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Public Service Commission

May 29, 2015

Martin S. Friedman, Esq.
Friedman & Friedman
766 North Sun Drive
Suite 4030
Lake Mary, FL 32746

STAFF'S FIFTH DATA REQUEST
VIA E-MAIL

Re: Docket No. 140174-WU - Application for approval of transfer of Certificate No. 117-W from Crestridge Utility Corporation to Crestridge Utilities, LLC, in Pasco County.

Docket No. 140176-WU - Application for approval of transfer of Certificate No. 116-W from Holiday Gardens Utilities, Inc. to Holiday Gardens Utilities, LLC, in Pasco County.

Dear Mr. Friedman:

Staff is requesting the following additional information to clarify previous responses provided in these dockets:

For the following questions, please refer to the Florida Utility Services 1, LLC balance sheet, dated December 31, 2014:

1. Is this a stand-alone balance sheet for Florida Utility Services 1, LLC? If not, what other entities are included in this balance sheet?
2. Does the amount reflected in "Accounts Receivable," reflect receivables solely for Florida Utility Services 1, LLC? If not, please identify the amount of accounts receivable associated with other entities.
3. Please explain the nature of the following accounts (and balances) which appear under "Other Current Assets."

Undeposited Funds	(\$6,875.75)
Due To/Due From	(\$15,313.87)

4. Under "Fixed Assets," please provide a list of equipment and the approximate values (for equipment over \$1,000) included in the value in Florida Utility Services 1, LLC balance sheet.

5. For equipment provided in the previous response, please explain how the value was determined.
6. Please explain the lack of payroll/expense liabilities.
7. Please provide the most recent balance sheet and income statement for Florida Utility Services 1, LLC.

For the following question, please refer to Mr. Smallridge's personal financial statements, dated March 1, 2015 and December 31, 2014.

8. Please explain the differences in the following asset balances between March 1, 2015 and December 31, 2014:
 - a. Cash Surrender Life Insurance
 - b. Personal Property
 - c. Retirement Accounts
 - d. Real Estate – Personal Residence
 - e. Real Estate – Investments
9. For each personal financial statement, identify what property makes up the bulk of the "Personal Property" and explain how the values were determined.
10. For each personal financial statement, explain how the real estate values for the personal residence and investments were determined.

For the following questions, please refer to Mr. Smallridge's personal financial statement, dated March 1, 2015.

11. Under "Personal Property" in Section 3, please provide a list of property, the approximate values (for property over \$1,000), and explain how the value was determined.
12. The March 1, 2015 personal financial statement appears to have been prepared for a loan application with CenterState Bank. Was a loan originated as a result of this application?
13. If the answer to the previous question is "yes," please provide the loan documentation. As part of the response, explain what the loan will be or has been used for and whether any property or assets were encumbered as a result of the new loan.
14. The annual loan payments expense provided in Section 4 does not appear to match the loan payments contained in Schedules G and H when calculated as a yearly expense. Please reconcile the difference.
15. In Schedule G of the personal financial statement, please verify the maturity dates referenced for the mortgages on Royal Oaks and Moonrise.

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16. In addition to the personal financial statement, please refer to the 2013 tax return. Explain why four rental properties appear in Schedule E of the 2013 tax return, but only two of these properties are identified in the personal financial statement dated March 1, 2015. For each of the two additional properties, please provide the following: name of mortgage holder, maturity date, percentage of ownership, name on title, purchase date, cost, present loan balance, market value, total annual rental income, monthly loan payment, and other expenses.
17. On May 11, 2015, the Utility filed a supplemental response to staff's outstanding data requests that included documentation of Mr. Smallridge's Revolving Credit Mortgage. Please explain how the balance of this loan, \$24,069, and its monthly payment, approximately \$314, are reflected on Mr. Smallridge's personal financial statement.
18. Please provide an updated financial statement for Mr. Smallridge that reflects the financial information for all entities that he owns, both directly or indirectly.

Other:

19. Corresponding W-2s and 1099s were omitted from the tax returns previously filed. Please provide this support documentation.
20. For each employee of Florida Utility Services 1, LLC please provide the following information:
- Job title
 - Number of hours worked per week
 - Hourly rate or salary
21. For each system owned or operated by Mr. Smallridge or Florida Utility Services 1, LLC, provide a three-year estimate of capital expenditures and an explanation of how these expenditures will be funded.
22. In its May 8, 2015 response to staff's outstanding data requests, the Utility provided a schedule of personal loans Mr. Smallridge has made to Florida Utility Services 1, LLC and other utilities he owns or manages. The following items relate to this schedule:
- Please provide support documentation for the origination of the personal loans listed on the schedule including any additional terms such as interest payable.
 - Please reconcile these loan amounts with Mr. Smallridge's personal financial statement.
 - Please explain why the debt to Mr. Smallridge listed on the balance sheet for Florida Utility Services 1, LLC, dated December 31, 2014, in the amount of \$6,004.03 is greater than the total of the two loans from 2014 on Mr. Smallridge's personal loan schedule.
 - For each loan, please provide an explanation of the circumstances that necessitated the additional funding.

23. For the following question, refer to staff's Third Data Request (No. 1), dated March 4, 2015, and the Utility's April 6, 2015 response. Given information available through the Florida Department of State, Division of Corporations, the Utility's April 6, 2015 response appears to be incomplete. Staff would note that at least four additional systems (Bimini Bay Utilities Corporation; Charlie Creek Utilities, LLC; Four Points Utility Corporation; and Lake Forest Utility, LLC) should be added to the list.

Please update the following chart listing all water and wastewater utilities for which Florida Utility Services 1, LLC, or any other business entity in which Michael Smallridge has an interest of more than 5 percent, is currently providing utility accounting, billing, consulting, or operational services.

Utility Name	County	No. of Customers	Owner of Record	PSC Certificate No., if Applicable	Services Provided

24. Based on the completion of the above chart, please provide an organization chart showing the relationship between Mr. Smallridge, the utilities that he owns, and Florida Utility Services 1, LLC.

25. Please provide the financial statements (the balance sheet, income statement, and statement of cash flows for each entity) for the three most recent fiscal years for Florida Utility Services 1, LLC.

The original and four copies of the response to the information requested in this letter should be filed with the Commission on or before June 29, 2015. When filing the response, please be sure to refer to the docket numbers and to direct the response to:

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

Martin S. Friedman, Esq.

May 29, 2015

Page 5

Should you have any questions or need any additional information regarding these requests, please contact Suzanne Brownless by e-mail at sbrownle@psc.state.fl.us or by phone at (850) 413-6218.

Very truly yours,

/s/ Suzanne Brownless

Suzanne Brownless

Senior Attorney

cc: Division of Accounting and Finance (Bulecza-Banks, Brown, Norris)
Division of Engineering (Ellis)
Division of the Commission Clerk