

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 12, 2016
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Clayton Lewis, US Engineering Specialist, Division of Engineering *CKL RS*
RE: Docket No. 150010-WS-.Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.

Please file the attached "Utilitliy's response explaining office equipment rentals and leases" in the above mentioned Docket File.

Thank you.

Terri Jones

From: Clayton Lewis
Sent: Thursday, May 12, 2016 10:56 AM
To: Terri Jones
Cc: Robert Graves
Subject: FW: Additional Information Request

Please add this message train to Docket file 150010 (Aquarina). Please title the memo as "Utility's response explaining office equipment rentals and leases."

Thank you

From: Lee Smith
Sent: Thursday, May 12, 2016 10:26 AM
To: Clayton Lewis
Cc: Curt Mouring; Cheryl Bulecza-Banks; Bart Fletcher
Subject: FW: Additional Information Request

Hi Clayton. I don't believe this email made it into the docket file. I have another one I am going to forward you as well.

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

From: Kevin Burge [<mailto:aquarinautilities@bellsouth.net>]
Sent: Monday, April 25, 2016 11:08 AM
To: Lee Smith
Subject: Re: Additional Information Request

Dear Mr. Smith,

The utility was forced to lease this equipment. Since the utility was purchased out of foreclosure, it had very limited assets when we took it over. There was no office equipment at all except for one dilapidated table and a rusty old desk in the maintenance office and one rotting desk in the R/O building. There was one rusty old file cabinet complete with a rat's nest and a hanging file for the few remaining sets of utility plans, which was inoperable and was responsible for destroying the plans more than preserving them.

Since the utility was desperately neglected prior to our purchase of it, it needed money put into it in the form of expensive pumps, blowers, electrical equipment, far beyond its ability to pay for these items with monthly revenue. Kevin and Holly Burge have personally put more than \$300,000 into this utility in money, time and equipment, which was necessary, but for which the utility has been unable

to pay within the current rate limitations. As a result of the seemingly non-stop onslaught of higher priority expenses, the office equipment had to be leased in such a way that the rental expense could be booked as due to Kevin and Holly Burge, but was not immediately paid as there have been no funds to pay the rent. It is reasonable and fair to assess some kind of rent for personal equipment and property used in the service of the utility, as equipment does undergo wear and tear and has not been available for any other use while used for the utility.

The utility would like to be able to purchase assets dedicated to the utility, but up to this point, there have been no funds available to make these types of purchases. Quite frankly, there are not enough funds to repair all of the mechanical issues that need attention in the utility, or to pay the required number of maintenance staff, much less spend money on a new office suite.

The Office Equipment rental went from \$100 in 2015 to \$225 in 2016 as the rental for the refrigerators was included in that category and the cost of power and the use of office space in Kevin and Holly Burge's home (an 11'x13' room dedicated to the operation of the utility) which was previously included on a separate invoice is now included. I did not include the office space in the list as it is not technically "office equipment".

Please let me know if you have any further questions.

Sincerely,

Holly Burge
Account Manager; Aqaurina Utilities, Inc.

On Monday, April 25, 2016 9:46 AM, Lee Smith <lsmith@psc.state.fl.us> wrote:

Ms. Burge,

I need some more information from you regarding the office equipment lease. Could you please send me the following information at earliest convenience? Thanks you.

Please explain the Utility's rationale for leasing the office equipment rather than purchasing this equipment.

Please explain why the office equipment lease increased from \$100 in 2015 to \$225 in 2016.

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

Terri Jones

From: Clayton Lewis
Sent: Thursday, May 12, 2016 11:42 AM
To: Terri Jones
Subject: FW: Office Equipment Rental
Attachments: 2016 Office Equipment Rentals for Aquarina Utilities.docx; 2016 Rental Agreement and Mower Invoice.pdf

Add these attachments to the filing I just sent you. On the docket side.

