

FLORIDA PUBLIC SERVICE COMMISSION

Item 4

VOTE SHEET

FILED 8/8/2024
DOCUMENT NO. 08320-2024
FPSC - COMMISSION CLERK

August 8, 2024

Docket No. 20240023-WS – Application for certificates to provide water and wastewater service and approval of initial rates and charges in Lake County, by North Lake County Water & Sewer Company LLC.

Issue 1: Should the application for water and wastewater certificates by North Lake be approved?

Recommendation: Yes. North Lake should be granted Certificate Nos. 683-W and 583-S to serve the territory described in Attachment A of staff’s memorandum dated July 25, 2024, effective the date of the Commission’s vote. The resultant order should serve as North Lake’s water and wastewater certificates and it should be retained by the Utility.

APPROVED as modified by the parties' agreement.

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures in blue ink on the majority side and one signature in blue ink on the dissenting side.

REMARKS/DISSENTING COMMENTS:

Docket No. 20240023-WS – Application for certificates to provide water and wastewater service and approval of initial rates and charges in Lake County, by North Lake County Water & Sewer Company LLC.

(Continued from previous page)

Issue 2: What are the appropriate water and wastewater rates and return on investment for North Lake?

Recommendation: Staff’s recommended water and wastewater rates, shown on Schedule Nos. 4-A and 4-B of staff’s memorandum dated July 25, 2024, are reasonable and should be approved. The overall cost of capital should be set at 8.42 percent. A return on equity (ROE) of 8.66 percent with a range of plus or minus 100 basis points should also be approved. The approved rates should be effective for services rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved rates until authorized to change them by the Commission in a subsequent proceeding.

APPROVED *as* **MODIFIED**

Issue 3: Should North Lake’s requested initial customer deposits be approved?

Recommendation: No. The appropriate initial customer deposits are \$178 for water and \$160 for wastewater service for the residential 5/8" x 3/4" meter size. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved customer deposits should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

Issue 4: What are the appropriate service availability charges for North Lake?

Recommendation: The appropriate service availability charges are the Utility’s requested plant capacity charge of \$2,000 per ERC for the water system and \$3,000 per ERC for the wastewater system. The recommended plant capacity charges should be based on 300 gallons per day (gpd) for water and 250 gpd for wastewater. The approved charges should be effective for connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

Docket No. 20240023-WS – Application for certificates to provide water and wastewater service and approval of initial rates and charges in Lake County, by North Lake County Water & Sewer Company LLC.

(Continued from previous page)

Issue 5: Should the temporary meter deposit requested by North Lake be approved?

Recommendation: Yes. The Utility’s requested temporary meter deposit for general service customers at actual cost pursuant to Rules 25-30.315 and 25-30.345, F.A.C., is reasonable and should be approved. The approved temporary meter deposit should be effective for service rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. North Lake should be required to collect the approved deposit, which covers the anticipated costs of installing and removing facilities and materials for temporary service, until authorized to change it by the Commission in a subsequent proceeding.

APPROVED

Issue 6: Should North Lake’s request to implement a backflow prevention assembly testing charge be approved?

Recommendation: Yes. The Utility’s requested backflow prevention assembly testing charge for general service customers at actual cost should be approved. The approved charge should be effective for service rendered or connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. North Lake should be required to charge the approved charge until authorized to change it by the Commission in a subsequent proceeding.

APPROVED

Issue 7: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff’s verification that the revised tariff sheets have been filed by the utility and approved by staff. Once these actions are complete, this docket should be closed administratively.

APPROVED

North Lake County Water & Sewer Company LLC
Initial Rates and Charges
Water System
Pro Forma Expenses for Water Utility based on projections at 80% Design Capacity
Projected December 31, 2029

