

LAW OFFICES

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A PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

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May 20, 1996

VIA HAND DELIVERY

Blanca Bayo, Director  
Division of Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399

Re: Colonies Water Company; Docket No. 960132-WS  
Application for Staff Assisted Rate Increase  
Our File No. 30096.03

Dear Ms. Bayo:

We are in receipt of the Staff Audit Report sent to the Utility on May 13, 1996. We would like to provide a response to the one of the audit exceptions and also to provide additional information concerning one Utility expense that was not taken into consideration in determining the cost applicable to the provision of water and wastewater service to this Utility system:

Missing Documentation - Staff Audit Exception No. 4 noted missing documentation on three items. The first was a repair to a sewer lift station undertaken by the Utility in February of 1995. Attached is an invoice from Bob Follese, the outside individual hired by the Utility to make that lift station repair.

ACK \_\_\_\_\_  
AFA 1 \_\_\_\_\_ The second two items involve accruals intended to estimate  
APP \_\_\_\_\_ payroll directly related to the Colonies water and wastewater  
CAF \_\_\_\_\_ systems. These were attempts to estimate year-end accruals on  
CMU \_\_\_\_\_ September 25, 1995 and December 25, 1995. Because these were  
CTR \_\_\_\_\_ estimated accruals, no source documentation is available. However,  
EAG \_\_\_\_\_ attached hereto is a copy of a payroll billing register excerpt  
LEG 1 \_\_\_\_\_ showing the actual year-end accruals related to the Colonies system  
LIN \_\_\_\_\_ for employees of the company for the period December 7 through  
OPC \_\_\_\_\_ December 20, 1995. These actual accruals totalling \$884.74 (which  
ROH \_\_\_\_\_ should be split equally between the water and the wastewater  
SEC 1 \_\_\_\_\_ systems), should be included in operating costs in place of the two  
WAS 1 \_\_\_\_\_ estimated accruals which the Staff auditor has proposed to  
TH \_\_\_\_\_ disallow.

DOCUMENT NUMBER-DATE

05591 MAY 20 1996

FPSC-RECORDS/REPORTING

Blanca Bayo, Director  
May 20, 1996  
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Billing Costs - The Utility utilizes the services of MRI Software for stuffing invoices, postage and preparing the Utility bills themselves. As indicated on the attached invoice for August of 1995, these specifically highlighted charges related solely to the provision of Utility services. No recognition of these costs are provided for in the Staff Audit. The Utility company and its parent are now making arrangements to ensure that these are properly booked in the future as being solely related to the Colonies and Buccaneer systems. While the amount of the bills vary slightly from month to month, the \$369 charge for the Colonies system for the month of August of 1995 is representative of an average for such monthly charges from the outside contractor MRI Software. Therefore, a total charge in the amount of \$4,428 per year should be charged to the Colonies system and split equally (\$2,214 each) between water and wastewater. If the Staff requires any further documentation in this regard, we will be happy to provide that.

Other than these corrections to the findings in the Audit Report, the Utility is generally in agreement with the auditor's conclusions.

Should any members of the Staff require any further information with regard to the two adjustments discussed above, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY



F. Marshall Deterding  
For The Firm

FMD/lts  
Enclosures  
cc: Ellen Kelleher, Esquire  
Ms. Marguerite Nader  
Mr. Paul Seavey

Bob Follese  
 3951 N.W. 4<sup>th</sup> Ct.  
 COCONUT CREEK, FL.  
 33066

RECEIVED  
 FEB 10 1995

SOLD TO: Colonies of Margate		SHIPPED TO	
ADDRESS: 6603 Colonial Dr.		ADDRESS: [Signature]	
CITY: Margate, FL	STATE: FL	CITY:	STATE: FL
ZIP: 33063	ZIP:	ZIP:	ZIP:

CUSTOMER'S ORDER: Jm F.	SALESMAN:	TERMS:	VA:	FOB:	DATE: 2-7-95
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Job: Water pump on S Brandywine Dr.			
- Check out problem w/pump, remove burnt out motor starter & burnt out fuse, replace w/new			
1-	Nema size 3 motor starter w/ over load protection 120/240 V 3Φ	750 <sup>00</sup>	750 <sup>00</sup>
1-	150 Amp 250V FRN fuse	17 <sup>50</sup>	17 <sup>50</sup>
	Service & repairs 3 Hr at 35 <sup>00</sup> per hr		105 <sup>00</sup>
	Total due =		872 <sup>50</sup>

