

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: July 2, 2021

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Christopher R. Richards, Public Utility Analyst III, Division of Accounting & Finance *CRR*

RE: Docket No. 20200230-WU - Application for staff-assisted rate case in Manatee County by Sunny Shores Utilities, LLC.

Please place the attached email from Marianne McDonald in the above mentioned docket file. Please note that email attachments are not included due to containing customer personal information.

Thank you.

Attachment

From: accounting@fus1llc.com
To: [Christopher Richards](#)
Subject: RE: -URGENT- Additional Information Needed For Bad Debt Expense - Docket No. 20200230-WU Sunny Shores SARC
Date: Thursday, June 24, 2021 2:21:48 PM
Attachments: [Sunny Shores - Bad Debt as of Feb 5, 2021.pdf](#)
[Sunny Shores - Bad Debt as of June 3, 2021.pdf](#)
[SSU 2020 Account Aging by Year for Bad Debt Reconciliation.xlsx](#)

Hi Christopher,

Response to your questions, below. If you need anything else, please call me at (512) 694-8406.

Thanks,
Marianne

1. How FUS1 handles Bad Debt Expense

Bad debt expense for the previous year is determined in February by reviewing a current export of customer balance data from the Water Solutions billing system.

For the amount due to be included in the bad debt total, it must be 90+ days past due. Normally, the prior year bad debt calculation as reflected in the Annual Report is based on Last Payment dates between October 1 (16 months prior) to Sep 30 (4 months prior).

2. Steps which were taken to update the information in your systems

Billing information is updated throughout the year when customers call or make payments. Customers are billed quarterly on the first day of January, April, July and October.

2019 bad debt expense was determined by using the method described above, but the data came from a different report format which is no longer available and less accurate than the full customer balance export we use today.

2020 bad debt expense was determined by reconciling all past due balances that had a last payment date from the first SSU billing on April 1, 2019, to Sep 30, 2020. From that total (\$5,346.57), we subtracted the bad debt expense recorded for fiscal year 2019 (\$7.35, which was inaccurate) to arrive at the amount recorded for fiscal year 2020 (\$5,339.22).

See attached file "Sunny Shores – Bad Debt as of Feb 5, 2021."

Earlier this month, a reported was created for the commission to show the total reconciled bad debt amount as of June 3, 2021.

From Feb 5 to June 3, some of the Sunny Shores accounts that were 90+ days late in February had

been paid in full, or had received a partial payment within the last 90 days. Since rolling lates do not qualify as bad debt, they were removed from the calculation.

See attached file "Sunny Shores – Bad Debt as of June 3, 2021."

See also, attached Excel file "SSU 2020 Account Aging by Year for Bad Debt Reconciliation," worksheet "Customer Balance Export 2-5-21" for the full customer balance export from the billing system on that date.

Marianne McDonald
Chief Financial Officer
Florida Utility Services 1, LLC
5911 Trouble Creek Rd
New Port Richey, FL 34652
(727) 937-6275

From: Christopher Richards <crichard@psc.state.fl.us>
Sent: Wednesday, June 23, 2021 3:30 PM
To: 'Accounting@FUS1LLC.com' <accounting@fus1llc.com>
Cc: Todd Brown <TBrown@PSC.STATE.FL.US>; Mark Cicchetti <MCICCHET@PSC.STATE.FL.US>; Cheryl Bulecza-Banks <CBulecza@PSC.STATE.FL.US>
Subject: FW: -URGENT- Additional Information Needed For Bad Debt Expense - Docket No. 20200230-WU Sunny Shores SARC

Ms. McDonald,

Thank you for your phone call this afternoon. As per our discussion, please provide a response to this email to include a brief summary of how FUS1 handles Bad Debt Expense and the steps which were taken to update the information in your systems.

If you have any questions, please feel free to reach out to me any time.

Thank you,

Christopher R. Richards
Public Utilities Analyst III
Division of Accounting and Finance
Florida Public Service Commission
crichard@psc.state.fl.us

Office: 850-413-6742

From: Christopher Richards

Sent: Wednesday, June 23, 2021 3:08 PM

To: mike@fus1llc.com

Cc: Todd Brown <TBrown@PSC.STATE.FL.US>; Mark Cicchetti <MCICCHET@PSC.STATE.FL.US>;

Cheryl Bulecza-Banks <CBulecza@PSC.STATE.FL.US>

Subject: -URGENT- Additional Information Needed For Bad Debt Expense - Docket No. 20200230-WU Sunny Shores SARC

Good afternoon Mr. Smallridge,

In order to make sure staff is able to provide an accurate picture of the bad debt expense relating to Sunny Shores in the upcoming recommendation, please answer the below questions as soon as possible. It is staff's desire that Docket No. 20200230-WU be presented to the Commissioners at the August 3 Agenda Conference, and therefore would like your answers to the below questions by the end of the day on June 25, 2021, if possible.

1. Please explain how bad debt expense is handled at the Utility. Please provide details on how long an account is held before being written off.
2. Please reference page 5 of your response to Staff's Fourth Data Request for the following questions:
 - a. Which of the accounts listed have been disconnected?
 - b. Please reconcile the listed amounts with the \$7 reported in the 2019 Annual Report. For example, the response to the interrogatory showed various last payments in 2019 totaling \$2,370. However, the annual report only showed \$7 of bad debt expense in 2019.
 - c. Please reconcile the listed amounts with the \$5,339 reported in the 2020 Annual Report. Does the \$5,339 for 2020 represent the cumulative amount of bad debt expense over several years, or just the amount incurred in 2020?

For your convenience, I am attaching a copy of the Utility's response to Staff's Fourth Data Request, as referenced above.

Thank you for your timely response to these questions.

Christopher R. Richards
Public Utilities Analyst III
Division of Accounting and Finance
Florida Public Service Commission
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Office: 850-413-6742