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Public Service Commission

July 28, 2016

STAFF'S FIRST DATA REQUEST

Bocilla Utilities, Inc.
Martin S. Friedman, Esq.
766 N. Sun Drive, Suite 4030
Lake Mary, FL 32746

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

Dear Mr. Friedman:

Please provide the additional information requested below regarding Bocilla Utilities, Inc., by August 29, 2016.

1. According to MFR Schedule B-3, page 1, line 18, the Utility has proposed an increase of \$10,400 for additional clerical work. The following items relate to this expense.
 - a. Please provide the Utility's basis and support documentation for the hourly rate of \$25 per hour.
 - b. Please explain why the Utility is now requiring additional clerical work.
2. According to MFR Schedule B-3, page 1, line 19, the Utility has proposed an increase of \$4,200 for monthly accounting services for financial reporting. The following items relate to this expense.
 - a. Please provide the Utility's basis and support documentation for the \$350 monthly rate.
 - b. Please explain why the Utility is now utilizing these accounting services for financial reporting.
3. According to MFR Schedule B-3, page 1, line 21, the Utility has proposed an increase of \$3,720 for a fire hydrant exercise program. The following items relate to this expense.
 - a. Please provide the Utility's basis and support documentation for the rate of \$30 per unit, as well as, the interval of twice yearly.

- b. Please explain why the Utility is participating in this fire hydrant exercise program (e.g. mandated by the Department of Environmental Protection or other agency).
4. According to MFR Schedule B-3, page 1, line 22, the Utility has proposed an increase of \$2,325 for fire hydrant maintenance painting. The following items relate to this expense.
 - a. Please provide Utility's calculation, basis, workpapers and support documentation for the total amount of \$2,325.
 - b. Please explain why it is necessary to conduct maintenance painting and at the interval of every two years.
5. According to MFR Schedule B-3, page 1, line 42, the Utility has proposed an increase of \$12,300 for a truck replacement. The following items relate to this truck replacement.
 - a. According to line 38, the Utility is leasing a used truck for \$7,200. If so, please provide a cost benefit analysis of leasing a truck rather than purchasing a truck.
 - b. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the \$2,600 in additional insurance costs.
 - c. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the \$2,500 in maintenance and gasoline.
6. Pursuant to Rule 25-30.433(9), F.A.C., The amortization period for forced abandonment or the prudent retirement, in accordance with the National Association of Regulatory Utility Commissioners Uniform System of Accounts, of plant assets prior to the end of their depreciable life shall be calculated by taking the ratio of the net loss (original cost less accumulated depreciation and contributions-in-aid-of-construction (CIAC) plus accumulated amortization of CIAC plus any costs incurred to remove the asset less any salvage value) to the sum of the annual depreciation expense, net of amortization of CIAC, plus an amount equal to the rate of return that would have been allowed on the net invested plant that would have been included in rate base before the abandonment or retirement.

According to MFR Schedule B-3 (submitted by the Utility as B-2), line 31, the Utility has amortized the loss on sale of the water plant over 10 years. Did the Utility follow this rule when calculating the amortization period of 10 years? If so, please provide all of the Utility's calculations, workpapers, and support documentation. If not, please explain why not.

7. According to MFR Schedule B-5 (submitted by the Utility as B-4), line 1, salaries & wages – employees expense increased substantially in July 2015, October 2015, and December 2015 when compared to other months. Please provide all of the Utility's

calculations, basis, workpapers, and support documentation for the increases in salaries and wages – employees expense.

