

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 23, 2023

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Christopher R. Richards, Public Utility Analyst III, Division of Accounting & Finance *CRR*

RE: Docket No. 20210098-WU – Application for staff-assisted rate case in Pasco County by A Utility Inc.

Please place the attached email correspondence between Mr. Hashemi and staff, in the docket file referenced above.

Attachment.

From: [Christopher Richards](#)
To: ["Al Hashemi"](#)
Cc: [Emily Knoblauch](#); [Jacob Imig](#); [Devlin Higgins](#); [Curt Mouring](#); [Mark Cicchetti](#)
Subject: RE: Chris Richards response to Mr. Hashemi - Docket No. 20210098-WU
Date: Monday, January 23, 2023 9:55:24 AM
Attachments: [1989 Order.pdf](#)
Importance: High

Good morning Mr. Hashemi,

Please see my response to your points of concern below. Additionally, per your request, I have attached to this email the 1989 Commission Order (Order No. 21652, issued on August 2, 1989, in Docket No. 881601-WU) in which rates were last set for A Utility (under its former name, prior to the 2017 transfer).

I am also placing this email correspondence in the 20210098-WU Docket File to allow the parties and Commissioners to view if desired.

Please note, my responses to your concerns are all based off of the Staff Report which was filed in the 20210098-WU Docket File on November 1, 2022.

1. Long term loan, simply does not exist. A person invests in a company is not right to make that investment into a loan that does not exist for the sake of creating an interest charge of \$11,700. What is the purpose of such a loan when total value of water distribution is less than \$10,000? And the single lot it sits on was about \$4,000 back in 2017.

Please reference Schedule No. 2 (page 22) of the Staff Report. As you will see, staff removed \$107,947 (pro rata adjustment) from the long-term debt balance to reflect the rate base of the utility system. Rate base can be considered an approximation of the value of an utility. Staff is only including \$10,053 of the long-term debt balance of \$118,000 reported by the Utility.

2. The staff acceptance of the payroll expense of AUI, is shocking, I have not seen any such tax records showing any such payments. You have to remember that a third corporation is operating and maintaining that system.

Please reference page 10 of the Staff Report. In a response to staff's second data request (Document No. 03343-2022, filed on June 2, 2022) the Utility stated the amount of salaries for 2021 were \$3,874. Staff believes this is a reasonable annual amount. Please note, this is an annual amount.

3. The management fee, please give me a break. So instead of taking the profit from operation. Apple CEO took \$1 a year.

Staff did not include a management fee in the recommendation. If you are referring to the annual expense of \$5,326 recorded to the Contractual Services – Professional Account, please reference page 10 of the Staff Report. This expense is to cover the cost of the Plant Operator, based on the actual invoices submitted by the Operator. A Plant Operator is necessary to safely and effectively run a water utility.

4. The lawn maintenance, well explained in my second comments, should not be more than

\$130 per year.

Please reference page 11 of the Staff Report. In a response to staff's second data request (Document No. 03343-2022, filed on June 2, 2022) the Utility provided a signed contract for property maintenance (page 30 of the data request). This contract includes landscaping for all three properties used by the Utility. Staff believes the contract is reasonable at that cost.

5. Accounting fee of \$3,900 from the business point of view is blasphemy when it is 20% of the total revenue. My suggestion is well explored in the second comment. \$400.

Please reference page 11 of the Staff Report. In a response to staff's second data request (Document No. 03343-2022, filed on June 2, 2022) the Utility provided a quote by a professional accounting/CPA firm (page 28 of the data request). Staff believes the charges set forth by the CPA firm are reasonable for the required work.

6. How did the staff come up with accumulated amortization of the CIAC? What data?

Please reference page 7 of the Staff Report. The CIAC balance of \$26,625 was fully amortized according to the 2017 Transfer Order, therefore, staff set the accumulated amortization balance to \$26,625 to reflect the CIAC being fully amortized. The two numbers net to zero now.

Christopher R. Richards
Public Utilities Analyst III
Division of Accounting and Finance
Florida Public Service Commission
crichard@psc.state.fl.us
Office: 850-413-6742

From: Christopher Richards
Sent: Monday, January 23, 2023 7:47 AM
To: 'Al Hashemi' <hashemi.al@gmail.com>
Cc: Emily Knoblauch <eknoblau@psc.state.fl.us>; Jacob Imig <JImig@psc.state.fl.us>; Devlin Higgins <DHIGGINS@PSC.STATE.FL.US>
Subject: RE: Chris Richards response to Mr. Hashemi - Docket No. 20210098-WU

Good morning Mr. Hashemi,

I was out of the office last Friday afternoon when you attempted to call. Please allow me a couple of hours this morning to prepare answers to your concerns outlined below.

I will have an email to you shortly with my response.

