Brevard Waterworks, Inc.

March 19, 2015

Office of Commission Clerk
Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Re: Docket No. 140186-WU - Application of Brevard Waterworks, Inc. for Staff Assisted Rate Case in Brevard County – Staff Fourth Data Request Response

Dear Commission Clerk,

Please find attached for submission and consideration, Brevard Waterworks, Inc. response to Staff's Fourth Data Request dated March 13, 2015.

1. Has Brevard Waterworks contacted the Florida Rural Water Association about performing a leak detection test on the distribution system? If so:

   a. What was the date of contact?
   b. Was a leak detection test performed?
   c. What were the results of the leak detection testing?

Response: Brevard Waterworks works closely with the FRWA on many projects throughout the state of Florida. Brevard Waterworks has contacted the FRWA concerning participating in a pilot project for leak detection at Brevard Waterworks with the company Utility Services Group. To date, Brevard Waterworks has not heard back from FRWA. Brevard Waterworks has contacted Utility Services Group concerning their USG Helium Leak Detection Services. Brevard Waterworks met USG onsite and conducted a site visit with USG to obtain additional information and to obtain a quote on their services. See attached concerning this service. The USG has proposed conducting a Helium Leak Detection program for Brevard Waterworks at a cost of $35,000. Brevard Waterworks has contacted the FRWA to inquire whether they are interested in participating in this pilot program and share in the cost. This would be the first Helium test conducted in the state of Florida.

U.S. Water Services purchased the same leak detection equipment utilized by FRWA in 2014. U.S. Water Services utilized this purchased equipment in 2014 to conduct its leak detection previously described in Brevard Waterworks response to staff's third data request. In addition to utilizing this equipment, Brevard Waterworks also conducted dye tests and walked the drainage ditches. Brevard Waterworks also tested for fluoride in the water located in the drainage ditches to see if it was from the distribution system. Since Brevard County has fluoride in the purchased water, Brevard Waterworks was attempting to see if there were leaks which flowed into the drainage ditches. Unfortunately, this was unsuccessful as the water flowing in the drainage ditches proved not to be from the distribution system.

However, as previously stated in its response to the Third Data Request, the Oakwood system is a very old distribution system with numerous galvanized services from the water main to the water meter. The

5320 Captains Court, New Port Richey, Florida 34652
Mailing: C/O 4939 Cross Bayou Boulevard, New Port Richey, Florida 34652
Tel: 727-848-8292

majority of the mains are composed of Asbestos Cement Pipe (AC) pipe. This AC pipe in Oakwood is submerged in water and is waterlogged. The old galvanized service connections are covered with rust and have small drips throughout the service area. There also are some 2" galvanized mains. It is very difficult to locate the numerous small leaks in waterlogged soil with a water table of 3 feet deep. Based upon the water table of the lines it is highly doubtful that this helium testing will be successful. The helium would need to penetrate through the water table in order to be detectable above ground. Thus, it may be impractical or not cost effective to move forward with this testing at this time.

2. How does the Utility record the gallons of water used for other uses, e.g., flushing?

Response: Brevard Waterworks records water used for other uses, such as flushing and water leaks by calculating the amount of water used for such uses or leaks. This is accomplished by calculating the amount of water gallons used for flushing, line breaks, and testing. For the distribution-wide leaks, this was calculated based on 4.8 gallons per minute (gpm) based on the observation of the Utility Manager described in Brevard Waterworks' response to Staff's Third Data Request. The meter was read on 1/13/15 at 3:30 P.M. and the flow from meter was 12.6 gallons per minute (gpm). The meter was then read on 1/14/15 at 2:00 A.M. and the flow from meter was 4.8 gpm. This would indicate that the leaks throughout the system was at a minimum of 4.8 gpm or 207,360 gallons per month (4.8 gpm X 60 minutes X 24 hours X 30 days).

Further, Rule 62-555.350(2), Florida Administrative Code (F.A.C.) states:

> Suppliers of water shall keep all necessary public water system components in operation and shall maintain such components in good operating condition so the components function as intended.... Dead-end water mains conveying finished drinking water shall be flushed quarterly or in accordance with a written flushing program established by the supplier of water; additionally, dead-end or other water mains conveying finished water shall be flushed as necessary whenever legitimate water quality complaints are received.

3. In response to staff's first data request, the Utility stated that it "plans to perform dual tests on the County's water meter." Have these tests been performed? If not, when is the Utility planning to perform these tests? If so, how were the tests performed and what were the results?

Response: Brevard Waterworks had the representative for Sunstate Meters check the county's meter in November 2014. Sunstate checked this meter and both of the registers were correct. The Sunstate representative stated that he has never seen this type of meter over-register when both of the registers are correct. Based on his site visit, he represented that the meter was correct. Brevard Waterworks decided not to perform a dual test based on (a) the fact the meter representative checked the meter, and (b) this type test would require a total shut down to the entire system two times leaving all of its customers without water twice. Brevard Waterworks would need to shut down the system to install the parallel meter to conduct the test. It would then need to shut down the system a second time to remove the meter. This would entail issuing two (2) separate Precautionary Boil Water Notices and then flushing the entire system. The difficulties are the amount of purchased water to flush the system after the test and the lost expense to do so. Also, additional bacteriological tests would be required on two

consecutive days to lift the boil water notice. Finally, U.S. Water Services checked the accuracy of the county's compound meter in 2014 and found it be 94% accurate. The meter was calibrated in June 2014.