8. According to MFR Schedule B-5 (submitted by the Utility as B-4), line 5, purchased power expense increased substantially in March 2015 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the increases in purchased power expense.
9. According to MFR Schedule B-5 (submitted by the Utility as B-4), line 9, contractual services – engineering increased substantially in December 2015 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the increases in contractual services – engineering expense.
10. According to MFR Schedule B-5 (submitted by the Utility as B-4), line 10, contractual services - accounting increased substantially in May 2015 and June 2015 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the increases in contractual services - accounting expense.
11. According to MFR Schedule B-5 (submitted by the Utility as B-4), line 13, contractual services – testing increased substantially in August 2015 and October 2015 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the increases in contractual services – testing expense.
12. According to MFR Schedule B-5 (submitted by the Utility as B-4), line 15, rental of building increased substantially in October 2015 when compared to other months. The following items relate to this expense.
 - a. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the increases in rental expense.
 - b. Who is the Utility renting from?
 - c. Are any of the rental costs being shared among other tenants? If so, please explain.
13. According to MFR Schedule B-5 (submitted by the Utility as B-4), line 24, regulatory commission expense – other increased substantially in March 2015 and August 2015 when compared to other months. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the increases in regulatory commission expense – other.
14. According to MFR Schedule B-7 (submitted by the Utility as B-5), line 1, salaries & wages – employees expense has increased since the previous year. Please provide a list of employees along with their total compensation.

15. According to MFR Schedule B-7 (submitted by the Utility as B-5), line 2, salaries & wages – officers expense has increased since the previous year. The following items relate to this expense.
 - a. Please provide all of the Utility’s calculations, basis, workpapers, and support documentation for how officer’s salaries are determined.
 - b. Please provide a list of the duties and responsibilities for all officers. Please indicate any changes in duties and responsibilities as a result of removing the water treatment plant from service.
16. According to MFR Schedule B-7 (submitted by the Utility as B-5), line 4, the Utility now has purchased water expense since removing the water treatment plant from service. Please provide a cost benefit analysis of the early abandonment of the water treatment plant.
17. According to MFR Schedule B-9 (submitted by the Utility as B-6), there were five different consultants that performed outside services for the Utility during the test year. The following items relate to these services.
 - a. Please provide any invoice over \$1,000.
 - b. Please explain how the \$13,947 for operating permits is being amortized.
18. The following questions refer to the Utility’s requested rate case expense on MFR Schedule B-10.
 - a. For each individual person, in each firm providing consulting services to the Utility in this docket, provide the billing rate, and an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also provide a description and associated cost for all expenses incurred to date.
 - b. For each firm or consultant providing services for the Utility in this docket, please provide copies of all invoices for services provided to date.
 - c. Please provide an estimate of costs and hours to complete the case, for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the PAA process.
 - d. Please provide an itemized list of all other costs estimated to be incurred through the PAA process.
 - e. Is it part of the duties and responsibilities of the in-house employees to work on a rate case?

Mr. Martin S. Friedman, Esq.
July 28, 2016
Page 5

- f. Are the in-house employees who worked on the rate case paid hourly or are they on salary?
19. According to Schedule E-5 of the Utility's 2015 Annual Report, the Utility has no parent companies. However, according to MFR Schedule C-8 (submitted by the Utility as C-7), the Utility is allocating interest expense to a parent company in the amount of \$988,002. Please reconcile the difference.
 20. According to MFR Schedule F-1, the Utility experienced a high variation in unaccounted for water, including negative values in four months of the test year. Please explain all factors the Utility has investigated which produced this variation and negative unaccounted for water.
 21. The Utility did not include any Pro Forma projects to be considered in its MFRs. If the Utility has Pro Forma projects to be considered in this rate case, please provide the following information.
 - a. Please provide at least three bids for any pro forma projects to be considered.
 - b. Please provide any invoices for completed work associated with any pro forma projects.
 - c. Please provide the start date and an estimated completion date of any pro forma projects.
 - d. Please provide the values of any plant retirements associated with any pro forma projects.

Please contact me by phone at (850) 413-6425 or by email, ahill@psc.state.fl.us, if you have any questions.

Sincerely,



Adam Hill
Engineering Specialist II
Division of Engineering

ARH:pz

cc: Office of Commission Clerk (Docket No. 160065-WU)