Line No.	NARUC Acct. No.	Description	Water
1	601	Salaries and Wages - Employees	
2	603	Salaries and Wages - Other	
3	604	Employees Pensions and Benefits	
4	610	Purchased Water	
5	615	Purchased Power	
6	616	Fuel for Power Production	
7	618	Chemicals	
8	620	Materials and Supplies	
9	630	Contract Services - Plant Operations	16,971
10	630	Contract Services - Billing	36,318
11	630	Contract Services - Engineering	2,829
12	630	Contract Services - Accounting	2,829
13	640	Rents	
14	650	Transportation Expense	
15	655	Insurance Expense	
16	665	Regulatory Commission Expense	
17	670	Bad Debt Expense	
18	675	Miscellaneous Expense	
19	403	Depreciation - Net of CIAC Amortization	107,104
20	407	Amortization Expense - Intangible	255
21	408	Taxes Other Than Income (1)	68,373
22		Total Expenses	<u>234,678</u>
23			
24		Average Cost per customer per month	\$ 34.49
25		Total	<u>93,274</u>
26	(1) Taxes other than Income		
27		Property Taxes (net tangible plant X millage)	
28		(12.0498)	46,451
29		Regulatory Assessment Fees	21,921
30			

Parties Staff Handout
Internal Affairs/Agenda
on 8/8/24
Item No. 4

North Lake County Water & Sewer Company LLC
Initial Rates and Charges
Wastewater System

Pro Forma Expenses for Wastewater Utility based on projections at 80% Design Capacity
Projected December 31, 2029

Line No.	NARUC Acct. No.	Description	Wastewater
1	701	Salaries and Wages - Employees	
2	703	Salaries and Wages - Other	
3	704	Employees Pensions and Benefits	
4	710	Purchased Wastewater Treatment	
5	711	Sludge Removal Expense	
6	715	Purchased Power	
7	716	Fuel for Power Production	
8	718	Chemicals	
9	720	Materials and Supplies	
10	730	Contract Services - Plant Operations	16,971
11	730	Contract Services - Billing	36,318
12	730	Contract Services - Engineering	2,829
13	730	Contract Services - Accounting	2,829
14	740	Rents	
15	750	Transportation Expense	
16	755	Insurance Expense	
17	765	Regulatory Commission Expense	
18	770	Bad Debt Expense	
19	775	Miscellaneous Expense	
20	775	Miscellaneous Expense - Permit Fees	
21	403	Depreciation - Net of CIAC Amortization	111,490
22	407	Amortization Expense - Intangible	255
23	408	Taxes Other Than Income (1)	52,497
24		Total Expenses	<u>\$ 223,188</u>
25			
26		Average cost per customer per month	
27		Total	<u>\$ 32.80</u>
28	(1) Taxes other than Income		<u>\$ 94,806</u>
29		Property Taxes (net tangible plant X millage)	
28		(12.0498)	
29		Regulatory Assessment Fees	33,247
30			19,250

Riverdale Utility Holding, Inc.
Initial Rates and Charges
Water System

Pro Forma Expenses for Water Utility based on projections at 80% Design Capacity
Projected December 31, 2035

Line No.	NARUC Acct. No.	Description	Water
1	601	Salaries and Wages - Employees	104,443
2	603	Salaries and Wages - Other	
3	604	Employees Pensions and Benefits	
4	610	Purchased Water	
5	615	Purchased Power	8,154
6	616	Fuel for Power Production	
7	618	Chemicals	10,804
8	620	Materials and Supplies	14,077
9	630	Contract Services - Testing	18,894
10	630	Contract Services - Engineering	
11	630	Contract Services - Accounting	6,429
12	640	Rents	
13	650	Transportation Expense	
14	655	Insurance Expense	9,841
15	665	Regulatory Commission Expense	
16	670	Bad Debt Expense	
17	675	Miscellaneous Expense	9,861
18	403	Depreciation - Net of CIAC Amortization	(8,061)
19	407	Amortization Expense - Intangible	494
20	408	Taxes Other Than Income (2)	39,806
21		Total Expenses	<u>214,742</u>
22			
23		Average Cost per customer per month	<u>\$ 60.05</u>
24			
25	(1)	Taxes other than Income	
26		Property Taxes (net tangible plant X millage)	
27		(12.6935)	22,131
28		Regulatory Assessment Fees	17,675
29		Total	<u>39,806</u>

Gibson Place Utilities, LLC
Initial Rates and Charges
Water System
Pro Forma Expenses for Water Utility based on projections at 80% Design Capacity
Projected December 31, 2026

