

State of Florida



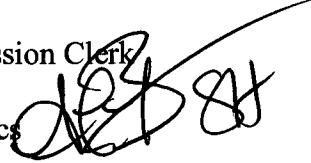
Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: December 5, 2016

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: Sonica C. Bruce, Economic Analyst, Division of Economics 

RE: Docket No. 150010-WS - Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.

Attached is Aquarina Community Services Association's request for deferral of the remaining Issue Nos. 10 to 19 to the Commission's Agenda Conference in February 2017 and staff's response to this request. Please place these documents into the docket file.

RECEIVED FPSC
2016 DEC -5 PM 3:30
COMM CLERK

Shannon Hudson

From: Charles Murphy
Sent: Monday, December 05, 2016 2:10 PM
To: 'donschwinn@comcast.net'
Cc: Julie I. Brown; Lisa Edgar; Art Graham; Ronald Brisé; Jimmy Patronis; Braulio Baez; Greg Shafer; Shannon Hudson; Mark Futrell; Erik Saylor; 'omrod105@comcast.net'; Keino Young
Subject: Re: Aquarina Utilities--Docket No. 150010--Request for Postponement

Greetings,

I am writing in response to a letter from Patrick Pollock and Ann Bruns that was forwarded by email from Mr. Don Schwinn to Florida Public Service Commission (Commission) Chairman Julie I. Brown. By its letter, the Aquarina Community Services Association requests a deferral of the Commission's consideration of Docket No. 150010-WS (Application for Staff-Assisted Rate Case In Brevard County By Aquarina Utilities, Inc.) That matter is currently scheduled to be addressed by the Commission at tomorrow's Commission Agenda Conference and, for the following reasons, will not be deferred:

Generally, the Commission has a statutory clock of 15 months to make a decision in a staff assisted rate case. This case was filed by the utility on January 2, 2015, almost two years ago. This matter has already been deferred twice and continued once.

All parties have been afforded due process and an opportunity to be heard regarding this matter. There was substantial customer participation when this case was considered at the Commission's November 1, 2016 Agenda Conference; the transcript for that item is one hundred and twenty three pages long and the file is substantial.

At the November 1, 2016 Agenda Conference, a Commissioner made a motion that the Commission should revisit all of the issues in this Docket when the Commission considers this matter at its December 5, 2016 Agenda Conference. The Office of Public Counsel argued persuasively against that motion and the motion was withdrawn.

Thus, after the Commission's vote at the November 1, 2016 Agenda Conference, the only matters remaining for the Commission to consider involve rate structure. A decision on rate structure was deferred so that customers and the utility could reach a consensus regarding the optimal structure.

At the November 1, 2016 Agenda Conference, the Commission voted for staff to conduct a management audit of substantial scope regarding the utility. Such an audit typically takes several months to complete. If significant issues are found as the result of the audit, the Commission can address those issues in a subsequent proceeding.

Please note that the Commission's decision on this staff assisted rate case is preliminary and will be issued as a Proposed Agency Action Order. Such orders are subject to protest by substantially affected persons such as customers. Upon receipt of such a protest, the matter will be scheduled for hearing.

Respectfully,

Charlie Murphy
Senior Attorney
Florida Public Service Commission

**Aquarina Community Services Association
450 Aquarina Boulevard
Melbourne Beach FL 32951**

Ms. Julie I. Brown, Chairman
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: PSC Docket No. 150010-WS
Aquarina Utilities Rate Increase

December 5, 2017

Dear Chairman Brown:

We the undersigned are officers of the Aquarina Community Services Association, the major customer of Aquarina Utilities Inc whose rate case continuation is scheduled for tomorrow's Agenda conference. The purpose of this letter is to request deferral of the remaining Issues No 10 to 19 to the Commission's Agenda Conference in February 2017. Our reasons for this request are as follows:

1. Upon detailed review of the Staff's full report *we believe that the Staff's allowance for management fees by the utility is materially defective*. Our calculations, based on previous rate cases of the same utility, indicate that the management fees are more than \$100,000 excessive. Because the Staff's proposed revenue increase is more than 40% beyond the 2014 test year's revenues, the impact on our residents will be severe unless these fees are reduced to justifiable amounts.
2. *The timeliness and accuracy of your staff's responses and calculations are most unsatisfactory*. It was not until December 1st that our November 20 request for Phase II costs for the 3 alternatives was received, too late for our Board to review them thoroughly before tomorrow's conference. Because our Board was given incomplete and erroneous calculations when we were asked to decide on an alternative rate schedule by November 15, *we are rescinding our preference for Alternative 1*. In addition, because 95%+ of the recommended revenue increase was assigned to non-potable uses in the Staff's recommendation, an incomprehensible distribution, *we hereby oppose and reject the Staff's recommended rate schedule*. You may also note that the flat rate for wastewater for users outside Aquarina is well below what our metered users will have to pay. And that the Staff's calculated irrigation cost for non-potable water is based on potable water consumption, an obvious flaw in thinking.
3. At the November 1 Agenda Conference the Commission voted to require a Management Audit of the utility. We believe that this audit will expose irregular cost and labor accounting that inflated the utility's costs. *We therefore request that the Commission defer any decision on costs and revenues until this audit is completed*.

We have chosen to ask for deferral until February because of the difficulty in coordinating schedules during the Christmas season. We firmly believe that getting this right the first time, even if it means a delay is preferable to the time, cost and inconvenience associated with after the fact protests or other legal remedies.

We would appreciate confirmation of deferral of our agenda Item #8 to your February conference by 2pm today. It will save substantial travel and time commitments on our part.

Thank you,

Patrick Pollock, President
Ann Bruns, Vice-President