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June 24, 2011

HAND DELIVERY

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Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RECEIVED-FPSC
11 JUN 24 AM 10:09
COMMISSION CLERK

Re: Docket No. 100426-WS; Application for increase in water and wastewater rates in Lake County by Lake Utility Services, Inc.
Our File No.: 30057.194

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is the response of Lake Utility Services, Inc. (the "Utility" or "LUSI") to Staff's seventh data request dated June 7, 2011. Staff has requested the following information in order to complete its analysis in the above-referenced docket.

- 1. Please file updated MFR Schedule F-1, pages 1 of 3, 2 of 3, and 3 of 3, for the ten-month period from July 1, 2010, through April 30, 2011;

RESPONSE: Please see the attached Adobe PDF file titled, "Revised Schedule F-1 (7.1.2010-4.30.2011).pdf" for the requested schedules.

- 2. Please provide both the number of bills and kgals sold for the period July 1, 2010 through April 30, 2011 (or through May 31, 2011, if the information is available). This information should be provided by customer class, meter size, service type (water, wastewater) and billing period(s) containing different rates for each applicable customer class. Furthermore, the requested information should be provided in a format consistent with MFR Schedule E-14, e.g., each page should be presented in the following format;

RESPONSE: Please see the attached Adobe PDF file titled, "Item 2 - E-14 (billing schedule).pdf" for the requested schedules.

2 cds
Containing Responses to seventh data request also fwd.

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3. The following items relate to the Utility's requested rate case expense;
- a. Please file an updated MFR Schedule B-10 with the most recent rate case expenses.
 - b. For each individual person, in each firm providing consulting services to the applicant pertaining to this docket, provide the billing rate, and an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also provide a description and associated cost for all expenses incurred to date.
 - c. For each firm or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date.
 - d. If rate consultant invoices are not broken down by hour, please provide reports that detail by hour, a description of actual duties performed, and amount incurred to date.
 - e. Please provide an estimate of costs to complete the case by hour for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the PAA process.
 - f. Please provide an itemized list of all other costs estimated to be incurred through the PAA process.

RESPONSE:

- (a) Please refer to the attached file, "Item 3(a) - MFR B-10 update 2011.06.09.pdf."
- (b) Please see the attached file, "Item 3(b) - Project 2010283 GL 2011.06.09.pdf" for rate case costs incurred through 6/9/2011. Capitalized time for Utilities, Inc. employees can be found in the attached file "Item 3(b) - Account Ledger Inquiry 2010283.2907.00901 as of 2011.06.09.pdf" with detailed descriptions of work performed in the attached file, "Item 3(b) - Detailed Timesheets.pdf"
- (c) Please refer to the attached file, "Item 3(c) - Project 2010283 Invoices.pdf."

- (d) Documents showing detailed work activity for rate consultants can be found within the response to 3(c). Detailed work reports for Milian, Swain & Associates employees are attached in file, "Item 3(d) - M, S & A Detailed Timesheets.pdf"
- (e) Please see the response to 3(a).
- (f) Please see the response to item 3(a). Also attached hereto are the estimates of time to complete the case from Management & Regulatory Consultants (see the MS Excel file, "Frank Seidman LUSI 2010 RCEXPENSEDETAIL.xlsx"), and Rose, Sundstrom & Bentley, LLC (see the Adobe PDF file, "RSB Estimate to complete case (LUSI).pdf").

4. In the Utility's response to Staff's First Data Request, Item 8(a), LUSI provided detailed time sheets for WSC employees related to rate case expense. The time sheet for Kirsten Weeks listed 162 hours for "Work on depreciation restatement and corrected 13-month average." Please provide a detailed explanation of the work performed and why it is necessary for the rate case.

RESPONSE: This file is created to account for Commission ordered adjustments as well as correct any depreciation errors and coding reclassifications that need to be made. These corrections must be made in order to prepare accurate MFRs. In addition, the Company's regulatory ledger currently does not depreciate, and this file must be created in order to depreciate any items that are on that ledger that should be depreciating.

The following items relate to Miscellaneous Expenses. On MFR Scheduled B-7 and B-8, LUSI explained that the increase in Miscellaneous Expenses was due to a substantial increase in the cost of services, office supplies, office utilities, and office maintenance. In Staff's First Data Request, Item 6(a), the Utility was requested to provide a copy of all invoices related to Miscellaneous Expenses with an invoice amount over \$1,000. However, most all of the invoices provided related to purchased power, chemicals, and contractual services (meter reading).

5. Please refer to Miscellaneous Expenses listed in MFR Schedules B-5, Column (2), page 1 of 2, Line 26. The Utility lists an amount of \$341,912 for water for the test year ended June 30, 2010. In the prior test year ended June 30, 2007, the amount of miscellaneous expenses for water was \$163,894. The following table illustrates the amount of miscellaneous expenses for the past four years as filed in LUSI's annual reports.

