

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: April 24, 2018

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

FROM: Robert E. Graves, Public Utilities Supervisor, Division of Engineering *RG*

RE: Docket No. 20160220-WS - Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.

Please add the attached correspondences regarding South Sumter's filing to the docket file referenced above.

Robert Graves

From: Martin S. Friedman <mfriedman@ff-attorneys.com>
Sent: Thursday, March 08, 2018 3:41 PM
To: Robert Graves
Cc: Arnett, Trey
Subject: RE: South Sumter

Robert,

The reservation capacity of 3 mgd in the Leesburg Turnpike WWTP is the reservation quantity that was available. The combination of the cost of the capacity purchase from Leesburg and the bulk cost for treatment was significantly less than the cost for SSU to construct and operate a WWTP with a maximum month average day capacity of approximately 1 mgd. Therefore, the least cost option to SSU was to accept the offer from Leesburg to purchase 3 mgd. So, SSU basically obtained 3 mgd of wastewater capacity for less than it would have paid to build a 1 mgd plant. I believe the reason Leesburg sold the capacity at such a good price was that it had built capacity during the real estate boom, and with the real estate bust probably realizes it will never use all of that capacity. So in that respect, it was a good deal for the Leesburg as well. The proverbial "win-win".

Let me know if you need anything else. Marty

MARTIN S. FRIEDMAN, ESQ.
Shareholder



766 North Sun Drive
Suite 4030
Lake Mary, FL 32746
T: 407.830.6331
F: 407.878.2178
C: 407.310.2077
mfriedman@ff-attorneys.com
Facebook | ff-attorneys.com

Notice: This email message, and any attachments hereto, contains confidential information that is legally privileged. If you are not the intended recipient, you must not review, transmit, convert to hard copy, copy, use or disseminate this email or any attachments to it. If you have received this email in error, please notify us immediately by return mail or by telephone at (407) 830-6331 and delete the original and all copies of this transmission, including any attachments. Thank you.

From: Robert Graves [<mailto:RGRAVES@PSC.STATE.FL.US>]
Sent: Thursday, March 08, 2018 10:55 AM
To: Martin S. Friedman <mfriedman@ff-attorneys.com>
Subject: South Sumter

Good Morning Marty

I have a quick question regarding the Wastewater agreement between the Utility and the City. The agreement appears to reserve 3,000,000 gallons per day of wastewater treatment capacity. It appears that the Utility has projected wastewater flows of less than 1,000,000 gallons per day. Can you please provide an explanation of why the reserved amount is 2,000,000 gallons per day higher than the projected amount.

As always, feel free to contact me if it will help.

Robert Graves

Public Utilities Supervisor
Division of Engineering
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
(850) 413-7009

Robert Graves

From: Martin S. Friedman <mfriedman@ff-attorneys.com>
Sent: Friday, March 09, 2018 4:24 PM
To: Robert Graves
Subject: RE: South Sumter

Robert,

When I compared the map we filed with the application, and Google Maps, with the various Ordinances it appears to me that they are various subsections of Ordinance 853.

Marty

MARTIN S. FRIEDMAN, ESQ.
Shareholder



766 North Sun Drive
Suite 4030
Lake Mary, FL 32746
T: 407.830.6331
F: 407.878.2178
C: 407.310.2077
mfriedman@ff-attorneys.com
[Facebook | ff-attorneys.com](https://www.facebook.com/ff-attorneys.com)

Notice: This email message, and any attachments hereto, contains confidential information that is legally privileged. If you are not the intended recipient, you must not review, transmit, convert to hard copy, copy, use or disseminate this email or any attachments to it. If you have received this email in error, please notify us immediately by return mail or by telephone at (407) 830-6331 and delete the original and all copies of this transmission, including any attachments. Thank you.

From: Robert Graves [<mailto:RGRAVES@PSC.STATE.FL.US>]
Sent: Friday, March 09, 2018 3:36 PM
To: Martin S. Friedman <mfriedman@ff-attorneys.com>
Subject: South Sumter

Good Afternoon Mr. Friedman

In response to staff data request 7b of staff's second data request the Utility provided three resolutions from the City of Wildwood. Can you please identify which resolution relates to South Sumter's service territory?

