2011 order which initiated this show cause proceeding, the Commission found “that WMSI has failed to maintain travel records in accordance with the requirements of the 1994 Order.” (p. 60, Order No. PSC-11-0010-SC-WU). WMSI disagrees with this finding, and will show that the company has complied with the 1994 order. That is the essential, disputed issue of fact in this proceeding, i.e., whether WMSI

has complied with the 1994 order regarding transportation expenses. There is a factual issue as to whether WMSI did maintain the records outlined in paragraph 4 above, and a legal issue as to whether those records, even if they were maintained, are sufficient to constitute compliance with the 1994 order. The utility will show that such records were kept and that they were sufficient to meet the requirements of the order. Accordingly, no fine should be imposed against WMSI. To resolve this issue, WMSI does hereby request a hearing pursuant to sections 120.569 and 120.57(1) of the Florida Statutes.

Respectfully submitted this 24th day of January, 2011.

I HEREBY CERTIFY that a copy of the foregoing has been furnished by Hand Delivery this 24th day of January, 2011 to Ralph R. Jaeger, Esquire, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399.



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