

ROYAL WATERWORKS, INC.

December 20, 2023

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

RE: Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc. – Response to Office of Public Counsel’s Letter of Concerns

Dear Commission Clerk:

Royal Waterworks, Inc. (Royal) hereby submits its response to Office of Public Counsel’s (OPC) Letter of Concerns dated December 7, 2023.

Royal is providing additional information concerning the Officers Salary expense. The salary level accrued for this expense does not include the following items:

- Social Security
- Federal Withholding
- Medicare
- Health Insurance
- Life Insurance
- Workers Compensation
- Unemployment insurance
- Disability insurance
- Retirement Benefits
- Vehicle insurance
- Vehicle
- Fuel for vehicle
- Lodging – when traveling to Royal
- Meals – when traveling to Royal
- Cell phone usage for officer

For the IOUs, these items are the responsibility of the officer and not passed onto the utility’s customers. Thus, the effective amount of this accrual of salary is much less when these items are taken into consideration.

OPC referred to the other “sister” utilities and number of customers. The Commission should take into consideration the geographical locations of these sister utilities – being as far northwest as Okaloosa County and as far south as Broward Counties. Prior to recent consolidations, this encompassed twenty-eight separate corporations. Also based on past Commission practice, Royal believes it is appropriate to consider the number of Equivalent Residential Connections (ERCs) and not number of customers. (See Order No. PSC-2013-0327-PAA-SU) The total

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number of ERCs for all “sister” utilities is 12,643. This includes non-jurisdictional counties in Florida as well as a utility in Oklahoma. This was provided in Royal’s response to Staff’s Fourth Data Request.

OPC also refers to Mr. Mike Smallridge in its analysis. It is unclear of Mr. Smallridge’s credentials. As previously stated, Mr. Deremer maintains high certification as an Operator (Class A) and is also licensed as an Underground Utility Contractor.

For Royal, the President has been and currently is extensively involved with lift station rehabilitation, converting water treatment from lime softening to nano-filtration, negotiating repayment of bad debt due to the COVID pandemic, and cost reductions in current water treatment process.

It is unrealistic to consider OPCs suggested Officer’s Salary of between \$6,244 and \$7,551 for a utility of this size. It would be impossible to hire a qualified President at these amounts. Past Commission practice has considered allocation of an Officer’s Salary. If this is considered, Royal offers the following information. As stated in this response, the accruals do not take into consideration all of the related costs as delineated on page 1.

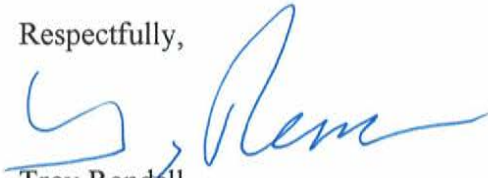
Royal compared hiring a “stand alone” Utility Director to oversee all aspects of the IOUs. The website “Comparably” states that an average salary for a Utility Director in Mid-Florida is \$159,194. While the website “Glassdoor” has an average salary of \$141,269. Royal has provided an attached table showing the related total cost based upon a salary of \$150,000. The total amount of salary and related expenses equates to \$247,148.82.

If this is allocated based upon a percentage of ERCs, Royal’s percentage is 18.95% (2,396 ERCs / 12,643 Total ERCs). This is based on the IOUs that are under the direction of this position. This equates to an Officer’s Salary of \$46,837.66 for Royal, if a stand alone Utility Director was hired for the IOUs. This equates to \$19.55 per ERC annually.

In Order No. PSC-14-0626-PAA-WS, issued October 29, 2014, the Commission approved the rate increase request of Little Gasparilla Water Utility, Inc. This water utility was interconnecting with Charlotte County to provide purchased water service to 371 customers. In this Order, the Commission has approved Officers’ salary of \$70,710 for a purchased water only utility, which consisted of a president and vice president salary. The President’s salary approved was \$9,510. This equates to \$25.63 per customer annually. The Vice President’s salary approved was \$61,405, which is \$165.51 per customer annually.

If you have questions or require any more information, please contact me at 727-848-8292, ext. 245 or via email at trendell@uswatercorp.net.

Respectfully,

A handwritten signature in blue ink, appearing to read "Trendell". The signature is fluid and cursive, with a large initial "T" and "R".

Troy Rendell

Vice President

Investor Owned Utilities

// for Royal Waterworks, Inc.

SALARY & BENEFITS	AMOUNT
Base Salary	150,000.00
Tax - Social Security	9,300.00
Tax - Medicare	2,175.00
Tax - FUTA	420.00
Tax - SUTA	53.90
Insurance - Workers Compensation	5,895.00
Insurance - Health/Vision/Dental	28,673.28
Insurance - Life/Disability	1,310.76
Retirement - Pension	13,500.00
TOTAL SALARY & BENEFITS	211,327.94
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VEHICLE & TRANSPORTATION	
SUV \$64K over 60 months	12,800.00
Insurance - Vehicle	3,020.88
Fuel	7,200.00
Repair & Maintenance	1,800.00
TOTAL VEHICLE & TRANSPORTATION	24,820.88
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MISCELLANEOUS	
Cell phone	900.00
Computer/Internet/Home Office	1,600.00
Airfare/Lodging/Meals	8,500.00
Insurance - Directors & Officers	TBD
TOTAL MISCELLANEOUS	11,000.00
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TOTAL	247,148.82
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