Eric Fryson

From:	Vandiver, Denise [VANDIVER.DENISE@leg.state.fl.us]
Sent:	Friday, May 04, 2012 4:10 PM
To:	Filings@psc.state.fl.us
Cc:	gdb5@comcast.net; Martin Friedman Esquire (mfriedman@sfflaw.com); sandymchase@comcast.net; Todd Brown; Bart Fletcher; Ralph Jaeger; Martha Barrera; Vandiver, Denise; Sayler, Erik
Subject:	Docket No. 110200-WU; Application for increase in water rates in Franklin County by Water Management Services, Inc.; List of OPC Issues and Concerns
Attachments:	Cover Letter and OPC Issues for Water Management.pdf; Cover Letter and OPC Issues for Water Management.doc

a. The full name, address, telephone number, and e-mail address of the person responsible for the electronic filing:

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b. The docket number and title if filed in an existing docket:

Docket No. 110200-WU
Application for increase in water rates in Franklin County by Water Management Services, Inc.

c. The name of the party on whose behalf the document is filed:

Office of Public Counsel (OPC)

d. The total number of pages in each attached document:

15 pages

e. A brief but complete description of each attached document:

Cover letter with attached list of OPC issues and concerns.

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DEAN CANNON
SPEAKER OF THE HOUSE OF REPRESENTATIVES

Denise N. Vandiver, C.P.A.
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May 4, 2012

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

Re: Docket No. 110200-WU; Application for increase in water rates in Franklin County by Water Management Services, Inc.

Dear Ms. Cole:

Attached is a list of issues that the Office of Public Counsel has prepared to identify concerns we have with the MFRs and other information filed by Water Management Services, Inc. to support its requested rate increase. We are submitting this letter in an effort to be up front with our concerns and allow the staff and utility sufficient time to review our concerns and ask for any additional information that might be needed. If you should have any questions, please feel free to call or e-mail me.

Respectfully submitted,

s/ Denise N. Vandiver

Denise N. Vandiver
Legislative Analyst

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c: Division of Economic Regulation (Maurey, Fletcher)
Office of the General Counsel (Barrera, Jaeger)

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Mr. Martin Friedman

Water Management Services, Inc.
Mr. Gene D. Brown

Office of Public Counsel (Sayler)

OPC Issues and Concerns
Water Management Services, Inc.
Docket No. 110200-WU

Account No. 123

1. In the testimony provided by Gene Brown, he states that the balance of Account No. 123 is $1,175,075 and now represents 100% of the stock ownership of Brown Management Group, Inc. his primary affiliate. We are concerned about several aspects of this transaction that appears to be an attempt to make the utility whole for the amounts that the owner has removed from utility funds.
   a. We are concerned about whether this should be considered a reasonable and prudent business decision for the utility. What benefit do the ratepayers receive for this transaction? "Benefit to the ratepayers" should be a primary deciding factor for any transaction the utility makes. Should the Commission encourage regulated utilities to "invest" in other business activities?
   b. In Docket No. 100104-WU, the Commission ordered that the Commission staff should initiate a cash flow audit and stated that "if it is determined that the activity recorded in the account has impaired the utility's ability to meet its financial and operating responsibilities, our staff shall recommend an appropriate adjustment for imprudence."
      i. We are concerned that this investment in an affiliate is proving to be imprudent and is impairing the utility's ability to meet its financial obligations. The fact that the utility has filed two separate dockets to request that the Commission allow it to pay its Regulatory Assessment Fees on a payment plan (Docket Nos. 110237-WU and 120031-WU) seems to indicate the impairment to the utility's financial stability.
      ii. If the Commission determines the withdrawal of $1,175,075 in funds as shown in Account No. 123 was imprudent, we would ask that this amount be refunded with interest to the customers. Alternatively, this amount could be refunded with interest over the next 10 years and imputed against the utility's return on its investment (e.g., the utility's calculated return on its investment should be reduced by approximately $120,000 annually over the next 10 years).

