

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

June 21, 2002

Ferncrest Utilities, Inc.
c/o David B. Erwin, Esquire
127 Riversink Road
Crawfordville, Florida 32327

STAFF DATA REQUEST NO. 1

RE: Docket No. 011073-WS - Application for rate increase in Broward County
by Ferncrest Utilities, Inc.

Dear Mr. Erwin:

By this letter, the Commission staff requests that Ferncrest Utilities, Inc. (Ferncrest or utility) provide a response to the following data requests:

Palm Nova Mobile Home Park/Loss of Customers

1. Please state the occupancy rate of the Palm Nova Mobile Home Park at the end of each year from 1998 to 2001.
2. What is the present occupancy rate for the Palm Nova Mobile Home Park?
3. If the Palm Nova Mobile Home Park was 100% occupied, please provide the incremental change in number of customers, billing determinants, revenues and expenses from the utility's MFR balances for the year ended the December 31, 2000.
4. With regard to the incremental change in billing determinants, please provide the change, by meter size, in number of bills and consumption for both residential and general service.
5. Please explain what methodology the utility used to determine the average consumption of these additional customers.
6. Please state what the utility expects the occupancy rate for the Palm Nova Mobile Home Park to be at 12/31/02 and explain the utility's reasons for this expected occupancy rate.

DOCUMENT NUMBER 06438 JUN 21 02

06438 JUN 21 02

FPSC-COMMISSIONER CLERK

7. Please explain when is 100% occupancy in Palm Nova Mobile Home Park expected to occur?

Lime Room Renovation - Audit Exception No. 4

8. Please provide, by primary account and dollar amount, the original plant cost for the equipment that was removed and the date when this plant was placed into service.

Deferred Maintenance Capitalized - Audit Disclosure No. 1

9. Staff auditors determined that the utility purchased a well pump in 1998 and that the utility did not retire the old pump. Please state whether the old pump still being utilized. If the old pump is not being utilized, please provide, by primary plant account and dollar amount, what the journal entry would be to retire the old pump.

Forklift Repair - Audit Disclosure No. 2

10. Please state all uses for both the old and the new forklifts, including use by entities other than Ferncrest.

11. If other entities use the new forklift, state the amount of time and percentage of use by Ferncrest.

12. Is the new forklift used to add and remove mobile homes?

13. If American Marketing & Management (AMM) owned the old forklift, why was Ferncrest paying for repairs?

14. Why did AMM purchase a new forklift for Ferncrest?

15. What entity owned old forklift?

Water Materials and Supplies - Audit Disclosure No. 3

16. Please provide the invoice or invoices for the \$2,935 charge on July 12, 2000 to American Land Development for the location and repair of a water main under a mobile home. If the invoice or invoices are not in sufficient detail to determine the specific type and quantity of each material and supply purchased, please provide a complete accounting of this information for the total \$2,935 charge.

17. Please provide the invoice or invoices for the \$4,390 charge on November 30, 2000 to American Land Development for the water break repairs at Silver Oaks. If the invoice or invoices are not in sufficient detail to determine the specific type and quantity of each material and supply purchased, please provide an a complete accounting of this information for the total \$4,390 charge.

Wastewater Materials and Supplies - Audit Disclosure No. 4

18. Please provide the invoice or invoices for the \$1,492.75 charge on November 30, 2000 to American Land Development for the asphalt repair of a new sewer lateral. If the invoice or invoices are not in sufficient detail to determine the specific type and quantity of each material and supply purchased, please provide an a complete accounting of this information for the total \$1,492.75 charge.

19. With regard to the sewer break repair of \$585 and the asphalt repairs of \$1,000 associated with the sewer break that were charged on November 3, 2000, please provide the invoices for these amounts. If the invoice or invoices are not in sufficient detail to determine the specific type and quantity of each material and supply purchased, please provide an a complete accounting of this information for these charges.

20. Please state type and amount of any other expenses Ferncrest has incurred during 2000 to repair this sewer break. For any labor involved for this repair, provide for each individual the number of hours worked and the hourly rate.

