



Deer Creek RV Golf & Country Club, Inc.

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September 4, 2019

Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

RE: Docket No. 20190071-WS – Application for Staff-Assisted Rate Case in Polk County by
Deer Creek RV Golf & Country Club, Inc.

Commission Clerk,

Deer Creek RV Golf & Country Club, Inc., (DCU) hereby submits its response to the Staff Audit Report dated July 19, 2019, Audit Control Number 2019-120-1-1, in the above referenced docket.

Audit Finding 1:

DCU takes no position on this finding.

Audit Finding 2:

DCU does not agree with audit staff's finding for test year water revenues. DCU does not contest audit staff's finding that DCU used the wrong water and wastewater service rates for the January 2018 billing period. However, after obtaining and reviewing the audit work papers, DCU believes that the audit staff's determination of test year water revenues is incorrect. DCU test year water revenue amount of \$128,765 represents "gross revenues" which includes billed service water revenues plus the 10 percent franchise fee levied by Polk County. The franchise fee is assessed by Polk County and collected in the monthly purchased water bill from Polk County Utilities. Per Rule 25-30.050 – Municipal or County Franchise Fee, Florida Administrative Code, DCU collects the Polk County franchise fee from its customers and includes the amount collected in revenues. The amount collected is a separate line item on each customer's bill as required in its tariff and is not based on consumption. (See Original Sheet No. 9 No. 16 – Customer Billing)

DCU accepts the audit staff's calculated water revenue amount of \$118,165, which is based on billing determinates. DCU believes that this amount should be increased by 10 percent, or \$11,817, to capture the Polk County Franchise Fee that is collected from its customers. The Total Service Revenues should be \$129,992 (\$118,165 + \$11,817). Total Test Year Revenues should be \$133,765, when you include the Miscellaneous Service Revenues of \$3,773 (\$129,992 + \$3,773).

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The adjustment for water revenues will now be an increase of \$1,223 for the test year (\$133,765 - \$132,542). This adjustment captures the amount that DCU underbilled its customers in January 2018 when DCU used the wrong rates for that billing period and is in line with the audit staff's adjustment to wastewater revenues for the same issue and period.

Audit Finding 3:

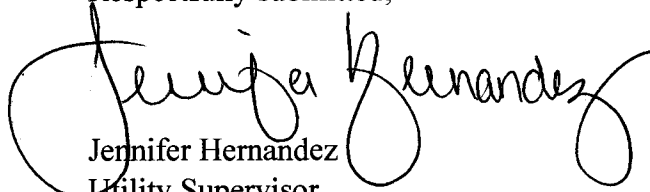
DCU takes no position on this finding.

Audit Finding 4:

DCU does not agree with audit staff's finding for test year water regulatory assessment fees (RAF). Based on DCU response and calculations for Audit Finding 1 above, DCU believes that test year water RAF should be \$6,019 ($\$133,765 \times 4.50\%$). The adjustment for water RAF will now be an increase of \$55 for the test year ($\$6,019 - \$5,964$). The total Taxes Other Than Income water adjustment would be the same \$55 increase amount.

If you have any further questions please do not hesitate to contact me at (863) 424-2839.

Respectfully submitted,

A handwritten signature in black ink that reads "Jennifer Hernandez". The signature is written in a cursive style with a large, looping initial "J".

Jennifer Hernandez
Utility Supervisor

Deer Creek RV Golf & Country Club, Inc.