

Dorothy Menasco

From: Dana Rudolf [DRudolf@RSBattorneys.com]
Sent: Thursday, December 22, 2011 4:51 PM
To: Filings@psc.state.fl.us
Cc: Martin Friedman; KEMarkwell@uiwater.com
Subject: Docket No. 110257 -WS; Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation.

Attachments: PSC Clerk 05 (Deficiency Response).ltr.pdf

- a) Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
766 North Sun Drive, Suite 4030
Lake Mary, FL 32746
Phone: (407) 830-6331
Fax: (407) 830-8522
mfriedman@rsbattorneys.com
- b) Docket No. 110257-WS
Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation.
- c) Sanlando Utilities Corporation
- d) 4 page
- e) Sanlando Utilities Corporation's Response to Staff's Deficiency letter dated November 29, 2011.

DOCUMENT NUMBER DATE

09132 DEC 22 =

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12/27/2011

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP

www.rsattorneys.com

Please Respond to the Lake Mary Office

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
F. MARSHALL DETERDING
MARTIN S. FRIEDMAN, P.A.
JOHN J. FUMERO, P.A.
BRIDGET M. GRIMSLEY
JOHN R. JENKINS, P.A.
KYLE L. KEMPER

December 22, 2011

VIA E-FILE

CHRISTIAN W. MARCELLI
STEVEN T. MINDLIN, P.A.
THOMAS F. MULLIN
CHASTITY H. O'STEEN
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WILKINSON

ROBERT M.C. ROSE, (1924-2006)

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

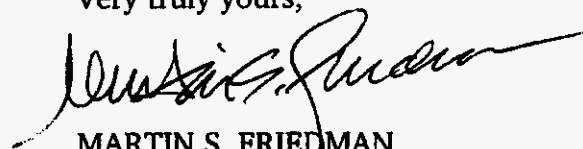
Re: Docket No. 110257-WS; Application of Sanlando Utilities Corporation for an
increase in its Water and Wastewater Rates in Seminole County, Florida
Our File No. 30057.198

Dear Ms. Cole:

While Sanlando Utilities Corporation believes its original filing was in full compliance with the filing requirements as set forth in the Chairman's test year approval letter, Sanlando Utilities Corporation has enclosed Revised Schedule B-7 (two pages) and Revised Schedule B-8 (one page) in response to the Staff's letter of November 29, 2011 asserting certain deficiencies in the filing. This documentation should complete the required documentation to establish the Official Date of Filing as of this date.

Should Staff have any questions regarding the enclosed schedules they should not hesitate to contact me.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/der
Enclosures

cc: Kirsten Markwell, Manager of Regulatory Accounting (via e-mail)

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Operation & Maintenance Expense Comparison - Water

Florida Public Service Commission

Company: Sanlando Utilities Corp.
 Docket No.: 110257-W5
 Test Year Ended: 12/31/2010

Schedule: B-7
 Page 1 of 2
 Preparer: Kirsten Markwell

Explanation: Complete the following comparison of the applicant's current and prior test year O&M expenses before this Commission. Provide an explanation of all differences which are not attributable to the change in customer growth and the CPI-U. If the applicant has not had a previous rate case, use the year 5 years prior to the test year for comparison. Provide an additional schedule, if necessary, to explain differences.