Best Regards,

Robert Graves

Public Utilities Supervisor

Division of Engineering

Florida Public Service Commission

2540 Shumard Oak Blvd.

Tallahassee, FL 32399-0850

(850) 413-7009

Robert Graves

From: Martin S. Friedman <mfriedman@ff-attorneys.com>
Sent: Tuesday, March 13, 2018 3:50 PM
To: Robert Graves
Subject: FW: South Sumter

Robert,
Good catch. See Debbie's comments below.
Marty

MARTIN S. FRIEDMAN, ESQ.
Shareholder



766 North Sun Drive
Suite 4030
Lake Mary, FL 32746
T: 407.830.6331
F: 407.878.2178
C: 407.310.2077
mfriedman@ff-attorneys.com
[Facebook](#) | ff-attorneys.com

Notice: This email message, and any attachments hereto, contains confidential information that is legally privileged. If you are not the intended recipient, you must not review, transmit, convert to hard copy, copy, use or disseminate this email or any attachments to it. If you have received this email in error, please notify us immediately by return mail or by telephone at (407) 830-6331 and delete the original and all copies of this transmission, including any attachments. Thank you.

From: Deborah Swain [mailto:dswain@milianswain.com]
Sent: Tuesday, March 13, 2018 3:39 PM
To: Martin S. Friedman <mfriedman@ff-attorneys.com>
Cc: 'Arnett, Trey' <Trey.Arnett@arnettenvironmental.com>
Subject: RE: South Sumter

Oh my, yes! He is correct. I pulled the UPIS incorrectly for the 80%.
UPIS at 80% should be reduced by the amounts added in 2022:
Water: -\$2,338,697
Sewer: -\$2,450,268

From: Martin S. Friedman [mailto:mfriedman@ff-attorneys.com]
Sent: Tuesday, March 13, 2018 3:07 PM
To: Debbie Swain
Cc: Arnett, Trey
Subject: FW: South Sumter

Debbie,
Is this accurate?

MARTIN S. FRIEDMAN, ESQ.
Shareholder



766 North Sun Drive
Suite 4030
Lake Mary, FL 32746
T: 407.830.6331
F: 407.878.2178
C: 407.310.2077
mfriedman@ff-attorneys.com
[Facebook](#) | ff-attorneys.com

Notice: This email message, and any attachments hereto, contains confidential information that is legally privileged. If you are not the intended recipient, you must not review, transmit, convert to hard copy, copy, use or disseminate this email or any attachments to it. If you have received this email in error, please notify us immediately by return mail or by telephone at (407) 830-6331 and delete the original and all copies of this transmission, including any attachments. Thank you.

From: Robert Graves [<mailto:RGRAVES@PSC.STATE.FL.US>]
Sent: Tuesday, March 13, 2018 2:54 PM
To: Martin S. Friedman <mfriedman@ff-attorneys.com>
Subject: RE: South Sumter

I understand her explanation as it relates to the intangible plant, however, based on "Schedule 1A support" the other components of plant (T&D etc.) will not be fully constructed.

From: Martin S. Friedman [<mailto:mfriedman@ff-attorneys.com>]
Sent: Tuesday, March 13, 2018 2:39 PM
To: Robert Graves
Subject: RE: South Sumter

Robert,
This is Debbie's response. Let me know if that does to clarify the costs.

There are two columns of values on Schedule 1. One is titled "12/31/2022 - 100%", and the other is titled "12/31/2021 - 80%".

The constructed cost (Utility Plant in Service) is the same in both columns, and is the number(s) Robert has stated. This is because it will be fully constructed by the time it serving 80% of its capacity.

What is different between the 80% vs 100% is all the other rows impacting rate base.