Line No.	NARUC Acct. No.	Description	Water
1	601	Salaries and Wages - Employees	
2	603	Salaries and Wages - Other	
3	604	Employees Pensions and Benefits	
4	610	Purchased Water	71,114
5	615	Purchased Power	
6	616	Fuel for Power Production	47,939
7	618	Chemicals	
8	620	Materials and Supplies	802,420
9	630	Contract Services	31,836
10	630	Contract Services - Engineering	7,959
11	630	Contract Services - Accounting	
12	640	Rents	
13	650	Transportation Expense	
14	655	Insurance Expense	
15	665	Regulatory Commission Expense	
16	670	Bad Debt Expense	
17	675	Miscellaneous Expense	760,015
18	403	Depreciation - Net of CIAC Amortization	10,681
19	407	Amortization Expense - Intangible	803,972
20	408	Taxes Other Than Income (1)	
21		Total Expenses	<u>2,535,935</u>
22		Average Cost per customer per month	\$ 21.34
23			
24			
25	(1)	Taxes other than Income	
26		Property Taxes (net tangible plant X millage)	374,726
27		(12.0498)	203,327
28		Regulatory Assessment Fees	225,919
29		Franchise Fee (5%)	<u>803,972</u>
30		Total	<u>803,972</u>

Gibson Place Utilities, LLC
Initial Rates and Charges
Wastewater System
Pro Forma Expenses for Wastewater Utility based on projections at 80% Design Capacity
Projected December 31, 2026

Line No.	NARUC Acct. No.	Description	Wastewater
1	701	Salaries and Wages - Employees	
2	703	Salaries and Wages - Other	
3	704	Employees Pensions and Benefits	
4	710	Purchased Wastewater Treatment	
5	711	Sludge Removal Expense	
6	715	Purchased Power	225,186
7	716	Fuel for Power Production	
8	718	Chemicals	50,982
9	720	Materials and Supplies	
10	730	Contract Services	1,759,146
11	730	Contract Services - Engineering	31,836
12	730	Contract Services - Accounting	7,959
13	740	Rents	
14	750	Transportation Expense	
15	755	Insurance Expense	
16	765	Regulatory Commission Expense	
17	770	Bad Debt Expense	
18	775	Miscellaneous Expense	
19	775	Miscellaneous Expense - Permit Fees	
20	403	Depreciation - Net of CIAC Amortization	2,653,855
21	407	Amortization Expense - Intangible	10,681
22	408	Taxes Other Than Income (1)	1,832,839
23		Total Expenses	\$ 6,572,484
24			
25		Average cost per customer per month	\$ 55.31
26			
27	(1)	Taxes other than Income	
28		Property Taxes (net tangible plant X millage)	
29		(12.0498)	770,787
28		Regulatory Assessment Fees	503,077
29		Franchise Fee (5%)	558,975
30		Total	\$ 1,832,839

EXHIBIT G (Water and Wastewater)

Schedule of Rates, Charges, Installations and Plant Capacity Charges

Phase I

O&M - Water

Salaries and Wages - Officers (603)	\$ 6,000.00	\$ 6,000.00
Purchased Power (615)	\$ 2,250.00	\$ 2,250.00
Fuel for Power Production (616)	\$ 250.00	\$ 250.00
Contractual Services - Billing (630)	\$ 7,800.00	\$ 3,900.00
Contractual Services - Testing (635)		\$ 2,000.00
Contractual Services - Other (636)	\$ 31,000	\$ 15,500.00
Chemicals (618)		\$ 1,500.00
Transportation Expense (650)	700	\$ 700.00
Insurance Expense (655)	1800	\$ 1,800.00
Regulatory Commission Expense (665)	1000	\$ 1,000.00
Bad Debt Expense (670)		\$ 1,400.00
Miscellaneous Expense (675)		\$ 5,500.00
Total		\$ 41,800.00

O&M Wastewater

Salaries and Wages	\$ 6,000	\$ 6,000.00
Chemicals	\$17/ERC	\$ 5,100.00
Electricity	\$60/ERC	\$ 18,000.00
Maintenance	\$12/ERC	\$ 3,600.00
Contractual Service Billing	\$ 7,800.00	\$ 3,900.00
Contractual Services - Other (636)	\$ 31,000	\$ 15,500.00
Total		\$ 52,100.00

South Sumter Utility Company, LLC
Initial Rates and Charges
Water System
Pro Forma Expenses for Water Utility based on projections at 80% Design Capacity
Projected December 31, 2021