Line No.	(1) Account No. and Name	(2) Prior TY 12/31/08	(3) Current TY 12/31/10	(4) TY Adj.'s per B-3	(5) Adjusted TY	(6) \$ Difference	(7) % Difference	(8) Explanation
1	601 Salaries & Wages - Employees	\$ 408,465	\$ 558,372	\$ 81,930	\$ 640,302	\$ 231,837	56.76 %	Please see Note 1, on Schedule B-7; pp2 of 2.
2	603 Salaries & Wages - Officers, Etc.	40,414	50,364	5,263	55,627	15,213	37.64 %	Please see Note 1, on Schedule B-7; pp2 of 2.
3	604 Employee Pensions & Benefits	125,119	186,654	(6,680)	179,974	54,855	43.84 %	The Company has added the position of Director of Regulatory Accounting & Affairs. In addition, the current test year salaries include an average 3% merit increase per employee.
4	610 Purchased Water	-	-	-	-	-	%	Under the benchmark.
5	615 Purchased Power	421,033	452,509	-	452,509	31,476	7.48 %	Under the benchmark.
6	616 Fuel for Power Purchased	-	-	-	-	-	%	Under the benchmark.
7	618 Chemicals	79,152	194,367	(28,970)	165,397	86,245	108.96 %	Since there was a higher volume of gallons pumped in the test year, additional chlorine was needed.
8	620 Materials & Supplies	56,031	160,176	(3,093)	157,083	101,052	180.35 %	Please see Note 2, on Schedule B-7; pp2 of 2. Since there was a very small amount booked in the year 2008, any small deviation will cause a substantial percent increase. As a whole the dollar amount of this increase is not material.
9	631 Contractual Services - Engr.	206	2,126	42	2,169	1,963	952.75 %	
10	632 Contractual Services - Acct.	12,653	18,020	1,311	19,331	6,678	52.78 %	The cost of the Company's annual audit has increased a substantial amount since 2008.
11	633 Contractual Services - Legal	11,908	14,265	487	14,753	2,845	23.89 %	During the test year, The Company incurred legal fees for a certificate amendment.
12	634 Contractual Services - Mgmt. Fees	-	-	-	-	-	%	Under the benchmark.
13	635 Contractual Services - Testing	20,181	-	18,186	18,186	(1,995)	(9.88) %	Under the benchmark.
14	636 Contractual Services - Other	80,701	109,017	9,537	118,554	37,853	46.91 %	The company installed a new accounting and billing system. The use of skilled computer technicians was utilized to help implement the system.
15	641 Rental of Building/Real Prop.	-	-	-	-	-	%	Under the benchmark.
16	642 Rental of Equipment	(6)	13	2	15	21	350.44 %	Since there was a credit balance for this account in 2008, any amount will cause a large increase. The difference is immaterial as a whole.
17	650 Transportation Expenses	69,146	75,420	(7,380)	68,040	(1,106)	(1.60) %	Under the benchmark.
18	656 Insurance - Vehicle	-	-	-	-	-	%	Under the benchmark.
19	657 Insurance - General Liability	-	-	-	-	-	%	Under the benchmark.
20	658 Insurance - Workman's Comp.	-	-	-	-	-	%	Under the benchmark.
21	659 Insurance - Other	97,551	89,531	2,557	92,088	(5,463)	(5.60) %	Under the benchmark.
22	660 Advertising Expense	-	-	-	-	-	%	Under the benchmark.
23	666 Reg. Comm. Exp. - Rate Case Amort.	49,288	35,278	38,635	73,913	24,625	49.96 %	Not subject to Index Benchmarking
24	667 Reg. Comm. Exp. - Other	(2,330)	3,445	201	3,646	5,976	256.48 %	Certain regulatory expenses such as researching tariff changes, acquisition policies, etc. were incurred for the benefit of Florida companies and were allocated to each company out of the Florida Cost Center.
25	670 Bad Debt Expense	5,331	8,035	155	8,191	2,860	53.64 %	This expense has increased because more customers are neglecting to pay their bills.
26	675 Miscellaneous Expenses	267,962	174,109	(9,285)	164,824	(103,138)	(38.49) %	Please see Note 2, on Schedule B-7; pp2 of 2.
27								
28	TOTAL	\$ 1,742,805	\$ 2,131,700	\$ 102,900	\$ 2,234,600	\$ 491,795	28.22 %	
29								
30	Total Customers (ERC's)	11,797.7			11,792.8	(5)	(0.04) %	
31								
32	Consumer Price Index - U	331.326			380.729	49.40	14.91 %	
33								
34	Benchmark Index: Increase in Customer ERC's					0.9996		
35	Increase in CPI					1.1491		
36								
37						1.1486		

