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DIVISION OF ENGINEERING
TOM BALLINGER
DIRECTOR
(850) 413-6910

Public Service Commission

November 8, 2016

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

**STAFF'S THIRD DATA REQUEST
VIA EMAIL & USMAIL**

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

Dear Mr. Friedman:

Please provide the additional information requested below regarding Bocilla Utilities, Inc., (Bocilla or Utility) by November 29, 2016.

Please refer to the Utility's response to Staff's First Data Request.

1. In its response to item 15a, the Utility stated that the Officer compensation is approved annually at the Board of Director's meeting.
 - a. Please provide a list showing the full name of each Board of Director.
 - b. What are the factors considered by the Board of Directors when approving the Officer's salary?
 - c. Please explain the role of the Board of Directors and their duties.
 - d. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for Director's fees.
 - e. When did the Utility begin paying Director's fees?
2. In its response to item 15b, the Utility stated that the Officer's duties have increased after removing the water treatment plant from service.

- a. Please provide the total hours per month Mr. Noden spends tending to utility operations.
- b. Please provide a detailed list of monthly duties Mr. Noden performs for Bocilla along with an estimate of hours allocated to each duty.

Please refer to the Utility's response to Staff's Second Data Request.

3. In its response to Staff's item 6b, the Utility stated that fuel compensation was reimbursement to employees for use of personal automobiles, this will be replaced by reimbursement for mileage on personal cars.
 - a. Please clarify the difference between reimbursement for use of personal automobiles and reimbursement for mileage on personal cars.
 - b. For each employee receiving mileage reimbursement, please identify who they are and state the purpose for their use of a personal vehicle during work hours.
4. In its response to item 11, the Utility stated that the meter replacement program is scheduled to replace 60 meters a year over the next four years.
 - a. Please explain why the Commission should consider capitalizing the meter replacement program beyond the 24 month limit as defined in 367.081(2)(a)2., F.S.
 - b. How many meters in total does the Utility have?

Please refer to the Utility's response to the Staff Audit Report.

5. In response to the Staff Audit Report, the Utility stated that "The Utility expects the original cost study to show more original cost than the Utility has booked, therefore the Utility is requesting that the amount shown in its historical records be considered." If the Original Cost Study is an accurate estimate of the Utility's plant in service, please explain why the amount shown in the Utility's historical records should be used instead?

Please refer to the Original Cost Study prepared by Frank Seidman submitted on October 18, 2016.

6. On page 2, the summary section states that the calculation of original cost is based on the Reproduction Cost Report prepared by Giffels-Webster Engineers, Inc. Please provide this report.

7. On page 2, the methodology section states that the reproduction cost was estimated based on September, 2016 pricing. Please provide a copy of the source(s) Mr. Seidman used for the prices of all assets.
8. Please provide any records used to determine the date each asset was placed into service.
 - a. If any asset in-service date is not directly supported by records, describe the method used to support the date used in the cost study.
9. Did Mr. Seidman physically inspect the system in preparing the original cost study?
 - a. If there were any assets Mr. Seidman did not physically inspect, how did he estimate their specifications, e.g. using known distances from above-ground features to estimate pipe length?
 - b. If the lengths of any asset were estimated in this way, please provide all measurements or reference materials used to make the estimates.
10. Please provide the simple average plant and accumulated depreciation balances for the test period ended December 31, 2015, related to the estimated original costs contained in the Utility's original cost study. In your response, please provide this information in the same format as MFR Schedule A-5 for plant and MFR Schedule A-9 for accumulated depreciation.
11. Please list all of the plant assets from the original cost study that are subject to an allocation to KIU.

Please refer to the Utility's response to OPC issues and concerns.

12. In response to concern 1c., the Utility stated that "Approximately thirty-six percent (36%) of the transmission project (\$258,342) is allocated to KIU and not included in BUI rate base." Does the \$258,342 figure account for all Bocilla Utilities assets that directly or indirectly benefit KIU?
 - a. Should a similar allocation be made for any other assets, e.g., the new chloramine feed system?