2. In this rate case, what is the appropriate regulatory treatment of the net balance of $1.175 million of account receivable owed to WMSI that the audit staff determined in its July 2011 cash flow audit? The account receivable was created by the utility president transferring cash out of WMSI to unregulated entities such as Brown Management Group (BGM).
   a. For regulatory purposes, the Commission should reject the apparent effort of WMSI's president's attempt to "satisfy" the $1.175 million account receivable through a transfer of the stock BGM, his personal unregulated entity, to WMSI. Because the president owns or controls a 95% interest of WMSI and is the 100% owner of BMG, the notion that he has satisfied this $1.175 million account receivable (debt payable to the utility) and has "made the utility whole" by transferring the stock he owns in BGM to the utility that he owns or controls is highly suspect. In addition to the circumstances surrounding this transaction, which standing alone compels the Commission to reject it for regulatory and ratemaking purposes, there is no showing either that the value of the BMG stock and assets transferred to WMSI exceed the debt owed to WMSI nor whether WMSI's ownership of shares in BMG, which

engages in an unknown assortment of unregulated activities, is in the prudent interests of the utility. The utility needs the cash now to fund major improvements to its regulated plant not stock in BMG. There should be an independent appraisal of the assets and shares of BMG transferred to WMSI and/or an accounting for the benefit of the owners of WMSI.

b. Further, the fact that the utility has been compelled by its weak financial situation to restructure a favorable loan and has since been unable to pay its regulatory assessment fees (RAFs) timely proves the transfer of cash out of the utility by its president has detrimentally affected WMSI's ability to operate efficiently and pay its bills.

c. During the period when cash was being transferred out of WMSI, WMSI was not accruing any interest or any return on the $1.175 million account receivable. In other words, this account receivable can be likened to an interest free loan made by the utility for the benefit of non-regulated entities owned or controlled by the president. The Commission should consider whether it is prudent for a small water utility to provide an interest-free loan of $1.175 million at a time when it now unable to pay its RAFs and needs to replace critical infrastructure costing more than that amount.

d. At a minimum, the Commission should impute interest on the outstanding balance and offset any claimed revenue deficiency by that amount. The Commission should also indicate its view that prudent utility management would require the president and/or BMG to restore the cash to the utility. If the stock of BMG is worth as much as the president contends, he can sell the stock and return the cash to WMSI.

Prior Rate Case Expense

3. In documents produced in response to OPC POD No. 40, there is an invoice from the law firm Radey Thomas Yon & Clark, dated March 7, 2012, indicating that the total balance due was $146,399.78. (See attached Exhibit 3-A or Page 180 of the Response to POD No. 40.) The invoice dates back to May 7, 2010, and appears to be billing for legal services rendered to the utility during the last rate case. By Order No. PSC-11-0010-SC-WU, issued January 3, 2011, the Commission approved nearly $230,000 in rate case expense and $57,295 of that approved amount is currently embedded in customer rates through the annual amortization. The prior order included $150,423 (or 66% of the total) for amounts billed by this law firm. We are concerned that the utility is collecting rate case expense from customers for legal and consulting services from the last rate case, but withholding payment for amounts approved by the Commission. If this is the case, this money belongs to the customers. We ask that the Commission protect the customers and investigate whether this is in fact occurring, and if so determine the amount of prior approved rate case expense to be refunded with interest to the customers. Based upon this invoice alone, at least $146,399.78 in approved rate case expense for legal services should be refunded, and after further investigation, perhaps more.

Escrow Accounts

4. The utility has had a history of non-compliance with Commission orders as evidenced by the Commission's past requirements that the utility escrow money.

From 1989 until 2000, the Commission required escrow accounts variously for service availability charges, CIAC, an elevated storage tank, and RAFs.[1] The Commission discontinued this practice of requiring escrow accounts by Order No. PSC-00-2227-PAA-WU, issued November 21, 2000. However, as evidenced by the Commission's cash-flow audit of Account 123 and the recent cash flow issues facing the utility which resulted in two requests for payment plans for regulatory assessment fees (RAFs), the Commission should consider returning to its prior practice of requiring that the utility escrow its money in order to protect the health and general welfare of the customers and ensure the continued viability of the utility.

