

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: January 10, 2017
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Robert Graves, Public Utilities Supervisor, Division of Engineering *RG*
RE: Docket No.160065-WU- Application for increase in water rates in Charlotte County
by Bocilla Utilities, Inc.

Please file the attached "Salary Explanation and Utility reponse to Capital Structure" in the above metioned docket file.

Thank you ~

Terri Jones

From: Robert Graves
Sent: Tuesday, January 10, 2017 11:31 AM
To: Terri Jones
Cc: David Frank; Adam Hill; Amber Norris
Subject: FW: Salary and Interest Rate
Attachments: Salary Explanation .xlsx; Utility response to capital structure added explanation for interest.xlsx

Terri,

Please file this message with attachments in the docket file (Docket No. 160065-WU) and use the subject line as the title or the filing.

Thank You
Robert

From: Martin S. Friedman [<mailto:mfriedman@coensonfriedman.com>]
Sent: Thursday, January 05, 2017 8:10 AM
To: David Frank; Robert Graves
Cc: CRAIG NODEN; raycindyflischel@gmail.com
Subject: Salary and Interest Rate

David and Robert,

Enclosed is a worksheet that ties out the salaries to the \$94,466 on the MFR. Also attached is a worksheet that further explain how the additional .23% of interest due to the closing costs was calculated. Let me know if you have any questions or need anything else.

Regards, Marty

MARTIN S. FRIEDMAN, ESQUIRE
Shareholder



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**BOCILLA UTILITIES, INC.
ALLOCATION OF SALARIES**

	Salary	Non Utility	Capitalized	Operating Salaries per MFR	Type of Salary
John Keaser	\$ 61,154	\$ (12,741)		\$ 48,413	W-2
Eileen Montanez	\$ 10,075	\$ -	\$ -	\$ 10,075	W-2
Daniel Webster	\$ 33,390		\$ (7,920)	\$ 25,470	W-2
Angela Weiser	\$ 7,360			\$ 7,360	1099
Misc. Payroll Costs	\$ 598			\$ 598	None
Christmas Bonuses	\$ 2,550			\$ 2,550	None
Totals	\$ 115,127	\$ (12,741)	\$ (7,920)	\$ 94,466	

**BOCILLA UTILITIES, INC.
DOCKET NUMBER 160065-WU
UTILITY RESPONSE TO FIELD AUDIT
ITEM: CAPITAL STRUCTURE
SCHEDULE S-1**

Capital Components:	Capital Components	Balance Staff 12/31/2015	Balance Staff 12/31/2014	Simple Average
Long Term Debt	Long Term Debt	988,002	1,022,450	1,005,226
Common Equity	Common Equity	192,205	240,097	216,151
	Total Equity and Debt	1,180,207	1,262,547	1,221,377

Capital Components	Balance Staff 12/31/2015	Balance Staff 12/31/2014	Simple Average
Long Term Debt	729,660	764,108	746,884
Common Equity	192,205	240,097	216,151
Total Equity and Debt	921,865	1,004,205	963,035

Note A:

Per field audit report, all numbers in this report reflect data reported in the audit report

Note B: Utility Response

The Utility is in agreement with all calculations as in regards to capital and has the following. During field audit it was discussed with audit staff that a portion of the loan was used to be substantiated with cost allocation and loan documentation, this amount of the loan is not to be included in the capital structure computation. Thus the capital structure as shown should

Additionally loan costs were discussed with the audit staff and provided, in the form of the following is enclosed in staff work papers. It indicates the loan interest rate is 4.5% with closing costs. A interest rate of 4.73% is established based on a five year balloon note. This interest rate

Additional Note: Original loan amount \$1,052,690, loan costs \$12,027

Loan is five year balloon, $12,027/5=2,405$ additional loan cost per year

$2,405/1,052,690 = .0023$

Loan interest rate is 4.5 %

Additional rate increase due to loan costs= .23%

Total Loan Cost of note= 4.73%

Rate Base	Percentage of Rate Base	Rate	Composite Rate	
1,005,226	82.30	4.00	3.29	SEE NOTE A
216,151	17.70	11.16	1.98	
1,221,377	100		5.27	

Rate Base	Percentage of Rate Base	Rate	Composite Rate	
746,884	77.56	4.73	3.67	See Note B
216,151	22.44	11.16	2.50	
963,035	100		6.17	

ing objection to long term debt amounts.
 omplete the interconnection with Knight Island Utilities, this was
 PSC and as such should not
 ld produce a rate of return due equal to 6.17%

g closing document. This document
 ts of \$12,027. In using these numbers
 is used in the above computations.