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RICHARD CORCORAN
*Speaker of the House of
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May 04, 2018

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 20170141-SU

Dear Ms. Stauffer:

Please find enclosed for filing in the above referenced docket the Expedited Surrebuttal Testimony of **Andrew T. Woodcock**. This filing is being made via the Florida Public Service Commission's Web Based Electronic Filing portal.

If you have any questions or concerns; please do not hesitate to contact me. Thank you for your assistance in this matter.

Sincerely,

/s/ Erik Sayler
Erik L. Sayler
Associate Public Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for increase in wastewater /
rates in Monroe County by K W Resort Utilities /
Corp. /

Docket No. 20170141-SU

FILED: May 4, 2018

EXPEDITED SURREBUTTAL TESTIMONY

OF

ANDREW T. WOODCOCK

ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

EXPEDITED SURREBUTTAL TESTIMONY

OF

ANDREW T. WOODCOCK P.E., MBA

On Behalf of the Office of Public Counsel

Before the

Florida Public Service Commission

Docket No. 20170141

1 **I. INTRODUCTION/BACKGROUND/SUMMARY**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 **A.** My name is Andrew T. Woodcock. My business address is 201 East Pine St., Suite
4 1000, Orlando, FL 32801.

5

6 **Q. HAVE YOU PRESENTED DIRECT TESTIMONY IN THIS PROCEEDING?**

7 **A.** Yes.

8

9 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN**
10 **THIS PROCEEDING?**

11 **A.** My testimony will cover portions of the rebuttal testimony filed by Christopher
12 Johnson.

13 **Q. WHAT IS YOUR TESTIMONY REGARDING MR. JOHNSON'S**
14 **REBUTTAL TESTIMONY REGARDING LIFT STATION L2A (PAGE 4**
15 **LINES 11 THROUGH 23?**

1 **A.** Mr. Johnson has failed to demonstrate that KWRU competitively bid the L2A
2 project. He has provided no information, other than an after-the-fact email from
3 Wharton Smith in CAJ-26, that any contractors in the region were invited to bid or
4 provide bids for the project. Despite what Mr. Johnson claims, a bid from Wharton
5 Smith on a different project in 2014 is NOT a bid for lift station L2A in 2017 and
6 cannot be considered a competitive bid to B&L Beneway's on lift station L2A in
7 2017 regardless of the relative costs. It is still my opinion that KWRU was imprudent
8 in not bidding this project and the recommendations from my direct testimony
9 remain.

10

11 **Q. WHAT IS YOUR TESTIMONY REGARDING MR. JOHNSON'S**
12 **REBUTTAL TESTIMONY RELATED TO THE CHLORINE CONTACT**
13 **CHAMBER REPLACEMENT (PAGE 4, LINES 24 AND 25 AND PAGE 5,**
14 **LINES 1 THROUGH 20)?**

15 **A.** Mr. Johnson states there are two additional expenses since the filing of his direct
16 testimony. One concerns increased housing cost and one concerns additional testing
17 on the coatings of the chlorine contact chamber. I have not had an opportunity to
18 review any documentation that was submitted, if any, for the increase in housing
19 costs and I note that Mr. Johnson does not provide any documentation in his rebuttal
20 testimony. I have seen where KWRU has provided some discovery on this increase;
21 however, I have not had the opportunity to sufficiently review what was provided.
22 Therefore, at this time, this cost remains unsupported.

1 The additional cost related to the testing of the coatings is supposed to be supported
2 by Work Directive 2018-2, noted in the rebuttal testimony as CAJ-28; however,
3 CAJ-28 does not contain this information. Instead, CAJ-28 appears to be a copy of
4 the WWTP Rehabilitation bid from Evoqua. Again, I find no support for this cost.

5 These additional costs raise a point about the difficulties in approving pro forma
6 projects for inclusion in rate base. In my direct testimony, I state that actual invoices
7 that document the full scope of the project and the final installed costs are the best
8 documentation to support inclusion in rate base. Lacking that, it is acceptable to rely
9 upon costs supported by competitive bids along with a signed contract to perform the
10 work. When relying on competitive bids, there is always the possibility that during
11 construction things can happen that can make the final project cost higher or lower
12 and that is exactly what we are seeing with the chlorine contact chamber
13 replacement. It's quite possible, and even likely, that there will be further issues
14 during construction that will revise the final cost up or down. Rather than
15 contemporaneously trying to adjust these changes on the fly in the middle of a rate
16 case when there is little to no opportunity for discovery or review, I recommend the
17 Commission defer these changes to the next rate case when a complete true up of the
18 projects costs can be considered.

19

20 **Q. WHAT IS YOUR TESTIMONY REGARDING MR. JOHNON'S REBUTTAL**
21 **TESTIMONY RELATED TO THE WWTP REHABILITATION (PAGE 5**
22 **LINES 21 TO 25; PAGE 6, LINES 1 TO 25 AND; PAGE 7 LINE 1 TO 15)?**

1 **A.** Mr. Johnson lays out a number of additional costs to the WWTP rehabilitation
2 project which I put into two categories. The first category includes additional costs
3 that were identified after the contract with Evoqua was signed (and presumably after
4 the rate case filed) and includes the replacement of the davits and the clarifier drive
5 for a total of \$14,951.10. The second category includes costs that were known or
6 should have been known prior to the rate case filing including the liquid hauling and
7 debris and steel disposal totaling \$45,808 (\$43,128 and \$2,680).