From: Lee Smith
Sent: Thursday, May 12, 2016 10:27 AM
To: Clayton Lewis
Cc: Curt Mouring; Bart Fletcher; Cheryl Bulecza-Banks
Subject: FW: Office Equipment Rental

Here is the other email with attachments that needs to go into the docket file. Thanks.

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

From: Kevin Burge [<mailto:aquarinautilities@bellsouth.net>]
Sent: Thursday, April 21, 2016 12:51 PM
To: Lee Smith
Subject: Re: Office Equipment Rental

Dear Lee,

Please find attached the 2016 Rental Agreement for the personally owned items we rent to the utility. I have also attached the list of office items you requested and the original invoice for the John Deere mower that was purchased for the utility. I bought a Stihl backpack blower and a Stihl weed-eater with the mower. We paid \$3500 cash for all three. As you can see from the invoice for the mower, we got a very good deal. I am sorry if it is inconvenient for you, but I am not able to pull apart the office equipment list into line items with individual prices. That would be ridiculous. We rent all of these items to the utility for less than the utility would pay to rent one printer/ copier with a service contract.

Please let me know if you need any additional information.

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

On Wednesday, April 20, 2016 11:18 AM, Lee Smith <lsmith@psc.state.fl.us> wrote:

Mrs. Burge,

Per our conversation yesterday, could you please send me a list of the items that are included in the "Office Equipment" portion of the 2015 Rental Agreement between you and Aquarina utilities? Please include a detailed breakdown of the items being rented, the rental costs for each item, and whether or not the items are shared with any affiliate companies. Thanks.

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

2016 Office Equipment Rentals for Aquarina Utilities, Inc.

- (3) 4 drawer legal metal file cabinets
- (2) Alienware laptops with additional keyboards and mice
- (1) Canon Pro9000 color printer
- (2) Brother All-in-One Printers
- (1) Brother Document Printer
- File storage racks
- (5) large office desks
- (1) 5 drawer flat file
- (3) 4 shelf bookcases
- (2) 3 shelf bookcases
- (2) 2 shelf bookcases
- (2) student desks
- (4) folding tables
- (2) couches
- (5) office chairs
- (2) folding chairs
- (1) 4x8 white board
- (1) 2x3 bulletin board
- (1) 2x3 bulletin board/ white board combination
- (5) 3x4 white boards
- (1) full size refrigerator
- (2) apartment-sized refrigerators
- (1) Professional grade label machine
- (1) laminator
- (1) overhead projector
- (1) table-top light table
- (2) paper organizer centers
- (2) lamps
- Various small office items (e.g. paper cutter, hole punch, staplers, clip boards, etc.)

Total For Equipment Rental: \$225

Rental Agreement

For the Calendar year: **2016**

Lessor:

**Holly & Kevin Burge
10475 130th Avenue
Fellsmere, FL 32948**

Lessee:

**Aquarina Utilities, Inc.
P.O. Box 1114
Fellsmere, FL 32948**

The lessee, **Aquarina Utilities**, hereby rents, or leases, the following from the lessors, **Kevin and Holly Burge**, for the term of the calendar year **2016**:

- The maintenance shop building and parking area immediately surrounding the building located at 10475 130 Avenue; Fellsmere, FL 32948.
- Office equipment, including phones, file cabinets, computers, printers, and other items as necessary to perform the day-to-day office functions of the utility.
- Blue EZGO Electric Golf Cart
- Service Truck, Jetter, Small Trailer, Large Trailer, Small Chain Saw, Large Chain Saw, Push Mower
- Equipment Van and tools/ sewer camera

Aquarina Utilities agrees to maintain all rented space, equipment, etc. in serviceable condition and agrees not to abuse any item, facility, building, equipment. No rented item is to be used outside the scope for which it was intended or manufactured and will be maintained in accordance with warranty and manufacturer's recommended maintenance procedures and practices. All expenses to maintain rented property will be paid for by Aquarina Utilities for as long as the property is leased, regardless of use or disuse. Should the Lessee fail to maintain rented items to manufacturer's standards or in usable condition, the Lessee will replace the damaged, broken, lost, or otherwise incapacitated item with a new item of similar or greater value and ability. In the case of irreplaceable items, every attempt will be made to repair or refurbish the rented item, and, should the item be irreparable, the Lessee will replace it with an item of similar or greater value and ability.

