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Public Service Commission

April 7, 2014

STAFF'S SECOND DATA REQUEST

RECEIVED - FPSC
14 APR -8 PH 2:59
COMMISSION
CLERK

Mr. Martin S. Friedman, Esquire
Friedman, Friedman & Long, P.A.
766 North Sun Drive, Suite 4030
Lake Mary, Florida 32746

Re: Docket No. 130243-WS Application for staff-assisted rate case in Highlands County by Lake Placid Utilities, Inc.

Dear Mr. Friedman:

Staff has completed the preliminary review of Lake Placid Utilities, Inc.'s (Lake Placid or Utility) staff-assisted rate case application, however, additional information is needed to clarify several items. Please provide the following additional information:

1. **Rate Case Expense – Legal Costs.** Please provide an estimate of total rate case expense for this case, both to date and through the Proposed Agency Action phase. Please include a detailed breakdown of all costs, along with any necessary supporting documentation, such as invoices or receipts.
2. **Rate Case Expense – Noticing Costs.** Pursuant to Rule 25-22.0407, Florida Administrative Code (F.A.C.), the Utility is required to provide a notice of the customer meeting and notice of the final rates in this case to its customers. For purposes of calculating the customer notice portion of rate case expense, please provide the total number of customers who were sent a notice.
3. **Bulk Wastewater Service.** Does Deean Lakefront Estates Homeowners' Association still own its own lift station and pay the cost associated with the electrical pumping power and maintenance of the lift station?
4. **Net Debit Deferred Income Taxes.** During the test year ended December 31, 2012, Lake Placid's capital structure included total net debit deferred income taxes of \$22,175. Rule 25-30.433(3), F.A.C., states in part, ". . . net debit deferred taxes shall be included as a separate line item in the rate base calculation." In order to ensure that the net debit deferred income taxes are properly assigned to the water and/or wastewater rate bases, please provide the following information:

- a. The test year deferred income tax totals for water and wastewater, respectively.
 - b. According to the Lake Placid's recent annual reports, the Utility began showing a debit balance for deferred income taxes in 2011. Please describe the causes(s) that resulted in the debit balances for 2011 and 2012.
5. **Number of Customers/Connections.** According to the Utility's recent annual reports and January 8, 2014 response to staff's first data request, the Utility serves a total of 136 water and 135 wastewater meters/accounts. However, the Utility's test year billing data appears to only represent 120 water and 121 wastewater customers. Please provide the following information to help clarify the correct number of customers and connections to be used in this docket:
- a. Please explain the discrepancies and provide additional documentation to support the numbers that the Utility believes are correct and should be used in this case.
 - b. Please provide a brief description of each inactive account including: the class of service; type of service provided; meter size; the month and year the account became inactive; a brief explanation of why the account is inactive and not being billed; and an estimate of when the account may become active again or if it has become permanently inactive.
6. **Billed Gallons - Discrepancy.** According to the Utility's billing analysis, the billed consumption for water was 4,518,000 gallons for the test year ended December 31, 2012. In response to staff's first data request, the Utility provided data that indicated billed gallons for the test year were 4,581,635, resulting in a 63,635 discrepancy in the test year data. The Utility previously indicated in a November 15, 2013 e-mail response to Commission audit staff that the discrepancy is due to a timing difference between when water is consumed versus when it is billed, and that the 2.4 file (Water Stats) was "manipulated to match the timing of water sold to the water pumped in the system which eliminates the lag between consumption and billing." Please provide the Utility's workpapers, including an Excel file with all formulas intact, that shows how the consumption data was adjusted to arrive at the 4,581,635 gallon total.
7. **Billed Gallons – Timing Difference.** The Utility's November 15, 2013 e-mail response also indicated that the months of April, September, and November 2012, reflected few bills because although "Lake Placid bills at the end of the month, occasionally, meter reads are not received on time, causing a slight delay in billing." The e-mail further clarified that the April, September, and November bills were billed on either the first or second day of the following month. In order to determine if similar delays may have contributed to the timing difference discussed in Question 6 above, please provide the following:
- a. The bill issuance date for water consumption that occurred in December 2011 and December 2012.
 - b. In the event either of these months was billed in the following month, please provide the total number of bills and gallons for December 2011 usage that was included in the 2012

Mr. Martin S. Friedman, Esquire

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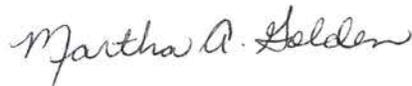
test year and/or the total number of bills and gallons for December 2012 usage that was excluded from the 2012 test year.

Please provide the requested information to the Office of Commission Clerk on or before **April 22, 2014**. When filing the response, please be sure to refer to the docket number and to direct the response to:

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Please feel to call me at (850) 413-7015 or e-mail me at mgolden@psc.state.fl.us if you have any questions.

Sincerely,



Martha A. Golden
Regulatory Supervisor/Consultant

cc: Mr. Patrick C. Flynn
Ms. Kirsten Markwell
Division of Accounting and Finance (Bulecza-Banks, Prestwood, Mouring, Vogel)
Division of Economics (Hudson, Roberts)
Division of Engineering (Lewis, Watts)
Office of General Counsel (Tan)
Division of Commission Clerk (Docket No. 130243-WS)