a. If the Commission grants any rate increase for pro forma plant and expenses, we believe the Commission should, at a minimum, consider requiring the utility to escrow funds related to the pro forma plant and expenses. For instance, if the Commission grants any rate increase related to pro forma plant, engineering services, capital projects, contractual services, rate case expense, etc., those moneys should be escrowed until the utility provides sufficient documentation that it has actually used the funds according to its current rate increase request. The Commission should deny any utility request to use the escrowed money for other purposes than for which the increase was granted. Any money left in the escrow account including all accrued interest at the end of 5 years or until all costs have been reviewed by the Commission should be refunded to the customers. The utility should pay for the costs of maintaining the escrow account.
b. Alternatively, we believe that any rate increase related to pro forma plant and expenses should be phased-in but only after the installed plant costs have been verified by staff and approved by the Commission.
c. While either alternative requires more than the usual regulatory oversight, it is apparent this utility needs the proactive regulatory oversight in order to protect the health and general welfare of the customers and ensure the continued viability of the utility.

Utility Plant In Service

5. The Accumulated Depreciation balances shown on Schedule A-9 appear to reflect fluctuations in the depreciation rates applied to the Utility Plant in Service. Exhibit 5-A reflects the four accounts we are especially concerned about.

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[1] See Order No. 21122, issued April 24, 1989, Requiring first escrow account for service availability funds, in Docket No. 871177-WU, In Re: Application of St. George Island Utility Company, Ltd., for an Increase in Water Rates in Franklin County; Order No. 22779, issued April 4, 1990, Requiring second escrow account for the construction of an elevated storage tank, in Docket No. 871177-WU; Order No. 23258, issued July 27, 1990, Approving a third escrow account for holding contributions in aid of construction ("CIAC"); Order Nos. PSC-92-0478-FOF-WU, issued June 9, 1992, PSC-94-0088-FOF-WU, issued January 25, 1994, and PSC-94-1264-FOF-WU, issued October 12, 1994, Requiring an escrow account for failure to pay RAFs, in Docket No. 920318-WU, In Re: Initiation of Proceeding by Florida Public Service Commission to Require St. George Island Utility Company, Ltd. in Franklin County to Escrow Funds for Payment of Regulatory Assessment Fees; Order No. 94-1383-FOF-WU, issued November 14, 1994, Maintaining an escrow account requirement for service availability charges, in Docket No. 940109-WU, In Re: Petition for interim and permanent rate increase in Franklin County by St. George Island Utility Company, Ltd.

a. Three accounts show reductions in the accumulated depreciation balances without a related reduction to the utility plant in service account.
b. Two accounts show unexplained changes in the depreciation rate at the end of the year. In addition, the Transportation Equipment account appears to use at least three different rates during the year.

6. The Utility's Response to Staff's First Data Request includes Exhibit A which lists \$186,191.95 for plant retirements. This total does not agree with the total retirements shown on Schedule A-3 of \$147,379. The difference appears to be in the Pumping Equipment. Exhibit A shows three Pumping Equipment Retirements for a total of \$150,796.94, but Schedule A-3 shows Pumping Equipment retirements of \$111,984.

<u>Used and Useful</u>

7. The Commission order in the prior rate case established that the distribution mains in the area known as the Plantation were 60.9% used and useful. The order based its decision on the testimony of the utility witness as well as the methodology in a prior stipulated settlement. However, in this case, the utility is advocating a 100% used and useful percentage for these distribution lines. We are concerned with the following issues raised regarding this calculation.
   a. Page 15 of the testimony provided by Gene Brown states that these distribution lines were constructed by a separate utility company that was not Water Management Services, Inc. However, these companies are all affiliated companies and have had common ownership interests.
   b. Page 13 of the testimony provide by Les Thomas as well as Page 15 of the testimony provided by Gene Brown makes reference to the age of the distribution system as a factor in determining the 100% used and useful factor. However, we do not believe there is any statue, rule, or Commission policy that considers the age of the plant investment in determining the used and useful amount to be included in setting rates. In fact, in the last order, the Commission Order clearly quoted a statement by the utility witness that the "lines inside the plantation were constructed for the benefit of the developer." Therefore, the utility customers should not bear the burden of the cost of the excess capacity of the distribution system.

8. On page 14 of the testimony provided by Gene Brown, he states that the utility is requesting the addition of a new well to meet the demands of the St. George Island Volunteer Fire Department and a new rule adopted by DEP since the last case was filed. We are concerned that the utility has not identified the DEP requirement and what it specifically says, nor has it provided any documentation supporting the requirements of the fire department.