Kevin and Holly Burge are in no way liable for injuries or incidents related to the use of rented items by Aquarina Utilities, Inc. Aquarina Utilities, Inc. takes full responsibility to ensure that all personnel using rented items have been fully trained in the use of the items and have been thoroughly briefed related to safety procedures and practices related to the items.

Additional items to be leased or rented in the course of the Rental Agreement's calendar year will be attached to this agreement as an addendum. Compensation or rent will be adjusted accordingly in the addendum.

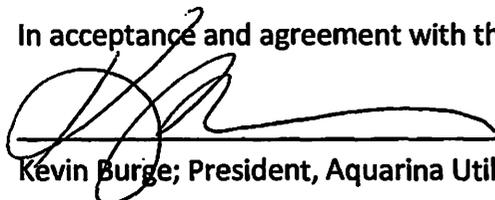
Rental payments will be made monthly, on the first day of the month, preceding the month of use. Unpaid rent will be accrued and charged a 15% service fee for the unpaid amount at the end of the rental period (calendar year). This rental agreement spans the period of the calendar year **2016**, and will expire **31 December 2016**.

Compensation: Aquarina Utilities will **pay Kevin and Holly Burge** the sum of

Maintenance Building Rental:	\$1,500.00
Golf Cart:	\$100.00
Office Equipment Rental:	\$225.00
Service Truck:	\$650.00
Jetter, Small & Large Trailers:	\$75.00
Small & Large Chain Saws, Push Mower:	\$25.00
Equipment Van & Contents:	<u>\$250.00</u>
	\$2,825.00

Each month, on the first of the month, for the period of **1 January 2016 to 31 December 2016**.

In acceptance and agreement with the terms of this Rental Agreement,



Kevin Burge; President, Aquarina Utilities, Inc.

PURCHASER'S NAME - First Signer (First, Middle Initial, Last) ANDY MCGILL			DATE OF ORDER Mar 05, 2014	COMPANY UNIT 01	DEALER ACCOUNT NO. 010182
(SECOND LINE OF OWNER NAME)			DEALER ORDER NO.		
STREET OR RR 143 HALL ST			SOC. SEC.	IRS NO.	EIN. NO.
TOWN LAKE WALES	STATE FL	ZIP CODE 33898	TRANSACTION TYPE Cash Sale		PURCHASER SALES TAX EXEMPT
COUNTY POLK	PURCHASER ACCT.	PHONE NO.	SELLER'S NAME & ADDRESS FIELDS EQUIPMENT COMPANY 3203 HAVENDALE BLVD WINTER HAVEN, FL, 33881 8639670602		
E-MAIL ADDRESS			I (We), the undersigned, hereby order from Dealer the Equipment described below, to be delivered as shown below. This order is subject to Dealer's ability to obtain such Equipment from the manufacturer and Dealer shall be under no liability if delivery of the Equipment is delayed or prevented due to labor disturbances, transportation difficulties, or for any reason beyond Dealer's control. The price shown below is subject to Dealer's receipt of the Equipment prior to any change in price by the manufacturer. It is also subject to any new or increased taxes imposed upon the sale of the Equipment after the date of this order.		
PURCHASER'S NAME - Second Signer					
STREET OR RR					
TOWN	STATE	ZIP CODE			
Use County POLK	Use State/Province FL				

± **NOTICE:** Equipment may be equipped with telematics hardware and software ("Telematics") that transmit data to John Deere/Dealer. Purchaser may deactivate Telematics at www.jdlink.com.

