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# FCRU's Response to Staff's 1st Interrogatories Nos. 1-20.

# (including attachments for Nos. 1 and 16)

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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| In re: Application for Original Certificate of Authorization and Initial Rates and Charges for Water and Wastewater Service in Duval, Baker and Nassau Counties, Florida by FIRST COAST REGIONAL UTILITIES, INC. | ) | DOCKET NO. 20190168-WS<br><br>FILED: June 26, 2020 |

**FIRST COAST REGIONAL UTILITIES, INC.'S ANSWERS TO STAFF'S FIRST INTERROGATORIES TO FIRST COAST REGIONAL UTILITIES, INC.**

First Coast Regional Utilities, Inc. ("Applicant" or "FCRU"), pursuant to rule 1.340, Florida Rules of Civil Procedure, responds to Staff's First Interrogatories to Applicant.

**Interrogatory 1:** Please refer to witness Beaudet's direct testimony, Exhibit BAB-2, page 21, Table 2; and witness Swain's direct testimony, Schedules 1A and 1B. Please reconcile the costs listed in Table-2 with Schedules 1A and 1B.

**Answer:** Please see the Excel Spreadsheet attached hereto as Exhibit "A".

**Interrogatory 2:** Please refer to page 12. Are the ERCs estimated for the projected water demand in section 4.1, the same as the number of ERCs for the projected wastewater/reclaimed water demand in section 4.2? If not, please explain.

**Answer:** Yes.

**Interrogatory 3:** Please refer to page 12. Please explain the disposal method of reclaimed water if the demand is not met.

**Answer:** The wastewater/reclaimed water system is designed for 100% beneficial reuse, specifically irrigation. The full demand can easily be met initially not only by irrigation of all common areas within the development, but also on the 733 acre sod farm and on the approximately 4675 acres of pine silviculture much of which will remain operational until the final phases of the 8700-acre property within Duval County are developed. As development progresses, common experience in Florida has demonstrated that the common space demand for reclaimed water (including parks, golf courses, etc.) will exceed the volume that the wastewater plant can produce. Additionally, in conformance with F.S. 62-610-414, the wastewater treatment plant will be equipped with a 3-MGD reclaimed water treatment tank to accommodate three days of storage at full 1-MGD plant design capacity. In the early stages of development when wastewater flow is low, this 3-MGD tank will be able to hold many more than three days of storage.

**Interrogatory 4:** Please refer to page 12. Please explain why the conservative value of 270 gallons per day was selected as the average daily flow (ADF) per ERC, and how this compares to other commonly accepted values for ADFs per ERC.

**Answer:** The value of gallons per day per ERC can vary widely depending on locale, type of housing/commercial development and whether reclaimed water is used to irrigate only common property or individual lots. The value of 270 gallons/ERC was selected by reviewing data from the St. Johns Water Management District (SJWMD) Water Supply Plan, supplemented by more detailed data available from the South Florida Water Management District's (SFWMD) Lower East Coast Water Supply Plan (LECWSP).

According to Technical Fact Sheet SJ2019-FS1 2018 Survey of Annual Water Use for the SJWMD, the per capita public water supply is 128 gallons/day. This document is attached as Exhibit A for reference. At a conservative 2.4 persons per dwelling unit, the value per ERC would equal 307 gpd/ERC. This value was decreased by 12% to 270 gpd/ERC due to the 100% irrigation by reclaimed water for this subject project which would slightly reduce demand. The SFWMD LECWSP provides more detail on public water supply demand by reference in Appendix E. the per capita demand for each of the utilities within the plan area. Palm Beach County Water Utilities' per capita water demand is listed as 111 g/d. Its planning ERC, matched by water sales data, is 270 gpd/ERC. Palm Beach County Water Utilities' reclaimed water use percentage is about half of the 55% district-wide reclaimed water use percentage reported by the SJWMD, which would align well with the use of 270 gpd/ERC value selected as the demand for water by the planned development.

**Interrogatory 5:** Please refer to pages 16 and 20-21. Please identify the proposed water or wastewater facilities in Table-2, if any, that are sized to meet the potential two million gallons per day flows in the future.

**Answer:** The facilities planned to be built in Phase I, which are sized for Phase II, are the underground yard piping, the raw water main from the wellfield, the reclaimed water force main within the plant boundaries, the control/administration building and the site paving.

**Interrogatory 6:** Please refer to page 20 for the following questions.

a. Please identify if labor costs were included in any of the cost estimates in Table-2. If so, please provide the labor cost amounts for each item. If not, please explain and

identify where the labor costs are captured.