<u>Pro Forma Plant</u>

9. The utility has included a total of \$3,565,436 in requested pro forma plant. We have several concerns regarding the amounts requested.
   a. In the last rate case, the utility provided in discovery a PBS&J report that included four options for the plant (Part 2, Technical Memorandum 5, and

Page 2 of 16). It appears that the utility is now pursuing the most expensive of the four options. We are concerned with why this option was chosen, especially when it was not recommended as the highest value ranking in the report.

b. The utility requested $2,202,481 in the last rate case and now the utility has increased this amount to $3,565,436, an increase of 62%. We are concerned with why these costs have increased so much and why they are substantially higher than the estimated cost of $2,028,990 in the PBS&J report.

c. A major component of the utility's request utility is an increase to replace the ground water storage tank. We are concerned that the utility has not explained why it is choosing the most expensive option based on the PBS&J report from the last rate case and why the utility is seeking to acquire additional land costing approximately $450,000 of land when the utility can construct the tank on land it already owns as a significant savings to the customers.

d. The utility is requesting to relocate and elevate the high service pumps on the island. As pointed out at the customer meeting, the pumps already are located on the highest point on the island and are high enough that no federal flood insurance is required. If those pumps are knocked out by a storm, then there may be no customers remaining on the island to be serviced. We believe that the utility has not demonstrated the need for this project.

e. The utility is also planning for a new well on the mainland at a cost of $302,292, plus associated supply mains and power and pumping equipment costs. We are concerned that the utility has not provided adequate technical or cost justification for this request.

<u>Contributions In Aid Of Construction</u>

10. The Accumulated Amortization balances shown on Schedule A-14 appear to reflect fluctuations in the amortization rates applied to the Contributions In Aid of Construction (CIAC). Exhibit 10-A reflects the months we are especially concerned about.
    a. In February, June, and October, there are decreases to the balances of Accumulated Amortization with no corresponding decrease to the CIAC balances.
    b. In February and October, there are significant increases to the Accumulated Amortization for Contributed Fire Hydrants. While there is also a significant increase to the CIAC account, the increase to the Accumulated Amortization appears to be an inflated amount.
    c. In April, there is a significant increase to the Accumulated Amortization for Contributed Fire Sprinkler Systems. While there is also a significant increase to the CIAC account, the increase to the Accumulated Amortization appears to be an inflated amount.

<u>Working Capital Allowance</u>

11. The Working Capital Allowance shown on Schedule A-17 includes two amounts that appear to include $229,180, the total amount of rate case expense approved

by the Commission in the prior rate case. Commission practice is to include only one-half of the 13-month average of the deferred rate case expense at the time the rates go into effect. Therefore, assuming the rates in this case are expected to go into effect in September 2012, the average deferred rate case expense should be approximately $157,561 and one-half of that balance is $78,781. We believe that the working capital allowance should be reduced by $150,399 to reduce the deferred rate case expense included by the utility.

Deferred Prior Rate Case Expense, per books	85,399
Correcting entry to reflect PSC approved rate case expense ($229,180 PSC approved)	143,781
Total	229,180

Salaries and Wages

12. On Pages 10 and 11 of the testimony provided by Gene Brown, he states that the utility has reduced the test year salaries by 5% for Mr. Mitchell, Ms. Chase, and Mr. Brown to account for affiliate operations. However, the Commission Order issued January 3, 2011 reduced these salaries by 12.5%. We do not believe that the utility has submitted sufficient evidence to show why this allocation should be changed.

13. The last order reduced Salaries for Ms. Chase and Ms. Molsbee to allow only a 3% increase for 2009. MFR Schedule B-7: Benchmark Analysis shows an 8.36% increase in salaries over the prior case. The utility explanation is that the "Utility did not reduce salaries to match the 2009 test year numbers." We believe that the test year should be adjusted to the levels approved in the last order.

Employee Pensions & Benefits

14. The Commission approved an Employee Pensions & Benefits expense of $52,492 for the test year ended December 31, 2009. The utility has included an expense of $110,694 for the current test year ended December 31, 2010. This is an increase of $58,202 (111%) in a one year period. Schedule B-7 states that the increase to this account is to reflect a 2010 increase to 401(k). The prior order disallowed $80,000 for an executive deferred compensation plan and commented that there is a 401(k) plan included in test year expenses. We are concerned whether the test year expense reflects a reasonable change in the 401(k) plan, whether it reflects an annual amount that is expected to be paid each year, whether it is a "catch-up" amount that will not be paid each year, or whether it is attempting to pass through similar charges as disallowed in the last order.

