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STEVE CRISAFULLI
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May 14, 2015

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

Re: Docket 140147 -- Application for staff-assisted rate case in Sumter County by Jumper Creek Utility Company

Dear Ms. Stauffer:

Attached are a few responses to pending issues that the Office of Public Counsel would like to be considered in the staff's preparation of its recommendation to the Commission. If you should have any questions, please feel free to call or e-mail me.

Respectfully submitted,

s/ Denise N. Vandiver

Denise N. Vandiver
Legislative Analyst

c: Division of Accounting & Finance (Mouring, Cicchetti, Vogel, T. Brown) Jumper Creek Utility Company
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OPC Issues and Concerns
Jumper Creek Utility Company
Docket No. 140147-WS

O&M Expenses

Chemicals

1. In our previous letter we expressed concern with the level of chemical expense included in the staff report. In the utility response to this concern the utility listed the 11 chemical invoices provided to the staff engineer. We would note that four of the invoices included by the utility are outside the test year. The utility did not address our specific comment that the staff report included three invoices totaling \$358 in both the water expense and the wastewater expense. Therefore, we continue to believe that the chemical expense for the test year should be \$46.80 for the water system and \$455.00 for the wastewater system. The elimination of these three invoices, which are double counted, will reduce staff's recommendation for water chemical expense by \$357.50.

Contractual Services-Other

2. In previous letters to the Commission¹, we have expressed our concern regarding the contract provisions that "materials and reimbursable expenses will be billed at actual cost plus 18%" and that "all repairs over \$400 are at the utility's expense." Document No. 01693-15 filed by the utility on March 27, 2015 presents a perfect example of why we are concerned. This document includes three invoices that the utility is requesting be included as pro forma plant in the current rate case. In particular, the second invoice included is for \$414.93, which exceeds the \$400 threshold. This invoice reflects two hours labor for a tradesman for a cost of \$115.82 plus \$299.11 for a battery. However, when the attached document is reviewed more closely, the battery was purchased from NAPA for \$253.48 and was increased by 18% to reach the \$299.11, which puts the total invoice over \$400 and out of the contract. We believe it is unfair for the company to purchase an item "off the shelf" and increase it by 18%. We further believe it is even more harmful to the customers that this increase then forces the repair to be paid outside of the contract, a result particularly indefensible given the very few customers (43) to share these additional costs.
3. In our prior letter we referenced Attachment G that was never provided with the USWSC contract. This attachment is referenced in Appendix G to the contract and includes the prices for costs incurred outside the contract. In the utility's response, it comments that Attachment G is the same for all of the regulated utilities throughout the state of Florida. However, the utility did not address why U.S. Water Services Corporation (USWSC) continues to fail to include this important appendix with each contract included in each rate case filed with the Commission. This is the only appendix that is consistently missing from its filings. Each affiliated utility of USWSC should be required to file a true and correct copy of a complete Appendix G that will be applicable to each USWSC contract filed in each rate case.

¹ See Document No. 05494-14 in Docket No. 130194-WS; Application for staff-assisted rate case in Lake County by Lakeside Waterworks, Inc. and Document No. 01987-14 in Docket No. 130153-WS; Application for staff-assisted rate case in Highlands County, by L.P. Utilities Corporation c/o LP Waterworks, Inc.

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Miscellaneous Expense

4. In our previous letter we expressed concern with the \$2,000 paid for a DEP license fee. In e-mails with our office, the utility has discussed the issue with DEP and we believe that in the future the cost will be \$500. The utility continues to assert the professional management that the customers receive through the contract with USWSC. We believe that the services provided should be able to determine the appropriate fee for the DEP license. We believe it was imprudent of the company to pay four times the required cost and that rates should be set prospectively to include the \$500. OPC will continue to study this issue to determine if Jumper Creek's water operations can qualify for a \$100 per year DEP permit fee.

Taxes Other Than Income

5. In our previous letter we expressed concern with the level of ad valorem taxes. We commented that the 2014 taxes were lower than the 2013 amounts included in the staff report and that taxes other than income should be reduced. In the utility response to this concern the utility agreed that the 2014 taxes were \$4,723, but indicated that test year taxes included in the staff report should be increased, without explanation. The chart below indicates the taxes included in the staff report and the adjustments necessary to reflect the \$4,723. Based on the 2014 discounted tax bills, we believe that water expense should be reduced by \$1,113 and wastewater should be reduced by \$843.

Jumper Creek Utility Company
 Taxes Other Than Income

Staff Report	Water	Sewer	Total
Ad Valorem	3,731	2,947	6,678
Regulatory Assessment	618	931	1,549
Total - Staff Report	4,349	3,878	8,227
Ad Valorem	3,731	2,947	6,678
2014 Ad Valorem	2,618	2,104	4,723
Adjustment Needed	(1,113)	(843)	(1,955)