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September 20, 1996

Stanley D. Rieger
Utility Systems Engineer
Division of Water and Wastewater
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-085

RE: Docket No. 960133-WU; Buccaneer Water Service
Staff Assisted Rate Case

Dear Mr. Rieger:

In response to your letter of September 11, 1996, I have worked with the company in order to accumulate responses to the issues which were raised at the Agenda Conference, and which you indicated you need additional information on in your letter. I will discuss each of the three issues below.

- 1. Maintenance personnel. You have requested additional data justifying the utility's booking of \$19,083 for a water system maintenance person.

The original calculation of this figure was based upon allocation of 1/2 of one employee's actual time and cost and 1/4 of another's time and cost. Attached hereto as Exhibit "A" is a listing of the duties performed by the maintenance staff related to the water utility and an estimate of the number of hours per month performed on each function on average. As you can see, the most recent analysis by Mr. Knight results in a determination that slightly less than 3/4 of one maintenance person is required for utility operations whereas the utility had booked costs based upon the general estimate of 3/4. Mr. Larry Knight of the parent company has accumulated this data based upon his personal knowledge and discussions with the maintenance and supervisory personnel at Buccaneer. These persons also perform numerous duties related to maintenance

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within the mobile home park itself. These non-jurisdictional duties consume the majority of these persons' time. A general listing of the non-jurisdictional functions can be provided if you need it.

Several employees perform the maintenance functions for the utility. The three who are primarily responsible for the utility-related work are Phil Jensen, Bobby Joe Hamm, and James Bice. These persons are employed both in the general maintenance of the mobile home park and on utility-related matters. Each of the functions listed by Mr. Knight, both utility and non-utility, may be performed by different employees at different times of the month or week, depending on the availability of any given employee and the needs of the utility entity at any given time.

Based upon the attached analysis, these employees expend the equivalent of 86 hours per month on average on utility-related matters. The company's fully loaded wage rate for these employees including taxes, benefits and insurance is \$14.76 per hour. For 86 hours, 12 months a year, this equates to a total fully loaded cost of \$15,232. We would agree with an adjustment to recognize these actual times, rather than the original allocation employed by the utility.

2. Water line break. A water line break did occur on a Saturday evening during a recent weekend. This was a crack in a 1" line located under a main roadway. It was examined by the on-site, in-house personnel and determined that it was of a nature that the utility maintenance staff are not equipped to handle.

Secondly, it was determined that it would be more cost-effective to have a subcontractor perform the work on Monday during normal business hours than to call upon the services of an emergency crew of an outside subcontractor during a weekend. Because the line was buried, under a major roadway, and appeared to be only a crack rather than a full break of an exposed line, the utility personnel determined that the water loss during this 36 hour period would likely not be major, impact the nature of the repair or affect customer service. The utility estimates that it lost approximately 5,000 gallons of water in that approximately 36 hour period before the break was repaired.

Given the substantial additional cost of calling a subcontractor on a weekend under their emergency pricing, the utility believed, and still believes now, that the most cost-effective alternative was to allow the leak to continue until Monday morning at which time it was repaired by the outside contractor. The leak did not effect in any way the water pressure within the community nor did it present any inconvenience for any of the utility's customers or residents of the mobile home park.

3. History of line repair cost. The utility agrees generally with the staff analysis of the history of line repair costs. After a discussion with utility personnel, I can offer the following information as to the nature and cause of these problems.

Buccaneer Water Service Company operates a system which is for the most part approximately 23 years old and located on sandy soils. As such, water line breaks or leaks are not uncommon. Generally speaking, any water line repairs on pipes of 1/2", 3/4" or 1" are repaired by the utility in-house personnel. However, with regard to many 1" and all 2", 4", and 6" line breaks or leaks, the in-house utility personnel are not equipped to handle these. As such, outside contractors must be utilized for these purposes. Few, if any, of the line breaks which the utility has experienced in the past are substantial individually. However, numerous repairs do occur and when they are located under a roadway they can be somewhat costly.

Your letter seems to indicate a misunderstanding that these are individual repairs in the effected years. In fact, in all cases the amount shown as a total repair cost involves several individual repairs at an average cost of less than \$1,000 in each of the effected years. Generally these repairs can occur from heavy equipment or trucks passing through the neighborhood or a number of other reasons given the age of the system and the soil condition. Given our past experience, the utility expects that they will reoccur with about the same frequency as they have in the past if not become more frequent as the system ages further.

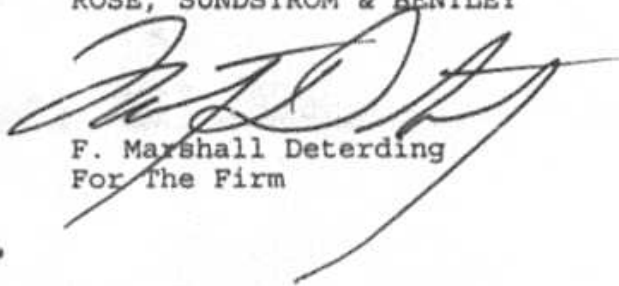
I trust that the information provided herein responds to all of your questions and concerns. Should you need any further information as justification for these or any other expenses previously submitted or recognized in the Commission's Staff

Stanley D. Rieger
September 20, 1996
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Recommendation, please let us know and we will work quickly to provide you with additional information.

Sincerely,

ROSE, SUNDSTROM & BENTLEY



F. Marshall Deterding
For The Firm

FMD/lm
Encl.

cc. Raj Agarwal, Esq.
Neal Bethea
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Division of Records and Reporting ✓
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September 19, 1996

F. Marshall Deterding
 c/o Rose Sundstrom & Bentley
 2548 Blairstone Pines Dr.
 Tallahassee, Fl. 32301

Re: Regards the Public Service Commission letter of Sept. 11, 1996

Justification for 20 hours per week charge off to maintenance staff.

- | | |
|--|------------|
| 1) Monthly meter reading: We use 2 men, for 2-3 days to read the meters in the community. This results in an average of 32-40 working hours per month. | (36 hours) |
| 2) Meter replacements: On an average, we change 2, 3, and sometimes 4 meters and boxes a month. This entails replacement of the old cement water boxes along with lines, valves and meters. Approx. time to change 1 box and meter is 2-4 hours. | (9 hours) |
| 3) Meter re-reads due to broken lines, excessive usage, or resident inquiries. | (5 hours) |
| 4) Water lines minor repair and replacement. | (12 hours) |
| 5) Resident inquiries due to excessive usage, perform leak checks, etc. | (8 hours) |
| 6) Monthly damage check: Perform an operations test on 50 water valves located throughout the community. This also includes some valve replacement on 2" and smaller lines. | (16 hours) |
| Total | (86 hours) |

Larry Knight

/nk