QTY	NEW	DEMO	RENTAL	USED	Equipment & Value Added Service (Give Model, Size & Description)	Hours of Use	PRODUCT IDENTIFICATION NUMBER	DELIVERED CASH PRICE (Or Total Lease Payments)
1	X				JOHN DEERE Z445 EZtrak Residential Zero-Turn-Radius Mower with 54 In. Edge Deck - US & Canada Stock # W25654		1MOZ445CVDM135070	\$ 4,836 45
I (We) offer to sell, transfer, and convey the following item(s) at or prior to the time of delivery of the above Equipment, as a "trade-in" to be applied against the cash price. Such item(s) shall be free and clear of all security agreements, liens, and encumbrances at the time of transfer to you. The following is a description and the price to be allowed for each item.								
								TOTAL CASH PRICE \$ 4,836 45
QTY	DESCRIPTION OF TRADE-IN				Hours of Use	PRODUCT IDENTIFICATION NUMBER	AMOUNT	
PURCHASER TYPE: 8 Residential MARKET USE: 89 Residential								
COMMENTS:								
TOTAL TRADE-IN ALLOWANCE \$ 0 00								
1. TOTAL CASH-PRICE \$ 4,836 45								
2. TOTAL TRADE-IN ALLOWANCE \$ 0 00								
3. TOTAL TRADE-IN PAY-OFF \$ 0 00								
4. BALANCE \$ 4,836 45								
5. SALES TAX - (7.00%) \$ 338 55								
6.								
7.								
8. SUB-TOTAL \$ 5,175 00								
9. CASH WITH ORDER \$ 0 00								
10. RENTAL APPLIED \$ 0 00								
11. CASH DISCOUNT \$ 0 00								
12. BALANCE DUE \$ 5,175 00								

IMPORTANT WARRANTY NOTICE: The John Deere warranty applicable to new John Deere Equipment is printed and included with this document. There is no warranty on used equipment. The new equipment warranty is part of this contract. Please read it carefully. **YOUR RIGHTS AND REMEDIES PERTAINING TO THIS PURCHASE ARE LIMITED AS SET FORTH IN THE WARRANTY AND THIS CONTRACT. IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS ARE NOT MADE AND ARE EXCLUDED UNLESS SPECIFICALLY PROVIDED IN THE JOHN DEERE WARRANTY.**

± Notwithstanding Purchaser's right, title or interest in the Equipment, Purchaser agrees that John Deere and Dealer (their affiliates, successors and assigns), without further notice to Purchaser have the right to: (i) access, use, collect and disclose any data generated by, collected by, or stored in, Equipment or any hardware or devices interfacing with Equipment ("Machine Data"); (ii) access Machine Data directly through data reporting devices integrated within, or attached to, Equipment, including Telematics ("Data Reporting Systems"); (iii) update the Data Reporting Systems software from time to time. Machine Data will only be used in accordance with John Deere's Machine Data Policy, located at www.JohnDeere.com/MachineDataPolicy. Machine Data may be transferred out of the country where it is generated, including to the U.S.A.

DISCLOSURE OF REGULATION APPLICABILITY: When operated in California, any off-road diesel vehicle may be subject to the California Air Resources Board. In-Use Off-Road Diesel Vehicle Regulation. It therefore could be subject to retrofit or accelerated turnover requirements to reduce emissions of air pollutants.

ACKNOWLEDGEMENTS - I (We) promise to pay the balance due (line 12) shown above in cash, or to execute a Time Sale Agreement (Retail Installment Contract), or a Loan Agreement, for the purchase price of the Equipment, plus additional charges shown thereon or execute a Lease Agreement on or before delivery of the Equipment ordered herein. Despite physical delivery of the Equipment, title shall remain in the seller until one of the foregoing is accomplished.

Purchaser's Signature _____ Accepted By _____
 Purchaser's Signature _____ Date Accepted _____ Salesperson **COLLIER, PHILLIP**

DELIVERED ON:

WARRANTY BEGINS: