

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

---

**DATE:** May 3, 2016  
**TO:** Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk  
**FROM:** Clayton Lewis, US Engineering Specialist, Division of Engineering *PL CKL*  
**RE:** Docket No. 150010-WS - Application for staff-assisted rate case in Brevard County  
by Aquarina Utilities, Inc.

---

Please file the attached "Response to Maintenance Building Leasing Request" in the above mentioned Docket File.

Thank you.

## **Patti Zellner**

---

**From:** Clayton Lewis  
**Sent:** Tuesday, May 03, 2016 10:34 AM  
**To:** Patti Zellner  
**Cc:** Robert Graves  
**Subject:** FW: Request for More Information  
**Attachments:** Space Listing.pdf

Please file the message train below and the attached document to the Docket No. 150010 (Aquarina).

Thank you

---

**From:** Lee Smith  
**Sent:** Tuesday, May 03, 2016 10:31 AM  
**To:** Clayton Lewis  
**Subject:** FW: Request for More Information

One last email from Aquarina that needs to go in the docket file.

## ***Lee Smith***

Public Utility Analyst  
Florida Public Service Commission  
Division of Accounting and Finance  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399-0850  
850-413-7003  
[lsmith@psc.state.fl.us](mailto:lsmith@psc.state.fl.us)

---

**From:** Kevin Burge [<mailto:aquarinautilities@bellsouth.net>]  
**Sent:** Monday, May 02, 2016 5:10 PM  
**To:** Lee Smith  
**Subject:** Re: Request for More Information

Dear Lee,

We arrived at the \$0.63 per square foot by dividing the rental price of \$1,500/ total square feet of the building 2,400 square feet = \$0.625/ square foot. The FPSC has suggested that only 1,200 square feet will be needed; however, the rental price will remain the same- so the price per square foot will increase according to \$1,500/1200 square feet=\$1.25 per square foot.

We researched the availability of comparably sized commercial and industrial spaces with garage capability on websites like [www.loop.net](http://www.loop.net) at the time we began this rate case, early in 2015. The going rate for any commercial or warehouse space was around \$7/ square foot or more, usually in the \$14 and up range, depending on location, character of the space (did it have a retail space attached, offices, A/C, etc.), and size. We were unable to find any locations that met the storage and budgetary needs of the utility- the spaces that were available were generally far too large and expensive or they had store fronts and office spaces that we did not need. There were no locations within a reasonable

distance (30-45 minutes response time) to the utility. Also, as the utility had no funds to pay for the needed space, an alternative arrangement had to be made to protect the equipment.

Since we were unable to find commercial or industrial space within budget, within a reasonable distance, with the features the utility needed and the security required, we sold our home in Jensen Beach, Florida and purchased a property that met all the criteria required for the utility. I conduct the day-to-day operations for the utility from this location and we store utility vehicles, equipment, and tools in the garage.

Truthfully, the \$0.63 or \$1.25/ square foot is **not** fair market value. Conservatively, \$7-\$14 per foot is more reasonable, which would increase the rental for the garage to \$8,400 to \$16,800 per month, instead of \$1,500. We defer to your wisdom as to which price would be more appropriate for inclusion in the rates for this absolutely necessary space. I have attached a current listing from [www.loop.net](http://www.loop.net) for the area of Sebastian, FL to illustrate the cost of commercial property in this area. No properties with garage space are currently available, at least on this website. Absolutely nothing was available on the island.

Please let me know if you have any additional questions.

Sincerely,  
Holly Burge  
Account Manager; Aquarina Utilities, Inc.

On Monday, May 2, 2016 10:47 AM, Lee Smith <[lsmith@psc.state.fl.us](mailto:lsmith@psc.state.fl.us)> wrote:

Ms. Burge,  
Could you please explain how you arrived at the rental rate of \$.63/sq. ft. per month for the maintenance building you are leasing to Aquarina? Please explain what comparables, or other research you conducted, that ensures the \$.63 per sq. ft. is a fair market value.

**Lee Smith**  
Public Utility Analyst  
Florida Public Service Commission  
Division of Accounting and Finance  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399-0850  
850-413-7003  
[lsmith@psc.state.fl.us](mailto:lsmith@psc.state.fl.us)