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Public Service Commission

July 15, 2014

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14 JUL 16 AM 9:15
COMMISSION
CLERK

STAFF'S THIRD DATA REQUEST

Mrs. Deb Null
5578 Commercial Blvd.
Winter Haven, FL 33880

Re: Docket No. 130178-SU - Staff Assisted Rate Case for Crooked Lake Park Sewerage Company in Polk County

Dear Mrs. Null:

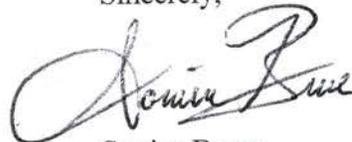
1. **Settlement Agreement.** Has the Utility received a Notice of Satisfaction of the Final Judgment from the Department of Environmental Protection (DEP) based on the May 27, 2014 Settlement Agreement. If yes, please provide a copy. If no, please describe any additional actions that are required prior to receiving the Notice of Satisfaction and the anticipated completion date of those actions.
2. **Pro Forma Plant Items.** For the following questions, please refer to the Excel spreadsheet that was provided by your company in response to staff's second data request.
 - a. Have any additional bids been obtained for the pro forma projects? If yes, please provide a copy.
 - b. Please provide an update on the current status of each of the projects, including any changes to the estimated cost, vendor selected, contract date, project start date, and estimated completion date.
 - c. Please provide supporting documentation for any activities already completed and the costs incurred to date, such as copies of signed contracts and invoices.
 - d. Please provide the following information regarding the WWTP Modification Project:
 1. Please describe why the Utility believes the higher cost proposal is more appropriate and is a prudent expenditure.

2. Please provide a breakdown of the estimated proposals of \$393,950 and \$359,612, and describe the specific items that resulted in the \$34,338 cost difference between the bids (e.g., excluded items, difference in construction materials). Please provide this information in Excel format if available.
 3. Please describe any steps taken by the Utility to minimize the costs of this project, and provide supporting documentation if available.
- e. For the remaining three projects, please provide any additional documents that demonstrate the justification of the projects and costs. As part of the response, please provide the following.
1. Any documents or evaluations that support the need for the projects. If mandated by DEP, provide applicable compliance requirements.
 2. A description of why the Utility believes the proposed estimates are reasonable and prudent, including any additional documentation that was used for comparison and review of the estimated costs.
3. **Contractual Services.** Please provide the following information related to the Utility's contractual services, such as contractual employees, billing services, sludge removal, operator services, and testing:
- a. Subsequent to the test year ended June 2013, have any of the Utility's contractual service fees increased? If yes, please describe which fees have increased and provide invoices to support the current fees being paid.
 - b. Based upon staff's audit, several of the contractual service contracts that were in effect during the test year were due to expire during 2013. Please provide a copy of all contracts for contractual services that have been entered into or renewed since June 2013.
4. **Sludge Removal Expense.** Based upon staff's audit, it appears that the test year may not reflect a full year of sludge removal expense. Please provide a copy of all invoices related to sludge removal expense from July 2013 through June 2014.
5. **Officers' Salaries and Wages.** The test year did not reflect any expenses related to salaries and wages for the Utility's officers. Does the Utility currently provide any compensation to its officers? If yes, please provide supporting documentation for those expenses.
6. **Effect of Pro Forma Plant Items on Expenses.** Upon completion of the pro forma plant items, does the Utility anticipate that there will be any increases or decreases in expenses (e.g., purchased power, chemicals, operator expenses, or repairs)? If yes, please provide a description of the expenses that are expected to increase or decrease, the anticipated annual amount of the increases or decreases, and supporting documentation to show how the estimated increases or decreases were calculated.

7. **Pro Forma Plant Items – Retirements.** Will any existing plant items be replaced and retired as a result of the pro forma plant additions? If yes, please provide a list of the items that will be retired and the original cost of each item if available. Please note that it is Commission practice to retire 75 percent of the value of the new item if the original cost of the retired item is not available.
8. **Pro Forma Plant Items – Salvage Value.** Does the Utility anticipate any salvage value for any plant items replaced with the pro forma additions? If yes, please describe the parts that may have salvage value and provide an estimate of the expected salvage value.
9. **Financing for Pro Forma Items.** Please describe how the Utility will finance the pro forma plant items, and provide any available supporting documentation related to that financing. In the absence of an executed loan agreement, please provide any other available documentation, such as a letter from a bank, which includes an estimate of the amount of the loan, term of the loan, and interest rate.
10. **Rate Case Expense.** Pursuant to Rule 25-30.455, Florida Administrative Code, “If a utility that chooses to utilize the staff assistance option employs outside experts to assist in developing information for staff or to assist in evaluating staff’s schedules and conclusions, the reasonable and prudent expenses will be recoverable through the rates developed by staff.” Has the Utility employed outside experts, such as an attorney or engineer, to assist with this rate case as described above? If yes, 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.

Please respond to staff’s data request by August 6, 2014 to allow this docket to be processed within the statutory time frame. Furthermore, please submit the following information to the **Office of Commission Clerk, Docket No. 130178-SU, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0850. The information should not be addressed to staff.** If you have any questions, please free to contact Daniel Lee at (850) 413-6836 or Martha Golden at (850) 413-7015.

Sincerely,



Sonica Bruce
Economic Analyst

Attachment

cc: Division of Economics (Daniel, Hudson)
Division of Engineering (Ballinger, Lee, Vickery)
Division of Accounting & Finance (Cicchetti, Golden, Mouring)
Office of General Counsel (Tan)
Office of Commission Clerk (Docket No. 130178-SU) ✓

