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December 5, 2019
VIA E-FILING

Adam Teitzman, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Re: Docket No. 20190147-WS - Application for certificates to provide water and wastewater service in Brevard County, by River Grove Utilities, Inc.
Our Matter No.: 070356

Dear Mr. Teitzman:

On behalf of River Grove Utilities, Inc. ("Utility") the following are the partial responses to Staff's First Data Request dated November 8, 2019.

ACCOUNTING INFORMATION

1. According to Exhibit 17A of River Grove's application, the Utility shows a balance of \$30,000 in Account 334, meters and meter installations. However, according to Exhibit 18, the Utility will collect \$60,716 in CIAC attributed to meters and meter installations. Please reconcile this difference.

RESPONSE:
See attached reconciliation.

2. Please provide the invoices for each line item included in Exhibit 18.

RESPONSE:
Will be filed by due date.

3. Please provide documentation and/or calculations verifying inputs for the following items from Exhibit 19A.
 - a. Transportation expense.
 - b. Insurance expense.
 - c. Miscellaneous expense.

RESPONSE:

See attached documentation.

4. Please provide documentation and/or calculations verifying inputs for the following items from Exhibit 19B.
 - a. Purchased power expense.
 - b. Materials and supplies expense.
 - c. Transportation expense.
 - d. Insurance expense.
 - e. Miscellaneous expense

RESPONSE:

See attached documentation.

5. According to Exhibit 19A and 19B, there are no salaries and wages expenses associated with the water system and \$68,533 in salaries and wages expenses associated with the wastewater system. Please provide descriptions, salaries, and any other documentation related to all positions supporting the requested salaries and wages expenses for the wastewater system. Additionally, please explain why salaries and wages expenses have not been allocated to the water system.

RESPONSE:

Will be filed by due date.

6. Please provide all calculations and documentation the Utility used to estimate the expenses included in contractual services for both the water and wastewater systems.

RESPONSE:

Will be filed by due date.

7. Please provide documentation supporting the millage rate used to calculate property taxes.

RESPONSE:

See attached millage rate code 3400.

8. Please provide supporting documentation verifying the common equity included in Exhibit 20.

RESPONSE:

See attached documentation

9. Please explain the unreconciled adjustment of \$2,100 to common equity included in Exhibit 20.

RESPONSE:

The unreconciled adjustment is a result of calculating projected equity.

RATES & RATE STRUCTURE

10. Please explain the methodology behind the Utility's percent allocation of its revenues between the base facility charge and gallonage charge for its water and wastewater systems.

RESPONSE:

The methodology used was in line with the Utility's objectives to maintain rates that will not only provide revenue stability but allows customers to pay rates more closely associated with the actual cost of providing service. Excessive consumption is discouraged through conservation levels.

MISCELLANEOUS SERVICE CHARGES

11. Regarding the Utility's labor calculation for its requested miscellaneous service charges, the Utility calculated the labor component using an hourly salary of \$20 and 1.33 hours to administer miscellaneous services. Typically, the Commission evaluates the labor component of requested miscellaneous service charges based on the separate administrative and field duties involved with administering miscellaneous services. Furthermore, the Commission typically approves miscellaneous service charges based on one-fourth hour of administrative labor and one-third hour of field labor.
- a. Please specify how much of the 1.33 hours is attributable to administrative and field labor respectively and the job functions performed by each.

RESPONSE:

The total 1.33 hours is allocated to field labor and supervisor labor in the amount of 1.25 hours and .08 hour respectively. Job functions include the initial connection for new customers, normal reconnection of service, premise visits in lieu of disconnection and supervision of these services. There is no allocation to administrative as this function is included in contracted services account 630/730.

12. Please explain if there is supervisory labor performed while processing miscellaneous service charges as similarly indicated while processing the Utility's requested late payment charge. If not, please explain why.

Adam Teitzman, Commission Clerk
December 5, 2019
Page 4

RESPONSE:

Yes. Supervisorial labor is performed and included in the cost as indicated in response to 11 above.