Contractual Services – Engineering

15. The utility has included $27,600 in Contractual Services – Engineering expense. This amount includes $24,000 for an engineering services contract and $3,600 for the amortization of a hydraulic analysis and capacity study.
    a. The prior order discussed the engineering contract and determined that most of the engineering services should be capitalized as they are incurred and should not be included in the test year expenses. We believe that the utility

has not shown how the situation is any different than in the last order and we believe that this amount should be substantially reduced to reflect the fact these costs should be capitalized as projects are completed.

b. According to the utility's response to OPC discovery, it does not have an Engineering Service Contract as referenced in MFR Schedule B-3, page 2 of 4 in Adjustment 6. See utility's response to OPC's Request for Production of Documents No. 35.

Contractual Services – Accounting

16. The utility has included $9,550 in Contractual Services – Accounting. The Commission Order in the last case approved an expense of $3,667 based on the average of the five previous years. The current test year is $5,883 more than the last rate case. The previous order discussed the accounting duties that are performed by the Controller and the Office Administrator as well as the outside CPA. The Order pointed out that many of the identified duties of the CPA were duplicated by the Controller and the Office Administrator. Schedule B-7 states the "utility's accounting expense in 2010 was greater than the PSC approved 2009 test year." It further states that the increase is for "accounting services required by the utility's accounting procedures and maintaining accounting records for regulatory purposes and tax reporting." However, the utility did not identify anything new that was not considered in the last case. We believe that the requested level of Contractual Services – Accounting is excessive and should be reduced to a comparable level as approved in the prior rate case.

Contractual Services – Other

17. In response to Staff's First Data Request, the utility submitted four invoices from January for a part-time operator. These totaled $825 for January and are shown in Exhibit 17-A. There were no similar invoices provided for any of the other months questioned by staff. We are concerned why there are additional operator expenses when there are two licensed operators on the payroll. We also would want to make sure whether there are any additional charges for other months.

18. The response to Staff's Second Data Request provides full copies of the Comcast bills for 4 months. The utility states that the full amount is charged to WMSI as no one else at the address uses the Comcast services or desires the services. The bills include cable TV and Internet. We have two concerns with these charges to the expenses. First, why does the utility need cable TV? Second, why doesn't the Internet benefit the affiliates operated out of the same office?

19. The Commission order from the last rate case allowed a pro forma expense of $36,000 for a Bridge Maintenance Contract. In response to the First Staff Data Request, the utility submitted copies of checks for the period June 2010 through October 2011. These checks reflect irregular payments and the most recent 12 months reflects total payments of $21,000. The average of all the checks submitted totals $3,250 per payment, but this appears skewed by what appears to be "catch-up" payments in June through August of 2010. We fully support payments for the maintenance, but we are concerned whether the projected

expense is reasonable and will be paid in full. Perhaps this expense should be escrowed as discussed above in Item No. 3.

20. The Commission order from the last rate case allowed a pro forma expense of $17,380 for a Tank Maintenance Contract. In response to the First Staff Data Request, the utility submitted copies of checks for the period February 2010 through August 2010. These checks reflect a total payment of $14,220 and payments that were not made monthly. One check was written for a five month period and appears to be "catch-up" payments. We fully support payments for the maintenance, but we are concerned whether the projected expense is reasonable and will be paid in full. Perhaps this expense should be escrowed as discussed above in Item No. 3.

Rent Expense

21. Schedule B-7: Benchmark Analysis shows that the current rent expense is higher than the prior rate case because the lease was amended to include payment by WMSI of condo dues. We are concerned why the lease was amended and how this amendment benefits the utility ratepayers. The ratepayers should not be required to pay expenses that are not reasonable in providing utility service. If the condo dues are considered reasonable, they should also be allocated to the affiliated businesses that operate in the same office.

22. On Page 10 of the testimony provided by Gene Brown, he states that the utility has reduced the rent expense and other costs related to the Tallahassee office by 5% to account for affiliate operations. However, the Commission Order issued January 3, 2011 reduced these salaries by 12.5%. We do not believe that the utility has submitted sufficient evidence to show why this allocation should be changed.

