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Public Service Commission

March 13, 2015

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COMMISSION
CLERK

Mr. Troy Rendell
Brevard Waterworks, Inc.
4939 Cross Bayou Boulevard
New Port Richey, FL 34652

STAFF'S FOURTH DATA REQUEST

Re: Docket No. 140186-WU – Application for staff-assisted rate case in Brevard County by Brevard Waterworks, Inc.

Dear Mr. Rendell:

During staff's evaluation of information provided by Brevard Waterworks, Inc. (Brevard Waterworks or Utility), staff has some follow-up questions to ask. Please submit the responses by April 10, 2015.

1. Has Brevard Waterworks contacted the Florida Rural Water Association about performing a leak detection test on its distribution system? If so:
 - a) What was the date of contact?
 - b) Was a leak detection test performed?
 - c) What were the results of the leak detection testing?
2. How does the Utility record the gallons of water used for other uses, e.g., flushing?
3. In response to staff's first data request, the Utility stated that it "plans to perform dual tests on the County's water meter." Have these tests been performed? If not, when is the Utility planning to perform these tests? If so, how were the tests performed and what were the results?
4. Please answer the following questions in regard to the residential meters and the purchased water meter:
 - a) What is the average age of the residential meters per subdivision?
 - b) When was the last time the meters were replaced?
 - c) When was the last time the meters were calibrated?
 - d) When was the last time the purchased water meter was calibrated?

- e) Where are the residential meters located?
 - f) How difficult is it to read the meters if the distribution service lines are located at the back of the customer properties?
 - g) What does the Utility do if it cannot read a meter because of a dog fence etc.?
 - h) How often does this occur?
5. In response to staff's second data request, the Utility provided a bid that was used in developing the estimated cost to replace the distribution system. The bid indicates the replacement of the four inch pipes. Would all the four inch pipes need to be replaced? If not, please identify which four inch pipes would be replaced and the criteria for selecting them for replacement (i.e., type of pipe, location, age, etc.) Also, please identify how many linear feet per subdivision would be replaced?
 6. According to Audit Work paper 43, the criteria for Mr. Deremer's salary allocation includes size of the utility, number of customers, officer oversight, regulatory oversight, operations, and type of treatment. Please explain how this criterion was applied to Brevard Waterworks in the development of Mr. Deremer's allocation. Specifically, what factors substantiate the Utility, a water reseller, incurring a greater allocation (per Equivalent Residential Connection) than other water systems, with water treatment plants, that Mr. Deremer oversees?
 7. For the purpose of this question, please refer to Table 3 – Minor Repair Responsibilities, as shown in the Agreement For Services the Utility signed March 29, 2013, with U.S. Water Services Corporation (USWSC). Table 3 states that the Owner is responsible for repairs totaling \$400 or more, per incident. Please provide a brief description of the Utility's policy for selecting a contractor for repairs exceeding \$400, including whether or not the Utility routinely seeks multiple bids.
 8. On December 15, 2014, the Utility provided the cost model developed by USWSC, in Document No. 06732-14, to support its expense for contractual services. The following items relate to the cost model:
 - a) Please expand upon the unique factors that USWSC considered when developing the cost model for Brevard Waterworks given that it is a water reseller such as the inclusion of expenses associated with a maintenance mechanic and an operator.
 - b) For all salary and wage expense allocated in the cost model, please provide a corresponding list of employees, along with their total compensation (including over-time and bonuses), and how it is allocated.
 9. Please provide support documentation verifying that allocated salary and wage expense does not include labor billed in addition to the services provided in the contract (e.g. labor associated with a repair over \$400 that the Utility would have capitalized).
 10. On January 6, 2015, the Utility submitted a request for additional pro forma pipe repairs to be included in the instant docket. In support of its request, the Utility

included the USWSC invoice for the repairs. The following items relate to this repair:

- a) Please elaborate on the difference between the average hourly rate for technical labor found in the cost model and the hourly rate for technical labor shown in the invoice.
- b) Did the Utility seek additional bids for the pipe repair? If so, please provide them. If not, please explain.
- c) Does the USWSC employee that performed this repair also provide the maintenance/repair services that are included in the Utility's contract?

If you have any questions or require further assistance regarding this matter, please contact me at (850) 413-6986.

Sincerely,



Kelly Thompson
Public Utility Analyst II

cc: Division of Accounting & Finance (Maurey, Norris, Frank, Monroe, Rigol)
Division of Economics (Daniel, Hudson, Thompson)
Division of Engineering (Vickery, King, P. Buys)
Office of General Counsel (Teitzman, Murphy)
Division of Commission Clerk (Docket No. 140186-WU)