4. Please answer the following questions in regard to the residential meters and the purchased water meter:
    a) What is the average age of the residential meters per subdivision?
    b) When was the last time the meters were replaced?
    c) When was the last time the meters were calibrated?
    d) When was the last time the purchased water meter was calibrated?
    e) Where are the residential meters located?
    f) How difficult is it to read the meters if the distribution service lines are located at the back of the customer properties?
    g) What does the Utility do if it cannot read a meter because of a dog fence etc.?
    h) How often does this occur?

Response: All of the water meters were replaced by Aqua Utilities Florida, Inc, the previous owner, in 2008. Aqua Utilities Florida replaced all of its meters throughout Florida with new meters and radio frequency (RF) remote readers. This was addressed in Order No. PSC-09-0385-FOF-WS, issued May 29, 2009. Pursuant to Rule 25-30.265, F.A.C., 5/8 X ¾" meters are to be tested at least once every ten (10) years. As stated in the response to the third data request, U.S. Water Services employees walked the distribution system in September 2014 and checked each meter. All meters were checked and tested except one. All meters were found to be reading accurately. As stated above, the county's master meter was calibrated in June 2014. The small residential meters are typically not calibrated unless removed and sent to a vendor for bench testing. Calibration is typically used for larger meters. Smaller residential meters are "calibrated" using a 5 gallon bucket field test. Larger meters in the system and wholesale customer meters should be calibrated on a regular basis, as well as tested for accuracy at scheduled intervals. During 2014, there were two (2) meters replaced.

The majority of the customer meters are located at the back of each customer's residence. The majority of the homes have fences around the yards with numerous large dogs. In addition, numerous homes have backyard buildings and/or sheds, large trees, piles of debris, boats and/or cars over water meters. However, these meters are equipped with RF devices and all meter reads are obtained remotely. Again, this was discussed in Order No. PSC-09-0385-FOF-WS. The only issue may be when an RF telemetry is not transmitting properly. When this occurs, estimated bills may be issued. Work orders are issued for re-reads for meters not transmitting a read. When debris or cars are located over the meter or if dogs are present, the sheriff's office is sometimes called. However, unless a resident is home, the sheriff's office is unable to inform the resident that the debris must be removed or the dogs must be contained.

5. In response to staff's second data request, the Utility provided a bid that was used in developing the estimated cost to replace the distribution system. The bid indicates the replacement of the four inch pipes. Would all the four inch pipes need to be replaced? If not, please identify which four inch pipes would be replaced and the criteria for selecting them for replacement (i.e., type of pipe, location, age, etc.) Also, please identify how many linear feet per subdivision would be replaced?

Response: As previously stated, all of the distribution system in Oakwood would need replacing, including the services from the main to the meters. The replacement would involve moving the mains and distribution system to the front of the houses within the road right-of-ways. However, this would also involve requiring the customers and homeowners to install new service lines from the house to the new meters. This has the potential of placing additional financial burden on the customers. This replacement to the front of customer homes has previously been approved by the Commission in Order No. PSC-06-1027-PAA-WS, issued December 11, 2006. Due to the cost to replace the aging infrastructure and the financial burden it would place on the customers, Brevard Waterworks believes the most reasonable alternative at this point is to not make an unaccounted for water adjustment in the SARC.

Based upon the quotes obtained by Brevard Waterworks, the replacement of the distribution system would be $835,437. Based upon the recommended rate of return of 8.21% and the applicable depreciation rates, the increase to the utility's revenue requirement would be $91,564. This amount does not include the increase in ad valorum property tax or was it grossed up for regulatory assessment fees. Increasing this amount for RAFs increases this to $95,878. This would be a tremendous impact to the customers, many of whom cannot afford to pay their existing bills which is evident in the high amount of bad debt this utility experiences. In addition, the customers would be held responsible for installing a new service in on their property from the house to the new meter boxes. This solution would not be economically feasible for these customers.

If the Commission elects to make an unaccounted for water adjustment the utility would be left with two options:

A) Move forward with the replacement and request rates to recover the prudently incurred costs, or
B) Abandon the utility and let the county take over

Brevard Waterworks request recovery of this pro forma replacement costs if the Commission ultimately decides to make the unaccounted for water. Without this approval, the utility would be forced to absorb approximately $40,000 in unrecoverable purchased water costs annually leaving the utility financially burdened.

Rule 25-30.4325(10) F.A.C. states:

(10) To determine whether an adjustment to plant and operating expenses for excessive unaccounted for water will be included in the used and useful calculation, the Commission will consider all relevant factors, including whether the reason for excessive unaccounted for water during the test period has been identified, whether a solution to correct the problem has been implemented, ***or whether a proposed solution is economically feasible.***

Brevard Waterworks is only addressing the Oakwood subdivision, the Kingswood subdivision does not need to be replaced at this time.

6. According to Audit Work paper 43, the criteria for Mr. Deremer's salary allocation includes size of the utility, number of customers, officer oversight, regulatory oversight, operations, and type of treatment. Please explain how this criterion was applied to Brevard Waterworks in the

development of Mr. Deremer's allocation. Specifically, what factors substantiate the Utility, a water reseller, incurring a greater allocation (per Equivalent Residential Connection) than other water systems, with water treatment plants, that Mr. Deremer oversees?

Response: From a historical perspective, the Brevard Waterworks' systems are a very old distribution system with numerous galvanized services from the water main to the water meter. Gary Deremer is the majority shareholder and CEO of Brevard Waterworks, Inc. Mr. Deremer's capacity in this position is making all final decisions as it relates to:

a) Oversight of All Business and Utility Operations
b) Capital Improvements required at the utility
c) Financing of operations and funding of utility improvements; including equity investment in utility; long term debt, etc.
d) Primary liaison with the Florida Department of Environmental Regulation, Public Service Commission, and various Florida Water Management Districts
e) Acts as President of utility similar to other regulated utilities throughout Florida
f) Ensures compliance with Federal, State, and Local Tax Filing Requirements.
g) Ensures corporate record management and annual corporate renewals.

