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Public Service Commission

August 25, 2017

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COMMISSION
CLERK
**STAFF'S SIXTH DATA REQUEST
VIA EMAIL & US MAIL**

Mr. John R. Boyer, President
Little Gasparilla Water Utility, Inc.
P. O. Box 7
Placida, Florida 33946

Re: Docket No. 20130265-WU - Application for staff-assisted rate case in Charlotte County, by Little Gasparilla Water Utility, Inc.

Dear Mr. Boyer:

Staff requests that Little Gasparilla Water Utility, Inc. (Little Gasparilla or Utility) provide the following additional information to assist with staff's review of the Utility's completed pro forma projects. For the following questions, please refer to the pro forma project documentation filed with the Commission by Little Gasparilla on April 28, 2017.

1. Please refer to Exhibit B, Remote Read Expense, Blutower, Inc. Invoice No. 4133, dated 1/26/17:
 - a. How many of the 450 meters purchased will be used to replace existing meters and how many will be used for new meter installations for new customers?
 - b. How many remote read meters has the Utility installed to date, broken down by the number of meter replacements and number of new customer installations? Please provide the start date for the installations and the number of installations per month.
 - c. The Utility initially planned to replace 100 meters per year over 4 years. Please provide an updated description of the Utility's meter replacement plan and a timeline of when the remaining meters are scheduled to be replaced?
 - d. Please describe how the timing of the meter replacement project was impacted by the Utility's loan application process. Also, please describe any other processes or events that contributed to a delay in the project, if applicable.

2. Please refer to Exhibit B, Remote Read Expense, HDSFM d/b/a USABluebook 1/4/17 quote for 350 5/8" x 3/4" Badger M-25 plastic meters without registers.
 - a. The quote includes a note that indicates the items were ordered on 4/18/17 with a confirmation number of 879837. Please provide the actual invoice and proof of payment for the order placed on 4/18/17.
 - b. Please explain why these parts were needed in addition to the meter replacement items included on the Blutower, Inc., Invoice No. 4133, dated 1/26/17.
 - c. The Blutower invoice includes parts for 450 meters and the HDSFM quote includes parts for 350 meters. Please explain why there is a difference in the number of meter parts.
3. Please refer to Exhibit C, Easement Expenses. On 2/19/2015, the Utility advised Commission staff that Little Gasparilla was unable complete the northline extension because an islander would not let the Utility cross their property and that it was necessary for the Utility to initiate eminent domain proceedings. This situation prevented completion of the last 300 feet of the main line and one fire hydrant at that time. Please provide the following additional information regarding the eminent domain proceedings.
 - a. Please describe what steps the Utility took to obtain the Sunwind Properties, Inc. (SPI) easement prior to initiating eminent domain proceedings and why other options, such as re-routing the line, were not possible.
 - b. Item 7 of the stipulated order related to the Potable Water Utility Easement between SPI and Little Gasparilla indicates that the Utility will pay \$7,000 to SPI as compensation for the property taken, attorney's fees and costs, severance damages, and all other damages claimed by SPI. In addition, Item 8 of the stipulated order indicates that the Utility will pay \$2,500 to SPI upon execution and delivery of the water utility easement by SPI.
 - i. Check No. 004815 shows that the Utility paid Sunwind \$2,500 on 6/25/2015, but includes a handwritten note indicating that \$7,000 was paid. In addition, Check No. 005016 shows that the Utility paid Sunwind \$2,000 on 1/14/2016. The total of the two checks is only \$4,500. Has the Utility paid the full settlement amount to SPI? If yes, please provide additional documentation showing the rest of the payments. If no, please specify when the Utility will complete the remaining payments to SPI.
 - ii. Is the \$2,500 payment that was issued upon execution and delivery of the easement considered part of the \$7,000 payment or in addition to it for a total of \$9,500?
 - c. Was the \$2,500 in appraisal services provided by Adomatis Appraisal Service related solely to the Sunwind easement? If no, please specify which other easements were included in this bill.

