

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: July 21, 2015
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Kelley F. Corbari, Senior Attorney, Office of the General Counsel *KFC*
RE: **Docket No. 140219-WU** – Application for staff-assisted rate case in Polk County by Alturas Utilities, LLC.

Docket No. 140220-WU – Application for staff-assisted rate case in Polk County by Sunrise Utilities, LLC.

Attached please find a copy correspondence received from Alturas Utilities, LLC and Sunrise Utilities, LLC, in response to Staff's correspondence. Please file the attached documents in the documents tab of above-referenced docket files.

Thank you for your assistance in this matter. Should you have any questions, please do not hesitate to contact me.

KFC

RECEIVED-PPSC
15 JUL 21 AM 8:53
COMMISSION
CLERK

Kelley Corbari

Alturas
140219-WU

From: L SZABO <l.szabo@rogers.com>
Sent: Monday, July 20, 2015 8:01 AM
To: Kelley Corbari
Cc: l.szabo@rogers.com
Attachments: Customer service.docx; RE Accounting.docx

Sunrise
140220-WU

Dear Ms. Corbari,

Let's go forward and stay focus of the reasons why we have applied to have a rate increase.

We are short of revenue and there are only so many short cuts the system can take before it comes to a complete halt.

I understand all departments have their responsibilities to have as much details as possible about the companies apply for a rate case, but let's not throw out the baby with the bath water.

I have noticed the indifference shown to the main reason Sunrise and Alturas should have a workable financial base, and ultimately making attempts to override the PSC willingness to help, - and being aware of our real situation.

I am enclosing my answers to your July 17 questions available to me at this time or I have.

You always had our cooperation providing the information asked, and especially now getting closer to the August Staff meeting, it will be continued.

Yours truly,

Leslie Szabo

RE; Accounting

We have already answered our position in the STAFF'S THIRD DATA REQUEST at paragraph 11, for hiring an accounting firm or an individual accountant looking after the task and being responsible of proper bookkeeping.

Our goal is if it is a CPA firm they should be willing to include at the proposed allowance the yearly financial tax returns also.

Herman Moskowitz CPA firm 954 983 6500 is not willing to include the tax return only with an additional cost of \$ 1,000 for each companies regardless having all the records made available to them through their accounting services.

Irwing Karlitz CPA 954 458 6736 is the person who has prepared the last 4 year tax returns for the fee of \$ 400.00 (per company) is willing to discuss this issue, - once we have the founding approved and are ready to proceed.

Florence Willsberg 954 290 9143 is an accountant working 3 days a week to a CPA firm.
She is very knowledgably, and has the many variation of the Quick Book System at her own personal office. She is accustomed to provide all data electronically to any Governmental Agency or in our case to the Public Service Commission.

Based on our preliminary discussion she is capable and willing to look after our needs.

None of the people we have talked to has any experience regarding filling the Annual Report except helping me with the financial parts or to calculate the depreciations.

The CPA firm of Steven Dohan, who has prepared our Tax Returns for 6 years prior to Irwing Karlitz, also filled the Annual Reports has charged \$ 2,500.00 for the yearly services for each company.

We saved some money in the last 4 years on accounting - to make ends meet and to keep the operation running – and it was not satisfactory to the PSC in the order our records was handed over, but the numbers were accurate just the same.

We still have many options to follow through, but I wanted to give you the details.

RE; Customer Deposit

Looking through our new found source of information, all Sunrise customer deposit records are entered separately from the monthly detail reports going back at least 6 – 8 years.

Sunrise has a total of \$ 3,744 deposit on hand from 80 customers only.

In average they varies \$ 52.00 to much lesser amount as some portion was already used against their water bills, - and they are still continue to get service without any further deposit.

In reality we do not hold any deposit at all from the rest of Sunrise customers, and still providing them with water service.

This must be changed and be allowed to collect deposits for our protection against any future bad depts..

Looking at our average bills we should have at least \$ 90.00 deposit to cover two month service, and to collect a higher amount from the higher than average gallon users to be on the safe side.

We are going to have all the Alturas date in our possession soon and, I assume the situation is similar.

RE; FRWA Leak Survey

I thank you explaining to me the many benefits to become a FRWA member especially to have a leak survey without any additional expense.