As majority shareholder, Gary Deremer ultimately has sole discretion over all financial, legal, operational, and regulatory matters. However, the minority shareholders also have an equity stake and ownership in the utility. As CEO and majority shareholder, Mr. Deremer has a fiduciary responsibility to make reasonable and necessary decisions to protect the interest of the minority shareholders, as well as the customers of the utility. Mr. Deremer provides 27 years of utility experience in operation and ownership of water and wastewater utilities.

Officer Salaries has historically been recognized as a beneficial operating expense for regulated utilities, and particularly for Class C utilities. This is also true for utilities that have also had contractual agreements with US Water Services. One example is for Pasco Utilities, Inc. In Order No. PSC-07-0425-PAA-WU, issued May 15, 2007, the Commission approved an officer's salary of $24,000 for a water only utility with 674 customers, while also approving Outside Services for an agreement with U.S. Water Services Corporation (USWSC) for operations, maintenance, and customer service of the utility system. In this order, the Commission approved the monthly fee totaling $70,772 annually. Again, this was for a water only utility. (see pgs. 7 – 8).

There are numerous benefits to the utility's customers as to having Mr. Deremer as the majority owner of both the utility, as well as, US Water Services Corporation, Inc. As discussed above, Mr. Deremer has well over 27 years of utility experience in both managing, operating, and providing contractual services. He maintains high certification as an Operator and is also licensed as an Underground Utility Contractor. In addition, the Vice President also has over 37 years of experience in utility operations and management. Prior to acquiring any utility, and throughout the transfer process, Mr. Deremer personally meets with customers of the anticipated acquired utility to discuss his management and the benefits of his ownership. Mr. Deremer also discusses any necessary capital improvement projects (CIP) with customers and the associated costs, as well as the potential impact to rates. Mr. Deremer brings

synergy to the management and ownership of regulated utilities through his extensive experience and professional relationships with governmental agencies, elected officials, city and county governments, and suppliers. Through Mr. Deremer's majority ownership of regulated utilities and US Water, there are opportunities for decreased financing of projects, minimization of operating expenses, and increased customer service, as well as the quality of the product provided to the customers. The majority of these utilities are considered troubled for numerous reasons, whether operational, managerial, or environmental. As such, these systems are either not considered for purchase by counties or other governmental entities leaving the customers with the possibility of abandonment or significant quality concerns, either DEP related or water and wastewater quality. Further some of these systems are also geographically challenged in relation to operations. These extenuating circumstances often lead to significant pressures on customer service rates. Through Mr. Deremer's extensive experience, he is able to address the required capital improvement and operational challenges to minimize, or eliminate, these pressures on rates. Mr. Deremer is also cognizant of the effect of overpaying for a system - which can be seen throughout the industry, in order to protect future rate structure passed on to customers. He has been successful in negotiating reduced purchase prices which reduces the rate base amounts thereby relieving the rate of return pressure on the rate base. Through Mr. Deremer's professional association and relationships with counties and city entities, he is also able to capitalize on cost sharing mechanisms to potentially utilize the underutilized plant at various facilities, thereby further minimizing cost impact to the existing utility customers.

Mr. Deremer, through mutual control of both Brevard Waterworks and US Water as the Operations, Maintenance and Customer Service Contractor, brings a scale of service which benefits the utility community. In addition to regulated utility operating services, US Water focuses on economies of scale, environmental protection, preventive maintenance, customer service and strives to set increased standards within the water and wastewater utility industry. With a staff of 475 persons throughout the State, customers receive quick attention to any issues that may arise. There is a multidisciplinary grouping of individuals within US Water including certified operators, registered engineers, new construction and utility rehabilitation contractors, emergency and preventive maintenance specialist, customer service and compliance specialist. This unique staffing within one service company provides a level of service not readily available within the water/wastewater utility industry. The expertise provided allows Mr. Deremer to look further into what might be a corrective action representing significant cost reduction to the utility – such as asking local government to consider reduction of an Ad Valorem Tax Base; a small redesign or treatment process change to wastewater treatment to reduce sludge hauling cost; change in operating protocol to reduce cost of chemicals and power to the utility. The team led by Mr. Deremer at US Water approaches all utility operations in the spirit of finding and identifying the most effective operations with a long term approach which benefits the customers.

In a recent Commission order, Order No. PSC-14-0626-PAA-WS, issued October 29, 2014, the Commission approved the rate increase request of Little Gasparilla Water Utility, Inc. This water utility is interconnecting with Charlotte County to provide *purchased water service* to 371 customers.

In the above order, the Commission approved the following operating expenses:

Salaries and Wages (Employees) -	$ 22,665
Salaries and Wages (Officers) -	**$ 70,710**
Pensions and Benefits -	$ 11,672
Contractual Services – Professional -	$ 4,660
Contractual Services – Other -	$ 9,257
Transportation Expense -	$ 6,359
Total	$124,783

Thus, the Commission has approved Officers' salary of $70,710 for another purchased water utility, which consisted of a president and vice president salary. The requested salary of $5,000 is reasonable for a utility this size with the operational issues.

7. For the purpose of this question, please refer to Table 3 – Minor Repair Responsibilities, as shown in the Agreement For Services the Utility signed March 29, 2013, with U.S. Water Services Corporation (USWSC). Table 3 states that the Owner is responsible for repairs totaling $400 or more, per incident. Please provide a brief description of the Utility's policy for selecting a contractor for repairs exceeding $400, including whether or not the Utility routinely seeks multiple bids.

