

MEMORANDUM

To:	Christopher Richards – Public Utility Analyst 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 crichard@psc.state.fl.us
From:	Tara Hollis, CPA, MBA
Date:	March 11, 2019
Client:	North Peninsula Utilities Corporation (NPUC)
Project:	Docket No. 20180138-SU
Subject:	Response to Staff's Fourth Data Request

1. Management Fee: Please explain the difference between the monthly management fee and the compensation for stockholders Mr. Hillman and Mr. Wilson included in the PMI contract.

NPUC is responsible for the monthly management fee, which is applied monthly on a per customer ERC basis. Per the Management Agreement, that fee is for PMI to provide the manager's duties identified in the Management Agreement and performed by Mr. Hillman and Mr. Wilson. The compensation for stockholders is to be paid by PMI to the stockholders as funds are available. It is meant as an agreement between Mr. Hillman and Mr. Wilson based on current stockholder efforts in the management of the Utility.

2. Management Fee: What services are performed by PMI that are paid for by the monthly management fee that are in addition to the duties performed by Mr. Hillman and Mr. Wilson?

All services paid for by the monthly management fees relate to the manager's duties performed by Mr. Hillman and Mr. Wilson. These are identified in Item 4 of the Management Agreement. Additionally, per the Management Agreement:

"In addition to the Management Fee the Utility shall pay all reasonable costs and expenses incurred by Manager in the performance of its duties (including but not limited to reasonable attorneys' fees and all costs of utilizing Manager's own employees, seminars, dues and

subscriptions, travel, office supplies or other materials). Manager shall be entitled to withdraw from the revenues of the Utility system the adjusted Management Fee monthly plus have the Utility pay direct or reimburse Manager the other expenses as billed. Such reimbursement shall be in addition to and not a part of the cost of providing the services described herein."

3. Employee: What duties are performed by the employee whose salary is included in the PMI contract overhead and administration expenses charged to NPUC?

Duties performed by the employee include:

- **Daily accounting duties**
- **Paying invoices and processing accounts payable**
- **Customer receipts and accounts receivable**
- **Customer service**
- **Monthly billing**
- **Setting up new customers and closing customer accounts**
- **Travel throughout service territory minimum of monthly to check on construction progress/development for new connections**

4. PMI Associated Companies: Does PMI provide services to any company other than NPUC? If so, what is the percentage of costs that are attributed to NPUC?

Yes, PMI also provides services to HW Peninsula, LLC. On average, approximately 65% to 75% of time monthly is spent on NPUC activities. On average approximately 55% to 65% of the costs are allocated to NPUC. Typical direct costs incurred by PMI monthly for rent, utilities, etc. are included in Attachment 1.

In recent years, NPUC has not had the available cash flow to fully fund the Management Fee per the Management Agreement. Any amounts not paid annually are included on NPUC's balance sheet as a liability payable to PMI from NPUC.

5. Rate Case Expense: Please provide an estimate of expenses incurred by NPUC to complete the rate case.

The costs to complete the rate case may vary depending on the report findings, results of customer meeting, etc.

The majority of those costs incurred from outside parties will be from Willdan. The current estimate includes time to review the FPSC rate findings, preparation for and attendance at the customer meeting in May 2019, and potential responses to customer feedback. The fees for those services will be approximately \$1,500 to

\$2,000. If NPUC requires additional assistance from Willdan based on the FPSC findings and recommendations, those would be at a rate of \$120 to \$180 per hour.

Additionally, if any of the rate case expenses are more engineering in nature and require information from Cadenhead Environmental Engineering Services, Inc. those services will range from \$100 to \$150 per hour.

Attachment 1

December 27, 2017
Invoice Number: 034608101122717
Account Number: 0050346081-01
Security Code: 8182
Service At: 115 E GRANADA BLVD
STE 12
ORMOND BEACH, FL 32176-6634

Contact Us

Visit us at brighthouse.com/business
Or, call us at 1-877-824-6249

Summary Services from 01/01/18 through 01/31/18
details on following pages

Previous Balance	247.93
Payments Received - Thank You	-89.36
Past Due Balance - Due Now	\$158.57
Spectrum Business™ Internet	59.99
Spectrum Business™ Voice	79.98
Current Charges Due by 01/16/18	\$139.97
Total Due	\$298.54

1/22/18
pd

?

392.

SPECTRUM BUSINESS NEWS

At Spectrum Business, we continue to enhance our services, offer more of the best entertainment choices and deliver the best value. We are committed to offering you products and services we are sure you will enjoy.