Should you or Staff have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,

/s/ Martin S. Friedman
MARTIN S. FRIEDMAN
For the Firm

cc: David Bolam (via email)
Richard Bass (via email)

		<u>Cost</u>	
T & D PLANT (Accounts 304 through 339)			
Part 1 Section A			
1,700 LF of 10 Inch PVC watermain; 400 LF of 12 inch HDPE water main; valves, fittings, fire hydrants, backflow prevention; master meter, appurtenances	368,279.00		
Change Order 2 Price Increase	15,995.46		
Part 1 Section B			
1,000 LF of 10 inch PVC watermain; 250 LF of 12 inch HDPE watermain; valves, fittings, fire hydrants, appurtenances	267,567.00		
Change Order 2 Price Increase	2,872.99		
Part 2			
Potable water service piping, valves, meters and meter boxes at approx 172 lots	310,181.00	Include 172 meters/boxes at \$353 each per calculator on Exhibit 13A	\$ 60,716
Engineering (Tocoi)	41,062.94		
Engineering (Tocoi)	35,937.06		
R/W Permit	3,201.00		
	<u>1,045,096.46</u>	Line 13 Exhibit 17A	
Meters & Meter Installation : change Order 2			30,000
334 Price Increase	<u>29,999.52</u>	Line 15 Exhibit 17A	<u>\$ 90,716</u>



Milian, Swain & Associates, Inc.

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Miami, Florida 33145
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www.milianswain.com

Civil Engineers • Environmental Scientists & Engineers • Utility Management • Financial Consultants

INVOICE

Attn: Richard Bass
River Grove Utilities, Inc.
8440 South U.S. Highway 1
Micco, FL 32976

Invoice Date: July 1, 2019
Invoice Number: 43981
Page #1 Billing # 6

For Professional services rendered through June 28, 2019 for Financial Consulting for FPSC Original Certificate Application

Table with 4 columns: Principal, Hours, Rate, Amount. Rows include Deborah Swain, Senior Staff Accountant: Cynthia Yapp, Total Hours, and Total For Invoice # 43981 with amount \$4,421.25.

Total Amount Due: \$4,421.25

Please make check payable to Milian, Swain & Associates, Inc .



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INVOICE

Attn: Richard Bass
River Grove Utilities, Inc.
8440 South U.S. Highway 1
Micco, FL 32976

Invoice Date: February 1, 2019
Invoice Number: 43822
Page #1 Billing # 2

For Professional services rendered through January 25, 2019 for Financial Consulting to Analyze Wastewater Service Extension

Table with 4 columns: Name, Hours, Rate, Amount. Rows include Principal: Deborah Swain (2.00 hours, 225.00 rate, 450.00 amount) and Senior Staff Accountant: Cynthia Yapp (27.00 hours, 180.00 rate, 4,860.00 amount). Total Hours: 29.00.

Summary row: Total For Invoice # 43822, Amount \$5,310.00

Total Amount Due: \$5,310.00

Please make check payable to Milian, Swain & Associates, Inc .



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INVOICE

Attn: Richard Bass
River Grove Utilities, Inc.
8440 South U.S. Highway 1
Micco, FL 32976

Invoice Date: March 1, 2019
Invoice Number: 43844
Page #1 Billing # 3

For Professional services rendered through February 22, 2019 for Financial Consulting to Analyze Wastewater Service Extension

	Hours	Rate	Amount
Principal:			
Deborah Swain	0.50	225.00	112.50
Senior Staff Accountant:			
Cynthia Yapp		180.00	0.00
Total Hours	0.50		
Total For Invoice #		43844	\$112.50

Total Amount Due: \$112.50

Please make check payable to *Milian, Swain & Associates, Inc.*



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INVOICE

Attn: Richard Bass
River Grove Utilities, Inc.
8440 South U.S. Highway 1
Micco, FL 32976

Invoice Date: April 1, 2019
Invoice Number: 43878
Page #1 Billing # 4

For Professional services rendered through March 29, 2019 for Financial Consulting to Analyze Wastewater Service Extension

Table with 4 columns: Principal, Hours, Rate, Amount. Rows include Deborah Swain (3.50 hours, 225.00 rate, 787.50 amount) and Cynthia Yapp (8.25 hours, 180.00 rate, 1,485.00 amount). Total Hours: 11.75.

Summary row: Total For Invoice # 43878, Amount \$2,272.50

Total Amount Due: \$2,272.50

Please make check payable to Milian, Swain & Associates, Inc .



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INVOICE

Attn: Richard Bass
River Grove Utilities, Inc.
8440 South U.S. Highway 1
Micco, FL 32976

Invoice Date: May 1, 2019
Invoice Number: 43910
Page #1 Billing # 5

For Professional services rendered through April 26, 2019 for Financial Consulting to Analyze Wastewater Service Extension

Table with 4 columns: Principal, Hours, Rate, Amount. Rows include Deborah Swain (0.00) and Cynthia Yapp (1,485.00).