Response: The majority of these normal operating repairs and/or replacements are performed by U.S. Water Services employees. The actual time worked on either the repair or improvement outside the normal contract services is charged based on the record keeping of the USW employee on actual time worked on the specific project. The equipment is also charged based on the actual amount of time used on the specific project. Per the USW contract, the utility is responsible for any repair or improvement above $400. There are no differences in how Attachment G works for repairs verses improvements. However, these would be for items that are required above and beyond the normal services already being provided through the actual service contract. U.S. Water Services bears the ultimate risk when there are numerous repairs that occur during any given month since these are not charged to the utility. If these normal operating repairs and/or replacements cannot be performed by a U.S. Water Services employee due to workload or prior commitments to other projects, outside contractors such as Oxford Pipeline will be utilized to make the necessary repairs. This is especially important when there are water main or service breaks that need immediate repairs and/or replacements. It is also imperative in purchased water systems such as Brevard Waterworks. In November 2014, Oxford Pipeline was utilized twice to repair emergency leaks on customers' services at two locations. (see attached invoices)

U.S. Water Services Corporation (US Water) has numerous operations and administrative contracts with numerous entities within the State of Florida. For the larger contracts, the typical threshold for repairs and/or replacements is $7,500. This is due to the fact that these larger contracts are (a) for larger dollar amounts annually; (b) are with very large entities serving large customer bases; and (c) have considerable financial wherewithal for continued operations. Further, these larger contracts are typically with non PSC regulated entities such as cities, counties, federal government, and governmental agencies.

Pursuant to the National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts (USOA), the monetary threshold for capitalization of expenditures versus expensing is:

Class A	$750
Class B	$400
Class C	$150

(See Accounting Instructions)

The majority of the private regulated shareholder utilities, including Brevard Waterworks, are Class C utilities. However, since some of these private utilities are Class B based on annual revenues, for consistency ***all*** of the regulatory accounting for these private utilities are recorded under the Class B accounting procedures pursuant to USOA. Since all of the private regulated shareholder utilities are classified under the Class B for accounting purposes, the $400 monetary threshold was established under these individual contracts under the USOA instructions for capitalization versus expensing. This actually provides a benefit to both the utilities and the customers. Since all repairs and/or replacements under the $400 threshold are included in the annual contract amount and not charged individually to the private utility, the recorded capital is kept to a minimum and the rate base also reflects lower amounts. If each repair/replacement under $400 was recorded pursuant to the Class C USOA provisions, this would allow an additional return on these amounts in rates.

Thus, the owners of both US Water and the private utilities (including Brevard Waterworks) believe the $400 monetary threshold provision in the USOA was appropriate for ***all*** the private regulated utilities since it provides a benefit to the customers of each utility. This is also consistent with how each regulated utility is being accounted for under the USOA. Each regulated utility is required to maintain their accounts and records under the USOA pursuant to Rule 25-30.115, Florida Administrative Code. Thus, this agreed upon monetary threshold is consistent with the Class B, USOA. Private regulated utilities are allowed to establish their accounting procedures and practices under a higher class (Class B or Class A) which are more stringent then the lower class, Class C.

By establishing a monetary threshold which is consistent with the NARUC USOA, the utility's customers are receiving an added benefit. Since any repair and/or replacement under $400, as specified in the USOA for Class B utilities would be considered O&M expenses, these would qualify as prudent expenses and are recoverable on a dollar-for-dollar basis. Since these type repairs and replacements are covered under the operations and maintenance contract and not charged directly to the utility, the resulting rates do not include these items. Thus, U.S. Water is actually subsidizing the utility by covering these services in its contracted amount. There are no separate charges for these. Again, U.S. Water Service bears this ultimate risk.

In addition, there are several other services provided to the private utilities which are not charged to the utilities through the contract amount. Examples are these are engineering and compliance. Although these services are included in the contract, there are no dollar amounts for personnel (employees) included in the contract amount. The engineering services include permitting for both FDEP and the WMDs. These services are provided under Section 2.19 of the U.S. Water contract, but there are no dollar amounts included in the monthly or annual fees. If the utility were to provide this function on a stand-alone basis, there would be additional operation costs associated with this which would be eligible to pass onto the customers as a prudent utility expense. Although the actual cost for permit renewals paid to the state agencies are included as an amortized amount (over the life of the permit), ***no*** employee salaries or hours are included. Engineering services would only be included as part of major capital projects if needed. The engineering services would be included in the event of an overall

capital project, such as a wastewater plant rehabilitation or replacement or a water treatment system rehabilitation and/or replacement which would be over the $400 monetary threshold.

An additional service provided to the utilities which there are no associated costs is compliance services. Under Section 2.13 of the contract, U.S. Water provides for the compilation and filing of required monthly DMRs and MORs with FDEP. Additional services provided are required annual CCRs, boil water notices (if required), ground water reporting, and compliance sampling reporting. There are ***no*** associated costs or salaries included in the U.S. Water contract for these provided services. Again, if the utility were to provide this function on a stand-alone basis, there would be additional operation costs and salaries associated with this which would be eligible to pass onto the customers as a prudent utility expense.

Thus, due to the size of these small utilities and the potential impact on rates, U.S. Water does not charge the utilities for the inclusion of these government required services. Due to this subsidization by U.S. Water, the water and wastewater rates are kept at a minimum by not including these costs in the contract amount or in O&M expenses.