Line No.	NARUC Acct. No.	Description	Water
1	601	Salaries and Wages - Employees	
2	603	Salaries and Wages - Other	
3	604	Employees Pensions and Benefits	
4	610	Purchased Water (1)	631,978
5	615	Purchased Power	
6	616	Fuel for Power Production	
7	618	Chemicals	
8	620	Materials and Supplies	
9	630	Contract Services (2)	903,893
10	640	Rents	
11	650	Transportation Expense	
12	655	Insurance Expense	
13	665	Regulatory Commission Expense	
14	670	Bad Debt Expense	
15	675	Miscellaneous Expense	
16	403	Depreciation - Net of CIAC Amortization	481,464
17	407	Amortization Expense - Org Cost	1,066
18	408	Taxes Other Than Income (3)	152,291
19		Total Expenses	2,170,693
20			
21		Average Cost per customer per month	\$ 16.94
22			
23	(1)	Purchased Water	
24		6560 X 106 gpd X 365 days	253,806,400
25		\$2.49 per 1000 gallons	631,978
26			
27	(2)	Contract services	
28		Management - \$9.55 per residential per month W+S	375,888
29		Distribution contractor O&M	495,860
30		Administrative	
31		Engineering - \$6,697/month X 80% for W+S	32,146
32		Total	903,893
33	(3)	Taxes other than Income	
34		Property Taxes (net tangible plant X millage)	
35		(20,174,905 X 11.7358%)	2,368
36		Regulatory Assessment Fees	149,924
37		Total	152,291

South Sumter Utility Company, LLC
Initial Rates and Charges
Wastewater System
Pro Forma Expenses for Wastewater Utility based on projections at 80% Design Capacity
Projected December 31, 2021

Line No.	NARUC Acct. No.	Description	Wastewater
1	701	Salaries and Wages - Employees	
2	703	Salaries and Wages - Other	
3	704	Employees Pensions and Benefits	
4	710	Purchased Wastewater Treatment (1)	578,693
5	711	Sludge Removal Expense	
6	715	Purchased Power	
7	716	Fuel for Power Production	
8	718	Chemicals	
9	720	Materials and Supplies	
10	730	Contract Services (2)	925,737
11	730	Contract Services - VCCDD Admin + Tech Fees	
12	740	Rents	
13	750	Transportation Expense	
14	755	Insurance Expense	
15	765	Regulatory Commission Expense	
16	770	Bad Debt Expense	
17	775	Miscellaneous Expense	
18	775	Miscellaneous Expense - Permit Fees	
19	403	Depreciation - Net of CIAC Amortization	803,038
20	407	Amortization Expense - Org Cost	1,066
21	408	Taxes Other Than Income (3)	202,410
22		Total Expenses	<u>\$ 2,510,944</u>
23			
24		Average cost per customer per month	<u>\$ 19.60</u>
25			
26	(1)	Purchased Wastewater Treatment	
27		Gallonage charge	
28		6560 X 97 gpd X 365 days	<u>232,256,800</u>
29		\$2.73395 per 1000 gallons	578,319
30		Base Charge \$31.10 per month X 12 months	373
31			<u>\$ 578,693</u>
32	(2)	Contract services	
33		Management - \$9.55 per residential per month W+S	375,888
34		Collection contractor O&M	517,703
35		Administrative	
36		Engineering - \$6,697/month X 80% for W+S	32,146
37		Total	<u>\$ 925,737</u>
38	(3)	Taxes other than Income	
39		Property Taxes (net tangible plant X millage)	
40		(29,419,111 X 11.7358%)	3,453
39		Regulatory Assessment Fees	198,958
40		Total	<u>\$ 202,410</u>



Wills | Trusts | Probate | Real Estate | Guardianship | Medicaid | Business Law

December 20, 2017
Via E-Filing

Carlotta S. Stauffer, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No.: 20160220-WS; Application for original water and wastewater certificates in Sumter County by South Sumter Utility Company, LLC
Our File No.: 47206.01

Dear Ms. Stauffer:

The following is South Sumter Utility Company, LLC's ("SSU") responses to staff's 1st Data Request dated November 22, 2017:

1. Rates and Rate Structure

- a. Please explain in detail why the Utility is proposing to recover 60 percent of its revenues for water and 65 percent for wastewater through its base facility charge.