Important Billing Update

Effective with your next billing statement, pricing will be adjusted for:

- Spectrum Business Internet Plus from \$59.99 to \$64.99.



Your account is past due.

The past due amount is due now. Please pay the total past due amount to avoid further collection activity and interruption of service. If service is disconnected, you will need to pay your full past due amount, first month of service and a reconnection fee to resume service.



BOB HILLMAN
1326 JOHN ANDERSON DR
ORMOND BEACH, FL 32176-3553

Page: 1 of 4
Bill Cycle Date: 12/19/17 - 01/18/18
Account: 523031136660

Visit us online at: www.att.com

Wireless Statement

Bill-At-A-Glance

Previous Balance	\$213.42
Payment - 01/10 - Thank You!	\$213.42 CR
Adjustments	\$0.00
Balance	\$0.00
New Charges	\$213.69
Total Amount Due	\$213.69
Amount Due in Full by	Feb 11, 2018

Handwritten notes: PA 1/30/18, 150.00 PMT 6976, R.H. 6369

Service Summary

Service	Page	Total
Wireless		\$213.69
386 212-2174	2	\$49.84
386 299-3111	2	\$54.01
386 299-3601	3	\$109.84
Total New Charges		\$213.69

Manage Your Account:

Online: att.com/myatt
Mobile App: att.com/myattapp
Support: 800 331-0500 or 611 from your mobile device
TTY: 866 241-6567



For Important Information about your bill, please see the **News You Can Use** section (Page 3).

Return bottom portion with your check in the enclosed envelope. Payments may take 7 days to post.



Wireless service
you can count on

With AT&T wireless service, you can enjoy entertainment your way on the Nation's Best Data Network. Based on Nielsen Certified Data Network Score Q2-Q3 '17.

Call to order **800.449.1679**
Go to att.com/GetMoreATT
Visit your local AT&T store

Wireless

Group 5 - Usage Summary - Dec 19 thru Jan 18

Mobile Share Advantage 6GB - Includes 6 gigabytes of data with plan. After all data allowances are used, data speeds are slowed to a max of 128 Kbps (2G speeds) for the rest of your bill cycle. Additional details for Consumer plans at att.com/mobileshareadvantage and for Business plans at att.com/attmobileshare.

	Data Used (GB)	Messages	Minutes
386 212-2174	1.17	59	772
386 299-3111	0.35	29	1,552
386 299-3601	0.39	22	748
Total	1.91	110	3,072

Mobile Share Advantage 6GB

Rollover available through Jan 18* Gigabytes (GB)
3.27

Included in Plan 6.00
Total Data Used - 1.91

Rollover available on Jan 19 4.10

Usage is rounded up based on your plan. For more details on your Data Summary, visit att.com/myusage.

* Unused Rollover Data expires after 1 billing period or when you change your plan or account.

Your electric statement

For: Aug 30 2018 to Sep 27 2018 (28 days)

Customer name: PENINSULA MANAGEMENT INC
 Service address: 115 E GRANADA BLVD STE 12

Account number: 80202-04098

Statement date: Sep 27 2018
 Next meter reading: Oct 29 2018

Amount of your last bill	Payments (-)	Additional activity (+ or -)	Balance before new charges (=)	New charges (+)	Total amount you owe (=)	New charges due by
127.54	127.54 CR	0.00	0.00	147.55	\$147.55	Oct 18 2018

Meter reading - Meter KL11765

Current reading 31117
 Previous reading - 29923
 kWh used 1194

Energy usage

	Last Year	This Year
kWh this month	880	1194
Service days	30	28
kWh per day	29	42

****The electric service amount includes the following charges:**

Customer charge: \$10.15
 Fuel: \$31.41
 (\$0.026310 per kWh)
 Non-fuel: \$74.39
 (\$0.062300 per kWh)

Enroll now in FPL Budget Billing by paying \$86.78 in 1 payment by the due date instead of \$147.55. Your bill will be about the same each month & stabilized year-round. Learn more at FPL.com/bb

Amount of your last bill 127.54
 Payment received - Thank you 127.54 CR
 Balance before new charges \$0.00

New charges (Rate: GS-1 GENERAL SVC NON-DEMAND / BUSINESS)

Electric service amount 115.95**
 Storm charge 1.33
 Gross receipts tax 3.01
 Franchise charge 7.31
 Utility tax 10.44
 Florida sales tax 8.88
 Discretionary sales surtax 0.63
 Total new charges \$147.55

Total amount you owe \$147.55

10/19/18
✓ 7875

- Payments received after **October 18, 2018** are considered late; a late payment charge, the greater of \$5.00 or 1.5% of your past due balance will apply. Your account may also be billed a deposit adjustment.
- The number of days included in your bill can vary month to month. So even if you use the same amount of energy per day, your bill may be higher next month due to greater number of service days. Visit www.FPL.com for more information.



