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DIVISION OF ENGINEERING
TOM BALLINGER
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(850) 413-6910

Public Service Commission

February 14, 2020

Mr. Troy Rendell
Royal Waterworks, Inc.
4939 Cross Bathe Utility Boulevard
New Port Richey, Florida 34652
trendell@uswatercorp.net

STAFF'S FIRST DATA REQUEST
VIA EMAIL & US MAIL

Re: Docket No. 20190170- WS - Application for transfer of facilities and Certificate Nos. 259-W and 199-S in Broward County from Royal Utility Company to Royal Waterworks, Inc.

Dear Mr. Rendell:

Please provide the additional information requested below regarding Royal Waterworks, Inc. (Royal or Utility) to the Office of Commission Clerk by **March 13, 2020**.

1. In its application, the Utility stated that it has projected future Operation and Maintenance (O&M) expenses of \$486,435 for water and \$509,129 for wastewater. Please provide a breakdown of projected O&M expenses. Additionally, please compare and contrast the Utility's projected O&M expenses and the actual 2018 O&M expenses by primary expense account.
2. In its application, the Utility stated that through its contract with US Water Service Corporation, Royal has made significant operational changes that will improve quality of service and reduce overall operating expenses. Please quantify any reductions to operating expenses that have been achieved.
3. In its application, the Utility stated the previous owner's cost of service was high due to its lack of economies of scale. Please explain what work previously performed through outside contractors would be eliminated by Royal. Additionally, please quantify any savings the Utility has achieved as a result of economies of scale.
4. In the past, the Buyer has obtained ownership of numerous utilities regulated by the Commission, and has implemented changes to operations to improve quality of service and reduce expenses without requesting a positive acquisition adjustment at the time of transfer of each utility. However, in the instant docket, the Buyer has requested a positive acquisition adjustment for Royal. In light of the Buyer's ability to improve and maintain

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other utilities without positive acquisition adjustments, please explain why an adjustment has been requested in this transfer.

Please file all responses electronically at the Commission's website at www.floridapsc.com, by selecting the Clerk's Office and Electronic Filing Web Form. Should the Utility have any questions, please feel free to contact me at (850) 413-6836 or email me at Kerri.Johnson@psc.state.fl.us.

Sincerely,



Kerri Johnson
Engineering Specialist

KJ:jp

cc: Office of Commission Clerk (Docket No. 20190170- WS)