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Operation & Maintenance Expense Comparison - Water

Florida Public Service Commission

Company: Sanlando Utilities Corp.
 Docket No.: 090402-W5
 Test Year Ended: December 31, 2008

Schedule: B-7
 Page 2 of 2
 Preparer: Kirsten Weeks

Explanation: Complete the following comparison of the applicant's current and prior test year O&M expenses before this Commission. Provide an explanation of all differences which are not attributable to the change in customer growth and the CPI-U. If the applicant has not had a previous rate case, use the year 5 years prior to the test year for comparison. Provide an additional schedule, if necessary, to explain differences.

Line No.	(1) Account No. and Name	(2) Prior TY 12/31/08	(3) Current TY 12/31/10	(4) TY Adj.'s per B-3	(5) Adjusted TY	(6) \$ Difference	(7) % Difference	(8) Explanation
1	Note 1 - In order to compare accounts 601 and 603, they should be combined with accounts 701 and 703 because the company allocates the total salary figures to water and sewer based on year end ERC's.							
2	Note 1							
3	From Water	Prior TY	Current TY	TY Adj.'s	Adjusted TY	\$ Difference	% Difference	Explanation
4	601 Salaries & Wages - Employees	408,465	558,372	81,930	640,302	231,837	56.76 %	See Total if applicable
5	603 Salaries & Wages - Officers, Etc.	40,414	50,364	5,263	55,627	15,213	37.64 %	See Total if applicable
6	TOTAL	448,879	608,736	87,193	695,929	247,050	55.04 %	See Grand Total
7	Note 1 - In order to compare accounts 601 and 603, they should be combined with accounts 701 and 703 because the company allocates the total salary figures to water and sewer based on year end ERC's.							
8	Note 1							
9	From Sewer	Prior TY	Current TY	TY Adj.'s	Adjusted TY	\$ Difference	% Difference	Explanation
10	701 Salaries & Wages - Employees	600,105	452,256	37,354	489,610	(110,495)	(18.41) %	See Total if applicable
11	703 Salaries & Wages - Officers, Etc.	59,152	40,792	2,611	43,403	(15,749)	(26.63) %	See Total if applicable
12	TOTAL	659,257	493,048	39,965	533,013	(126,244)	(19.15) %	See Grand Total
13	Combined							
14	Note: Combined	Prior TY	Current TY	TY Adj.'s	Adjusted TY	\$ Difference	% Difference	Explanation
15	Water total	448,879	608,736	87,193	695,929	247,050	55.04 %	See Total if applicable
16	Sewer Total	659,257	493,048	39,965	533,013	(126,244)	(19.15) %	See Total if applicable
17	Grand Total	1,108,136	1,101,784	127,158	1,228,942	120,806	10.90 %	Under the benchmark.
18	Note 2 - In order to compare accounts 620 and 675, they should be combined because for the 12/21/10 Test Year several of the sub-accounts were grouped differently from the previous test year to better conform to the classification of accounts according							
19	Note 2							
20	From Water	Prior TY	Current TY	TY Adj.'s	Adjusted TY	\$ Difference	% Difference	Explanation
