



Public Service Commission

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

DATE: September 3, 2002
TO: Division of Commission Clerk and Administrative Services
FROM: Office of the General Counsel (Echternacht) *KNE*
RE: Docket No. 020388-WS - Request for approval to increase meter installation fees to conform to the current cost in Lake County by Sun Communities Finance, LLC d/b/a Water Oak Utility.

Please file the attached response to staff data requests, dated August 30, 2002, in the docket file for the above-referenced docket.

KNE\

cc: Division of Economic Regulation (Merta, Rendell)

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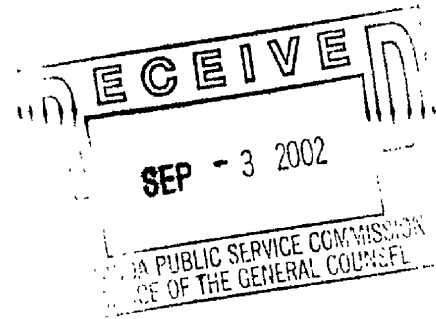
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Re: Water Oak Utility; PSC Docket No. 020388-WS
Increase in Meter Installation Fees
Our File No. 33013.01

Dear Ms. Echternacht:

I am responding to your letter concerning questions related to the meter installation fees for Sun Communities Finance, LLC dba Water Oak Utility in Docket No. 020388-WS. I have outlined your questions below and the responses.

1. **Please discuss what options were considered for installing meters.**

The Utility does not have the manpower on staff nor does the related developer have the available manpower in order to utilize either of their own staffs in performing these functions in a timely manner. This is especially true in light of the fact that demands for meter installations can sometimes require four such installation within two days and then not another one for three weeks. Neither the developer or the Utility can justify an additional full time person or even a part time person to perform this function. As such, the only alternative available to the Utility was the contracting for this service with an outside plumbing service.

2. **Please explain why the Utility chose to hire a Kylie & Sons, Inc.**

The Utility sought bids by telephone calls from two different plumbers. One of them responded that they were not interested in undertaking the work. The only one who did provide a proposal was Kylie & Sons, Inc. It was expected that they would probably provide the best and cheapest proposal in any case, because that Company also contracts to run the lines from the customers' homes to the Utility lines for the developer and so not only knows the property locations well but is usually onsite at the time the meter installations need to be performed.

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3. **Order No. PSC-001165-PAA-WS, issued June 27, 2000, in Docket No. 990243-WS granted the Utility \$11,923 for a part time maintenance program. Is the maintenance person being used to install meters? If not, Please explain.**

The allowance in that Docket for a part time maintenance program did not include meter installations. This allowance is therefore not sufficient to allow for that additional duty. This is in fact an allocation of time from one of the development employees rather than the hiring of a part time person. The Utility's experience is that the hiring of part time people results in tremendous turnover and great difficulty in finding a qualified individual to perform the meter installation functions in any case. If the Commission were to allow the Utility in rate setting the cost of a full time maintenance person, that person would have time to perform those meter installation functions. However, the meter installation function in and of itself is not a sufficient additional function to require a part time much less a full time person.

4. **Did the Utility consider hiring another part time or full time employee to install meters?**

No. There is not sufficient meter installation activity to justify the hiring of a part time or full time employee for this purpose in addition to the other concerns as outlined above.

5. **Did the Utility attempt to hire a person to install meters? If not, please explain why.**

No, See comments above to questions 3 and 4.

6. **Please explain what the annual cost would be to hire a part time person to install meters?**

As noted above, the Utility does not believe the hiring of a part time person to install meters is a feasible alternative. First of all, you must have a reliable person and a person knowledgeable in performing such functions. It's not possible to find persons willing to work part time to perform such functions. Secondly, turnover is very high with part time personnel. Finally, the Utility does not have a sufficient number of meter installations to justify the hiring of a part time person and the timing of the need for meter installations is so variable that it renders that alternative not workable. Even if the Utility could locate a part time person to install meters, they would have to be at least half time in order to be available when meter installations were needed, and that annual cost would be at least \$12,000.

