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Public Service Commission

January 26, 2010

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10 JAN 27 AM 10:24  
COMMISSION  
CLERK

Christian Marcelli  
Rose, Sundstrom & Bentley, LLP  
2180 West State Road 434  
Sanlando Center, Suite 2118  
Longwood, FL 32779

**Re: Docket No. 090392-WS - Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke**

Dear Mr. Marcelli:

Staff needs the following information to complete our review of the application filed by Utilities Inc. of Pennbrooke (Utility or Pennbrooke).

1. On MFR Schedules B-7 and B-8, the salaries have increased by \$44,620 or 65.17 percent for Account Nos. 601 and 603 and \$31,774 or 49.27 percent for Account Nos. 701 and 703 since 2005. In prior Utilities, Inc. (UI) cases, UI cited customer growth and increased revenues as the justification for adding several new customer support employees, both in the state of Florida as well as positions in Northbrook, IL whose salaries were allocated to UI's subsidiaries.
  - (a) Due to the recent sale of UI systems (including, but not limited to, Miles Grant, Wedgefield, and a large subsidiary in North Carolina) which should cause a decline in UI's revenues, please explain why no reductions to salaries have been made.
  - (b) Please provide all the Utility's support justifying its salary increases since 2005. At a minimum, please include in your response each employee's name, title, salary amount for all direct employees, gross salary amount and allocated salary amount for all indirect employees, and a detailed description of the duties and responsibilities of all direct and allocated personnel employed in 2005 and those employed in 2008. Please include as an explanation and a detailed support for any new direct or allocated salary employees and provide support for any salary increases from 2005 to 2008 for existing direct and allocated salary employees that are still employed by UI in 2008.

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2. In past rate proceedings for several of Pennbrooke's sister utilities, UI has stated that the purpose of the Project Phoenix was to improve the Utility's capabilities and processes in their accounting, customer service, customer billing, and financial and regulatory reporting areas. As Project Phoenix has been fully deployed for nearly one year, please provide the benefits realized as a result of the Project Phoenix in regard to the Utility's accounting, customer service, customer billing, and financial and regulatory reporting areas, including the cost savings realized (i.e. personnel reductions) and all quantifiable benefits.
3. In Pennbrooke's response to Audit Finding No. 4, the Utility states that it believes that the Audit Staff has a typo in their numbers. Could you please be more specific about this possible typographical error?
4. In Pennbrooke's response to Audit Finding No. 1 the Utility states that it uses monthly depreciation. In the Utility's response to Audit Finding No. 6, the Utility states that it uses a half-year convention on WSC assets. Does the company use monthly or half-year depreciation?

Please submit this information to the Office of Commission Clerk by February 16, 2010. If you have any questions, please contact me by phone at (850) 413-6844 or by e-mail at [jdeason@psc.state.fl.us](mailto:jdeason@psc.state.fl.us).

Sincerely,



Jared Deason  
Regulatory Analyst IV

cc: Division of Economic Regulation (Bulecza-Banks, Fletcher, Lingo, Reiger)  
Office of the General Counsel (Brubaker)  
Office of Commission Clerk  
Office of Public Counsel