8. On December 15, 2014, the Utility provided the cost model developed by USWSC, in Document No. 06732-14, to support its expense for contractual services. The following items relate to the cost model:
    a) Please expand upon the unique factors that USWSC considered when developing the cost model for Brevard Waterworks given that it is a water reseller such as the inclusion of expenses associated with a maintenance mechanic and an operator.
    b) For all salary and wage expense allocated in the cost model, please provide a corresponding list of employees, along with their total compensation (including over-time and bonuses), and how it is allocated.

Response: As previously stated, the Brevard Waterworks' systems are very old distribution systems with numerous galvanized services from the water main to the water meter. These systems require extensive maintenance due to the age and size of the systems. As previously addressed, in PSC Order No. PSC-93-0423-FOF-WS, issued March 22, 1993, the Commission stated:

> *Oakwood*
>
> *In its MFRs, the utility estimated that there were approximately 1,200 pipe joints leaking at a rate of 120,000 gallons per month.*

The Brevard Waterworks contract with U.S. Water Service Corporation (USWSC) include the following services:

Meter Reading
System Maintenance – water
Flushing – distribution system
Billing / Collection
Customer Service
Service Orders

Regulatory - PSC, WMD, DEP
Permits – DEP, DOH, WMD, etc.
Testing – all required for water
DMRs, MORs - monthly reporting
CCRs - annual
PSC Annual Reports
Accounting - all bookkeeping, record keeping, AR, AP, etc.
Meter Replacements
Line break repairs
Minor repairs and/or replacements – up to $400
Locates
Meter calibrations – water
Backflow preventor testing
Turn Ons/ Turn Offs
Disconnections
Re-reads
Vehicles
Office (also equipment, phones, etc.)

Previously, these items were provided by Aqua Utilities Florida, Inc. and its parent company Aqua America, Inc. The previous owner had employees, vehicles, computers, offices, etc. BWW does not have any employees, vehicles, computers, office, etc.

The USWSC contract dated March 29, 2013 is in the amount of $40,931.93 for water. This equates to $172 per customer for water. Pursuant to the Contract BWW employed the services of USWSC in three distinct functions; the operation, maintenance and billing/collection (OM&BC) of the utility systems. This includes (a) Water System Operations; (b) Wastewater System Operations; (c) Maintenance; and (d) Customer Service. For a listing of serviced provided to BWW, see USWSC's Scope of Services – Base Contract Service, Section 2, as well as the cost responsibilities on Table 4 of the contract. Below is a table reflecting the salaries of the operations and maintenance personnel allotted to BWW.

Operational Expenses for Brevard Waterworks

Water:	
Employee:	
Operations & Maintenance	$ 720 / month (2 days/month @ $45/hour)

Currently the $720 a month includes the vehicles, phones, tools, uniforms, computers, payroll taxes, benefits, etc. as well as the personnel. In February 2015, U.S. Water Services finalized its in-depth analysis of contractual costs. For Brevard Waterworks the actual costs are $48,252 for water. These included the potential future 1,000 ERCs that do not exist for the Administrative Services. Thus the utility is being subsidized by $6,706 for water. This was based on an operator visiting the Brevard systems twice a week for 30 minutes per visit, as well as the required testing. The operator is required to take the DEP required distribution samples. Also it included a maintenance mechanic visiting 4 times a week for 75 minutes per visit. This is for meter reading, turn ons, turn offs, leak repairs, meter repairs and/or replacements, line locates, rereads, flushing, customer service including premise visits concerning billing questions or water quality issues. Due to the remote location of the utility the travel

time for the employees is a total of 90 minutes – 45 minutes each way. If Brevard Waterworks had to have a full time employee for the utility this cost would be much higher. As previously discussed in response to staff's third data request, there have been numerous hours spent on these systems to identify potential leaks and or meter issues throughout 2014 which were not charged to the utility.

Pursuant to Rule 62-555.350(8), F.A.C.

> (8) Suppliers of water shall employ licensed operation personnel in accordance with Chapters 62-602 and 62-699, F.A.C., for all public water systems except transient non-community water systems using only ground water and serving only businesses other than public food service establishments as defined in, and regulated under, Chapter 381, 500, or 509, F.S.

Pursuant to Rule 62-555.350(5)(b). F.A.C.

> (b) For each day a supplier of water serving less than 3,300 persons serves water to the public from a drinking water treatment plant that includes chemical disinfection for virus inactivation, the supplier of water shall monitor the residual disinfectant concentration (C) before or at the first customer by taking at least one grab sample during peak flow and shall record in the logs and reports required under subsection (12) below the lowest C measured before or at the first customer during peak flow, the corresponding disinfectant contact time (T) at the C monitoring point during peak flow, and the resulting CT provided before or at the first customer during peak flow. In addition, at least once for each day the supplier of water serves water to the public from the plant, the supplier of water shall measure and record the temperature of the water at the point where C is monitored; shall measure and record the pH of the water at the point where C is monitored if free chlorine is being used for virus inactivation; and with this temperature and pH information, shall determine and record the minimum CT required to comply with paragraph 62-555.320(12)(b), F.A.C. If any measurement of the "CT provided" falls below the minimum CT required, the supplier of water shall increase the disinfectant dose and take follow-up grab samples at least every four hours until the "CT provided" is at least equal to the minimum CT required and shall notify the Department in accordance with subsection (10) below.

Pursuant to Rule 62-555.350(6)(b), F.A.C.

> (b) Each supplier of water serving less than 3,300 persons shall take at least one grab sample each day the supplier serves water to the public or at least two days per week, whichever is less, at a point in the water supplier's distribution system reflecting maximum residence time after disinfectant addition, shall measure the residual disinfectant concentration, and shall record the residual disinfectant concentration in the logs and reports required under subsection (12) below.