Response: The requested rates generate 59% of the revenue requirement for water and 63% for sewer. As shown on Schedule 7 (Support) pages 2 and 3 of 3:

- The cost of purchased water / sewer is allocated 100% to the gallonage charge
- Operating costs are provided under contract services, and therefore predominately fixed costs, and allocated 75% to BFC
- Depreciation, amortization, and NOI are associated with fixed assets, and are therefore predominately fixed costs, and allocated 75% to BFC
- The allocation results in rates that are more similar to Central Sumter Utilities (CSU)

It is expected that most residents will be year around residents with little seasonality.

- b. Please explain the methodology used to determine the Utility's proposed 8,000 gallon cap.

Response: The cap is consistent with the CSU rates, and Commission policy.

2. Miscellaneous Service Charges

- a. The Utility requested a deposit for temporary meter charge; please explain in detail when and under what circumstances this charge would be levied.

Response: The deposit for a temporary meter is only relevant to commercial uses. Under various circumstances, a commercial entity will request installation of a temporary meter for situations such as construction activities, a site trailer, temporary usage, etc. The deposit is collected to cover the cost of the meter to ensure that the meter is returned to the utility in good working order. The deposit will be returned in full to the commercial entity when the meter is returned as long as there is no needed repair. If there is damage to the meter or if the meter cannot be repaired, the deposit, or portion thereof, is retained by the utility to address such cost.

- b. Please provide the cost justification for the Utility's requested late payment charge of \$5?

Response: See Attachment 2b – Late Payment Fee Schedule

3. Service Availability Charges

- a. Schedule 5 displays the Utility's cost justification for service and meter installation charges. Line No. 1 displays the Utility's request to recover the cost of meter and fitting, including installation of \$258. However, line No. 5, displays the Utility's request to recover additional costs of labor to install (contractor flat fee) of \$95. If the dollar amount shown on Line No. 1 already includes the costs of installation, please explain why the Utility is requesting to recover additional installation costs in Line No. 5.

Response: This is a typographical error; Line 1 should be corrected to delete "including installation" (installation is covered in Line5):

Line1: Cost of Meter and Fittings \$285.00

- b. Please indicate whether the Utility's meter installation charge includes the installation of a backflow preventer. If so, this amount is included within the Utility's cost justification for its meter installation charge.

Response: The Utility's meter installation cost does include installation of a backflow preventer.

- 4. Transfer of the Water Treatment Plant (WTP).** According to the application, upon completion of construction of the water treatment plant, it will be transferred to the City of Wildwood for ownership, operation, and maintenance. The following items relate to this transfer.

- a. Please explain the Utility's decision to transfer the WTP to the City of Wildwood as opposed to South Sumter operating the WTP.

Response: While the SSU would have preferred to own and operate the WTP, the territory to be served is within the City of Wildwood, which has the first right to provide such service. In order to assure that the residents in this new phase of The Villages received the same level of service as other residents of The Villages, SSU determined that it would build the WTP to the same standard as the other WTPs serving the Villages, and convey it to the City of Wildwood in lieu of paying the City of Wildwood's capacity and connection fees and having The Villages' customers provided with a lower level of service. In addition, the agreement to transfer the WTP to the City was part of the negotiated agreement with the City of Wildwood.

- b. Please describe any cost savings associated with the decision to transfer the WTP to the City of Wildwood.

Response: No formal cost saving analysis was done since the goal of SSU was to assure that the residents in this new phase of The Villages received the same level of service as other residents of The Villages. The decision was necessary to secure the Franchise Agreement and Wholesale Potable Water & Wastewater Agreement with the City of Wildwood.

- c. Please provide a copy of the City of Wildwood Ordinance No. 02017.

Response: See Attachment 4c

- d. Please provide a copy of the bulk purchase water agreement from September 2017 between South Sumter and the City of Wildwood, as mentioned in section 1, page 1, of the application.

Response: See Attachment 4d

5. **Agreement between South Sumter and the City of Leesburg.** Please provide a copy of the agreement between South Sumter and the City of Leesburg from July 2017, as mentioned in section 1, page 1, of the application.

Response: See Attachment 5.

6. **Organization costs.** Please provide support documentation for the \$42,655 of Organization recorded in plant for both water and wastewater, as shown in Schedules 1A and 1B.

Response: See Attachment 6.

7. **Management services expense.** The calculation provided for management services expense on pages 5 and 6 of the application is \$9.55 per residential, per month, water and wastewater combined. This results in \$375,888 for the water system and \$375,888 for the wastewater system. The following items relate to this expense.