21	620 Materials & Supplies	56,031	160,176	(3,093)	157,083	101,052	180.35 %	See Total if applicable
22	675 Miscellaneous Expenses	267,962	174,109	(9,285)	164,824	(103,138)	(38.49) %	See Total if applicable
23	TOTAL	323,993	334,284	(12,378)	321,906	(2,087)	(0.64) %	See Grand Total
24	Note 2 - In order to compare accounts 720 and 775, they should be combined because for the 12/21/10 Test Year several of the sub-accounts were grouped differently from the previous test year to better conform to the classification of accounts according							
25	From Sewer							
26	Note 2	Prior TY	Current TY	TY Adj.'s	Adjusted TY	\$ Difference	% Difference	Explanation
27	720 Materials & Supplies	50,754	122,971	39,963	162,934	112,180	221.03 %	See Total if applicable
28	775 Miscellaneous Expenses	213,638	161,906	(31,014)	130,893	(82,745)	(38.73) %	See Total if applicable
29	TOTAL	264,392	284,877	8,949	293,827	29,435	11.13 %	See Grand Total
30	Combined							
31	Note: Combined	Prior TY	Current TY	TY Adj.'s	Adjusted TY	\$ Difference	% Difference	Explanation
32	Water total	323,993	334,284	(12,378)	321,906	(2,087)	(0.64) %	See Total if applicable
33	Sewer Total	264,392	284,877	8,949	293,827	29,435	11.13 %	See Total if applicable
34	Grand Total	588,385	619,162	(3,429)	615,733	27,348	4.65 %	Under the benchmark.
35	Note 3 - In order to compare accounts 604 and 704, they should be combined because the company allocates the total salary figures to water and sewer based on year end ERC's which are directly related to accounts 604 and 704.							
36	Note 3							
37	From Water	Prior TY	Current TY	TY Adj.'s	Adjusted TY	\$ Difference	% Difference	Explanation
38	604 Employee Pensions & Benefits	125,119	186,654	(6,680)	179,974	54,855	43.84 %	See Total if applicable
39	TOTAL	125,119	186,654	(6,680)	179,974	54,855	43.84 %	See Grand Total
40	Note 3 - In order to compare accounts 604 and 704, they should be combined because the company allocates the total salary figures to water and sewer based on year end ERC's which are directly related to accounts 604 and 704.							
41	Note 3							
42	From Sewer	Prior TY	Current TY	TY Adj.'s	Adjusted TY	\$ Difference	% Difference	Explanation
43	704 Employee Pensions & Benefits	183,146	151,181	(12,130)	139,050	(44,096)	(24.08) %	See Total if applicable
44	TOTAL	183,146	151,181	(12,130)	139,050	(44,096)	(24.08) %	See Grand Total
45	Combined							
46	Note: Combined	Prior TY	Current TY	TY Adj.'s	Adjusted TY	\$ Difference	% Difference	Explanation
47	Water total	125,119	186,654	(6,680)	179,974	54,855	43.84 %	See Total if applicable
48	Sewer Total	183,146	151,181	(12,130)	139,050	(44,096)	(24.08) %	See Total if applicable
49	Grand Total	308,265	337,835	(18,810)	319,025	10,760	19.76 %	The Company added the position of Director of Regulatory Accounting and Affairs, which would increase the pensions and benefits accordingly.

