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Public Service Commission

June 23, 2016

Mr. Martin S. Friedman, Esquire
Friedman & Friedman, P.A.
766 N. Sun Drive, Suite 4030
Lake Mary, FL 32746

VIA U.S. MAIL AND EMAIL

Re: Docket No. 160065-WU-Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.

Dear Mr. Friedman:

The above-referenced application has been received and reviewed by Commission staff. Please complete the following deficiencies and provide the requested additional information to clarify the application.

Deficiencies

1. Rule 25-30.440(4), Florida Administrative Code (F.A.C.), requires all water plant operating reports for the test year and the year preceding test year. The operating reports for January 2014 through August 2014 show daily flow amounts, but September 2014 through December 2015 do not show this information. Please provide operating reports showing daily flow amounts.
2. Rule 25-30.440(8), F.A.C., requires a list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employee's salary allocation method to the utility's capital or expense accounts. The information provided includes the duties, responsibilities, and certificates held, as well as an explanation of what portion of their salary is related to Bocilla Utilities, but not which capital or expense accounts these salaries are allocated to. Please provide each employee's salary allocation method to the Utility's capital or expense accounts.
3. Rule 25-30.437, F.A.C., requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 19 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements."
 - a. MFR Schedule E-1, the Utility is required to provide a schedule of present and proposed rates. The Utility's test year and present water rates indicated on MFR

- Schedule E-1, page 1, does not match the Utility's approved tariff rates for the specified time period.
- b. MFR Schedule E-14, the utility is required to provide a separate billing analysis, which coincides with each rate period if a rate change occurred during the test year. The Utility's rates changed during the test year and the Utility did not provide separate billing analysis for each period. Please provide separate billing analysis for each rate period. It should be noted that the total bills and gallons in each rate period should match the rate periods on MFR Schedule E-2.
 - c. MFR Schedule E-3, the Utility is required to provide a schedule of monthly customers billed or served by class. The total customers billed should match the total bills for each respective customer class on MFR Schedules E-2 and E-4.
 - d. MFR Schedule E-14, column (7) requires that the utility calculate the consolidated factor as shown. Column (7) is missing on MFR Schedule E-14.
4. Rule 25-30.437, F.A.C., requires that each Class B utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 20-W (11/93), titled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The Utility did not use the required Class B MFR schedules. Please resubmit MFR schedules A, B, C, D, and F in accordance with the Class B MFR instructions, including, but not limited to, reflecting simple average balances, instead of 13-month average balances. Please include all applicable cross references. If a schedule does not apply to the Utility, please identify it as not applicable. Please note, several MFR schedules, as filed, did not comply with Rule 25-30.437, F.A.C. When the schedules are refiled, please correct as detailed below.
- a. The instructions for MFR Schedules A-4 (Water and Plant in Service, submitted by the Utility as A-3), A-8 (Water Accumulated Depreciation, submitted by the Utility as A-6), A-11 (Water Contributions in Aid of Construction, submitted by the Utility as A-8), and A-13 (Water Accumulated Amortization of CIAC, submitted by the Utility as A-10) require the Utility to use the balance as of the date of inception.
 - b. The instructions for MFR Schedule A-17 (Schedule of Working Capital Allowance Calculation, submitted by the Utility as A-14) require the Utility to provide the calculation of working capital using the formula method (1/8 of O&M Expenses).
 - c. The instructions for MFR Schedule B-7 (Operation and Maintenance Expense Comparison, submitted by the Utility as Schedule B-5) require the Utility to complete a comparison of the applicant's current O&M expenses and the O&M expenses five years prior to the test year, because the Utility has not had a previous rate case, for comparison utilizing a benchmark factor. Per these instructions, please make the following adjustments.
 - i. The Utility is required to utilize the Consumer Price Index All Urban Consumers (CPI-U) table for all items published by the U.S. Department of

Labor. The CPI-U amount found on MFR Schedule B-7, for 2010 year end, is incorrect. Please revise Schedule B-7 to reflect 218.056 for 2010 year end.

- ii. The Utility is required to provide an explanation of all differences in excess of the benchmark factor for customer growth and inflation. When revising MFR Schedule B-7, please provide an explanation for expenses in excess of the revised benchmark factor, specifically lines 11, 18, 20, and 26.
 - iii. The explanation on Schedule B-7, line 17, states that the Utility removed barging expense from the 2010 expenses. Please provide the Utility's 2010 O&M expenses without any such adjustments for the purpose of this comparison.
5. Rule 25-30.110(2), F.A.C., requires that the MFRs shall be consistent and reconcilable with the Utility's Annual Report. The following MFR schedules do not reconcile to the Utility's 2015 Annual Report. Please reconcile these amounts.
- a. MFR Schedule A-5 (Water Plant in Service, submitted by the Utility as A-4) line 7.
 - b. MFR Schedule A-9 (Water Accumulated Depreciation, submitted by the Utility as A-7) line 6.
 - c. MFR Schedule A-18 (Comparative Balance Sheet – Assets, submitted by the Utility as A-15) lines 3 and 19.
 - d. MFR Schedule A-19 (Water Accumulated Depreciation, submitted by the Utility as A-16) line 4.

The original and four copies of the response to the information requested in this letter should be filed with the Commission on or before July 25, 2016. When filing the response, please be sure to refer to the docket number and to direct the response to:

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

Mr. Martin S. Friedman

Page 4

June 23, 2016

Should you have any questions concerning the information in this letter, for legal questions please contact Margo Leathers by email at MLEather@psc.state.fl.us or by phone at (850) 413-6076. For technical questions, you may contact Adam Hill by email at AHill@psc.state.fl.us or by phone at (850) 413-6425.

Sincerely,



Tom Ballinger
Director
Division of Engineering
Florida Public Service Commission

TB:pz

Enclosure

cc: Division of Accounting and Finance (D. Frank, A. Norris)
Division of Economics (S. Bruce, C. Johnson, S. Hudson)
Division of Engineering (A. Hill, R. Graves)
Office of General Counsel (M. Leathers, J. Crawford)
Division of Commission Clerk (Docket No. 160065-WU)