- d. Has the Utility completed all of the northline extension and fire hydrant installations? If yes, when was it placed into service? If no, please describe all work that remains to be completed and provide the anticipated completion date.
4. Exhibit C, Easement Expenses, also includes costs related to easements from William O. Tatum, Deborah L. Greene, Cape Haze Corporation, Carl and Phyllis Nesmith, and LGI Properties, LLC. Please provide the following information regarding these easements.
 - a. Were all of these easements related to the northline extension? If no, please specify which project each easement was related to.
 - b. Please describe why each easement was necessary to complete the applicable project.
 - c. Exhibit C indicates that the Utility incurred \$189 in recording and deed doc fees for the William O. Tatum, Deborah L. Greene, and Cape Haze Corporation easements. Is the Utility requesting recovery of any additional costs it incurred related to these easements, such as payments made to the easement grantors? If yes, please provide additional documentation showing the additional costs incurred and proof of payments made.
 - d. The 7/12/2016 e-mail from Ernie Sesskin includes a handwritten note stating "\$2,500 credit for connection, cost of connection." Please specify which easement this e-mail and note pertains to, and provide additional documentation supporting the \$2,500 credit in lieu of an easement payment.
 - e. Was the easement with Charles T. & Phyllis M. Nesmith recorded? If yes, please provide documentation showing it was recorded and the associated fees. If no, when will it be recorded?
 - f. Was the easement with LGI Properties LLC recorded and was the \$500 payment made? If yes, please provide documentation showing it was recorded and the associated fees, as well as proof of payment for the \$500 easement payment. If no, when will it be recorded and payment made?
 - g. Please describe the work and/or equipment that was covered by the \$1,200 Andy Dixon Backhoe Invoice No. 301015 dated 11/7/2016, including which pro forma project the work related to, which easements it related to, and why this service was needed either in addition to or in lieu of the Utility using the backhoe it purchased in 2014.
5. Please refer to Exhibit D, Legal Costs. Were any of the legal services that involved work or research related to Charlotte County's mandatory water hook-up ordinance necessary for the completion of any of the pro forma projects? If yes, please describe which project(s) were impacted and how the legal work or information was used to complete the project(s), such as completion of a pro forma project loan application.

6. Please refer to Exhibit E, Soft Costs, and provide the following additional information:

- a. Are all of the soft costs related to the building construction project? If no, please specify which project(s) the costs are related to, and how much of the costs should be assigned to each project.
- b. Check No. 005076 shows that the Utility paid \$2,000 to Brian Bishop & Associates on 3/24/2016. Was this payment used to pay for the \$1,605.95 permit that is referenced in Ms. Jeanne Bishop's e-mail dated March 24, 2016? If yes, please specify which other costs were covered by the remainder of the \$2,000 payment. If no, please explain what costs the \$2,000 payment covered.
- c. Please provide additional documentation showing the \$4,500 payment for the Beshears & Associates invoice dated 8/1/2016.
- d. Exhibit E includes four invoices from Thomas M. Ferraro, P.A., that total \$2,000. The first invoice is preceded by a page with a handwritten note that indicates that the bank inspector will be paid a total of \$2,500 and that four payments had already been made. Please describe what services were provided and why the services were necessary for the applicable pro forma project. In addition, please provide the additional invoice and proof of payment for the last \$500 payment.

7. Please refer to Exhibit F, Hard Cost, and provide the following additional information:

- a. Were all of the hard costs related to the building construction project? If no, please provide a breakdown of the costs that are associated with each applicable pro forma project.
- b. Exhibit F includes several invoices related to tearing out equipment, removing equipment, and removing concrete. However, the building construction contract includes a \$25,000 allowance for building demolition. In general, please explain whether the removal costs reflected in Exhibit F represent sub-contracted work that is included in the contract or reflects additional work outside the contract. If this work was outside the contract, please explain why it was excluded from the contract or whether the final contract price already excluded these costs or was adjusted to remove these costs.
- c. Exhibit F includes several invoices for the purchase of tools and materials. Are these purchases included as part of the total contract cost or do they reflect additional costs outside the contract?
- d. Exhibit F includes two checks totaling \$480 that were paid to Griffin Moeller for work related to the building and disbanding building (Check No. 004683 dated 2/26/2015 for \$288 and Check No. 004701 dated 3/5/2015 for \$192). Further, Check No. 004701 includes a handwritten note indicating a total of \$672. Please provide additional detail describing the work that was performed by Mr. Moeller, and documentation showing payment of the remaining \$192 of the \$672 payment.