P. 04/04  
 1 312 474 0437  
 MHC EXEC. & ASSET MGMT.  
 MAY-17-1996 16:15

/23/95  
 mpany : 45  
 vision : MHF  
 roperty : 60801

PAYROLL BILLING REGISTER  
 PERIOD ENDING 12/20/95

TOTAL P. 04

N	Name	Gross Wages	Service Charge	Employer FICA	UC Amount	VC / Amount	Other	Gross Billing	Credits	Net Billing
1010 7521563	BABCOCK, MARILYN R.	375.48	2.50	27.88		1.41	67.67	475.14		475.14
			PROFIT SHARING 7.51 MHC/RSI EMPLOYER 401K MATCHING 15.02 ACCIDENTAL DEATH & DISMEMB. .18 LIFE INSURANCE .72 INS EMPLOYR-SINGLE/DENTAL POS 44.44							
	total For Account-611010	375.48	2.50	27.88		1.41	67.87	475.14		475.14
0258191	EDDY, CHARLES T.	316.80	2.50	23.40		15.35	51.55	409.60		409.60
			PROFIT SHARING 6.34 ACCIDENTAL DEATH & DISMEMB. .16 LIFE INSURANCE .61 INS EMPLOYR-SINGLE/DENTAL POS 44.44							
	total For Account-612010	316.80	2.50	23.40		15.35	51.55	409.60		409.60
	total For Property-60801	692.28	5.00	51.28		16.76	119.42	884.74		884.74
	total for Division-MHF	232391.44	2105.00	16531.93	1561.71	6066.01	29903.78	288559.87	10033.81	278526.06

Vendor # 14981-001

Descr: 875 MRI

ED HOME COMMUNITIES, INC. 8/95  
IN REVERSHIDE FLA04  
ILLUSTRS 60606

5000-30 CORP  
6440-15-PKS  
5020-90  
6440-15-PKS  
6445-30  
6445-30  
5000-90 CORP  
1990-30  
1990-30

6445-30  
AUGUST  
SEPTEMBER  
AUGUST  
SEPTEMBER  
ONE-TIME  
SERIES  
COMPENSATORY  
1990-30  
5000-90 CORP  
6445-30

DEV #	CLIMB NAME	UNITS	EXPRESS	ATTORNEY	INVOICES	POSTAGE	LABELS	SM/PC	TSP	AUGUST CONING SERVICES	SEPTEMBER CONING SERVICES	AUGUST UTILITIES	SEPTEMBER UTILITIES	ONE-TIME SETUP FEE	SERIES CHARGES	COMPENSATORY	FINANCE	TOTAL
	999 GENERAL OFFICE	3500		19.64											4.68	57.27		81.60
	504 RANCHO VALLEY	149	24.58		4.52	45.12					78.00		14.00					168.55
	510 LAMPLIGHTER VILLAGE	270	17.25	12.50	9.10	83.28					125.00		27.00					285.05
	508 HACIENDA DE VALENCIA	366	24.58		25.16	238.00					182.00		36.60			91.78		681.32
	541 CONCORD CROCKAGE	283	22.50		1.90	98.26					141.50		28.20			38.04		341.00
	543 CENTRAL PARK	253	12.25				225.00	200.00			146.50		25.20	219.75				632.50
	568 PALM SPRINGS	294	12.25				225.00	200.00			147.00			228.50				684.75
	569 BROADWOOD WOODS	274	32.50								137.00					75.12		214.62
	575 DANFORD HEIGHTS	280	32.50								180.00					73.27		293.67
	601 THE HERONS	353	17.00		25.21						176.50		25.20			36.23		385.24
	604 CONCORD WATIN	336	25.50								170.00							273.50
	606 APOLLO VILLAGE	211	32.50								195.50					62.75		288.75
	609 DEANER PALM SPRINGS CT.	518	04.00		25.66						255.00		51.00			91.92		524.58
	610 THE MARK	329	17.00		12.14						164.50		32.50			87.63		364.17
	611 DEANER GARDEN CIRCLE	190	54.25		14.00						75.00		15.00			119.67		388.75
	999 INC., INC-MEMPHIS REGION		91.25												644.04			744.09
	514 ELDMOR VILLAGE	227	12.25				225.00	200.00			113.50			178.25				721.00
	527 MEMPHIS VILLAGE	491	17.25		17.11	156.48					245.50		49.10			191.12		596.56
	529 LAKE WINDY	379	16.25								189.50					47.09		252.04
	542 EAST BAY DRIS	329									164.50			296.75				411.25
	543 COUNTRY PLACE	270	16.25								135.00							151.25
	571 OAK BEND	189	12.25				225.00	200.00			91.50			176.50				728.25
	573 THE HERITAGE	214	25.25		8.05						187.00		21.10			92.32		258.02
	577 LAKEWOOD VILLAGE	349	16.25								174.50					53.77		244.52
	579 HERITAGE VILLAGE	426	17.25								218.00					118.32		353.57
	584 BULON VILLAGE	502	12.25				225.00	200.00			251.00			391.50				1,089.75
	585 PINE LAKES	483	12.25				225.00	200.00			292.50			649.50				1,329.25
	586 LAKE FRINGING	335									477.50			715.25				1,192.75
	602 MID-FLORIAN LAKES	1136	21.00								595.00							613.00
	607 BUCKNER	971	31.50		24.90	211.04					485.50		97.10			129.67		1,091.83
	608 ORLANDO OF WINDY	819	22.75		28.28	228.52					489.50		81.50			108.03		982.74
	999 INC., INC-SEVENSTERN RES		91.25				14.50								817.04			922.87

24.90 211.04  
28.28 228.52

97.10  
81.50

\$442.00 per month  
\$369.00 per month