**Answer:** There are no labor costs included in Table-2, JEA Water and Wastewater Standards, with the exception of the General Conditions which are typically included in a project's capital cost.

b. Please list and describe the costs included in the General Conditions line item totaling $1,800,000.

**Answer:** The General Conditions include bonding insurance, temporary facilities such as work or supply trailers, electric and water costs during construction and the labor for inspecting, scheduling, administering and permitting (building permit only) the projects.

**Interrogatory 7:** Please refer to pages 23-24. On page 23, it is stated that "Table-4 gives a budget level cost estimate for the internal infrastructure. Total estimated cost for Phase I is $18,572,000." On page 24, the table shows a total internal infrastructure cost of $18,619,000. Please explain this discrepancy between the internal infrastructure total costs.

**Answer:** The text on page 23 is a typographical error. Table 4 contains the correct total infrastructure cost of $18,619,000.

**Interrogatory 8:** Please refer to page 24. For the each of the following listed in Table-3, please identify the pipe material.

**Answer:** a. Gravity Sewer Mains

Gravity Sewer Mains – 6-12" PVC AWWA C900; 16" and greater PVC AWWA C905; Section 428 JEA Water and Wastewater Standards.

b. Sewer Laterals

Sewer Laterals – PVC AWWA C900; Section 428 JEA Water and Wastewater Standards.

c. <16" Sewer Force Main

Wastewater Force Mains - <16" PVC AWWA C900.

d. 16" Sewer Force Main

>16" PVC AWWA C905; Section 429 JEA Water and Wastewater Standards.

e. <16" Water Main

Water Mains - <16" PVC AWWA C900.

f. 16" Water Main

>16" Ductile Iron AWWA C150; Section 350 JEA Water and Wastewater Standards.

g. 20" Water Main

>16" Ductile Iron AWWA C150; Section 350 JEA Water and Wastewater Standards.

h. Water Services

Water Services HDPE AWWA C901; Section 350 JEA Water and Wastewater Standards.

**Interrogatory 9:** Please refer to page 25 for the following questions.

a. Please identify the comparably sized systems that were utilized to develop the operation and maintenance (O&M) costs for chemicals.

**Answer:** Comparably sized systems used to develop O&M costs for chemicals:

a. Royal Utility Company, Coral Springs, FL;

b. Rolling Oaks Utilities, Beverly Hills, FL;

c. Clay County Utility Authority, Middleburg, FL;

d. Palm Beach County Water Utilities (Western Region), Belle Glade, FL.

b. Please explain how the following O&M costs were developed:

1) Contractual Services – Engineering (water and wastewater)

2) Contractual Services – Testing (water and wastewater)

3) Purchased Sewage Treatment (wastewater)

4) Sludge Removal Expense (wastewater)

**Answer:** The following O&M Costs were developed from the PSC or local utility Annual Reports of the systems named in Interrogatory 9a (a-d) verified by the following:

Contractual Services for Engineering were verified with experience from other similar sized utilities. Cost for engineering services is usually small for a start-up utility and can vary greatly for older facilities depending on many unforeseen variables.

Contractual Services for Testing were verified based on current costs for regulatory-required annual (and bi-annual) parameter laboratory tests.

Purchased Sewage Treatment listed in Table 7 is an error and should not have been included in the total costs. This item is not included in Table 8.

The digested Class B sludge from the Sequencing Batch Reactor will be removed by staff and be spread on nearby agricultural land following receipt of a commonly granted permit from FDEP. Should the permit not be issued, there are several

private contractors in North Florida who will be contracted to haul the sludge to their permitted disposal facilities.

**Interrogatory 10:** Please refer to witness Kennelly's direct testimony, Exhibit RK-1, Part V, Accounting and Rate Information, subpart 2. Please explain the Utility's basis for reaching 80 percent design capacity in Year 4.

**Answer:** At the time of filing the Application, based on discussions with the landowners regarding expressions of demand from homebuilders, Applicant's consultants believed it to be prudent to project the conservative view as to the earliest time that the utility would likely reach 80 percent capacity.

**Interrogatory 11:** Please refer to witness Kennelly's direct testimony, Exhibit RK-1, page 129, Schedule 1A. Please explain why there is no amount shown for Account No. 334, Meters and Meter Installations.

**Answer:** At this time, we do not recall why the cost of meters and meter installations was not included in the assets. We did include a schedule that shows the cost per unit (Schedule 5), $285/meter. If it is to be included, it would be number of ERCs x $285. It would be offset by an exactly equivalent CIAC.

**Interrogatory 12:** Please refer to witness Kennelly's direct testimony, Exhibit RK-1, page 130, Schedule 1B. Please explain why there is no amount shown for Account No. 363, Services to Customers.