Rate Case Expense

23. Staff requested detailed information regarding the amounts paid for rate case expense. The utility response included only charges through December 31, 2010. The utility filed revisions to the MFRs in response to two staff letters regarding deficiencies. There are no invoices provided that can be reviewed to determine whether rate case expense covers the cost to correct the deficiencies. It is a long standing Commission policy that these costs should not be included in rate case expense.

Miscellaneous Expense:

24. In response to the First Staff Data Request, the utility submitted copies of invoices to document increases in the miscellaneous expense. These copies included 5 invoices that appear to be for meters. These invoices are listed below and we believe that the utility should document why these are included in expense and are not capitalized.

Lewis Smith Supply	3/22/10	6 meters	486.54
Lewis Smith Supply	3/10/10	6 meters	486.54
Lewis Smith Supply	11/18/10	18 meters	801.36
Lewis Smith Supply	11/11/10	4 meters	324.36
Lewis Smith Supply	11/24/10	6 meters	486.54

25. In response to the First Staff Data Request, the utility submitted copies of invoices to document increases in the miscellaneous expense. One of these copies was an invoice to Graybar that was dated November 22, 2010 for $6,734.80. The description was "drive well #4, drive plant". Unless further documentation is provided, we believe that this appears to be an item that should be capitalized.

Amortization Expense

26. Schedule B-3, page 4 of 4 shows the utility calculation of a 3 year amortization of accumulated depreciation on prudently retired plant. We are concerned about why there are assets that have not reached 50% of their expected life that are included in this retirement. Our calculations show that 64% of the net loss is attributable to assets that are less than 10 years old. We also calculate that 44% of the total is attributed to the retirement of an aerator pan that was installed September 29, 2003 with a depreciable life of 22 years. We believe that more documentation is needed to show that these are prudent and reasonable retirements.

27. The NOI schedule includes a test year amortization expense of $14,616 and a pro forma increase of $9,784 for the "prudently retired" plant. The total included in the NOI schedule is an amortization expense of $24,400. While the utility has included the amortization of retirements included in the prior order it has failed to include the $48,408 amortization of gain on sale of land and other assets that was also included in the prior order.

Service Availability

28. Schedule E-10 reflects the utility's proposed increase in Plant Capacity Charges from $845 to $9,079.47 and the proposed increase in Meter Installation Charges from $250 to $400. While the Commission rule identifies a 75% level for Contributions in Aid of Construction, we believe that the rule establishes this level as the goal for new systems when establishing new rates and charges. We believe that the 75% goal is a maximum that customers should pay toward their share of the plant investment. We do not believe that the rule contemplated that a utility with new construction to serve existing and future customers would charge 75% of that construction to all future customers in an effort to increase the amount of CIAC to 75%. In fact, as a system matures, and there is little growth, a utility is required to invest its own funds, at 100%, in order to maintain and upgrade facilities. These costs are then recovered through depreciation and the utility is also allowed an opportunity to recover a return on its investment. In testimony provided by Gene Brown, the utility appears to argue against this philosophy by stating that CIAC is the way to recover capital improvements or replacements.

Fire Flows

29. In his testimony on pages 14 and 17, Gene Brown discusses the need for fire flows in response to a new DEP rule and the demands of the SGI volunteer fire department. Les Thomas also mentions the FDEP and NWFWMD in his testimony on pages 10-11 and discusses the fire flows and fire protection on pages 9, 13, and 16 of his testimony. Contrast this with page 20 of Les Thomas' testimony which states fire protection is not required by law. Similarly, Section 3.1.6.2 of his "Water System Hydraulic Analysis and Capacity Study" attached to his testimony states fire protection is not required by any agency, county, state, or federal governmental body.
    a. We believe that the utility has not proven its request as it has not provided a copy of the DEP regulations which purport to require these increased costs or a letter or notice from the DEP stating that the utility would be in violation of DEP requirements if it does not comply.
    b. We also believe that the company has not shown evidence such as a copy of the written request from the volunteer fire department for these increased flows.
    c. We also believe there has been no evidence such as a fire flow study commissioned by the utility or the volunteer fire department showing that the current level of fire flows is not adequate.

