

Hiep Nguyen

From: Asha Maharaj-Lucas
Sent: Friday, September 29, 2023 12:05 PM
To: Braulio Baez; Mark Futrell; Apryl Lynn; Keith Hetrick; Mary Anne Helton; Cindy Muir; Adam Teitzman; Melinda Watts; Marissa Ramos; Sonica Bruce; Shannon Hudson; Wesley Thurmond; Justin Sowards; Mark Cicchetti; Amber Norris; Jennifer Crawford; Major Thompson; Laura King; Commissioners & Staffs; CLK - Agenda Staff
Cc: Kate Hamrick; Jacqueline Moore; Nancy Harrison
Subject: FW: Request for Oral Modification - Item 3 - Docket No. 20220064-WS

Hello:

The Request for Oral Modification to Agenda Item 3, docket no. 20220064-WS, scheduled for October 3, 2023 has been approved.

Thanks
Asha

From: Braulio Baez <BBaez@PSC.STATE.FL.US>
Sent: Friday, September 29, 2023 11:53 AM
To: Asha Maharaj-Lucas <AMaharaj@psc.state.fl.us>
Subject: FW: Request for Oral Modification - Item 3 - Docket No. 20220064-WS

Approved

B

From: Tom Ballinger <TBallinger@PSC.STATE.FL.US>
Sent: Friday, September 29, 2023 11:42 AM
To: Braulio Baez <BBaez@PSC.STATE.FL.US>
Cc: Mark Futrell <MFutrell@PSC.STATE.FL.US>; Asha Maharaj-Lucas <AMaharaj@psc.state.fl.us>; Kate Hamrick <KHamrick@psc.state.fl.us>; Keith Hetrick <khetrick@psc.state.fl.us>; Mary Anne Helton <MHelton@PSC.STATE.FL.US>; Laura King <LKing@PSC.STATE.FL.US>; Marissa Ramos <mramos@psc.state.fl.us>; Adam Teitzman <ATEITZMA@psc.state.fl.us>
Subject: FW: Request for Oral Modification - Item 3 - Docket No. 20220064-WS

Please see the request for oral modification described below. Let me know if you approve or if you need any additional information.

Tom Ballinger
Director, Division of Engineering
Florida Public Service Commission
(850) 413-6680 (office)
(850) 766-6659 (cell)

From: Andrew Maurey <AMaurey@PSC.STATE.FL.US>
Sent: Friday, September 29, 2023 11:36 AM
To: Tom Ballinger <TBalling@PSC.STATE.FL.US>
Subject: Request for Oral Modification - Item 3 - Docket No. 20220064-WS

Staff requests approval to make an oral modification to Item 3 scheduled for the October 3, 2023 Commission Conference, Docket No. 20220064-WS -- Application for transfer of water and wastewater facilities of Tymber Creek Utilities, Inc., water Certificate No. 303-W, and wastewater Certificate No. 252-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.

Subsequent to filing its recommendation, staff became aware of an error in the calculation of accumulated depreciation for both the water and wastewater systems. As a result, modifications to staff's recommendation are necessary to Issue 3 (Net Book Value), Issue 4 (Acquisition Adjustment), and Schedule No. 1.

The modifications requested by staff increase the Net Book Value (NBV) of the water system from \$62,485 to \$71,050 and increase the NBV of the wastewater system from \$131,849 to \$164,949. The text below reflects the type and strike changes to the staff recommendation. With these changes, there are no other impacts to staff's recommendation or calculations.

Issue 3, Page 12, Recommendation Statement

For transfer purposes, the net book value (NBV) of the system is ~~\$62,485~~ \$71,050 for water and ~~\$131,849~~ \$164,949 for wastewater, as of February 28, 2022.

Issue 3, Page 12, Accumulated Depreciation

As a result, staff recommends that the accumulated depreciation balance be decreased by ~~\$37,541~~ \$46,106 for water and ~~\$48,464~~ \$81,563 for wastewater, as of February 28, 2022. Accordingly, staff recommends total accumulated depreciation balances of ~~\$224,914~~ \$216,349 for water and ~~\$755,614~~ \$722,515 for wastewater, as of February 28, 2022.

Issue 3, Page 13, Net Book Value

Based on the adjustments described above, staff recommends a NBV of ~~\$62,485~~ \$71,050 for water and ~~\$131,849~~ \$164,949 for wastewater as of February 28, 2022.

Issue 3, Page 13, Conclusion

Based on the above, staff recommends a NBV of ~~\$62,485~~ \$71,050 for water and ~~\$131,849~~ \$164,949 for wastewater as of February 28, 2022, for transfer purposes.

Issue 4, Page 14, Staff Analysis

As discussed in Issue 3, staff is recommending a combined NBV for the two systems of ~~\$194,334~~ \$235,999. This would result in a positive acquisition adjustment of ~~\$805,666~~ \$764,001.

Issue 4, Page 16, Anticipated Cost Efficiencies

However, with a requested acquisition adjustment of ~~\$805,666~~ \$764,001, the requested amount is over ~~four~~ three times greater than the Utility's current NBV of ~~\$194,334~~ \$235,999.

