

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: February 3, 2017

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: David Frank, Public Utility Analyst I, Division of Accounting & Finance *DF*

RE: Docket No. 160065-WU - Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.

Please place the following email and its attachment in the above mentioned docket file.

COMMISSION
CLERK

2017 FEB -3 PM 4:49

RECEIVED-FPSC

David Frank

From: Martin S. Friedman <mfriedman@coensonfriedman.com>
Sent: Friday, February 03, 2017 12:09 PM
To: David Frank
Cc: CRAIG NODEN; Ray and Cindy Flischel
Subject: Bocilla Utilities
Attachments: Questions to Final Report of PSC.xlsx

David,

Attached are the issues which we think the Staff Recommendation was based upon insufficient information. We also would like to discuss the salary adjustments.

Marty

MARTIN S. FRIEDMAN, ESQUIRE

Shareholder



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BOCILLA UTILITIES, INC
SUMMARY OF DIFFERENCES BETWEEN
MFR AND PSC FINAL ORDER
REQUESTED CHANGES

Allowance of Golf Cart	\$	619	See discussion in O & M section
Allocation of worker's compensation Should be based on 20% of operators salary versus 20% of total salaries	\$	388	See discussin in O & M section
Test Year depreciation	\$	3,861	See discussion in Depreciation Section
Proforma Depreciation Expense			See discussion in Depreciation Section
Annualized Revenues	\$	4,573	See discussion in Operating Revenues
Real Estate Tax allocation to KIU	\$	1,697	See discussion in Taxes other than income
Payroll Tax allocation	<u>\$</u>	<u>1,644</u>	See discussion in Taxes other than income
Requested adjustments plus consideration of proforma depreciation	<u>\$</u>	<u>12,782</u>	

BOCILLA UTILITIES, INC
SUMMARY OF DIFFERENCES BETWEEN
MFR AND PSC FINAL ORDER
OPERATION AND MAINTENANCE EXPENSE

Differences:

Staff Adjustments:

See Issue 12 Proforma Expenses		
1	Utility agreed to withdraw plant loss	\$ (16,024)
2	Reduce additional 8 hrs from 25 an hr to 20 an hr	\$ (2,400)
3	Adust New truck expense ins. Because old truck ins was included	\$ (2,326)
4	Reduce engineering by amounts already in test year	\$ (3,510)
5	Chlormine Feed Expense increase due to known factors	\$ 3,139
6		
7	Total pro forma adjustments	\$ (21,121)
8		
Field Audit adjustments: Issue 2		
10	These were items that we did have receipts for or items that	
11	were dated Dec 2014 and paid in 2015.	\$ (2,271)
12		
13	Issue 13	
Salary and Wage Expenses		
15	Disallowance of Plant operator salary	\$ (413)
16		
17	Salary disallowance part time person	\$ (6,063)
18		
19	Disallowance of \$25 per hour to \$20.	\$ (2,015)
20		
21	Disallowance of Christmas Bonuses	\$ (2,550)
22		
23	Officer Salary adjustment	\$ (11,418)
24		
25	Director's Fees	\$ 3,600
26		
Issue 14 Test year expense adjustments		
28		
29	John's health insurance (Employee Pension and Benefits)	\$ (1,510)
30		
31	Purchased power	\$ (2,011)
32		
33	Engineering	\$ (1,013)
34		
35	Legal	\$ (360)
36		
37	Transportation Expense	\$ (1,793)
38		
39		
40		
41		
42		
43		
44		
45		
46	Worker's Compensation	\$ (877)
47		
48		
49		
50		
51		
52		
53		
54		
55	Advertising	\$ (375)
56		
57	Miscellaneous	\$ (10,800)
58		
Issue 15 Rate Case Expense		
60		
61	Adjustment per PSC	\$ (368)

Operator only person receiving benefits allocation proper

The utility would ask for reconsideration for the disallowance of golf cart. This is vital to utility operations as it goes places that truck could not and should not go. Also part time person uses golf cart to read meters while full time person is using truck. This 619 is reasonable and produces cost savings by not using and destroying the truck on sandy roads. The golf cart is kept at the officers home and is charged nightly by the officers electric. The officer also has a golf cart owned by him and does not use the utility's golf cart.

Staff reduced total workman's comp by 20% but only the operator is allocated for 20% not total wages. Therefore the operator is 55.8 % of total gross salaries, therefore the amount of worker's compensation allocated to him is 55.8% times total worker's compensation of 4,383 or 2,445 which is total workers compensation for operator. Thus 20% of that is 489, this should be adjustment Exclude officer salary as officer is not covered by workers comp

**BOCILLA UTILITIES, INC
SUMMARY OF DIFFERENCES BETWEEN
MFR AND PSC FINAL ORDER
DEPRECIATION EXPENSE-NET**

1 **Issue # 2**

2

3 Agreed upon audit finding #8, deals with life rate change \$ 3,538

4

5 **Issue # 3**

6

7 Test year depreciation \$ (3,861) Utility believes this to be a duplication of reduction
 8 The utility allocated 36% of the cost of the inter connection
 9 to KIU and as such did not include any depreciation expense
 10 on these assets in the MFR, by reducing the depreciation expense
 11 for allocation to KIU assets, we believe the staff has reduced
 12 expense for an item that was not in the MFR, utility requests that
 13 staff consideration on this amount

13 **Issue # 4**

14

15 Reflect meter installation \$ (8)

16

17 **Issue #5**

18

19 Refect appropriate pro forma depreciation exp \$ 2,866 Could staff please provide the computation of this amount.
 20 Utility believes with the meter replacement program of four years
 21 with a cost of 26,449 per year that this depreciation number
 22 should be somewhat higher. Would appreciate the assistance of
 23 staff on this matter

**BOCILLA UTILITIES, INC
SUMMARY OF DIFFERENCES BETWEEN
MFR AND PSC FINAL ORDER
OPERATING REVENUES**

Issue #11

Reflect annualized revenue

\$ 2,728 The utility believes that the water billing adjustment policy has not been taken into account. In 2015, 9 customers were given a credit on their bill for \$4,573. They meant the standards for the credit and thus their bills were reduced by the above amount. This calculation basically reduces the bill from a rate in excess of 12,000 gallons to the rate for below 6,000 gallons. Thus they are charged at a rate of \$4.62 instead of \$12.72. This amounts to actually moving 593,932 gallons from the above 12,000 gallons category to the below 6,000 gallons category. The actual used gallons and the billing analysis do not show these amounts as the computer billing software usage numbers are not corrected, only a credit on the bill is reflected. This occurs yearly and should be reflected in revenues, thus the billing analysis should reflect the moving of these gallons between the categories. The utility believes that this should reflect a change of \$2,118 as indicated by staff on page 17 of the report and \$4,573 as shown above.