Exhibit 3-A
Page 180 of .PDF Document
Response to POD No. 40

RADEY THOMAS YON & CLARK
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW
POST OFFICE BOX 10967
TALLAHASSEE, FL 32302
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Bill Number 18963
Invoice Date March 7, 2012
Activity Billed through 02/29/2012

Gene D. Brown
Water Management Services, Inc.
250 John Knox Road
#4
Tallahassee, FL 32303

Petition for Rate Increase
738 01 TD

PAYMENT DUE UPON RECEIPT

BILLING SUMMARY

TOTAL CHARGES FOR THIS BILL	$0.00
PLUS NET BALANCE FORWARD	$146,399.78
TOTAL BALANCE NOW DUE	$146,399.78

BALANCE FORWARD SUMMARY

[redacted]

Bill Date	Bill Number	Billed Amount	Amount Due
05/07/2010	15584	$9,603.45	$4,007.33
06/07/2010	15822	$11,357.06	$11,357.06
07/07/2010	15948	$7,583.79	$7,583.79
08/05/2010	16157	$19,679.00	$19,679.00
09/17/2010	16266	$21,554.87	$21,554.87
10/04/2010	16334	$33,475.96	$33,475.96
01/07/2011	16937	$45,594.02	$45,594.02
02/07/2011	17086	$3,147.75	$3,147.75

WHITE - CUSTOMER YELLOW - REMITTANCE

Water Management Services, Inc. Exhibit 5-A
Plant and Accumulated Depreciation

Acct No	Account Name	December	January	February	March	April	May	June	July	August	September	October	November	December
	Utility Plant in Service													
310.2	Power Gen Equipment	113,061	113,061	113,061	113,061	113,061	113,061	113,061	113,061	113,061	113,061	113,061	113,061	113,061
331.4	Trans & Distr Mains	2,524,926	2,425,852	2,425,852	2,425,852	2,425,852	2,425,852	2,425,852	2,425,852	2,425,852	2,425,852	2,425,852	2,425,852	2,425,852
340.5	Office Furniture & Equip	76,667	76,667	76,667	76,667	76,842	78,330	78,713	80,496	80,496	80,496	80,496	81,550	81,550
341.5	Transportation Equip	103,927	103,927	103,927	103,305	103,305	103,305	103,305	103,305	103,305	103,305	103,305	103,305	60,725
	Accumulated Depreciation													
310.2	Power Gen Equipment	82,567	83,089	83,610	84,131	84,652	85,174	83,729	84,250	84,771	85,292	84,503	84,696	84,873
331.4	Trans & Distr Mains	1,200,241	1,056,308	1,061,248	1,066,188	1,071,127	1,076,067	1,081,006	1,085,946	1,090,886	1,095,825	1,100,765	1,105,704	1,043,581
340.5	Office Furniture & Equip	26,579	26,999	27,419	27,839	28,260	28,680	29,100	29,520	29,941	30,361	30,781	31,201	45,685
341.5	Transportation Equip	33,070	35,114	37,157	16,511	17,946	19,381	21,964	23,999	26,034	28,068	30,103	32,138	25,285
	Calculated Rate													
310.2	Power Gen Equipment		0.5%	0.5%	0.5%	0.5%	0.5%	-1.3%	0.5%	0.5%	0.5%	-0.7%	0.2%	0.2%
331.4	Trans & Distr Mains		-5.9%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	-2.6%
340.5	Office Furniture & Equip		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	17.8%
341.5	Transportation Equip		2.0%	2.0%	-20.0%	1.4%	1.4%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	-11.3%