- a. Please explain the Utility's reason for using \$9.55.

Response: The management services expense amount of \$9.55 is based on average monthly costs of \$97,696.95 from an existing utility, Central Sumter Utility. An average rate per residential customer of \$7.96 (average monthly costs /12,280 customers) was adjusted for escalation at 10% (\$.80) and contingency at 10% (\$.80) resulting in the submitted rate of \$9.55.

- b. Please explain the services that will be provided by the contractual management services costs.

Response: Contract management services provided by The Villages Accounting include bookkeeping, accounts payable, financial statement preparation and review, PSC reporting, as well as overseeing the Village Center Community Development District (VCCDD) provision of services for billing, collection and remittance services.

The VCCDD Utility Customer Service department currently provides billing, collection and remittance services for all utilities operating within The Villages. In order to maintain consistency for the residents of The Villages, VCCDD will also provide these services for SSU. In addition to these services, SSU is responsible for costs associated with computer hardware and software required by VCCDD to operate its current accounting activities related to utilities.

- c. Please provide a more detailed calculation of \$375,888 for management services for water and wastewater (i.e. number of customers used).

Response: ($\$9.55 * 6560$ Residential connections at 80%) * 12 months / 2 (1/2 to water, 1/2 to sewer).

- d. For any personnel costs included in the management services, please provide a detailed job description for each person.

Response: See Attachment 7d.

8. **Distribution contractor.** According to the application, Schedule 3A, the Utility recorded a pro-forma expense for a distribution contractor for the water system. The following items relate to this expense.

- a. Please provide job description for the distribution contractor.

Response: See attachment 8a - Water System Scope of Services.

- b. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the \$495,860 for the distribution contractor.

Response: The pro-forma expense for the Distribution Contractor was developed from a cost estimate provided by CH2M that showed anticipated O&M costs by year through build-out of the utility system. CH2M is the current operations and

maintenance contractor for all of the existing utility systems serving The Villages, and the cost estimate was based on significant historical information. A copy of the estimate is attached. As provided by CH2M, the following are the lump sum amounts for each major O&M category for water distribution based on a percentage allocation for the totals at 80% build-out:

Water Distribution = \$495,860
Labor, Benefits, and Subcontractor Costs \$314,543
Operating Supplies (including Equipment Rental), Repair Parts, Chemicals, etc.
\$95,609
Overhead, Insurance, and Regional Support \$85,708

9. **Collection contractor.** According to the application, Schedule 3B, the Utility recorded a pro-forma expense for a collection contractor for the wastewater system. The following items relate to this expense.

a. Please provide job description for the collection contractor.
Response: See Attachment 9a – Wastewater System Scope of Services

b. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the \$517,703 for the collection contractor.

Response: The pro-forma expense for the Collection Contractor was developed from a cost estimate provided by CH2M that showed anticipated O&M costs by year through build-out of the utility system. CH2M is the current operations and maintenance contractor for all of the existing utility systems serving The Villages, and the cost estimate was based on significant historical information. A copy of the estimate is attached. As provided by CH2M, the following are the lump sum amounts for each major O&M category for wastewater collection based on a percentage allocation for the totals at 80% build-out:

Collection System \$517,703
Electricity \$53,127
Labor, Benefits, and Subcontractor Cost \$300,821
Operating Supplies (including Equipment Rental), Repair Parts, Chemicals, etc.
\$74,687
Overhead, Insurance, and Regional Support \$89,068

10. **Engineering expense.** According to the application, Schedules 3A and 3B, the Utility recorded pro-forma Engineering expense of \$6,697 per month. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for \$6,697 per month of Engineering expense.

Response: See attachment 10 - estimate of engineering services and supporting invoices

11. **Cost documentation.** Please provide the current up to date costs spent on all South Sumter assets along with support documentation.

Carlotta S. Stauffer, Commission Clerk
December 20, 2017
Page 2

Response: See Attachment 11.

Should you or staff have any questions regarding this response, please do not hesitate to give me a call.

Very truly yours,

/s/ Martin S. Friedman

MARTIN S. FRIEDMAN
For the Firm

MSF/

cc: Rob Eddy (via e-mail)
Trey Arnett (via e-mail)
Wesley Taylor, Esquire (via e-mail)
Adam Hill (via e-mail)