



FRIEDMAN,
FRIEDMAN & LONG, P.A.
ATTORNEYS & COUNSELORS

APRIL 22, 2014

VIA FEDEX

Carlotta S. Stauffer, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RECEIVED-FPSC
14 APR 23 AM 9:45
COMMISSION
CLERK

RE: Docket No. 130243-WS; Application for Staff Assisted Rate Case in Highlands County by
Lake Placid Utilities, Inc.'s
Our File No.: 30057.211

Dear Ms. Stauffer:

The following are Lake Placid Utilities, Inc.'s responses to the Staff's Second Data Requests dated April 7, 2014:

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.

Response: See the attached documents from Friedman, Friedman & Long, P.A.

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.

Response: Notices were mailed to 115 customers.

3. **Bulk Wastewater Service.** Does Deeann 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?

Response: Yes.

COM _____
AFD _____
CD _____
APA _____
ECO _____
ENG _____
GCL _____
IDM _____
TEL _____
CLK _____

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.

Response: The test year deferred income tax total was \$(11,864.23) for water and \$(11,959.53) for sewer.

- 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.

Response: The deferred income tax totals had debit balances for 2011 and 2012 due to an increased debit balance in the Deferred State and Federal Tax accounts related to the company's Organization Expense.

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.

Response: Please see attached file titled "DR 5a.Lake Placid Billing 0101-12312012.xlsx"

- 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.

Response: Please see attached file titled "DR 5b.Inactive Premises.xlsx"

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.

Response: Please see the attached excel spreadsheet titled "Lk Placid Consumption Billed.xls". The initial 4,581,635 gallon total that was provided cannot be recalculated to the exact same amount because that 4,581,635 gallon total represented the gallons at a certain point in time during 2012. Meaning that, when the 4,581,635 was calculated in 2012, it did not include all of the month to month adjustments. Now that the 2012 adjustments to the customer's bills are reflected in the consumption pulled from our billing system, each time that the consumption is pulled going forward it will forever reflect the net of that 4,581,635 and any billing adjustments that occurred during 2012. The attached excel spreadsheet aims to serve as an illustration of how some month's billed consumptions include gallons pumped during previous months.

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.

Response: December 2011 consumption was billed on 12/29/2011 and December 2012 consumption was billed on 12/31/2012.

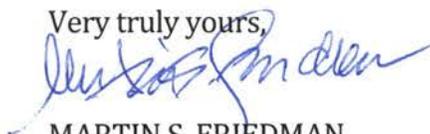
- b. In the event either of these months was billed in the following month, please provide the total number of bills and gallons for December 2011 usage that was included in the 2012 test year and/or the total number of bills and gallons for December 2012 usage that was excluded from the 2012 test year.

Response: N/A

Ms. Carlotta S. Stauffer
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Should you or the Staff have any questions regarding the enclosed, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

cc: Patrick Flynn (via email)
Darrien Pitts (via email)
Martha Golden (via email)