Schedule No. 1, Page 25

| <u>Description</u> | <u>Balance</u> <u>Per Utility</u> <u>2/28/22</u> | <u>Adjustments</u> | <u>Staff</u> <u>2/28/22</u> |
|--------------------|--|--------------------|--------------------------------|
|--------------------|--|--------------------|--------------------------------|

| | | | | |
|--------------------------|-----------------|-------------------------------------|---|----------------------|
| Utility Plant in Service | \$335,032 | (\$48,765) | A | \$286,268 |
| Land & Land Rights | 1,131 | - | | 1,131 |
| | (262,455) | 46,106 37,541 | B | 216,349 |
| Accumulated Depreciation | | | | (224,914) |
| CIAC | (155,893) | 2,510 | C | (153,383) |
| Amortization of CIAC | <u>155,893</u> | <u>(2,510)</u> | D | <u>153,383</u> |
| | <u>\$73,708</u> | <u>(\$2,658)</u> | | <u>\$71,050</u> |
| Total | | <u>(\$11,223)</u> | | <u>\$62,485</u> |

Schedule No. 1, Page 26

| <u>Description</u> | <u>Balance Per Utility 2/28/22</u> | <u>Adjustments</u> | | <u>Staff 2/28/22</u> |
|--------------------------|--|-------------------------------------|---|--------------------------|
| Utility Plant in Service | \$1,037,526 | (\$154,586) | A | \$882,940 |
| Land & Land Rights | 4,524 | - | | 4,524 |
| | (804,078) | 81,563 48,464 | B | 722,515 |
| Accumulated Depreciation | | | | (755,614) |
| CIAC | (380,306) | - | C | (380,306) |
| Amortization of CIAC | <u>380,306</u> | - | D | <u>380,306</u> |
| | <u>\$237,972</u> | <u>(\$73,023)</u> | | <u>\$164,949</u> |
| Total | | <u>(\$106,123)</u> | | <u>\$131,849</u> |

Schedule No. 1, Page 27

| Explanation | Amount |
|--|--|
| A. UPIS To reflect the appropriate balance. | (\$48,765) |
| B. Accumulated Depreciation To reflect the appropriate balance. | 46,106 37,541 |
| C. CIAC To reflect the appropriate balance. | 2,510 |
| D. Accumulated Amortization of CIAC To reflect the appropriate balance. | <u>(2,510)</u> |
| Total Adjustments to Water Net Book Value as of February 28, 2022 | <u>(\$2,658)</u> <u>(\$11,223)</u> |

Schedule No. 1, Page 28

| Explanation | Amount |
|--|---|
| A. UPIS To reflect the appropriate balance. | (\$154,586) |
| B. Accumulated Depreciation To reflect the appropriate balance. | <u>81,563</u> <u>48,464</u> |
| Total Adjustments to Wastewater Net Book Value as of February 28, 2022 | <u>(\$73,023)</u> <u>(\$106,123)</u> |

Schedule No. 1, Page 29

| Account | | UPIS | Accumulated | Depreciation |
|---------|-------------------------------------|------------------|-------------|--|
| No. | Description | | | |
| 301 | Organization | \$36 | | (\$33) |
| 304 | Structures & Improvements | 179 | | (164) (176) |
| 309 | Supply Mains | 25,211 | | (11,801) (12,473) |
| 310 | Power Generation Equipment | 15,165 | | (15,098) (15,165) |
| 311 | Pumping Equipment | 3,742 | | (373) (439) |
| 331 | Transmission and Distribution Mains | 179,981 | | (150,039) (156,222) |
| 333 | Services | 11,160 | | (10,853) (11,160) |
| 334 | Meters and Meter Installations | 22,868 | | (4,703) (5,685) |
| 335 | Hydrants | 9,185 | | (8,220) (8,502) |
| 340 | Office Furniture and Equipment | 9,325 | | (9,325) (9,320) |
| 341 | Transportation Equipment | 7,812 | | (4,669) (4,668) |
| 345 | Power Operated Equipment | 373 | | (373) |
| 348 | Other Tangible Plant | <u>1,230</u> | | <u>(697)</u> |
| | Total | <u>\$286,268</u> | | <u>(\$216,349)</u> <u>(\$224,914)</u> |

Schedule No. 1, Page 30

| Account | | UPIS | Accumulated | Depreciation |
|---------|----------------------------------|-----------|-------------|------------------------------------|
| No. | Description | | | |
| 354 | Structures & Improvements | \$157,112 | | (\$124,123) (\$135,004) |
| 360 | Collection Sewers - Force | 12,551 | | (5,859) (4,611) |
| 361 | Collection Sewers - Gravity | 273,086 | | (235,170) (273,086) |
| 363 | Services to Customers | 43,346 | | (39,822) (43,346) |
| 364 | Flow Measuring Devices | 31,553 | | (31,553) (13,980) |
| 370 | Receiving Wells | 83,227 | | (11,544) (9,400) |
| 380 | Treatment and Disposal Equipment | 252,642 | | (252,642) |
| 382 | Outfall Sewer Lines | 10,827 | | (8,478) (10,827) |
| 389 | Other Plant and Misc. Equipment | 5,725 | | (3,526) (2,312) |

| | | | |
|-----|--------------------------------|------------------|---|
| 390 | Office Furniture and Equipment | 6,935 | (6,935) |
| 391 | Transportation Equipment | 2,817 | (1,174) (352) |
| 395 | Power Operated Equipment | <u>3,120</u> | <u>(1,689)</u> (3,120) |
| | Total | <u>\$882,940</u> | <u>(\$722,515)</u> (\$755,614) |