**Answer:** Sewer laterals were inadvertently included in Account 361, Gravity Mains.

**Interrogatory 13:** Please refer to witness Kennelly's direct testimony, Exhibit RK-1, page 130, Schedule 1B, and page 134, Schedule 2B, Page 1 of 3. Please explain why there is no amount shown for Account No. 363, Services to Customers, on Schedule 1B, yet there is an amount shown for "Sewer Laterals" on Schedule 2B.

**Answer:** Sewer laterals were inadvertently included in Account 361, Gravity Mains.

**Interrogatory 14:** Please refer to witness Kennelly's direct testimony, Exhibit RK-1, page 13. The current land use designation for Baker County is listed as Agricultural. If the proposed development will require a revision to the comprehensive plan, describe the steps taken in the past and any steps to be taken in the future to facilitate those changes, including changes needed to address the proposed need for service.

**Answer:** The current owner of the Baker County property is not an owner or officer of Applicant but has requested to be included in the proposed service territory. Applicant is without knowledge of any steps taken by the current owner to facilitate land use designation changes for that property. The current owner, however, anticipates that it will conclude its planning process, and complete said changes within 3-4 years and will, therefore, require service within 4-5 years.

**Interrogatory 15:** Please identify the contractor that First Coast intends to engage to perform the O&M of the water and wastewater systems. Additionally, please explain the contractor's operational plans to comply with regulatory mandates.

**Answer:** The O&M contractor will be selected at the appropriate time following receipt of the CSA from the PSC. There are many fully qualified O&M contractors operating in the State of Florida and the contract between the O&M contractor and FCRU will detail the contractor's operational plans to comply with regulatory mandates.

**Interrogatory 16:** Please describe the qualifications of Globaltech Design Builders.

**Answer:** Globaltech Design Builders, Inc. qualifications are submitted as Exhibit B to this response. Globaltech is a privately-owned design/build firm with corporate headquarters in Boca Raton, FL. The company has been serving Florida water and wastewater utilities for over 25 years. Globaltech offers comprehensive services in water and wastewater treatment system ranging from conceptual planning, design, building, and permitting during construction, commissioning and operations. For further information on specific projects, please refer to Exhibit B attached hereto.

**Interrogatory 17:** Please describe the qualifications of Jacobs Engineering and its subsidiary, OMI.

**Answer:** Jacobs Engineering and its subsidiary OMI have designed, built and operated water and wastewater facilities across the globe and the United States, including Florida. For example, North Miami Beach entered into a 15-year partnership with the company for its water and wastewater services wherein Jacobs' integrated program management platform is saving the city's residents and taxpayers more than $55 million and improving the overall level of service. Additionally, the company is working with the City of Miami on a significant number of infrastructure projects that will lead to an eventual end to the City's

wastewater ocean outfall. CH2M Hill, the predecessor of Jacobs, designed and built the Ave Maria utility facility in Collier County and they are still on site. These facilities are an excellent example of a new startup utility and during and after Hurricane Michael, they were the only facilities in the area not to suffer any overflow or flooding problems. More information can be found on their website https://www.jacobs.com. FCRU has not made a final decision as to whether it will contract with Jacobs as its O&M contractor and, at this stage of the process, it is premature for FCRU to make such a selection.

**Interrogatory 18:** Please identify who will be responsible for providing customer service.

**Answer:** An FCRU employee (included in the reported O&M costs) has been designated to provide primary customer service supplemented by the contractual billing/accounting contractor to be selected at the appropriate time.

**Interrogatory 19:** Please identify who will be responsible for billing services.

**Answer:** A billing/accounting contractor will be selected at the appropriate time to provide billing services.

**Interrogatory 20:** Please provide a statement of First Coast's experience in the water and wastewater industry. This statement should include the water and wastewater systems the Applicant or its owners/officers have built, owned, and/or operated.

**Answer:** Neither the Applicant nor its owners and officers have previously owned and/or operated water and wastewater systems. Consequently, the Applicant has engaged seasoned professionals with decades of experience in the water and wastewater industry in

Florida. Specifically, Applicant has engaged: Bevin A. Beaudet, P.E., as program manager to organize and oversee the execution of all design, construction and operation of the proposed facilities; Deborah Swain of Milian Swain & Associates for accounting, financial and rate making services; and Sundstrom & Mindlin, LLP for legal representation. Additionally, Applicant will, upon the granting of this Application, engage a nationally recognized design build contractor such as Globaltech, and a recognized contractor like Jacobs Engineering and its subsidiary OMI to perform operations and maintenance. At this stage, however, it is premature to engage such entities pending a final resolution of the Application process.

Respectfully submitted this 26th day of June, 2020, by:

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing has been furnished via electronic mail to the following this 26th day of June, 2020.

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