29

EU's Responses to Staff's Sixth Set of Interrogatories, Nos. 24-29

RESPONSES TO STAFF'S SIXTH INTERROGATORIES

For the following questions, please refer to Environmental Utility witness Swain's direct testimony, Exhibit DDS-1, and the Company's response to OPC's first request for production of documents, No. 1, "Citizens POD 1 Response 1_workpapers.xlsx.

24. Please refer to Exhibit DDS-1, page 6, line 5 (Sludge Removal Expense). Please explain how the cost for sludge removal was determined. As part of your explanation, discuss whether the amount of sludge removal varies with the number of ERCs served. If so, provide the estimated cost per ERC and the number of ERCs assumed for the cost provided in DDS-1. If not, explain why not.

RESPONSE.

The annual total included in the application is $114,000 + $60,200 plus 2% inflation for 10 years = $212,349.
It was estimated that the pump out of Little Gasparilla ("LGI") would be $1500 each, and pumping out Don Pedro and Knight Island ("DP/KI") would be $700 per pump out.

These calculations were based upon 810 total connections and were not updated for future connections. The calculation should have been updated for 998 connections at the time the utility reaches 80% capacity.

	Total # Connections	***# Pump outs / yr***	***Cost / unit***	***Total***	***2% inflation for 10 years***
INCLUDED IN APPLICATION					
LGI	*380*	*76*	*$1,500*	*$114,000*	*$138,965*
DP/KI	*430*	*86*	*$700*	*$60,200*	*$73,383*
Total	*810*	*162*		***$174,200***	***$212,349***
REVISED FOR TOTAL ERCS					
LGI	*568*	*113.6*	*$1,500*	*$170,400*	*$207,717*
DP/KI	*430*	*86*	*$700*	*$60,200*	*$73,383*
Total	*998*	*199.6*		***$230,600***	***$281,100***

25. Please refer to Exhibit DDS-1, page 6, lines 2 (Salaries and Wages – Employees) and 3, (Employees Pensions and Benefits). Please explain why holiday and vacation pay is separately included in line 3 instead of line 2. As part of your explanation, provide whether employees are salaried or paid hourly.

RESPONSE: In this calculation, the utility considered "leave time" to be a benefit. However, this is purely an interpretation. Further, upon review, if including leave time as a benefit, it should have reduced the total included in salaries in order for it not to be duplicated. We propose removing that portion from "Employees Pensions and Benefits". The CEO/Operator and the Field Manager are salaried. The Laborer and the Bookkeeper are hourly.

26. Please refer to Exhibit DDS-1, page 6, lines 2 (Salaries and Wages – Employees) and 16 (Contractual Services – Billing). Please explain how the costs for line 16 were determined and if there is any overlap between those contracted duties and those of the bookkeeper included in line 2.

RESPONSE: The cost of billing is $2.00 per customer (2023 dollars) times 998 customers in 2033 = $23,952, the estimated cost to reimburse the water utilities for performing the billing on behalf of Environmental Utilities. There is no overlap with the bookkeeper cost.

27. Please refer to Exhibit DDS-1, page 6, line 6 (Purchased Power). Please explain how the cost for purchased power was determined. As part of your explanation, discuss whether the amount of purchased power varies with the number of ERCs served. If so, provide the estimated cost per ERC and the number of ERCs assumed for the cost provided in DDS-1. If not, explain why not.

RESPONSE: The Purchased Power amount came from the Evaluation of Wastewater Collection Technologies (Exhibit JHC-1 page 43 of 63), and was based upon 1251 connections (grinder pumps). Although this amount should have been based upon on 998 connections (80% of full capacity), it did not include an inflation factor.

	# Grinder pumps	Cost / mo	Cost / year	Total	2% inflation for 10 years
Original calculation	*1251*	*$1*	*$12*	***$15,012***	*$18,300*
Revised calculation	*998*	*$1*	*$12*	*$11,976*	***$14,599***

28. Please refer to Exhibit DDS-1, pages 11-13.

a. Please provide a breakdown of the equipment and costs (such as installation, grinder pump, etc.) included in the row under 354 Pumping Structures labeled "LPS Tank Package." As part of your response, provide the number of ERCs assumed in this calculation, and the estimated cost per ERC, and how those values were determined.

RESPONSE: Please see the Evaluation of Wastewater Collection Technologies (Exhibit JHC-1 pages 20 and 27 of 63).

b. Please specify if the Company will be installing the LPS Tank Packages for all potential customers by 2024, or if the company is installing them as customers join the system. If the former, please explain why. If the latter, please provide a revised Schedule 1B and show the incremental additions per customer.

RESPONSE: In Exhibit DDS-1, it was assumed that they would be installed at one time. However, it is more likely they would be installed for the first 861 connections, then as individuals connect. By the 80% year, 998 would be installed. However, if a revision is made, an inflation factor should be added to the cost over time. Furthermore, accumulated depreciation would be less by the 80% year due to the timing of installation.

29. Please refer to Exhibit DDS-1, pages 11-13.

a. Please clarify if, under 354 Pumping Structures, the row labeled "Grinder Pump (Crush and Fill Existing Septic)" refers to the cost of the grinder pumps, or the cost to crush and fill existing septic systems. As part of your response, provide the number of ERCs assumed in this calculation, and the estimated cost per ERC.

RESPONSE: Please see the Evaluation of Wastewater Collection Technologies (Exhibit JHC-1 page 27 of 63). The cost to crush and fill existing septic tanks was calculated as $1,500 per connection x 810 connections. In Exhibit DDS-1, this was increased to cover the cost of 950 connections, which was the initial calculation of 80% of connections before final numbers became available, and the 80% number of connections was determined to be 998.

b. Please clarify if, under 361 Gravity Main, the row labeled "On Site Lateral Connection" refers to services to customers. As part of your response, provide the number of ERCs assumed in this calculation and the estimated cost per ERC, and how those values were determined.

RESPONSE: Please see the Evaluation of Wastewater Collection Technologies (Exhibit JHC-1 page 27 of 63). This is the cost to extend laterals to connect 950 existing customers, the initial estimate of customers at 80% (see 29.a., above).

c. For questions (a) and (b) above, specify whether the number of ERCs matches the value for year 2024. If not, explain why not.

RESPONSE. In DDS-1, both numbers are based upon 950 ERCs which was the number initially estimated to be connected by the year 80% was reached. At the time of the filing, that number had been updated to 998 (80% x 1248), but the cost of these assets was not updated to reflect the revised ERC numbers.

AFFIDAVIT

STATE OF FLORIDA)
COUNTY OF DADE)

I hereby certify that on this 5 day of January 2022, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Deborah D. Swain, who is personally known to me, and she acknowledged before me that she provided the answer to interrogatory numbers 24-29 from STAFF'S SIXTH SET OF INTERROGATORIES TO ENVIRONMENTAL UTILITIES, LLC (No. 24 - 29) in Docket No. 20200226-SU, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 5 day of January, 2022.

Notary Public
State of Florida, at Large
My Commission Expires:
_____

MIGUEL MARTINEZ
Notary Public - State of Florida
Commission # GG 279992
My Comm. Expires Nov 28, 2022
Bonded through National Notary Assn.