Thank you,

Christopher R. Richards
Public Utilities Analyst III
Division of Accounting and Finance
Florida Public Service Commission
crichard@psc.state.fl.us
Office: 850-413-6742

From: Al Hashemi <hashemi.al@gmail.com>

Sent: Friday, January 20, 2023 2:23 PM

To: Christopher Richards <crichard@psc.state.fl.us>

Cc: Emily Knoblauch <eknoblau@psc.state.fl.us>; Jacob Imig <JImig@psc.state.fl.us>; Devlin Higgins <DHIGGINS@PSC.STATE.FL.US>

Subject: RE: Chris Richards response to Mr. Hashemi - Docket No. 20210098-WU

Importance: High

Dear Mr. Richards

I have tried to reach you by phone to no avail.

I am preparing my report based on Auditors and Staff report and believe that these are not in line with the existing information filed by AUI.

1. Long term loan, simply does not exist. A person invests in a company is not right to make that investment into a loan that does not exist for the sake of creating an interest charge of \$11700.00. what is the purpose of such a loan when total value of water distribution is less than \$10000.00? and the single lot it sits own was about \$4000 back in 2017.
2. The staff acceptance of the payroll expense of AUI, is shocking, I have not seen any such tax records showing any such payments. You have to remember that a third corporation is operating and maintaining that system.
3. The management fee, please give me a break. So instead of taking the profit from operation. Apple CEO took \$1.00 a year.
4. The lawn maintenance, well explained in my second comments, should not be more than \$130.00 per year.
5. Accounting fee of \$3900.00 from the business point of view is a blasphemy when it is 20% of the total revenue. My suggestion is well explored In the second comment. \$400.00
6. How did the staff came up with accumulated Amortization of the CIAC? What data?

These are mostly the common differences and I am not in this to be unfair to AUI, Staff, or Auditors. If the last rate increase was done long before 2017 then you should kindly provide that information (rate and the increase) so I can calculate a correct rate based on what the rate was back then adjusting for your index increase every year and inflation, please see a similar table in Exhibit I, Table 1 of the second set of comments.

While I remain thankful for your services and every one of you guys involved, I am not able to lie, that is a god forbidden character that I have. Sorry I am not a politician.

Sincerely

Al Hashemi
500 Westover Dr. Ste. 3615
Sanford, NC 27330

T: 9196336337

F: 5052139020

E: Hashemi.al@gmail.com

From: Christopher Richards [<mailto:crichard@psc.state.fl.us>]

Sent: Wednesday, December 14, 2022 8:26 AM

To: 'Al Hashemi'

Cc: Emily Knoblauch; Jacob Imig; Devlin Higgins

Subject: Chris Richards response to Mr. Hashemi - Docket No. 20210098-WU

Good morning Mr. Hashemi,

I have reviewed the emails between you and staff over the past couple of days and would like to provide my comments.

The ownership of the plant is set in the transfer which occurred in 2021. For your convenience, I have included a copy of the Order (titled: A Utility – Transfer Order) approving the transfer and setting the value of the plant at that time. In this instant case (Docket No. 20210098-WU), staff did not reevaluate the ownership of the Utility, as that was settled in the attached Order.

As for the value of the plant, staff determines the current value of the plant which can be found in the attached Staff Report filed in the docket file in addition to being attached to this email for your convenience (titled: 20210098-WU Staff Report). Please note, the Staff Report is preliminary in nature, and no final determination in calculations are official until staff files its Recommendation in January. You can find my calculations and details of the calculations for the value of the plant (referred to as Rate Base) in the Staff Report beginning on page 7. At the time of the Staff Report, I calculated the total value of the plant to be \$10,053, which includes a working capital allowance, the calculation for which is outlined in Rule 25-30.433(3), F.A.C. Staff must follow that rule when calculating rate base. For your convenience I have attached a copy of the rule (titled: Rule 25-30.433 F.A.C.)

The \$10,053 calculated rate base, is also what staff uses as the Utility's assets on its capital structure, which can be found on page 23 of the Staff Report. You will see, that though the Utility has a debt amount of \$118,000 against the plant, staff removed \$107,947; as the capital structure is always reconciled to the rate base amount, in this case of \$10,053.

As for the other costs, the Operation and Maintenance Expenses, staff used invoices provided by the Utility and determined what a reasonable amount would be for each of the expenses. When invoices were not provide, staff requested bids from contractors. Staff believes the Utility is in need of recovering these expenses in order to continue to provide safe, reliable service to its customers. A detailed explanation of the Operation and Maintenance Expenses can be found in the Staff Report beginning on page 11. Again, please understand that the amounts found in the Staff Report are preliminary in nature, and may vary from the amounts that are included in the final recommendation provided to the Commissioners in January.

I hope that you find this explanation useful in your understanding of the case. For answers pertaining to the ownership of three lots being found on public record, I would have to invite you to speak with Mr. Jacob Imig, as that seems more of a legal question.

I am happy to answer any further questions you have pertaining to the calculation of the numbers you find within the Staff Report. I do prefer communication be through email which will keep everything on record, and allow me to place our correspondence into the docket file, but if you wish to speak with me over the phone, please let me know what time is a convenient time for me to call you this Friday 12/16 in the morning. I am in the office as early as 7:00 AM.

Respectfully,

Christopher R. Richards
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Florida Public Service Commission
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Office: 850-413-6742