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July 8, 2020
VIA E-FILING

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

Re: Docket No. 20200152-WS - Application of Alturas Water, LLC; Pinecrest Utilities, LLC; Charlie Creek Utilities, LLC; Orange Land Utilities, LLC; Crestridge Utilities, LLC; Holiday Gardens Utilities, LLC; East Marion Utilities, LLC for a limited alternative rate increase in Hardee, Lake, Marion, Pasco, and Polk Counties
Our Matter No. 073687

Dear Mr. Teitzman:

The following are the responses to Staff's First Data Request dated June 25, 2020.

1. Please refer to Exhibit G, there is a pro forma expense of \$6,813.84 for payroll tax. Please explain the calculation for the amount of pro forma payroll tax, and provide any supporting documentation pertaining to those calculations.

Response: The \$6,813.84 pro forma payroll tax amount was calculated as follows,
Pro forma Employee Salaries of \$83,503.00 X 8.16% = \$6,813.84

The 8.16 % factor accounts for the total change in payroll taxes reflected in Exhibit F of the filing (\$3,814.28 / \$46,768.09). The calculation reflects the ratio of the increase in payroll taxes of \$3,814.28 to the increase in employee payroll expense of \$46,768.09, resulting from the difference between actual and approved allocated expenses in the West Lakeland rate case order.

Please refer to Exhibit G-1 for the following questions.

2. Please identify the Utility employee or employees whose duties currently include overseeing regulatory compliance.

Response: Currently, this job is done by Mike Smallridge. With the addition of additional customers, utility companies, operators and governmental agency reporting requirements, this work requires the attention of a full time person.

3. Please identify the number of hours per month this employee(s) recorded for regulatory compliance duties in 2018 and 2019.

Response: Estimated 20 hours a week before the addition of additional utility companies, customers, operators and governmental agency reporting requirements.

4. What types of emergency services does the Utility anticipate procuring through vendors and contractors?

Response: Depending on the type of emergency, services may include but is not limited to emergency generator procurement, water/wastewater pumping equipment, delivery of Fuel (propane or diesel) for on-site generators, assuring company owned equipment(Vacuum, tractor, Etc) is on site for emergencies situations.

5. What type of emergency assets will the new technician be compiling and maintaining?

Response: Generators, pumps, tractor, vacuum and any rented equipment or borrowed equipment from Florida Rural Water and all associated reporting to DEP or any other government agency. This position will also be required to maintain all FUS1 systems in the state mandated FLA-WARN system.

Please refer to Exhibit G-2 for the following questions.

6. Please identify the need for the purchased air conditioning system totaling \$6,650.

Response: The old Air conditioning unit was original to the building and was not repairable.

7. Please identify where the air conditioning system was installed.

Response: The unit was installed at the utility office addressed 5911 Trouble Creek Rd. New Port Richey, Florida

8. Were bids obtained for air conditioning system project?

- a. If so, please provide a copy of all bids that were obtained and explain why the purchased air conditioning system was selected.

Response: I obtained two bids. The second bid was rejected because it was more money and the warranty was for a less time.

- b. If not, please explain why other bids were not sought.

Response:

9. Please refer to page 3 of the application, subpart g. Please explain how the Utility decided the cost of the air conditioning system should be recorded in Account 636/736.

Response: The cost for the air conditioning system was recorded to Accounts 636/736 based on the terms of the building lease for common office space for the FUS1 systems. The lease was approved in Order Nos. PSC-2019-0503-PAA-SU, issued November 25, 2019 and PSC-2020-0119-PAA-WS, issued April 20, 2020, respectively.

Item No. 3 of the building lease makes the lessee (FUS1) responsible for,

“All cost and expenses whatsoever kind, character, nature or description concerning the Premises and the Rent payable hereunder shall be borne by the LESSEE, including but not limited to real estate taxes, property damage and liability insurance, maintenance of the exterior and interior structures, all HVAC, electricity and plumbing.”

