

STATE OF FLORIDA



COMMISSIONERS:
JULIE I. BROWN, CHAIRMAN
LISA POLAK EDGAR
ART GRAHAM
RONALD A. BRISÉ
JIMMY PATRONIS

OFFICE OF THE GENERAL COUNSEL
KEITH C. HETRICK
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

September 30, 2016

Bocilla Utilities, Inc.
c/o Martin S. Friedman, Esq.
766 N. Sun Drive, Suite 4030
Lake Mary, FL 32746
mfriedman@ff-attorneys.com

STAFF'S SECOND DATA REQUEST

via email

Re: Docket No. 160065-WU, Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.

Dear Mr. Friedman:

By this letter, the Commission staff requests that Bocilla Utilities, Inc. (Utility) please provide the following information.

1. In its response to staff's first data request, Item 1, the Utility stated that during 2015 it was apparent that an additional day per week or 400 hours per year would be required to adequately process regulatory compliance; software/website maintenance; job accounting; meter reading input; monthly billing' ACH customers' customer complaints and overall response to 400 customers. The following items relate to this expense.
 - a. Please provide justification for a rate of \$25 per hour for clerical work, including, but not limited to, job requirements and comparable rates for similar work.
 - b. In MFR Schedule B-3, the Utility included an adjustment of \$10,400 for additional clerical work. However, in its response to staff's first data request, the Utility stated that an additional 400 hours ($\$25 \times 400\text{hrs.} = \$10,000$) per year would be required. Please reconcile the difference.
 - c. Please explain what aspects of regulatory compliance require additional clerical work.
 - d. Please clarify how many employees/positions will be needed for the additional clerical work.
 - e. Please describe any overlapping that may occur between the officer's duties and the additional clerical work duties listed.

2. In its response to staff's first data request, Item 2, the Utility stated that it does not have the accounting expertise to perform the necessary monthly accruals to arrive at reasonable monthly financial statements. The following items relate to this expense.
 - a. Please explain the separation of responsibility between the "job accounting" listed under the additional clerical work and the accounting services that the utility is requesting.
 - b. Please provide justification for a rate of \$350 a month, including, but not limited to, job requirements and comparable rates for similar work.
3. In its response to staff's first data request, Item 3, the Utility stated that the estimated annual cost for the fire hydrant exercise program is \$3,720. The following items relate to this expense.
 - a. Please provide invoices to support the estimated amount of \$3,720.
 - b. Will this be the first time the Utility is participating in the fire hydrant exercise program?
4. In its response to staff's first data request, Item 4, the Utility stated that sandblasting, paint, and labor every two years is estimated at \$75 per hydrant. The following items relate to this expense.
 - a. Please provide the Utility's bases for a 2-year interval.
 - b. Please provide invoices for the total amount of \$2,310.
 - c. Will this be the first time the Utility is conducting fire hydrant maintenance painting?
5. In its response to staff's first data request, Item 14, the Utility provided W2s and one 1099. Please provide a breakdown of employees' salaries based on position/job description.
6. In its response to staff's first data request, Item 5, the Utility stated that it is requesting to purchase a new truck. The following items relate to this expense.
 - a. In its MFRs, the Utility proposed leasing a used truck. However, in its response to staff's first data request, the Utility stated that the truck will be new. Please reconcile the difference.
 - b. How much in "fuel compensation" expense will be removed with the purchase of a new truck?

7. In its response to staff's first data request, Item 7, the Utility stated that salaries and wages represent payroll checks written weekly, plus one sub-contractor. The following items relate to this expense.
 - a. Please provide the rate charged for the sub-contractor.
 - b. Please provide the duties of the sub-contractor.
 - c. Will the additional clerical work requested replace the need for the sub-contractor? If not, please explain why.

8. In its response to staff's first data request, Item 12, the Utility stated that the July rent payment was missed and was paid in October of 2015. Also, the Utility stated that it rents an office in the Islander Properties Real Estate Office. The following items relate to this expense.
 - a. Was there any late fee associated with the missed rent payment in July? If so, please provide the amount.
 - b. Please provide all rent/electric bills for the rental property for 2015.
 - c. Please provide the basis for how the electric bill is divided among tenants.
 - d. Is Islander Properties Real Estate a related Party?

9. In its response to staff's first data request, Item 15, the Utility stated that the officer's/owner's duties have increased after removing the water treatment plant for service. The following items relate to this expense.
 - a. How long does the Utility anticipate having problems with nitrification and bio films generated from chloramine treated water?
 - b. What has the Utility done to solve the additional problems with nitrification and bio films generated from chloramine water?
 - c. What alternative treatment solutions with DEP and FRWA has the Utility considered?
 - d. Please provide an allocation for the officer's/owner's time spent on chemical checking, flushing, and super chlorination.
 - e. Please provide a breakdown of the officer's/owner's duties compared to the operator's duties.

10. According to revised MFR Schedule B-7, barging expense is included in 2015 miscellaneous expense. The following items relates to this expense.
 - a. Please provide a breakdown of total barging expense for the past five years.
 - b. Please provide support documentation (i.e. invoices) for barging expense from January 2015 to date.
 - c. Is there a yearly pass or membership associated with the barging expense? If so, is the pass or membership used for personal transportation?
 - d. Excluding barging expense in 2015, miscellaneous expense substantially increased when compared to 2010. Please explain the increase in miscellaneous expense from 2010 to 2015.
11. In its response to staff's first data request, Item 21, the Utility listed annual meter replacement as one of their pro-forma projects. Please clarify whether or not the Utility considers the annual meter replacement as a pro-forma expense. If not, please explain why.
12. Staff's Audit Report was filed on September 1, 2016, in Document No. 07246-16. Please provide a statement detailing which audit finding(s) the Utility agrees with. For each finding the Utility disagrees with, please provide a detailed explanation of the disagreement as well as support documentation.
13. Please provide an update of actual and estimated rate case expense along with any necessary supporting documentation (i.e. invoices or receipts). In addition, please provide a detailed explanation and calculations to justify estimated expense to completion.
14. The Office of Public Counsel (OPC) filed a letter of concerns on September 29, 2016, in Document 07863-16. Please provide a detailed response to OPC's concerns as well as any support documentation.

Please file all responses electronically no later than Wednesday, October 19, 2016, through the Commission's website at www.floridapsc.com, by selecting the **Clerk's Office** tab and **Electronic Filing Web Form**. Please feel free to call me at (850) 413-6076 if you have any questions.

Sincerely,

/s/ Margo A. Leathers

Margo A. Leathers
Attorney

MAL

cc: Office of Commission Clerk (Docket No. 160065-WU)