

Brevard Waterworks, Inc.

January 25, 2016

Office of Commission Clerk
Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Re: Docket No. 140186-WU - Application of Brevard Waterworks, Inc. for Staff Assisted Rate Case in Brevard County – Supplemental Information

Dear Commission Clerk,

Brevard Waterworks, Inc. (Brevard Waterworks) hereby submits additional information to this Commission related its analysis of the unaccounted for water in the water distribution system. Regarding Brevard County, Brevard Waterworks contacted Brevard County in January 2016 concerning its interest in pursuing purchasing and/or taking over the water systems. The Office of Public Counsel (OPC) had indicated that they held a meeting with the County to discuss a possible sale. Based on the conversation with the Utility Director of Brevard County, it was indicated to Brevard Waterworks that the County had no interest in either purchasing and/or taking over the water systems. The Utility Director indicated there was no perceived benefit to its existing customers related to this action. The Utility Director did indicate that he was going to meet with the County Commissioner for this District to see if there was any further interest. BWI indicated that if there was an interest, that the utility company would be meeting in person with the County to discuss any potential purchase.

Concerning the “long term” solution for the unaccounted for water issues in this system, as previously stated Brevard Waterworks still believes that the ultimate long term solution would be to replace the water distribution system throughout the service territory. As previously indicated, Brevard Waterworks remains concerned with the increasing unaccounted for water issues in the Oakwood and Kingswood subdivisions. At the time of purchase and during 2013, the unaccounted for water for Oakwood was approximately 33%. Since that time, the unaccounted for water has risen to approximately 50% during 2015. This continues to be a concern of the utility.

In addition to the activity of the utility to locate and make repairs expressed in the various responses provided during this SARC, the utility also intends to utilize ground penetrating radar (GPR) in the near future. This has been a successful venture performed with the Florida Rural Water Association (FRWA) at both the Sunny Hills Utility Company and LP Waterworks, Inc. in recent months. The FRWA in cooperation with U.S. Water Services Corporation (US Water), utilized this new technology in the Sunny Hills and LP Waterworks service territory. It should be noted that the FRWA used the Sunny Hills project as a statewide training event for all of its circuit riders. This new GPR technology was used in a day long training event for the FRWA in cooperation with US Water. In addition, the FRWA also utilized this technology at the LP

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Waterworks service territory. US Water intends to use this GPR technology at Brevard Waterworks in the near future.

It should also be noted for the Kingswood subdivision, the unaccounted for water has risen from approximately 2% in 2013 to approximately 22% in 2015. This too is attributed to the aging infrastructure installed around the same time as the Oakwood subdivision.

As previously stated, Brevard Waterworks had initially intended to move forward with the Replacement Project prior to the final customer meeting. However, due to both the customer opposition and OPC's opposition to the project, Brevard Waterworks indicated that it may not be the appropriate time to move forward at this time.

Brevard Waterworks remains amenable to moving forward at the direction of the Florida Public Service Commission, but at this time is unable to accept the financial risk of this significant capital investment project without some assurance of recovery in rates from the Commission with the support of the OPC. The ultimate solution to the issue is a replacement of this aging infrastructure. As stated previously, this system has been in service since 1971. (See Order No. 5033)

In PSC Order No. PSC-93-0423-FOF-WS, issued March 22, 1993, the Commission stated:

Oakwood

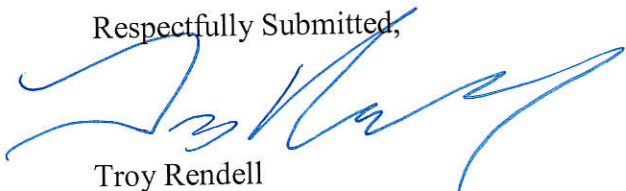
In its MFRs, the utility estimated that there were approximately 1,200 pipe joints leaking at a rate of 120,000 gallons per month.

Subsequently, in Order No. PSC-09-0385-FOF-WS, issued May 29, 2009, involving this system there were no excessive unaccounted for water adjustments made. Brevard Waterworks has identified that the only viable solution is replacing the water distribution system.

As stated several times prior, the difficulties with the location of the distribution system in recorded easements in the back of the customers' properties presents complications with the project. Both OPC and Brevard Waterworks explained to the customers the necessity of requiring the utility easement be cleared on the back of the majority of the customers' properties.

If you have any further questions, please do not hesitate to contact me at (727) 848-8192, ext. 245.

Respectfully Submitted,



Troy Rendell
Manager of Regulated Utilities
//for Brevard Waterworks, Inc.