See Document No. 08965-2019, filed in Docket No. 20190113-WS, Application for a Staff Assisted Rate Case in Manatee County by Heather Hills Utilities, LLC.

FUS1 has no real property interest in the building and the lease and all associated cost with the lease are expensed through FUS1 common cost allocation method. The cost for the air conditioning should be expensed and allocated to all of the systems because it falls under the terms of the building lease referenced above.

Please do not hesitate to contact me should you or staff have any questions regarding this response.

Very truly yours,

/s/ Martin S Friedman

MARTIN S. FRIEDMAN

For the Firm

MSF/

cc: Mike Smallridge (via email)
Jeff Small (via email)
Sonica Bruce (via email)



P.O. BOX 427
Dunnellon, FL 34430
(352) 465-3591

Licensed & Insured CAC1816875
gcacservice@gmail.com

February 8, 2019

Customer: Michael Smallridge

Service Address: Florida Utility Services
5911 Trouble Creek Road
New Port Richey, Florida
34652

Proposal/Contract for Services

The following is a proposal to replace the air conditioning equipment and install 2 new air returns at the above service address. This proposal includes the following.

- 1 Goodman 5 ton 14 seer condensing unit installed with valve locks, hurricane pad and hurricane anchors as per Florida building code.
- 1 Goodman 5 ton 14 seer air handling unit installed with 10 kw emergency heat strip and float switch as per Florida building code.
- 1 Honeywell 5000 digital thermostat installed.
- 2 New air returns installed constructed of duct board and flex pipe.
- All permits and inspections.
- 1 Year labor warranty provided by Gulf Coast Air & Heat Inc.
- 5 Year parts warranty provided by Goodman Mfg.
- Total price for this project **\$7,200.00**

Disclaimers and Exclusions

This contract does not include any high voltage electrical work, any cutting, patching, painting, sealing, waterproofing, roofing, drywalls, fire rating, independent test & balance & concrete work. This proposal is good for 30-days from the date above. Customer understands and agrees that Gulf Coast Air & Heat, Inc. retains ownership of all the parts installed pursuant to the contract until customer fully pays for all the equipment/materials used and related labor. Customer expressly grants to Gulf Coast Air & Heat, Inc. and easement and permission to pass on to the customer's property for the purpose of removing equipment/materials installed by Gulf Coast Air & Heat, Inc. for which customer does not pay in accordance with this contract. Customer agrees to pay Gulf Coast Air & Heat, Inc. reasonable attorney's fees and costs if necessary to enforce any of the terms of this contract. All service shall be suspended on past due accounts. Customer agrees that customer's damages for any claim arising out of or related to this contract may not exceed under any circumstances whatsoever, an amount equal to the price charged by Gulf Coast Air, Inc. for the labor and materials furnished pursuant to this contract. Furthermore, customer waives all claims and holds Gulf Coast Heat & Air, Inc. harmless for any and all claims pertaining to moisture and mold or algae growth as well as consequential damages arising out of related to this contract. Customer understands that if customer refuses to allow Gulf Coast Air & Heat, Inc. to perform pursuant to this agreement, associated damages are difficult to ascertain; therefore customer agrees that it is reasonable in the event, that damages are a liquidated amount equal to 15% of the total price stated in the contract. The contract is voidable by Gulf Coast Heat & Air, Inc. if not accepted within 30 days and is also voidable if Gulf Coast Air & Heat, Inc. is precluded from commencing work for more than 60 days after full execution. Customer agrees to pay finance charge equal to 1.5 % per month on any amount unpaid for more than 30 days for the work performed. Customer further agrees that regarding any dispute arising out of or related to this contract the prevailing party is entitled to recover reasonable attorney's fees from the non-prevailing party from the time the dispute arises through the appeal, if any. This contract represents the entire agreement between parties.

Accepting Client agrees to Payment of \$7,200.00 To Gulf Coast Air & Heat Inc. Immediately after Work Is Complete for the above Services.

George Bunch

George Bunch - Owner Gulf Coast Air & Heat Inc.

Printed Name & Title of Accepting Client

George Bunch