

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-**

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**DATE:** February 4, 2019  
**TO:** Adam Teitzman, Commission Clerk, Office of Commission Clerk  
**FROM:** Takira Thompson, Engineering Specialist, Division of Engineering *POE*  
**RE:** Docket No. 20180138-SU- Application for staff-assisted rate case in Volusia  
County by North Peninsula Utilities Corporation.

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Please file the attached Memorandum, "North Peninsula Utilities Corporation's Response to Staff's First Data Request (No. 15)," in the above referenced docket file.

Thank you.

TTT/pz

Attachment

# MEMORANDUM

<b>To:</b>	Takira Thompson Engineering Specialist – Division of Engineering 2540 Shurmart Oak Blvd. Tallahassee, FL 32399-0850   <a href="mailto:tthomps@psc.state.fl.us">tthomps@psc.state.fl.us</a>
<b>From:</b>	Tara Hollis, CPA, MBA
<b>Date:</b>	December 18, 2018
<b>Client:</b>	North Peninsula Utilities Corporation (NPUC)
<b>Project:</b>	Docket No. 20180138-SU
<b>Subject:</b>	Request No. 15 – Expense Categories and Changes

## **Response:**

On page 4 of NPUC's application for a staff assisted rate case, the Utility included the following expenses, as summarized from the Annual Reports filed with the Florida Public Service Commission.

Expense Category	2016	2017	Difference
Sludge Removal	\$ 18,790	\$ 29,822	\$ 11,032
Chemicals	\$ 3,260	\$ 7,115	\$ 3,855
Materials and Supplies	\$ 2,296	\$ 4,135	\$ 1,839
Contract Services	\$ 146,300	\$ 159,368	\$ 13,068
Miscellaneous Expenses	\$ 4,568	\$ 6,280	\$ 1,712

- Sludge Removal – Includes costs associated with hauling and disposal of sludge. Increases from 2016 to 2017 were primarily a result of increased expenses per load from Herb Weems Plumbing/Septic LLC. In 2016, price was approximately \$600 per load and in 2017 price increased to \$680 per load. Current price is \$850 per load. Other increases were due to the timing of receipt and payment of the invoices associated with sludge hauling.
- Chemicals – includes costs associated with purchase of chlorine, etc. for use at the plant. Primary difference in the costs reported in 2016 and 2017 were timing of receipt of invoices and payments for chemicals on the company credit card.

- Materials and Supplies – includes materials, supplies, and maintenance costs associated with Wetherell Treatment Systems. As the system ages, the Utility experienced more failures in system parts in 2017 than 2016, resulting in higher costs for repairs and maintenance materials and supplies.
- Contract Services – includes expenses associated with engineering, accounting, legal, management fees, testing, and other services including contract operations for the system (Wetherell Treatment Systems and William Alderson).
  - Legal expenses were higher in 2017 due to a few bad accounts. NPUC had to pay an attorney to lien the subject properties.
  - Engineering fees increased due to the permit renewal for the Utility.
  - Accounting fees were relatively stable over the 2-year period.
  - Management fees were increase slightly due to the addition of a few accounts in 2017 as well as the increase in the management fee from \$13.83 per account per month in 2016 to \$13.99 per account per month in 2017.
  - Testing – there were increases in the testing costs in 2017 from Wetherell Treatment Systems. In 2016, the monthly testing fees were \$809.00 per month. In 2017, the monthly testing fees ranged from \$809.00 to \$894.00 per month. Also, one more testing invoice for \$600.00 from Pace Analytical was included in the 2017 testing expenses.
  - Other – contract operations costs from Wetherell Treatment Systems and William Alderson remained fairly constant over the 2-year period. In 2017, NPUC incurred some expenses associated with Roto-Rooter, Parking Markin (\$2,668.60) and American Inline (\$6,480) for repair and maintenance items that could not be capitalized.
- Miscellaneous Expenses – includes expenses associated with postage, water utility service as the plant, miscellaneous office supplies, service charges and fees paid by the Utility, postcards (invoices printed on these), etc. In 2017, NPUC incurred more expenses related to miscellaneous office supplies/expenses. Additionally, the timing and receipt of some of the invoices associated with postage, resulted in higher expenses being posted in 2017.