13. In its response to OPC's concern 1d, the Utility stated that approximately 36 percent of the transmission project is allocated to KIU and not included in BUI rate base. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the 36 percent allocation to KIU.
14. In response to concern 3a, the Utility stated that the damage to the boost station was caused by the Charlotte County Fire Department. Please provide all documentation describing the event and all communication between the Utility and the Fire Department in regards to this incident.
15. In response to concern 3c, the Utility stated that "These are all of the 6" distribution valves in the system that are 20+ years old and need to be replaced so that lines can be isolated for maintenance and in case of main breaks." And that "Any remaining undepreciated value will be requested as a loss." If the assets are not fully depreciated, does this indicate that they are being retired before their estimated useful life?
 - a. If yes, please explain factors which may have lead to the valves requiring replacement before their estimated useful life.
 - b. Are these valves currently inoperable or is this a preventative replacement?
16. In response to concern 3d, the Utility stated that "the work [on the chloramine feed system is currently underway and expected to be completed by December 2016." Please provide an update on the timetable and the actual costs of this project.
17. In its response to concerns 9 and 13, the Utility stated that it has had over a year to evaluate the percentage of time spent on utility and non-utility business since connecting to the EWD.
 - a. What time keeping measures does the Utility take to document time (i.e. timesheets)?
 - b. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the 20 percent allocation to non-utility business.
18. In its response to concern 9a, the Utility stated that there will be no changes in salaries related to the looped line since any time savings is immaterial. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the immaterial amount.

19. In its response to concern 10, the Utility stated that it agrees that a percentage of payroll benefits and worker's comp insurance should be allocated to KIU. The following items relate to these allocations.

- a. Please explain the type of work performed by BUI employees for KIU.
- b. Please provide a list of all BUI employees also working for KIU.
- c. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the proposed allocation of 20 percent for health insurance and 10 percent worker's comp insurance to KIU.
- d. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the allocation of payroll taxes to non-utility activities.

20. In its response to concern 11, the Utility stated that after going through the PSC audit, OPC requests, and FDEP requests, the amount of administrative time is growing.

- a. What additional clerical work is required by the Utility besides any work related to processing this current rate case?
- b. Does the part time employee currently working for BUI perform any work for KIU?
- c. Will the requested new part time clerical position require performing any work for KIU?
- d. Please clarify how many clerical positions the Utility will have after filling the new clerical position.
- e. Please identify the FDEP requests that have increased since 2010.

Please refer to the Utility's 2012 Annual Report.

21. In the Utility's 2012 Annual Report, the first annual report filed since returning to the Commission's jurisdiction, Salaries & Wages – Employees was \$65,184.

- a. According to MFR Schedule B-7, Salaries & Wages – Employees in 2010 was \$92,272. Please explain the decrease in employee salaries from 2010 to 2012. Please include allocations for non-utility activities.
- b. According to MFR Schedule B-7, Salaries & Wages – Employees in test year 2015 was \$94,466. Please explain the increase in employee salaries from 2012 to 2015. Please include allocations for non-utility activities.

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c. Please provide a list of all employees and their respective compensation for 2012, 2013, 2014 and 2015. Please include job titles, salary, hourly pay, and duties. Please include allocations for non-utility activities.

22. According to MFR schedule B-7, the Utility is requesting an increase of \$10,000 in Salaries & Wages - Employees due to more reporting and more customers. Please explain why a six percent increase in customers since 2010, as shown on MFR Schedule B-7, justifies the requested \$10,000 increase in employee's salaries.

Please contact me by phone at (850) 413-6425 or by email, ahill@psc.state.fl.us, if you have any questions.

Sincerely,



Adam Hill
Engineering Specialist
Division of Engineering

ARH:tj

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