9. Please provide support documentation verifying that allocated salary and wage expense does not include labor billed in addition to the services provided in the contract (e.g. labor associated with a repair over $400 that the Utility would have capitalized).

Response: There have only been two capitalized repairs recorded for Brevard Waterworks which occurred in November 2014. For the U.S. Water Services employee, the employees keeps a Job/Time Report which records his time spent on a repair or replacement with a specific Job Number. See attached invoice and Job/Time report for this capitalized repair. For the normal operating time, timesheets are submitted by employees for the time spent on each utility and/or project. These were for two emergency repairs at customers service lines. Oxford Pipeline was used to make these emergency repairs with the assistance of U.S. Water Services employees. See Attached.

10. On January 6, 2015, the Utility submitted a request for additional pro forma pipe repairs to be included in the instant docket. In support of its request, the Utility included the USWSC invoice for the repairs. The following items relate to this repair:
    a) Please elaborate on the difference between the average hourly rate for technical labor found in the cost model and the hourly rate for technical labor shown in the invoice.
    b) Did the Utility seek additional bids for the pipe repair? If so, please provide them. If not, please explain.
    c) Does the USWSC employee that performed this repair also provide the maintenance/repair services that are included in the Utility's contract?

Response: Oxford Pipeline was utilized to make these emergency repairs on two services. During emergency line breaks, it is impractical to obtain numerous bids. The emergency repairs must be made in an expeditious manner. For major projects and/or replacements, the utility would solicit bids for selection. For repair and replacements above the $400 level the services are charged utilizing the Schedule G. The actual time worked on either the repair or improvement outside the normal contract services is charged based on the record keeping of the USW employee on actual time worked on the specific project. The equipment is also charged based on the actual amount of time used on the specific project. Per the USW contract, the utility is responsible for any repair or improvement above $400. There are no differences in how Attachment G works for repairs verses improvements. However, these would be for items that are required above and beyond the normal services already being provided through the actual service contract.

U.S. Water utilizes the RSMeans® Heavy Construction Cost Data to conduct cost analysis. Typically the fees charged by USW are under the RSMeans® costs. RSMeans is a construction estimation database that is used by professional estimators for up to date labor, materials and overhead costs for specific project types and locations. Since 1942, RS Means has been actively engaged in construction cost publishing and consulting throughout North America. RS Means collects data from all facets of the industry, including both the private and public sectors, including federal, state, and municipal agencies, corporations, institutions, construction management firms, hospitals, and associations.
RS Means is the national leader for custom database development to fit any construction or facilities management situation. RS Means has developed and maintains a global cost estimating database for the U.S. Army Corps of Engineers and the Department of Defense. Means has developed a cost index for various building types for the U.S. Department of Labor, Bureau of Labor Statistics.
For the Schedule of Service Fees, items 1 through 9 are typically never charged to the regulated utilities. The main labor items charged to the regulated utilities for the service performed outside the normal contract are for (1) Tradesman, and (2) Maintenance Technician.

Below is a cost comparison for these two positions charged to regulated utilities:

	UWSC	RSMeans®
Tradesman (Master Mechanic)	$57.91	$76.05
Maintenance Technician (Skilled Worker)	$52.01	$73.25

One other position that may be charged depending on the specifications of the project is:

	UWSC	RSMeans®
Utility Electrician (Electrician)	$60.53	$79.85

Further, USWC currently has over 400 service contracts with various cities, counties, federal agencies, private corporations, FGUA, etc. These contracts were subject to the competitively bid process across the state. Thus these contracts were openly bid throughout the open market and were selective through the competitive bid processes of the various statewide clients. Ultimately for these similar contracts, USWC was selected through this open market process for the same type of service, thus demonstrating that its charges and fees for services are below market.

Again, for Brevard Waterworks, there were only two repairs that have been capitalized.

Respectfully Submitted,

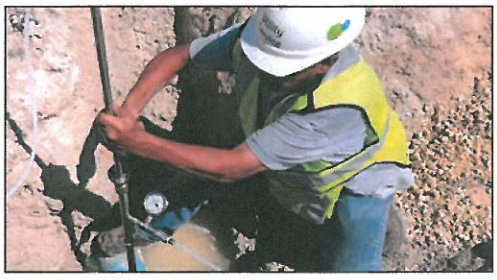
Troy Rendell
Manager of Regulated Utilities
// for Brevard Waterworks, Inc.

Distribution System Management Services

USG Helium Leak Detection Services

Utility Service Group

Now you can accurately identify and locate leaks in all pipe materials



Proven, Safe, Accurate and Efficient

This innovative technology is only available through Utility Service Group, and is protected by international patents.

Accurately identify and locate leaks in all pipe materials including metallic, plastic, concrete, and clay. Detects leaks in small to large diameter pipes.

Value of Utility Service Group Helium Leak Detection Program:

- Award-winning technology
- Accurately identifies leaks in all pipe materials/sizes
- Effectively works on plastic pipes and transmission mains
- Reduction in non-revenue water
- Effective in high or low pressure pipelines regardless of flow characteristics or geometry
- No need to drain or depressurize the water system
- Minimally-invasive technique; injection through a standard 3/4-inch tap

Utility Service Group

Utility Service Group has proudly served the potable and industrial water industries for over 50 years.

Today's Utility Service Group provides comprehensive condition assessments, rehabilitation services and sustainable asset management solutions throughout the whole water cycle. Our comprehensive portfolio of innovative, sustainable technologies and custom-designed professional asset management services allow a holistic approach to optimizing water production and distribution systems.