Please have your account number ready when contacting FPL
 Customer service: 1-800-375-2434
 Outside Florida: 1-800-226-3545
 To report power outages: 1-800-4OUTAGE (468-8243)
 Hearing/speech impaired: 711 (Relay Service)
 Online at: www.FPL.com

For: Dec 29 2017 to Jan 30 2018 (32 days)
 Customer name: PENINSULA MANAGEMENT INC
 Service address: 115 E GRANADA BLVD STE 12

Account number: 80202-04098

Statement date: Jan 30 2018
 Next meter reading: Feb 27 2018

Amount of your last bill	Payments (-)	Additional activity (+ or -)	Balance before new charges (=)	New charges (+)	Total amount you owe (**)	New charges due by
53.74	53.74 CR	0.00	0.00	63.54	\$63.54	Feb 20 2018

Meter reading - Meter KL11765

Current reading 25375
 Previous reading - 24944
 kWh used 431

Amount of your last bill 53.74
 Payment received - Thank you 53.74 CR
 Balance before new charges \$0.00

Energy usage

	Last Year	This Year
kWh this month	401	431
Service days	32	32
kWh per day	12	13

New charges (Rate: GS-1 GENERAL SVC NON-DEMAND / BUSINESS)

Electric service amount	49.87**
Storm charge	0.50
Gross receipts tax	1.29
Franchise charge	3.15
Utility tax	4.64
Florida sales tax	3.81
Discretionary sales surtax	0.28
Total new charges	\$63.54

****The electric service amount includes the following charges:**

Customer charge: \$10.09
 Fuel: \$11.44
 (\$0.026550 per kWh)
 Non-fuel: \$28.34
 (\$0.065770 per kWh)

Total amount you owe \$63.54

- Payments received after **February 20, 2018** are considered late; a late payment charge, the greater of \$5.00 or 1.5% of your past due balance will apply. Your account may also be billed a deposit adjustment.

2/16/18

Please have your account number ready when contacting FPL
 Customer service: 1-800-375-2434
 Outside Florida: 1-800-226-3545
 To report power outages: 1-800-4OUTAGE (468-8243)
 Hearing/speech impaired: 711 (Relay Service)
 Online at: www.fpl.com





CITY OF ORMOND BEACH
 UTILITY BILLING
 22 South Beach Street
 Ormond Beach, FL 32174

MANAGEMENT INC PENINSULA
 BOX 1364
 ORMOND BEACH FL 32175

For questions regarding your bill:
 Mon – Fri 8 AM - 5 PM
 Telephone: (386) 676-3209
 Fax: (386) 676-3374
 After Hours Emergency: (386) 676-3230
 Email at: customerservice@ormondbeach.org

ACCOUNT NUMBER	463530-15880
CYCLE/ROUTE/CLASS	03-05 COMMERCIAL
BILLING DATE	01/06/18
PREVIOUS BALANCE	\$53.44
LAST PAYMENT ON 01/04/18	-\$53.44
ADJUSTMENTS	\$0.00
PAST DUE BALANCE	\$0.00
CURRENT CHARGES	\$53.44
TOTAL AMOUNT DUE	\$53.44
CURRENT CHARGES DATE DUE	01/30/18

IMPORTANT NOTICE

Prior Reading Date	12/06/17	Current Reading Date	01/05/18	
Service Location	115 E GRANADA BLVD SUITE 12			
SERVICE	METER NUMBER	CURRENT READING	PRIOR READING	USAGE
WA	83627489	8	7	1

DETAIL OF CHARGES

SERVICE	DESCRIPTION	CHARGES	TOTAL
WA	Minimum Charge	\$15.08	
	Total Current Water		\$15.08
SW	Minimum Charge	\$18.79	
	Total Current Sewer		\$18.79
GB	Container		\$14.71
PG	Late Payment Charge		\$1.47
PR	Late Payment Charge		\$3.39

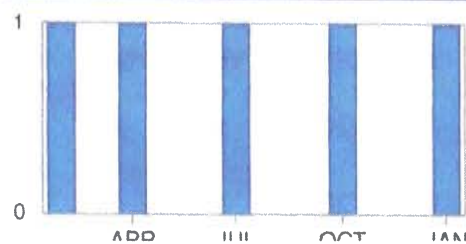
1129

IMPORTANT INFORMATION

Mayor's Health & Fitness Challenge!
January 20 – April 14, 2018 (12 weeks)

- Walk, Bike, Cardio, Boot Camp,
- Zumba, kayak, Yoga & more
- Individual health, fitness, & nutrition
- Personal Training, free!
- Need motivation? We've got it!
- Build muscle, burn fat, feel better!