Operation & Maintenance Expense Comparison - Wastewater

Florida Public Service Commission

Company: Sanlando Utilities Corp.
 Docket No.: 110257-WS
 Test Year Ended: 12/31/2010

Schedule: B-8
 Page 1 of 1
 Preparer: Kirsten Markwell

Explanation: Complete the following comparison of the applicant's current and prior test year O&M expenses before this Commission. Provide an explanation of all differences which are not attributable to the change in customer growth and the CPI-U. If the applicant has not had a previous rate case, use the year 5 years prior to the test year for comparison. Provide an additional schedule, if necessary, to explain differences.

Line No.	(1) Account No. and Name	(2) Prior TY 12/31/08	(3) Current TY 12/31/10	(4) TY Adj's per B-3	(5) Adjusted TY	(6) \$ Difference	(7) % Difference	(8) Explanation
1	701 Salaries & Wages - Employees	\$ 600,105	\$ 452,256	\$ 37,354	\$ 489,610	\$ (110,495)	(18.41) %	Please see Note 1, on Schedule B-7; pp2 of 2.
2	703 Salaries & Wages - Officers, Etc.	59,152	40,792	2,611	43,403	\$ (15,749)	(26.63) %	Please see Note 1, on Schedule B-7; pp2 of 2.
3	704 Employee Pensions & Benefits	183,146	151,181	(12,130)	139,050	(44,096)	(24.08) %	Please see Note 3, on Schedule B-7; pp2 of 2.
4	710 Purchased Sewage Treatment	-	-	-	-	-	- %	Under the benchmark.
5	711 Sludge Removal Expense	153,128	184,747	-	184,747	31,619	20.65 %	This increase is attributable to a higher unit cost for liquid sludge removal, and a higher volume of sludge to be removed.
6	715 Purchased Power	525,334	630,454	-	630,454	105,120	20.01 %	This is the result of a higher unit cost for electric power.
7	716 Fuel for Power Purchased	-	-	-	-	-	- %	Under the benchmark.
8	718 Chemicals	137,274	157,428	26,743	184,171	46,897	34.16 %	Under the benchmark.
9	720 Materials & Supplies	50,754	122,971	39,963	162,934	112,180	221.03 %	Please see Note 2, on Schedule B-7; pp2 of 2.
10	731 Contractual Services - Engr.	159	1,722	(30)	1,692	1,533	964.24 %	Since there was a very small amount booked in the year 2008, any small deviation will cause a substantial percent increase. As a whole the dollar amount of this increase is not material.
11	732 Contractual Services - Acct.	9,827	14,595	488	15,083	5,256	53.48 %	The cost of the Company's annual audit has increased a substantial amount since 2008.
12	733 Contractual Services - Legal	9,250	11,554	(43)	11,510	2,260	24.44 %	During the test year, The Company incurred legal fees for a certificate amendment.
13	734 Contractual Services - Mgmt. Fees	-	-	-	-	-	- %	Under the benchmark.
14	735 Contractual Services - Testing	27,673	-	36,317	36,317	8,644	31.24 %	Additional regulations involving a higher amount and frequency of sampling has been required since 2008.
15	736 Contractual Services - Other	62,671	88,299	4,204	92,503	29,832	47.60 %	The company installed a new accounting and billing system. The use of skilled computer technicians was utilized to help implement the system.
16	741 Rental of Building/Real Prop.	-	-	-	-	-	- %	Under the benchmark.
17	742 Rental of Equipment	(4)	11	1	12	16	402.84 %	Since there was a credit balance for this account in 2008, any amount will cause a large increase. The difference is immaterial as a whole.
18	750 Transportation Expenses	53,630	61,087	(7,998)	53,089	(541)	(1.01) %	Under the benchmark.
19	756 Insurance - Vehicle	-	-	-	-	-	- %	Under the benchmark.
20	757 Insurance - General Liability	-	-	-	-	-	- %	Under the benchmark.
21	758 Insurance - Workman's Comp.	-	-	-	-	-	- %	Under the benchmark.
22	759 Insurance - Other	75,756	72,516	(663)	71,853	(3,903)	(5.15) %	Under the benchmark.
23	760 Advertising Expense	-	-	-	-	-	- %	Under the benchmark.
24	766 Reg. Comm. Exp. - Rate Case Amort.	37,959	28,573	29,099	57,671	19,712	51.93 %	Not subject to index Benchmarking
25	767 Reg. Comm. Exp. - Other	(1,809)	2,790	55	2,845	4,654	257.26 %	Certain regulatory expenses such as researching tariff changes, acquisition policies, etc. were incurred for the benefit of Florida companies and were allocated to each company out of the Florida Cost Center.
26	770 Bad Debt Expense	6,027	6,508	(117)	6,391	364	6.04 %	Under the benchmark.
27	775 Miscellaneous Expenses	213,638	161,906	(31,014)	130,893	(82,745)	(39) %	Please see Note 2, on Schedule B-7; pp2 of 2.
28								
29	TOTAL	\$ 2,203,670	\$ 2,189,391	\$ 124,839	\$ 2,314,230	\$ 110,560	5.02 %	
30								
31	Total Customers (ERC's)	9,162.0			9,201.6	40	0.43 %	
32								
33	Consumer Price Index - U	331.326			380.729	49.40	14.91 %	
34								
35	Benchmark Index: Increase in Customer ERC's					1.0043		
36	Increase in CPI					1.1491		
37								
38						1.1540		