21. If this sewer break was caused by Florida Power & Light, Co., please explain how FPL caused this sewer break .

22. Did Ferncrest receive any compensation from FPL to reimburse the utility's cost of these repairs? If so, please state the total amount of compensation the utility received from FPL.

23. If Ferncrest did not receive any compensation from FPL, has the utility requested FPL reimburse Ferncrest for the cost of these repairs and has the utility received any indication that FPL will reimburse Ferncrest for the cost of these repairs?

24. If Ferncrest has not requested FPL reimburse Ferncrest for the cost of these repairs, explain why it has not.

Settlement with Broward County - Audit Disclosure No. 7

25. Please provide a copy of the settlement agreement with Broward County for the overflow a utility lift station.

Accounts Nos. 603 and 703, Salaries & Wages - Officers

26. Please describe the new allocation used for Salaries & Wages - Officers.

27. Please explain the difference between the new and preceding allocation for Salaries & Wages - Officers.

Account No. 742, Rental of Equipment

28. Please provide a copy a cost benefit analysis, if performed, or any other supporting documentation regarding the utility's decision to lease the new equipment for its wastewater system (as shown on MFR Schedule B-8) rather than purchasing it.

29. If the utility did not perform such an analysis, please explain why it did not?

30. Please explain what support the utility has to show that its decision to lease equipment was a more prudent and cost effective option than purchasing the equipment.

Golf Carts

31. According to MFR Schedules Nos. A-5 and A-6, the utility reported transportation equipment of \$35,572 for water and \$47,554 for wastewater. This represents total utility transportation equipment of \$83,126 for the year ended December 31, 2000. In its MFRs, the utility provided a list of its vehicles for the year ended December 31, 2000. This list reflected that Ferncrest has two pick-up trucks and two golf carts, which have a total original cost of \$33,000. Please explain the difference between the \$83,126 amount of transportation equipment shown on Schedules A-5 & A-6 and the \$33,000 cost reflected on the utility's list of vehicles.

Rate Case Expense

32. According to MFR Schedule B-9 , Andrew Trumbach is compensated \$125 an hour for the contractual accounting and consulting services. On MFR Schedule B-10, the utility reflects that Mr. Trumbach is being compensated \$250 per hour for accounting and financial consulting services related to this rate case. Please explain why the utility increased the hourly rate for Andrew Trumbach from \$125 to \$250 for rate case expense purposes.

33. For each firm and/or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date and provide an estimate of additional rate expense to complete this case.

Ferncrest Utilities, Inc.

Page 5

June 21, 2002

34. If related party employees or contract workers provide services for this rate case, please submit the same information as consultants.

35. If rate case consultant invoices are not broken down by hour, please provide reports that detail, by hour, a description of the actual duties performed and amounts incurred.

36. Please provide a copy of all time sheets or any written documentation showing how much time Andrew Trumbach and any other person(s) spent on the MFRs in this docket.

37. If Ferncrest salaried employees performed work being charged to rate case expense, please provide support documentation that demonstrates these costs have not already been included in O&M expenses.

Short and Long Term Debt - Audit Disclosure No. 12

38. Staff auditors found that the utility has paid no interest on any of its debt since 1994. Please explain why the utility has not paid any interest on its debt since 1994.

39. Staff auditors found that interest on the Silver Oaks note and the mortgage note is added to the principal each year and expensed. Staff auditors also found that the principal for all other debts stay the same and the utility accrues the interest by debiting interest expense and crediting interest payable. Please explain why the utility accounts for the interest on the Silver Oaks note and the mortgage note differently from how it accounts for the interest on all of its other debts.

Please file the original and five copies of the requested information by July 8, 2002, with Ms. Blanca Bayó, Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6076 if you have any questions.

Sincerely,



Larry D. Harris
Senior Attorney

LDH/dm

cc: Division of the Commission Clerk and Administrative Services
Division of Auditing and Safety (Vandiver, Welch)
Division of Economic Regulation (Merchant, Fletcher, Greene, Lingo, Willis)