Summary row: Total For Invoice # 43910, Amount \$1,485.00

Total Amount Due: \$1,485.00

Please make check payable to Milian, Swain & Associates, Inc .



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INVOICE

Attn: Richard Bass
River Grove Utilities, Inc.
8440 South U.S. Highway 1
Micco, FL 32976

Invoice Date: July 1, 2019
Invoice Number: 43981
Page #1 Billing # 6

For Professional services rendered through June 28, 2019 for Financial Consulting for FPSC Original Certificate Application

Table with 4 columns: Principal, Hours, Rate, Amount. Rows include Deborah Swain (7.25 hours, 225.00 rate, 1,631.25 amount) and Cynthia Yapp (15.50 hours, 180.00 rate, 2,790.00 amount). Total hours: 22.75.

Summary row: Total For Invoice # 43981, Amount \$4,421.25

Total Amount Due: \$4,421.25

Please make check payable to Milian, Swain & Associates, Inc .

Staff's First Data Request: Response #3

Projected

Exhibit 19A Water Expenses	2015	2016	2017	Average	2019
Payroll Expense @ 40%	\$56,372.00	\$69,833.00	\$74,426.97	\$66,877.32	
650 Transportation @40%	\$1,767.70	\$4,135.86	\$7,662.83	\$4,522.13	\$4,634.08
W/S Plant Maintenance @40%	\$8,234.76	\$1,943.99	\$2,457.46	\$4,212.07	
675 Miscellaneous Exp Building/Ground @10%	\$3,318.14	\$1,622.43	\$1,780.40	\$2,240.32	\$2,295.78
Chemicals @ 50%	\$836.70	\$825.68	\$130.00	\$597.46	
655 Insurance Exp @20%	\$2,828.61	\$2,921.39	\$5,067.15	\$3,605.72	\$3,694.98
Consulting Engineer	\$2,500.00	\$0.00	\$27,895.18	\$10,131.73	
Overhead @20%	\$47,988.01	\$52,197.48	\$52,557.76	\$50,914.42	
Utilities @25%	\$9,028.04	\$8,426.13	\$8,826.29	\$8,760.15	
Taxes @10%	\$5,353.94	\$9,373.46	\$5,145.42	\$6,624.27	
Lab fees @40%	\$1,953.60	\$1,072.80	\$972.00	\$1,332.80	
Subtotal	\$140,181.50	\$152,352.19	\$186,921.46	\$159,818.38	
Total Expense	\$728,536.58	\$760,689.83	\$764,608.62	\$751,278.34	
Percent Water =	19.24%	20.03%	24.45%	21%	
Percent Increase in Total Expenses =		2.48%	per year	increase	

Staff's First Data Request: Response #4

Projected

Exhibit 19B Waste Water Expenses	2015	2016	2017	Average	2019
Payroll Expense @ 40%	\$56,372.00	\$69,833.00	\$74,426.97	\$66,877.32	
750 Transportation @40%	\$1,767.70	\$4,135.86	\$7,662.83	\$4,522.13	\$4,634.08
720 Materials & Supplies @40%	\$8,234.76	\$1,943.99	\$2,457.46	\$4,212.07	\$4,316.34
775 Miscellaneous Exp Building/Ground @10%	\$3,318.14	\$1,622.43	\$1,780.40	\$2,240.32	\$2,295.78
Chemicals @ 30%	\$502.02	\$495.41	\$78.00	\$358.48	
755 Insurance Exp @20%	\$2,828.61	\$2,921.39	\$5,067.15	\$3,605.72	\$3,694.98
Consulting Engineer	\$0.00	\$0.00	\$0.00	\$0.00	
Overhead @20%	\$47,988.01	\$52,197.48	\$52,557.76	\$50,914.42	
715 Purchased Power @50%	\$18,056.08	\$16,852.26	\$17,652.58	\$17,520.30	\$17,954.04
Taxes @10%	\$5,353.94	\$9,373.46	\$5,145.42	\$6,624.27	
Lab fees @60%	\$2,930.40	\$1,609.20	\$1,458.00	\$1,999.20	
Subtotal	\$149,366.66	\$163,000.45	\$170,303.57	\$158,874.23	
Total Expense	\$728,536.58	\$760,689.83	\$764,608.62	\$751,278.34	
Percent Waste Water =	20.50%	21.43%	22.27%	21%	
Percent Increase in Total Expenses =		2.48%	per year	increase	