USG Leak Detection Services

Utility Service Group NSF-certified Helium Leak Detection Program includes:

- NSF-certified helium gas
- Injected into the live water system through specialized equipment
- Identification and pinpointing of leaks in a single step
- Experienced team of water operators
- Service integrated with other comprehensive non-revenue water solutions

Utility Service Group
1230 Peachtree Street NE
Suite 1100 | Promenade
Atlanta, Georgia 30309
Phone 855.526.4413
utilityservice.com

Leak Detection Services

Helium leak detection technology for water supply systems

Proven, Safe, Accurate and Efficient

This innovative technology is only available through Utility Service Company and has been used effectively throughout the world.

Accurately identify and locate leaks in large and small diameter pipes and in pipes of all materials including metallic, plastic, and concrete.. "All-in-one" leak detection and correlation.

Works in high or low pressurized pipelines regardless of flow characteristics or network configuration, while keeping the water system live and in service – no need to drain or depressurize the water system.

- No effect on water quality or public health
- Integral part of reducing Non-Revenue Water from your water system
- Cutting edge technology, approach and solution

HELIUM LEAK DETECTION VALUE

- Reduction in real water losses in the system
- Simultaneously detect leaks and finds their location
- Not affected by background noise like acoustic leak detection methods
- Improvement of Non-Revenue Water parameters
- Conserves valuable water resources
- Reduces the costs (power, chemical, people) of treating and distributing water to customers
- Mitigates the need to invest in new water supply infrastructure
- Reduces purchased water needs for the community
- Reduces the risk of contamination from ground water and other substances entering the water system through leaks or breaks
- Nothing to get lost or stuck in pipe during the process
- Effective in transmission mains with few or very distant access points

HELIUM LEAK DETECTION APPLICATIONS

- High purity helium gas is in injected into the live water system through specialized equipment
- Dissolved helium circulates throughout the water system in desired areas
- Helium escapes through water leaks in the pipe wall
- Helium separates from the leaking water outside the pipe and rises to the surface where it is measured above ground
- High levels of helium above ground identify the location of the leak
- A single injection of Helium gas travels a long distance throughout the water system and remains for several days allowing our teams to quickly "walk the lines" searching for escaped gas

Innovative Solutions...

Tank Services

Water Quality Services

Water Well Services

Distribution System

Metering Services

Communications

Helium Facts...

- Helium is a safe non-flammable, non-combustible, tasteless and odorless gas
- It is commonly used in the medical, diving, and manufacturing industries
- It's lighter than air and water, making it easy to detect above water lines
- 2nd most abundant element in the universe – we breathe it every single day
- Safe inert "noble" gas that does not react with water or the water distribution system components

Water Leaks and Non Revenue Water

Non Revenue Water (NRW) is water produced and lost during the water cycle. Much of the water lost is from leaking water mains, service line pipes and connections, and pipe breaks; a considerable amount of which can be prevented with a leak detection program. NRW is a global crisis, with upwards of 60% water loss in some water systems. It is estimated that the total worldwide cost of NRW is $14 billion annually, capable of serving 200 million people. In the United States, an estimated 7 billion gallons of NRW is lost daily.

It is well documented that much of America's water pipes have reached or are nearing their intended useful lives. Consequently, our old piping systems are prone to leakage, costing us millions in production and distribution costs to supply America's thirst for safe drinking water.

INVEST WISELY IN A LEAK DETECTION PROGRAM THAT UNCOVERS WASTEFUL AND COSTLY WATER SYSTEM LOSSES

U.S. Water®
Services Corporation

4939 Cross Bayou Blvd.
New Port Richey, FL 34652

Invoice

Invoice #	804114
Date	11/30/2014
Due Date	12/30/2014
Account #	706
P.O. No.	

All service pricing anticipates payment by Check or ACH. Due to additional costs incurred, services paid by credit card will require an additional "pass through" 3% processing fee in order to be accepted.

Bill To
Brevard Waterworks, Inc. Attn: Joe Gabay 4939 Cross Bayou Boulevard New Port Richey, FL 34652

Project
706-13 Service Leak at Oakwood Mims

Date	Description	Qty or Hrs	Unit	Rate	Amount
	Service leak at Oakwood Mims 3450 Brockett Dr. Replaced service and curb stops due to leak in galvanized line. Hand excavated broken quad service, found broken 1" and 1-1/4" galvanized pipe broken in several places. Removed all 4 meters. Hand excavated 4" AC main and found no corp stop. Installed new 1-1/4" corp at saddle. Re-piped all 4 meters, 20L.F. of 1" pipe and fittings. Installed new corp stops, backfill and reinstalled meter boxes.				
10/2/2014	Tradesman	6	Hours	57.91	347.46
	Materials and Labor to Complete Scope of Service	1	LS	2,321.06	2,321.06
	Service leak at 3155 Leigh Rd. Hand excavated and located existing 4" main. Found 4" AC pipe, heavy ground water and had to install kelly well. Finally exposed main to install tapping saddle and tap main. Checked water for chlorine, possible main leak. Installed new service. Backfill and cleaned up area.				
10/8/2014	Materials and Labor to Complete Scope of Service	1	LS	1,811.30	1,811.30

OK to COA 333
12-10-14

Entered: [signature]
COA Code:
Approved:
Paid: Note
Date: 2/5/15

Please remit payment to the above address. We appreciate your business!

Phone #	Fax #
727-848-8292	727-848-7701

Total	$4,479.82
Payments/Credits	$0.00
Balance Due	$4,479.82

Oxford Pipeline Inc.