7. **Please explain what the annual cost would be to hire a full time person to install meters.**

As noted above, the same problems exist for hiring a full time person. The approximate cost would be \$24,000 annually and there is not sufficient meter installation work for this purpose. However, if the Commission wishes to the Utility to hire a full time person to perform this and other maintenance functions, the Utility would be willing to consider that alternative as soon as rates are set which will recognize that cost.

8. **How many meters can one person install in an average 8 hour day?**

Based upon prior experience, the Utility believes that one meter installation requires approximately 2 man hours, however given setup and other issues is it estimated that only three such meter installations could be performed per day on average. The Utility has never experienced a need to install 3 meters in one day.

9. **What is the cost of a meter?**

A meter, including parts, box, valves and fittings, runs approximately \$100 for materials.

10. **Please identify how many new customers were added in 1999, 2000 and 2001.**

Information for 1999, 2000, and 2001 was recently provided to the Commission Staff in response to an audit document request number 17 in Docket No. 010087-WS. That information reflects: 23 new meter installations for 1999; 34 for 2000; and 23 for 2001.

11. **Please identify how many new customers are expected to be added in 2002, 2003 and 2004.**

Based upon recent years' experience, the Utility would estimate that approximately 28 new meters will need to be set each year.

12. **Please identify how many additional irrigation meters the Utility expects to install in 2002, 2003 and 2004.**

The Utility has no idea how many new irrigation meters will be required to be set. The Utility has no experience with this type of meter program and not many requests for them to date. However, the availability of these meters is being publicized by homeowners groups and Dr. Weir, but the demand for them is wholly unknown at this time.

13. **Please discuss whether the Utility has an ongoing meter changeout program.**

The Utility does currently have an ongoing meter changeout program. Until approximately 2 ½ years ago, the Utility had not changed out the meters that had been installed over the last 15 to 20 years on a regular basis. However, beginning approximately 2 ½ years ago, the Utility began attempting to change out all of the older meters within the subdivision and has utilized the developers maintenance personnel for that purpose on a short term loan basis. Those costs have been allocated from the development company maintenance personnel and the Utility is currently nearing completion of that overdue maintenance program. From that point forward, the expected number of meter change outs will only be approximately 25 to 50 each year. For the past 2 ½ years, that number has been closer to 20 per month.

14. **If the Utility has an ongoing meter change out program, how many meters are replaced each year?**

See answer to question 13 above.

15. **Please discuss the anticipated date of build out for the Utility.**

Based upon there being approximately 500 additional ERC's available for connection to the Utility system and the Utility's recent experience of approximately 20 to 50 connections per year, build out could take anywhere from 10 to 20 years.

16. **Please explain why the Utility stopped using development company maintenance personnel to install meters.**

The development company did not have sufficient maintenance personnel to perform these functions, especially in light of infrequency that the extreme variability of the need for such functions to be performed.

17. **Please provide the names and addresses of the company's from whom bids were sought for installation of meters?**

Dunston & Son Plumbing Company, Inc., 1127 West Main Street, Leesburg, Florida 34748.

Kylie & Sons Plumbing, Inc., 219 Old Dixie Highway, Lady Lake, Florida 32158.

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18. **Please provide a copy of the proposal from Kylie & Sons, Inc.**

That has previously been provided with the filing of this application.

19. **How many meters have Kylie & Sons, Inc. installed to date?**

To date, Kylie & Sons, Inc.'s services have not been enlisted for the purpose of installing the meters because until such time as the meter installation fee is increased to allow that function to be undertaken by them, the Utility cannot afford to have Kylie & Sons installing meters.

20. **Did Sun Communities contact other PSC regulated utilities in the vicinity such as Lake and Marion County's to determine who conducts their meter installations? If not, please explain.**

No. The Utility is not aware of any other utilities in the area who are similarly situated with a similar number of meter connections, similar staffing allowances by the PSC through rate setting or a similar situation with onsite plumbers available to do this work. If the Commission or its Staff are aware of persons within the area who will perform this function for a lower price in a similarly timely manner as Kylie & Sons, the Utility would be more than happy to investigate that alternative. However, the Utility does not have the personnel to do surveys of other utilities in the area before obtaining contracts for services which it is required to perform.

I trust that the above information adequately responds to the issues raised. If I can provide anything further, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD/dcr
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