

FLORIDA UTILITY SERVICES 1, LLC  
5911 TROUBLE CREEK RD.  
NEW PORT RICHEY, FL. 34652  
863-904-5574

December 18, 2023

Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL. 32399

**Re: Docket No. 20230071-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.**

Dear Commission Clerk:

Enclosed please find company response to staff's Fourth Data Request.

1. Please provide an explanation for the Utility's zero property tax liability.

**Company Response- Polk County imposes a "Polk Public Service Tax" instead of Property taxes for utility companies.**

2. Please provide an explanation for the Utility's higher than average bad debt expense recorded in its 2021 Annual Report.

**Company Response- Unknown. Maybe Covid related, as this is a lower income community.**

3. Please explain how the Utility plans to fund its requested pro forma projects. If the Utility intends to fund these projects with debt, please provide a copy of the loan agreement.

**Company Response- Unknown at this point.**

4. Please reference the Utility's response to the Staff Audit Report, Audit Finding 3. The Utility stated replacing the control box was an "incidental recurring maintenance item that does not increase the life of the pumping equipment that it controls."
  - a. How often is the "recurring maintenance" that requires the Utility to replace the control box?

Response:

*PCU initial response did not intend to give staff the impression that the replacement of the control box occurs on an annual basis. PCU asserts that the replacement of control boxes for pumping equipment occurs for a number of reasons beyond the concept of "normal wear & tear". The frequency and unpredictable nature of severe weather events in Florida, such as lightning storms, are just one of many factors contributing to their failure and need of replacement or overhaul.*

*Additionally, Rule 25-30.140(g), which PCU cites in its position is silent on the term of "recurring" as a factor for consideration. PCU reasserts that the control box replacement satisfies the requirements of Section (g)(3) of the rule. "The cost of incidental repairs that neither materially add to the value of the property nor appreciably prolong its life and that were made to keep the property in an ordinary efficient operating condition shall be accounted for as a maintenance expense."*

b. The NARUC Uniform System of Accounts for Class C Water Utilities has a cost limit of \$150 for capitalization. The Utility recorded the cost to replace the control box of \$1,093. Please explain why the Utility believes this cost should be expensed and not capitalized per NARUC standards?

Response:

*Accounting Instruction No 4., states,*

Utility Plant - Capitalization Level

*The cost of individual items of equipment of less than \$150 or of short life, including small portable tools and implements, shall not be charged to utility plant accounts. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction unit.*

*PCU asserts that the NARUC Uniform System of Accounts – Accounting Instruction No. 4 establishes a **minimum** threshold, **not a maximum** threshold, for determining whether an asset should be capitalized or expensed. Incidental or non-material items below \$150 should be expensed as incurred. The concept, that all items above \$150 should be capitalized, has never been, nor should it be, the position of the Commission. A \$150 capitalization threshold, such as this, would be an accounting nightmare for small Class C water and wastewater utilities.*

*PCU maintains that the cost to replace the control box should be expensed based on our explanation and justification explained above. Or, at a minimum, be treated as a non-recurring expense, and be amortized to O&M expense over a period of five years as defined in Rule 25-30.433 (9), F.A.C.*

***Please see attached exhibit #1 which is an email from my operator explaining what happened with the pump controller panelbox..***

5. Please describe the process the Utility intends to use to replace/retrofit residential meters. As part of this response, please identify the period that meter replacements/retrofits will take place, how often the Utility intends to replace/retrofit the meters, and when the Utility anticipates meter replacements/retrofits will be complete.

**Company Response- We will replace the meters in house. We will begin the prep work after the first of the year, once prep work is done, we will begin to replace meters after customer notice until the initial batch is complete. Meter replacement is an on-going task, so your never really complete. Hopefully we will get them all done before summer, it too hot then.**

6. Please provide the original cost data, if available, for each of the following:

- a. Current residential meters. -

**Company Response-Unknown**

- b. Failed flow meter. -

**Company Response-Unknown**

- c. Current lawn mower. -

**Company Response-Unknown.**

7. Please indicate whether or not the new lawn mower will only be used for Pinecrest. If not, please provide a cost allocation schedule for the facilities it will be used for.

**Company response- The new mower will only be used at Pinecrest.**

8. Please describe the methodology used to determine the flushing values provided in the Utility's 2022 Annual Report. If flushing is unmetered, please explain how these values were calculated.

**Company Response- Flushing valves are unmetered. Technician calculates volume by the size of the line and how long he flushed for.**

On behalf of the utility,



Michael Smallridge

**From:** Gaines <gaines@constaflow.com>  
**Sent:** Monday, December 18, 2023 10:09 AM  
**To:** compliance@fus1llc.com  
**Cc:** Cindy  
**Subject:** RE: Pinecrest Utilities

The technician found that several components were bad in the existing deluxe control panel for well No. 2. We replaced the deluxe control panel in leu of replacing several components due to the age and condition of the panel. Note: The No. 2 well is a 5 Hp, 230 volt, single phase submersible pump. The deluxe control panel is a small metal panel with a start capacitor, run capacitor, relay and contactor inside.

**From:** compliance@fus1llc.com <compliance@fus1llc.com>  
**Sent:** Monday, December 11, 2023 11:50 AM  
**To:** Gaines <gaines@constaflow.com>  
**Cc:** Cindy <cindy@constaflow.com>  
**Subject:** Pinecrest Utilities

Good Morning

We need information on what was the reason for a control panel box installation back in January 2022 at Pinecrest.

Thank You

Jacqueline McCallister  
Compliance Manager  
Florida Utility Services 1, LLC  
352-340-6032  
[compliance@fus1llc.com](mailto:compliance@fus1llc.com)

*Exhibit #2*