Staff's First Data Request: Response #5

Projected

Exhibit 19B Waste Water Expenses	2015	2016	2017	Average	2019
701 Salaries & Wages - Employees @ 40%	\$56,372.00	\$69,833.00	\$74,426.97	\$66,877.32	\$68,532.97
750 Transportation @40%	\$1,767.70	\$4,135.86	\$7,662.83	\$4,522.13	
720 Materials & Supplies @40%	\$8,234.76	\$1,943.99	\$2,457.46	\$4,212.07	
775 Miscellaneous Exp Building/Ground @10%	\$3,318.14	\$1,622.43	\$1,780.40	\$2,240.32	
Chemicals @ 30%	\$502.02	\$495.41	\$78.00	\$358.48	
755 Insurance Exp @20%	\$2,828.61	\$2,921.39	\$5,067.15	\$3,605.72	
Consulting Engineer	\$0.00	\$0.00	\$0.00	\$0.00	
Overhead @20%	\$47,988.01	\$52,197.48	\$52,557.76	\$50,914.42	
715 Purchased Power @50%	\$18,056.08	\$16,852.26	\$17,652.58	\$17,520.30	
Taxes @10%	\$5,353.94	\$9,373.46	\$5,145.42	\$6,624.27	
Lab fees @60%	\$2,930.40	\$1,609.20	\$1,458.00	\$1,999.20	
Subtotal	\$149,366.66	\$163,000.45	\$170,303.57	\$158,874.23	
Total Expense	\$728,536.58	\$760,689.83	\$764,608.62	\$751,278.34	
Percent Waste Water =	20.50%	21.43%	22.27%	21%	
Percent Increase in Total Expenses =		2.48%	per year	increase	

Wastewater System Salaries & Wages:

Operators

Water System Salaries & Wages:

There's no salaries or wages projected for the water system as the Utility plans to connect to the Brevard County Utility Service Bayfoot Bay system and take the water treatment plant offline. The cost to purchase water is included in account 610 Purchased Water. Other administrative services such as meter reading, billing and collection will be provided by River Grove Mobile Home Village and the projected cost for these services are included in account 630 Contracted Services.

Staff's First Data Request Response #8

River Grove Utilities, Inc.
Initial Rates and Charges
Projected 2019

Line No.	NARUC Acct.	Assets and Other Debits	
1	101	Utility Plant In Service	\$ 1,182,822
2	103	Property Held For Future Use	
3	104	Utility Plant Purchased or Sold	
4	105	Construction Work in Progress	
5	108	Accumulated Depreciation and Amortization of UPIS	(55,364)
6	114	Utility Plant Acquisition Adjustments	
7	115	Accumulated Amortization of Utility Plant Acquisition Adjustments	
8	121	Nonutility Property	
9	122	Accumulated Depreciation and Amortization of Nonutility Property	
10	124	Utility Investments	
11	131	Cash	33,313
12	132	Special Deposits	
13	141	Customer Accounts Receivable	13,186
14	143	Accumulated Provision of Uncollectible Accounts - CR	
15	151	Plant Material and Supplies	
16	174	Miscellaneous Current and Accrued Assets	
17	186	Miscellaneous Deferred Debits	
18	190	Accumulated Deferred Income Taxes	
19		Total Assets and Other Debits	\$ 1,173,957
20			
21		Equity Capital	
22	201	Common Stock Issued	
23	204	Preferred Stock Issued	
24	211	Other Paid In Capital	46,484
25	215	Retained Earnings	8,480
26	218	Proprietary Capital	
27		Liabilities and Other Credits	
28	224	Long Term Debt	\$ 229,209
29	231	Accounts Payable	11,104
30	232	Notes Payable	
31	235	Customer Deposits	52,749
32	236	Accrued Taxes	
33	237	Accrued Interest	
34	241	Miscellaneous Current and Accrued Liab.	
35	252	Advances for Construction	
36	253	Other Deferred Credits	
37	255	Accumulated Deferred Investment Tax Credits	
38	265	Miscellaneous Operating Reserves	
39	271	Contributions in Aid of Construction (CIAC)	837,564
40	272	Accumulated Amortization of CIAC	(11,633)
41	281	Accumulated Deferred Income Taxes -Accelerated Amortization	
42	282	Accumulated Deferred Income Taxes -Liberalized Depreciation	
43	283	Accumulated Deferred Income Taxes - Other	
44		Total Equity, Liabilities and Other Credits	\$ 1,173,957