OPC Issues and Concerns
Water Management Services, Inc.
Docket No. 110200-WU

Water Management Services, Inc. Exhibit 10-A

CIAC and Accumulated Amortization

CIAC Type	December	January	February	March	April	May	June	July	August	September	October	November	December
Plant Capacity Fees	1,262,657	1,266,293	1,267,742	1,267,742	1,269,737	1,269,737	1,301,122	1,302,330	1,302,330	1,303,537	1,304,985	1,304,985	1,302,998
Line/Main Ext Fees	964,980	967,283	968,183	968,183	971,394	971,394	990,894	991,644	991,644	992,394	993,294	993,294	991,891
Meter Installation Fees	554,664	554,914	554,832	554,832	554,832	554,832	555,832	556,971	556,971	557,221	557,471	557,471	557,471
Contributed Property	375,659	375,659	375,659	375,659	375,659	375,659	375,659	375,659	375,659	375,659	375,659	375,659	375,659
Contributed Services	9,497	9,497	9,497	9,497	9,497	9,497	9,497	9,497	9,497	9,497	9,497	9,497	9,497
Contrib Fire Hydrants	68,556	68,556	102,656	102,656	106,256	106,256	106,256	106,256	106,256	106,256	145,856	145,856	145,856
Contrib Fire Sprink Sys	3,500	3,500	3,500	3,500	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250
	3,239,513	3,245,702	3,282,069	3,282,069	3,292,625	3,292,625	3,344,510	3,347,607	3,347,607	3,349,814	3,392,012	3,392,012	3,388,622
Acc Amort of CIAC													
Plant Capacity Fees	535,426	538,956	536,610	539,609	541,738	544,737	552,712	555,773	558,823	562,033	558,694	561,730	564,632
Line/Main Ext Fees	409,197	411,692	409,813	412,103	414,449	416,744	420,928	423,187	425,509	427,881	425,252	427,563	429,819
Meter Installation Fees	235,204	236,181	234,849	236,162	236,721	238,032	236,115	237,689	238,993	240,251	238,666	239,963	241,570
Contributed Property	159,297	159,887	159,009	159,898	160,277	161,164	159,579	160,314	161,193	161,969	160,828	161,702	162,785
Contributed Services	4,027	4,042	4,020	4,043	4,052	4,075	4,034	4,053	4,075	4,095	4,066	4,088	4,116
Contrib Fire Hydrants	29,071	29,179	43,452	43,695	45,335	45,586	45,137	45,345	45,594	45,813	62,444	62,784	63,204
Contrib Fire Sprink Sys	1,484	1,490	1,481	1,490	2,240	2,252	2,230	2,240	2,253	2,264	2,248	2,260	2,275
	1,373,706	1,381,427	1,389,234	1,397,000	1,404,812	1,412,590	1,420,735	1,428,601	1,436,440	1,444,306	1,452,198	1,460,090	1,468,401
Amortization Rate													
Plant Capacity Fees		0.28%	-0.19%	0.24%	0.17%	0.24%	0.61%	0.24%	0.23%	0.25%	-0.26%	0.23%	0.22%
Line/Main Ext Fees		0.26%	-0.19%	0.24%	0.24%	0.24%	0.42%	0.23%	0.23%	0.24%	-0.26%	0.23%	0.23%
Meter Installation Fees		0.18%	-0.24%	0.24%	0.10%	0.24%	-0.34%	0.28%	0.23%	0.23%	-0.28%	0.23%	0.29%
Contributed Property		0.16%	-0.23%	0.24%	0.10%	0.24%	-0.42%	0.20%	0.23%	0.21%	-0.30%	0.23%	0.29%
Contributed Services		0.16%	-0.23%	0.24%	0.09%	0.24%	-0.43%	0.20%	0.23%	0.21%	-0.31%	0.23%	0.29%
Contrib Fire Hydrants		0.16%	13.90%	0.24%	1.54%	0.24%	-0.42%	0.20%	0.23%	0.21%	11.40%	0.23%	0.29%
Contrib Fire Sprink Sys		0.17%	-0.26%	0.26%	14.29%	0.23%	-0.42%	0.19%	0.25%	0.21%	-0.30%	0.23%	0.29%

Water Management Services, Inc.
Docket No. 110200-WU Exhibit 17-A
Contractual Services - Other

Charlie Painter Hours

January 8, 2010 Invoice		
Thursday	1/7/10	100
Friday	1/8/10	100
Saturday	1/1/10	25
Sunday	1/3/10	25
		250
January 14, 2010 Invoice		
Thursday	1/14/10	100
Sunday	1/10/10	25
		125
January 22, 2010 Invoice		
Thursday	1/21/10	100
Friday	1/22/10	100
Sunday	1/17/10	25
		225
January 29, 2010 Invoice		
Thursday	1/28/10	100
Friday	1/29/10	100
Sunday	1/23/10	25
		225