South Sumter Utility Company, LLC
Initial Rates and Charges
Projected Rate Base at 100% and 80% of Designed Capacity

Line No	Description	12/31/2022 100%	12/31/2021 - 80%	Referenced Schedule No.
		100%	80%	
1	Water Rate Base			
2				
3	Utility Plant in Service	\$ 30,098,803	\$ 30,098,803	1 A
4	Accumulated Depreciation	(3,110,345)	(2,237,520)	1 A Support
5	Contributions in Aid of Construction	(16,690,091)	(15,264,648)	1 A Support
6	Accumulated Amortization of CIAC	988,804	617,237	1 A Support
7	Working Capital Allowance (1/8 O&M)	201,960	191,984	
8	Water Rate Base	11,490,130	\$ 13,405,856	
9				
10				
11				
12	Wastewater Rate Base			
13				
14	Utility Plant in Service	\$ 41,797,661	\$ 41,797,661	1 B
15	Accumulated Depreciation	(4,353,193)	(3,052,616)	1 B Support
16	Contributions in Aid of Construction	(19,226,917)	(17,584,812)	1 B Support
17	Accumulated Amortization of CIAC	1,139,098	711,054	1 B Support
18	Working Capital Allowance (1/8 O&M)	335,934	188,054	
19	Wastewater Rate Base	\$ 19,692,583	\$ 22,059,340	

MARTIN S. FRIEDMAN, ESQ.
Shareholder



766 North Sun Drive
 Suite 4030
 Lake Mary, FL 32746
 T: 407.830.6331
 F: 407.878.2178
 C: 407.310.2077
mfriedman@ff-attorneys.com
[Facebook | ff-attorneys.com](https://www.facebook.com/ff-attorneys.com)

Notice: This email message, and any attachments hereto, contains confidential information that is legally privileged. If you are not the intended recipient, you must not review, transmit, convert to hard copy, copy, use or disseminate this email or any attachments to it. If you have received this email in error, please notify us immediately by return mail or by telephone at (407) 830-6331 and delete the original and all copies of this transmission, including any attachments. Thank you.

From: Robert Graves [mailto:RGRAVES@PSC.STATE.FL.US]
Sent: Tuesday, March 13, 2018 2:16 PM
To: Martin S. Friedman <mfriedman@ff-attorneys.com>
Subject: South Sumter

Good Afternoon Marty

Based on the Schedule 1 (Page 1) of South Sumter's application, the Utility's plant in service appears to be based on 100 percent design capacity. I am specifically looking at the values \$30,098,803 for water and \$41,797,661 for wastewater. Please let me know if my review of this schedule is inaccurate.

Best Regards,

Robert Graves

Public Utilities Supervisor

Division of Engineering

Florida Public Service Commission

2540 Shumard Oak Blvd.

Tallahassee, FL 32399-0850

(850) 413-7009

Robert Graves

From: Martin S. Friedman <mfriedman@ff-attorneys.com>
Sent: Friday, March 30, 2018 4:33 PM
To: Robert Graves
Cc: Arnett, Trey; Debbie Swain
Subject: RE: South Sumter Phases

Robert,

Although I expect SSU will file a territory amendment within the next 6 months, the estimate of about 7,800 residential units speculative. Such an expansion would require an expansion of the WTP and increases in other costs as well so I do not think at this time it should have any consideration in the current revenue requirement.

Marty

PLEASE NOTE OUR NEW OFFICE LOCATION

MARTIN S. FRIEDMAN, ESQ.

Shareholder



600 Rinehart Road
Suite 2100
Lake Mary, FL 32746
T: 407.830.6331
F: 407.878.2178
C: 407.310.2077
mfriedman@ff-attorneys.com
[Facebook](#) | ff-attorneys.com

Notice: This email message, and any attachments hereto, contains confidential information that is legally privileged. If you are not the intended recipient, you must not review, transmit, convert to hard copy, copy, use or disseminate this email or any attachments to it. If you have received this email in error, please notify us immediately by return mail or by telephone at (407) 830-6331 and delete the original and all copies of this transmission, including any attachments. Thank you.

From: Robert Graves [<mailto:RGRAVES@PSC.STATE.FL.US>]
Sent: Friday, March 30, 2018 7:10 AM
To: Martin S. Friedman <mfriedman@ff-attorneys.com>
Subject: South Sumter Phases

Good Morning Marty, I just wanted to follow-up in email with the question regarding additional phases for South Sumter. Do you have any additional information with respect to how many additional equivalent residential connections are anticipated and the timing of the second phase?

Best Regards,

Robert Graves

Public Utilities Supervisor

Division of Engineering

Florida Public Service Commission

2540 Shumard Oak Blvd.

Tallahassee, FL 32399-0850

(850) 413-7009