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Public Service Commission

November 10, 2016

Frank J. Seifert
ESAD Enterprises, Inc. d/b/a Beaches Sewer Systems, Inc.
509 E. 4th Street
Port St. Joe, FL 32456
Seifert13@msn.com

STAFF'S SECOND DATA REQUEST

via email

Re: Docket No. 160165-SU – Application for staff-assisted rate case in Gulf County by ESAD Enterprises, Inc. d/b/a Beaches Sewer Systems, Inc.

Dear Mr. Seifert:

By this letter, Commission staff requests that Beaches Sewer Systems, Inc. (Utility) provide responses to the following data requests:

1. For 2013, 2014, 2015, and 2016 year-to-date, please provide the dates of the Board of Directors meetings, locations, and the start and end times for each meeting.
2. Please justify the appointment of two new members to the Board of Directors and the benefit provided to the Utility's customers.
3. Are Donna Seifert and Melissa Farrell related to the other two board members? If yes, how are they related?
4. Please explain the role of the Board of Directors and their duties.
5. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for Director's fees.
6. In the Utility's audit response dated October 28, 2016, the President of the Utility stated "I will make a motion at next meeting to increase the directors pay to \$7,500 a year" and "I will make a motion at next meeting to increase salaries of both employees to a fair rate." It appears that these proposed increases are based on reviewing expenses for two other utilities in the area. Other than those utilities being located in the same county, please provide justification for the proposed increases.

7. At the March 1, 2016 meeting, it appears the board approved increases of \$1,300 per month for Mr. Seifert and \$600 per month for Mr. Farrell as of July 1, 2016.
 - a. Please provide justification for the salary increases approved in March 2016.
 - b. What are the factors considered by the Board of Directors when approving salary increases?
 - b. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the salary increases.
8. In Audit Finding 2, audit staff removed several vehicles from utility plant in service for lack of support documentation.
 - a. Please provide any loan documents or lease agreements related to the 2010 Cadillac SRX and the 2014 Chevrolet Silverado.
 - b. Who is responsible for making any required payments on the 2010 Cadillac SRX and the 2014 Chevrolet Silverado?
 - c. Please justify the purchase of the 2014 Chevrolet Silverado for \$47,980 in August 2016.
 - d. Please provide updated vehicle insurance premium information for the two vehicles discussed above. This documentation should also reflect the removal of the 1996 Ford F-150.
9. Please provide any travel logs used to support business versus personal use of vehicles for IRS tax return purposes (personal or business) for 2013, 2014, and 2015.
10. What services are included in the grounds maintenance provided by Gulf Coast Property Services, LLC?
11. How long has Gulf Coast Property Services, LLC been maintaining the Utility's grounds?
12. Did the Utility solicit bids for grounds maintenance prior to selecting Gulf Coast Property Services, LLC?
13. How often is grounds maintenance performed?
14. A recent search of the Florida Secretary of State, shows that Joseph P. Farrell, Jr. is the managing member for Gulf Coast Property Services, LLC. Is this the same Joseph P. Farrell, Jr. that serves as Vice President of the Utility and serves on the Board of Directors?

15. Please provide a copy of the contract with Gulf Coast Property Services, LLC for grounds maintenance.
16. Please justify the requested grounds maintenance expense considering the Utility purchased a riding lawn mower in April 2013.
17. Refer to the Florida Department of Environmental Protection's (FDEP) letter, dated September 29, 2016, regarding potential non-compliance.
 - a. Please explain why FDEP identified excessive vegetation in the percolation ponds if the grounds are being maintained on a routine basis.
 - b. Did the Utility respond to FDEP within 15 days as specified in the September 29, 2016 letter?
 - c. Please provide a copy of the Utility's response to FDEP's letter and any additional correspondence with FDEP.
18. Please provide support documentation for the \$190 class that was taken by J. Patrick Farrell and included in miscellaneous expense. As part of your response, please include a description of the course and proof of completion
19. In regard to the Utility's planned major expenditures – equipment, has the Utility purchased the backhoe, camera, or generator?
20. In regard to the Utility's planned major expenditures – major repairs, has the Utility taken any additional steps towards beginning work on Lift Station 98 (2016-17), Lift Station Americus (2016-17), or the piping project (2017)?
21. In regard to the Utility's planned major expenditures – major repairs, the Utility listed a blower (\$2,800 est.) as a project for 2016-17. Is this the same blower that appears in the supporting documentation provided for Miscellaneous Expense – Equipment Repairs?
22. As part of the Utility's response to Staff's First Data Request, a page labeled "Chapter 7: Problems Deficiencies and Corrective Actions" was included.
 - a. This page identified five corrective actions and dates by which those actions were to be completed. Have those corrective actions been completed? If not, when does the Utility expect to finish them?
 - b. This page also reflected that the owner of the Utility was in discussions with the local municipality to purchase the system in order to tie the sewage flows onto the municipal sewage collection system for treatment offsite. Are negotiations for the purchase of the system still taking place?
 - c. Please provide a copy of the entire report that the aforementioned page was taken from.

Frank J. Seifert
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Please file all responses electronically no later than Wednesday, November 23, 2016, through the Commission's website at www.floridapsc.com, by selecting the **Clerk's Office** tab and **Electronic Filing Web Form**. Please feel free to call me at (850) 413-6550 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Todd M. Brown', with a long horizontal flourish extending to the right.

Todd M. Brown
Public Utilities Supervisor
Division of Accounting & Finance

TMB

cc: Office of Commission Clerk (Docket No. 160165-SU)