Miscellaneous Expenses	
Year	Water
2007	\$131,636
2008	\$261,461
2009	\$343,506
2010	\$157,641

It appears that the amount of \$341,912 for miscellaneous expenses for the test year ended June 30, 2010, may be an anomaly. On MFR Schedule B-5, page 2 of 2, Column (7), Line 26, the Utility lists miscellaneous expenses of \$130,436 for the month of December 2009. The average monthly miscellaneous expenses for the other eleven months is \$19,225.

- a. Please provide a detailed explanation for the amount of \$130,456 in miscellaneous expenses for the month of December 2009.
- b. Please indicate if the amount includes non-recurring expenses, and if so, please provide a list of said expenses.
- c. Please provide documentation supporting the miscellaneous expenses in December 2009. The documentation should include:

- i. a spreadsheet listing all individual expenses over \$1,000, and the total amount of all other expenses by category, e.g., office supplies, office furniture, office maintenance, office utilities, etc.; and
- ii. all receipts and invoices over \$1,000 that would support the entries in the spreadsheet.

RESPONSE:

- (a) Please see the attached file, "Miscellaneous Expenses – Water.xlsx" for which JDE accounts (worksheet "Water Accounts") and entries

(worksheet "Water Detail") comprise the \$130,436 in miscellaneous expenses for December 2009.

- (b) The amount includes \$104,983.54 of non-recurring expenses. Please see the attached file "Miscellaneous Expenses – Water.xlsx", worksheet "Water Detail", line 5.
- (c) Please see the responses to c (i) and c (ii) below.
 - i. Please see the attached file, "Miscellaneous Expenses – Water.xlsx," worksheet titled, "Water Detail" for a listing of all individual expenses over \$1,000 and the total amount of all other expenses by category.
 - ii. Please see the attached files, "Invoice 220205.pdf," "Invoice 224335.pdf," "Invoice 227550.pdf," "Invoice 227971.pdf," "Invoice 229719.pdf" and "Invoice 221205.pdf," for all invoices over \$1,000 that support the entries in the attached spreadsheet.

6. Please refer to Miscellaneous Expenses listed in MFR Schedules B-6, Column (2), page 1 of 2, Line 27. The Utility lists Miscellaneous Expenses of \$94,454 for wastewater for the test year ended June 30, 2010. In the prior test year ended June 30, 2007, the amount of miscellaneous expenses was \$50,932. The table below illustrates the amount of miscellaneous expenses for the past four years as filed in LUSI's annual reports.

Miscellaneous Expenses	
Year	Wastewater
2007	\$19,040
2008	\$92,997
2009	\$150,706
2010	\$51,337

It appears that the amount of \$94,454 for miscellaneous expenses for the test year ended June 30, 2010, may be an anomaly. On MFR Schedule B-6, page 2 of 2, Column (7), Line 27, the Utility lists miscellaneous expenses of \$66,379 for the month of December 2009. The average monthly miscellaneous expenses for the other eleven months is \$2,552.

- a. Please provide a detailed explanation for the amount of \$66,379 in miscellaneous expenses for the month of December 2009.
- b. Please indicate if the amount includes non-recurring expenses, and if so, please provide a list of said expenses.
- c. Please provide documentation supporting the miscellaneous expenses in December 2009. The documentation should include:
 - i. a spreadsheet listing all individual expenses over \$1,000, and the total amount of all other expenses by category, e.g., office supplies, office furniture, office maintenance, office utilities, etc.; and
 - ii. all receipts and invoices over \$1,000 that would support the entries in the spreadsheet.

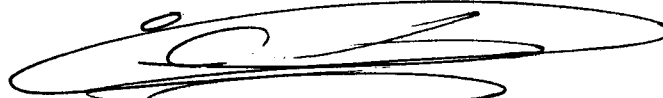
RESPONSE:

- (a) Please see the attached file, "Miscellaneous Expenses – Sewer.xlsx" for which JDE accounts (worksheet "Sewer Accounts") and entries (worksheet "Sewer Detail") comprise the \$66,379 in miscellaneous expenses for December 2009.
- (b) The amount includes \$62,290.31 of non-recurring expenses. Please see the attached file, "Miscellaneous Expenses – Sewer.xlsx", worksheet "Sewer Detail", line 2.
- (c) Please see the responses to c (i) and c (ii) below.
 - i. Please see the attached file "Miscellaneous Expenses – Sewer.xlsx," worksheet named "Sewer Detail" for a listing of all individual expenses over \$1,000 and the total amount of all other expenses by category.
 - ii. Please see the attached file "Invoice 259034.pdf" for all invoices over \$1,000 supporting the entries in the afore mentioned spreadsheet.

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
June 24, 2011
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Should you or the Staff have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



CHRISTIAN W. MARCELLI
For the Firm

CWM/tlc
Enclosures

cc: Steven M. Lubertozi, Executive Director of Regulatory Accounting & Affairs (w/enclosures) (via e-mail)
John Stover, Vice President and Secretary (w/enclosures) (via e-mail)
Kirsten Weeks, Manager of Regulatory Accounting (w/enclosures) (via e-mail)
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