Underground Utilities/Pipe Rehabilitation

P.O. Box 86
Oxford, FL 34844
Phone: 352-504-8750 Fax: 352-330-0473
Email: cbarrette@oxfordpipeline.com
FL LIC#: CUC1224062

RECEIVED
NOV 07 2014
BY: .....

Date: Oct. 8 , 2014

Customer ID: A101

Prepared by: Craig Barrette

Brevard Water Works
4939 Cross Bayou Blvd.
New Port Richey, FL 34652

Invoice # 902-10-08-14-0444

INVOICE

Oakwood QTP / 3155 Leigh Rd (Mims, FL) Job #706-13

Description	Amount
Hand excavate and locate existing 4" main. Found 4" A.C. pipe, heavy ground water, had to install Kelly well, too much water, finally exposed main to install tapping saddle and tap main. Checked water for Chlorine (possible main leak). Install new service. Backfill and clean up area.	

System GL: US Water Services
Acct 5020.1 Total $ 1535.00
Job # 706-13 Class III-R/L
Billable ✓ Non-Billable ____
Aprvd ____ Date ____
Entrd ✓ Date 11-7-14

John Worrell 11/7

Man hours= 32
Equipment= Truck w/ tools, & pump.

Materials OPI supplied=4" x 1" saddle, 1" corp., 1" poly pipe, & 1" curb stop.

Materials= (U.S. Water supplied all other Materials)
Service requested by=John Worrell

Thank you for your business! TOTAL $1535.00

Note: net terms 30 AJ & John Worrell

RECEIVED
NOV 07 2014
BY:

Oxford Pipeline Inc.

Underground Utilities/Pipe Rehabilitation

P.O. Box 86
Oxford, FL 34844
Phone: 352-504-8750 Fax: 352-330-0473
Email: cbarrette@oxfordpipeline.com
FL LIC#: CUC1224062

Date: Oct. 02 , 2014

Customer ID: A101

Prepared by: Craig Barrette

Brevard Water Work
4939 Cross Bayou Blvd.
New Port Richey, FL 34652

Invoice # 902-10-02-14-0443

INVOICE

Oakwood WTP / 3450 Brockett Dr. Job #706-13

Description	Amount
Hand excavate broken quad service, found broken 1" & 1 1/4" galv.-pipe broken in several places. Removed all 4 meters. Hand excavated 4" a c main, found no corp. Installed new 1 ¼" corp. at saddle. Re-piped all 4 meters 20 L.F. of 1" Pipe and fittings. Installed new curb stops. Backfill and reinstalled meter boxes.	
System GL: US Water Services Acct 5020.1 Total $ 1967.00 Job # 706-13 Class M-R6 Billable ✓ Non-Billable ____ Aprvd ____ Date ____ Entrd ✓ Date 11-7-14	
Man hours= 34 Equipment= Truck w/ tools	
Materials OPI supplied=1" Poly, 1 1/4" corp. 2-1" brass pack joint tees, 4-1" curb stops, 4-meter spuds, and misc. fittings.	
Materials= (U.S. Water supplied all other Materials) Service requested by=John Worrell	
TOTAL	$1967.00

Thank you for your business!

Note: net terms 30 AJ & John Worrell

DAILY
Job/Time Report

U.S. Water Services Corporation

Company Fax:
239-543-2226

Name: Richard Sullo
Date: 10/2/2014

Is Project Complete Today? Yes X No ____

Hours	JOB NO	JOB Name
7:30am 8"30am	306-6	chuluota
8:30am 2:30pm	706-13	Service Leak Oakwood Mims
2:30pm 3:30pm	306-6	Chuluota

6 hours

Start /End Time (AM or PM) Fr: 7:30am To: 3:30pm

Break Time Used ____

Total Hrs Worked 8

REASON WE ARE ON SITE TODAY: Signed Lump Sum Proposal ____ Emergency Call ____

Time & Material Project ____ NOTE:

Project:

Is this an Abnormal Event? Yes ____ NO ____ If so call office: 239-543-1005 / Toll Free 866-753-8292

WORK PERFORMED TODAY: Customer service
replaced service our side and curb stops due to leak in galvinized line in Oakwood Mims Bervard Co
was repaired by contractor

MATERIALS PURCHASED or DELIVERED TODAY:

Vendor Name	Description of Items	Ticket #	$$ Amount $$
from stock	2- 1 inch male pack joint adaptors		$24.00

MATERIALS USED FROM TRUCK OR OTHER COMPANY STOCK TODAY:

Taken From	Description of Items	Quantity	Reordered?
		1967 - #2327 06	y ____ n ____
			y ____ n ____
inventory		1535 - # 1811 30	y ____ n ____

EQUIPMENT RENTED TODAY:
Item #1 ____ From: ____ Cost: ____
Item #2 ____ From: ____ Cost: ____

COMPANY OWNED EQUIPMENT USED TODAY:
Item #1 colirado From: ____ Cost: ____
Item #2 ____ From: ____ Cost: ____

SUBCONTRACTORS and VENDORS ON SITE TODAY:
Name: ____ Purpose: ____
Name: ____ Purpose: ____

ANY VISITORS TO SITE? Yes ____ (if so list) No ____ List: ____

WEATHER CONDITIONS: Fair: X Rain: ____ Ground Water: ____ Other: ____

804114
$4,479 82

ANY PROBLEMS WITH COMPANY VEHICLES?

ADDITIONAL NOTES:

SIGNATURE: Richard Sullo Date: 10/2/2014

Supervisor's Signature ____

10/2/2014
Date