- e. Exhibit F includes two checks totaling \$264 that were paid to Chad Weeks. Please provide additional detail describing the work that was performed by Mr. Weeks.
- f. Regarding the \$4,800 Island Dreams North, Inc. Invoice No. 357 dated 10/30/2015, for site work and concrete removal:
 - i. Please provide additional details about the work included in this invoice.
 - ii. Please describe any steps taken by the Utility to request quotes or seek lower cost alternatives prior to hiring a related company to perform this work.
- g. Regarding the \$3,250 Island Dreams North, Inc. Invoice No. 358 dated 11/10/2015:
 - i. Please explain why the 1,500 gallon propane tank was relocated, including where the tank was originally located, why it was necessary to relocate it, where it was relocated to, and whether it will continue to be used by the Utility.
 - ii. Please describe any steps taken by the Utility to request quotes or seek lower cost alternatives prior to hiring a related company to perform this work.
- h. Exhibit F includes two invoices from Gulf Coast True Value Hardware that include the purchase of PVC pipes and associated materials (Invoice No. 484955 dated 12/8/15 for \$250.20 and Invoice No. 485963 dated 1/10/16 for \$85.06). Please explain which pro forma project these materials were used for.
- i. The \$4,000 Down to Earth invoice that was paid on 3/22/2016 is partially covered on the left side by an adding machine tape calculation. Please provide a new copy of the page showing the full invoice and payment and provide an explanation of the work covered by the invoice. Also, please provide additional information regarding the calculations on the adding machine tape if these are separate costs the Utility is seeking to recover.
- j. Regarding the \$593.46 Home Depot receipt dated 2/23/16, please provide a complete copy of the receipt.
- k. Please provide proof of payment for the Home Depot receipts for \$502.25 dated 4/19/16 and for \$245.11 dated 4/3/16. Also, please specify which pro forma project the \$502.25 receipt related to (e.g., building construction, northline extension, meter replacements).
- l. Several of the Home Depot receipts include items such as a trellis, plants, door mats, and a starter log firestarter. Please specify which project these items were related to. If the items relate to more than one project, please provide a breakdown of the costs that should be associated with each project (e.g., new building landscaping, easement restoration, etc.). Also, please indicate any items that represent personal purchases, if applicable.

- m. Regarding the \$600 Andy Dixon Backhoe Invoice No. 724194 dated 4/8/16 for Traco Weld, please explain what this is and which pro forma project it relates to.
 - n. Regarding the \$40.45 Consolidated Electrical Distributors, Inc. invoice that was paid with Check No. 005060 on 2/25/15, please provide a more legible copy if possible and explain what materials were covered by this invoice.
8. Please refer to Exhibit G, Barging Fees. The Eldred's Marina Invoice No. 8082-40 dated 8/6/16, includes a \$235.40 charge for boat slip #34 with a note indicating this is related to the new building. Please explain why the boat slip was necessary for the new building construction.
9. Please refer to Exhibit H, Line Extension.
- a. Please clarify whether the line extension costs reflected in Exhibit H are related solely to completing the last 300 feet of the northline extension after the easements were obtained, include additional costs incurred on other parts of the northline extension, or include costs related to connecting new customers. If the costs are not related solely to the last 300 feet of the northline extension, please provide a breakdown of the costs by project.
 - b. Regarding the \$158.02 Ferguson Waterworks Invoice No. 1324124 dated 1/17/17, please clarify whether this invoice is related to the northline extension, the new building construction, or both.
10. Please refer to Exhibit I, Construction Loan Agreement.
- a. Please provide additional supporting documentation that shows that the work was completed and payments made for the \$259,500 construction contract, such as the general contractor's Application and Request for Payment forms, related invoices, and proof of payment.
 - b. If not provided in 9.a. above, please provide a legible copy of the construction cost continuation sheet attached to the Construction Loan Agreement as Exhibit B.
11. New Building Construction. Please provide the following additional information related to the new building construction:
- a. Please describe the design changes that were made to reduce the initially proposed cost of the building.
 - b. Please describe how much additional time was spent modifying the original construction plans, construction contract, and loan application related to the redesign of the building, and any resulting project delays caused by the redesign efforts.

Mr. John R. Boyer, President

Page 7

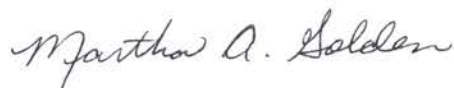
August 25, 2017

c. Did the Utility encounter any other delays in the construction of the new building that were not related to the building redesign efforts?

12. Excessive Unaccounted for Water (EUW). Pursuant to Order No. PSC-14-0626-PAA-WU, issued October 29, 2014, in this docket, the Utility's rates include several expense adjustments to reflect a seven percent EUW adjustment. Based on a review of the Utility's 2016 Annual Report, it appears that the EUW may have been eliminated following the Utility's pro forma plant improvements. Please provide the most recent 12-months of data available showing the total gallons of water purchased for resale from Charlotte County Utilities and the total gallons of water sold to Little Gasparilla's customers. Please include the applicable water bills received from Charlotte County Utilities, Little Gasparilla's billing data, and documentation regarding known causes for any remaining unaccounted for water, such as line flushing or leaks.

Please file the requested information by September 15, 2017, with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or electronically on the Commission's Web site at <http://www.floridapsc.com/ClerkOffice/EFilingRequirements>. Please feel to call me at (850) 413-7015 or e-mail me at mgolden@psc.state.fl.us, or call Penny Buys at (850) 413-6518 or e-mail her at pbuys@psc.state.fl.us if you have any questions.

Sincerely,



Martha A. Golden
Regulatory Supervisor/Consultant

cc: Martin S. Friedman, Esquire
Commission Clerk