8 The first category is similar to the changes in costs associated with the chlorine
9 contact chamber discussed above. In this case, it was determined that the clarifier
10 drive and some davits require replacement and, according to Mr. Johnson’s rebuttal
11 testimony, “...would have been included in the scope of work had they been
12 identified prior to the Evoqua contract being signed.” I also note that in Mr.
13 Johnson’s rebuttal testimony, no supporting documentation for this cost is provided.
14 My recommendation for these costs is to defer their inclusion in rate base until the
15 next rate case when the project is complete and documentation is available so that all
16 changes can be considered.

17 The second category are costs that were or should have been known prior to filing
18 the rate case and should have been included in the original filing. Evoqua’s contract
19 explicitly states that, among other things, excluded items are draining and cleaning
20 of tanks and disposal of existing materials. Again, Mr. Johnson, in his rebuttal
21 testimony provides no supporting information for these additional costs. By failing to
22 include these known costs in the original filing and only adding them in rebuttal
23 testimony, KWRU has prevented the necessary discovery, review and analysis for

1 inclusion in rate base. For this reason, I recommend these costs be removed from rate
2 base.

3

4 **Q. WHAT IS YOUR TESTIMONY REGARDING MR. JOHNON'S REBUTTAL**
5 **TESTIMONY RELATED TO THE BACK UP GENERATOR (PAGE 7 LINES**
6 **19 TO 25; PAGE 8, LINES 1 TO 25 AND; PAGE 9 LINES 1 TO 7)?**

7 **A.** At the time of the filing of the rate case, KWRU was unprepared to provide
8 sufficient documentation to support the full cost of this project. There was no
9 engineering work completed for the installation of the generator, there were no
10 competitive bids from contractors and there was no signed agreement from a
11 contractor to perform the work. The cost of the generator equipment was finally
12 supported through discovery prior to my direct testimony, yet there was no support
13 for the generator installation and additional equipment required. From Mr. Johnson's
14 rebuttal testimony, now that the design is complete, the scope of the project has
15 changed to include a new, larger foundation and additional electrical equipment. As
16 a result, the \$66,000 estimate for installation and ancillary equipment in Mr.
17 Johnson's direct testimony that was based on verbal discussions has now ballooned
18 to a \$176,000 cost item that has been injected into the rate case at the last minute. I
19 have not had an opportunity to review this design to analyze and understand what is
20 involved with the installation of the new generator.

21 Based on the information provided in Mr. Johnson's testimony, it appears that
22 KWRU has taken the prudent step to bid this project to other contractors prior to its
23 decision to award the work to Wharton Smith as a change order to the on-going

1 chlorine contact chamber replacement. I did not find in the testimony a signed
2 change order form or other instrument that commits Wharton Smith to completing
3 the work for the price stated.

4 As of the writing of this testimony, I have not had the opportunity to fully review the
5 discovery received on this issue, I have not had an opportunity to submit my own
6 discovery and I have not had the time complete an analysis of these additional costs.
7 My recommendation from my direct testimony, that \$214,144.89 be included for the
8 generator, remains.

9

10 **Q. WHEN WERE YOU INFORMED BY COUNSEL THAT YOU WOULD**
11 **HAVE TO PREPARE SURREBUTTAL TESTIMONY TO THE NEW**
12 **INFORMATION CONTAINED IN MR. JOHNSON'S REBUTTAL**
13 **TESTIMONY?**

14 **A.** I was told around noon on Tuesday May 1, 2018 less than four days before
15 surrebuttal testimony is due. Due to prior work commitments on May 1st and 2nd, I
16 have had less than 48 hours to develop my surrebuttal testimony.

17

18 **Q. IN YOUR OPINION, IS IT USUAL TO BE PROVIDED LESS THAN FOUR**
19 **DAYS TO PREPARE SUBSTANTIVE TESTIMONY ON A UTILITY RATE**
20 **CASE?**

21 **A.** It is quite unusual. In my experience, there are months or at least weeks to prepare
22 testimony. Such times frames are crucial to allow for a complete review and analysis

1 of the data, to request and receive discovery and to prepare testimony. Testimony
2 prepared in haste may miss important issues or contain errors.

3

4 **Q. HAVE YOU SEEN SUCH SHORT TIMEFRAMES IN OTHER**
5 **JURISDICTIONS WHERE YOU HAVE FILED TESTIMONY OR EXPERT**
6 **REPORTS?**

7 **A.** No.

8

9 **Q. WHEN YOU WERE ENGAGED TO PROVIDE CONSULTING SERVICES**
10 **IN THIS CASE, WERE YOU EXPECTING TO PROVIDE SURREBUTTAL**
11 **TESTIMONY ON SUCH SHORT NOTICE?**

12 **A.** No.

13

14 **Q. WHY IS THAT?**

15 **A.** There was no surrebuttal testimony scheduled for the rate case.

16

17 **Q. IN YOUR OPINION, IS LESS THAN FOUR DAYS ADEQUATE TO**
18 **REVIEW ALL THE NEW INFORMATION IN THE REBUTTAL**
19 **TESTIMONY AND DISCOVERY RESPONSES IN REBUTTAL?**

20 **A.** It is not adequate at all.

1 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

2 **A.** Yes

J.R. Kelly
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Expedited Surrebuttal Testimony of Andrew T. Wookcock to K W Resort Utilities Corp. has been furnished by electronic mail on this 4th day of May, 2018, to the following:

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