Go to
www.ormondbeach.org/MayorsFitness
 Register with your friends; it's great!



USAGE HISTORY

Current Month	1.00
Last Month	0.00
Current Month - Last Year	0.00
Days in Period	30
Average Daily Usage	0.033
Average Daily Cost	1.781

AMENDMENT NO. 1 TO LEASE AGREEMENT

THIS AMENDMENT NO. 1 TO LEASE AGREEMENT (this "Amendment") is entered into this 1st day of December, 2009 by and between DORJIM, LLC (the Landlord) and Robert L. Hillman of Peninsula Management, Inc. (the Tenant), for the purpose of amending that certain Lease Agreement dated May 11, 2007 (collectively referred to as the "Lease"), to reflect changes to the Lease Agreement.

WITNESSTH

WHEREAS, LANDLORD and TENANT desire to amend and modify the terms, covenants, provisions and conditions of the Lease, all in a manner herein specified.

NOW, THEREFORE, for good and valuable consideration, the mutual exchange and receipt of which are hereby acknowledged by the parties, it is mutually understood and agreed by and between LANDLORD and TENANT that the lease is hereby altered, modified and amended in the following respects.

2. TERM


The term of this lease is 36 months, beginning on the 1st day of December 2009, and terminating on the 30th day of November, 2012. The Tenant shall have the right to extend the term of the lease for an additional 36 month term, after the initial expiration date on the terms and conditions set forth herein. Tenant shall provide written notice to Landlord sixty (60) days prior to the expiration of the initial term if Tenant decides to extend the term. Landlord reserves the right to increase the rental on the extended term to compensate for inflation, rising costs, etc. The amount of such increase, if any, is negotiable between Tenant and Landlord. If the Tenant chooses to extend the term, the details of the extension will be set forth in an addendum to the original lease.


3. RENT

(b) Rent: The total rent under this lease is Thirty Nine Thousand, Four Hundred Forty Four Dollars and Eighty Four Cents (\$39,444.84) plus applicable sales tax. Tenant agrees to pay Landlord such amount in the following manner:

	<u>Annually</u>	<u>Monthly</u>
Dec. 1, 2009 – Nov. 30, 2010:		
Rent	\$12,761.64	\$1,063.47
Sales Tax @ 6 ½%	<u>\$829.44</u>	<u>\$69.12</u>
Total	\$13,591.08	\$1,132.59
Dec. 1, 2010 – Nov. 30, 2011:		
Rent	\$13,144.44	\$1,095.37
Sales Tax @ 6 ½%	<u>\$854.28</u>	<u>\$71.19</u>
Total	\$13,998.72	\$1,166.56
Dec. 1, 2011 – Nov. 30, 2012:		
Rent	\$13,538.76	\$1,128.23
Sales Tax @ 6 ½%	<u>\$879.96</u>	<u>\$73.33</u>
Total	\$14,424.72	\$1,202.06

This is an original document:


Landlord


Tenant

26. SPECIAL PROVISIONS

Tenant is responsible for the maintenance, repair and/or replacement of Heating and Air Conditioning Equipment, up to \$1,000.00 (One Thousand Dollars). Landlord is responsible for the repair and/or replacement costs after the first \$1,000.00 covered by Tenant.

The Lease and Amendment No. 1 shall remain effective, and except as expressly modified by this Amendment, the Lease and Amendment shall remain in full force and effect through the term of this Amendment No. 1.

IN WITNESS WHEREOF, the parties have executed this amendment as of the day and year first mentioned above.

EXECUTED THIS 3 DAY OF Nov., 2009

LANDLORD: DORJIM, LLC



James Hackett, Managing Member, Dorjim, LLC

Date: 11-3-09

TENANT: Robert L. Hillman of "Peninsula Management, Inc."



Robert L. Hillman

Date: 11-3-09