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DIVISION OF
ACCOUNTING AND FINANCE
ANDREW L. MAUREY
DIRECTOR
(850) 413-6900

Public Service Commission

March 6, 2017

Mr. Troy Rendell
U.S. Water Corporation
4939 Cross Bayou Blvd.
New Port Richey, FL 34652

**STAFF'S 3rd DATA REQUEST
VIA EMAIL & US MAIL**

Re: Docket No. 160222 - WS – Application of LP Waterworks, Inc. for Staff Assisted Rate Case in Highlands County for increase water and wastewater rates

Dear Mr. Rendell:

The above-reference application has been further reviewed by our staff. Please submit the following information to the Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, by March 15, 2017, for the test year ended August 31, 2016, unless another time period is specified.

- 1) Please differentiate between the benefits and overhead included within the Utility's cost justification for its requested miscellaneous service charges.
- 2) Please explain why the cost justification does not include benefits and overhead for the administrative assistant processing miscellaneous service charges.
- 3) How were the costs of benefits and overhead calculated for the utility technician administering miscellaneous services?
- 4) What is the approximate average distance, in miles, the utility technician will travel to a customer to administer a miscellaneous service during normal hours? After hours?

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- 5) Please explain how \$2.68 for the costs of Vehicle/Hour were calculated.
- 6) Does the U. S. Water Services Corporation (USWSC) cost model still include an additional 1,000 ERCs?
- 7) Does LP Waterworks, Inc.'s (LPWW) USWSC contract cover the actual cost or is LPWW receiving a subsidy? If there is a subsidy, what is the annual amount?
- 8) The Jumper Creek, HC Waterworks, and Brevard cases all included adjustments to the USWSC contractual service fee to reduce salaries to remove overtime, to reduce fuel to reflect actual costs, and to reduce vehicle maintenance to reflect actual costs. LPWW's USWC contract may have been prepared under that same cost model and may need the same types of adjustments that were made in the other cases.
 - a) Is LPWW still using the USWSC contract with an annual fee of \$77,187.02 and \$58,696.41 for water and wastewater operations, respectively or has it been updated for the CPI or anything else?
 - b) If it has been updated, when was it updated and what is the new annual/monthly fee? Please provide all components, actual figures and sources used to calculate any updates.
 - c) Also, if the USWSC contact has been updated, did the updates include removal of the salary overtime and any adjustments to fuel or vehicle maintenance based on actual costs?
 - d) If no adjustment has been made, please determine the amount necessary to remove the salary overtime, and adjust vehicle maintenance expense to account.
- 9) The Lake Idlewild audit work papers included a note that indicates that the officers' salaries are not allocated and are only paid if there are retained earnings.
 - a) Does this information apply to LPWW too?
 - b) How are the officers' salaries determined since they are not allocated (e.g. based on hours work, etc.)?
 - c) Is the President still the only officer receiving a salary or has LPWW begun paying a salary to the other officers?
- 10) LPWW's test year had a negative balance for the bad debt expense for water operations. In addition, the annual report for 2014 for both water and

wastewater operations also shows a negative balance. Please explain why there is a negative balance for bad debt expense.

- 11) Please provide the amount of bad debt expense incurred in 2016.
- 12) Please provide the original cost for the diffuser in the tanks in Account (380) that was replaced in June 2015?
- 13) In 2014 there was an invoice for a control panel and pumps at a lift station amounting to \$18,477. Please explain if this equipment replaced existing equipment owned by the utility or represents new assets.
 - a) If this was equipment replaced, please provide the original invoice for the original equipment retired in 2014, if available.
 - b) Please identify the account in which the original equipment was recorded. If recorded in account other than (371), please explain why.
- 14) In regard to Project: 2554-47 Surge Pump at WWTP.
 - a) Please detail the number of bids that were sought and received for this item.
 - b) If there are less than 3 bids, please explain why.
 - c) Please provide the bids that were received.
 - d) If the lowest bid was not selected, please explain why.
- 15) In regard to Project: 2554-48 Replaced contactor/overload at WWTP.
 - a) Please detail the number of bids that were sought and received for this item.
 - b) If there are less than 3 bids, please explain why.
 - c) Please provide the bids that were received.
 - d) If the lowest bid was not selected, please explain why.
- 16) In regard to Project: 2554-49 Manhole Repair 62 Freedom Way.
 - a) Please detail the number of bids that were sought and received for this item.
 - b) If there are less than 3 bids, please explain why.

- c) Please provide the bids that were received.
- d) If the lowest bid was not selected, please explain why.

If you have any questions or concerns, please contact me by phone at (850) 413-6838 or by email gwolmers@psc.state.fl.us

Sincerely,

A handwritten signature in black ink, appearing to read "Giovanni Wolmers", with a large, decorative flourish extending to the right.

Giovanni Wolmers
Finance and Tax Analyst I
Bureau of Finance, Tax, and Cost Recovery
Division of Accounting and Finance

GW

cc: Office of Commission Clerk (Docket No. 160222-WS)