As of date we have no explanation for the extreme gallons pumped versus sold water situation

I spoke to Wiley Pratt after our conversation I asked how much it will cost to fix the leak (when it's located) and according to him there are no visible signs, therefore there is no answer at present.

There are no muddy area (and the unaccounted gallons) would certainly create a very saturated site, perhaps somebody tapped into our water line and we are not aware of it, when and where.

Having a leak survey will be the answer to find out.

In that spirit I will put the issue into motion and will join the FRWA.

RE; Additional Estimates

As of July 17 9 am the representative of Utility Technicians with the presence of Wiley were at the site of Alturas and Sunrise and made an inspection regarding the Tanks and the many other repairs needs to be done.

We have also done business with this company previously and their job was satisfactory and approved.

Their estimates will be detailed, and based on the conversation with Wiley the cost will be very much the same as to Durham quotes.

He has also found additional repairs to be concerned about, but was told our budget only can go so far.

We should have the estimates by the end of this week.

Re; Polk County Business License

Of course I will look after this issue immediately this week.

I am also in the midst to provide the additional information to the South West Florida Water Management District of the Renewal of Water Use Permit for Alturas.

The fee of \$ 70.00 (for the 20 years renewal) was already paid this month prior to the July 15 dead line.

It was already completed last year for the Sunrise renewal.

Kelley Corbari

From: Kelley Corbari
Sent: Friday, July 17, 2015 10:29 AM
To: l.szabo@rogers.com
Cc: Clayton Lewis; Jeffery Small; Keino Young; Kelley Corbari; Laura King; Martha Golden; Matthew Vogel; Sonica Bruce
Subject: 140219/20 Alturas/Sunrise

Hi Mr. Szabo,

This is to confirm our discussion yesterday:

- 1. Customer Concerns** – Please provide some sort of general response to the concerns expressed at the Sunrise customer meeting in May. I will resend you my email dated June 19, 2015, containing the request and the customer information.
- 2. Customer Deposits** – Later today, Staff will be sending out another set of data requests containing a few questions regarding customer deposits and the Utilities' bad debt. I understand your concerns with regard to the deposit records kept during the period Mr. Smallridge operated the utilities. However, as we discussed, please respond to the requests as best you can and in as much detail as possible.
- 3. Bids/Estimates** – You mentioned that you were still obtaining bids for several proforma items as well as for retaining an accounting firm.

Plant Items: You stated that you had contacted the company that performed work on the Alturas tank several years ago and the company is meeting Mr. Pratt today to inspect the Alturas site in order to provide a work estimate. As we discussed, please ensure the estimates or bids for the electrical panel and tank work items are as detailed as possible.

Accounting Firm: As we discussed, please provide at least 2 estimates for the accounting services. The estimates need to be in writing and

must contain the estimated cost along with some sort of explanation of the services to be provided for the cost. For example: an email from the firm or a cost schedule of services provided by the firm, etc.

4. Leak Survey – Florida Rural Water Association Membership

As we discussed, both Utilities (particularly Alturas) have an excessive amount of unaccounted for water that needs to be addressed. Staff suggests that the Utilities renew their membership with the Florida Rural Water Association and request that the Association perform a leak survey of both Utilities, but particularly of Alturas as soon as possible. As I explained, the Association will perform the leak survey free of charge for its members.

FRWA Website: <http://www.frwa.net/membership.html>

5. Polk County Business License –

Staff has noted that neither Sunrise nor Alturas currently possess a Polk County Business License, which is required by the County. Please look into this matter as soon as possible. Here is the website that contains the information for obtaining the licenses.

Polk County Business License

Website: <http://www.flvec.com/polk/content/UrlView.aspx?id=627>

Class "B", State Regulated Business, Profession or Occupation - Annual Cost: \$57.75

This classification includes all businesses, professions, and occupations for which a license, certification, or registration is required by any branch, department, agency or authorized licensing board of the State of Florida.

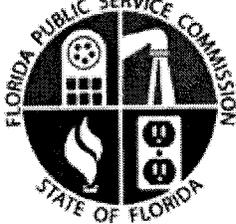
Note: Proof of state license, registration or certification may also be required prior to issuance of a county local business tax receipt.

If you have any questions about any of the items above or need additional information, please do not hesitate to contact me.

Thanks so much,
Kelley

Kelley F. Corbari,

Senior Attorney – Regulatory Analysis Section
Office of the General Counsel
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