

SUNNY HILLS UTILITY COMPANY

July 19, 2022

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

Re: Docket No. 20220066-WS - Application for increase in water rates in Washington County, by Sunny Hills Utility Company – Response to Staff Third Data Request

Dear Commission Clerk,

Sunny Hills Utility Company (Sunny Hills) hereby submits its response to Staff's Third Data Request dated July 18, 2022.

1. **Plant Account 311 – Pumping Equipment:** On MFR Schedule A-9, there is a year-end accumulated depreciation balance of \$188,930, and a year-end UPIS balance of \$188,458 found on Schedule A-5. Please explain why this account's accumulated depreciation is in excess of UPIS, and provide updated figures if needed.

Response: There was a formula error in the depreciation schedule. Therefore, the accumulated depreciation for Account 311 should be equal to the plant amount. It is fully depreciated as of 12/31/21.

2. **Plant Account 335 – Hydrants:** On MFR Schedule A-11, there were year-end additions in the amount of \$6,500 for hydrants. Per MFR Schedule A-14, staff noticed that Account 335 had an amortization of \$0. Please provide a detailed explanation as to why the hydrants were not amortized.

Response: The \$6,500 cash payment for the installation of two meters was included in the CIAC amount. The CIAC is being properly amortized utilizing the composite depreciation rate. This was not recorded as a physical asset contribution, but as a cash payment. The 2019 CIAC amortization rate in 2019 was approximately 2%, whereas the depreciation rate for Account 335 is 2.22%. Therefore, if there is any difference it would be insignificant.

3. **Plant Account 341 – Transportation Equipment:** On MFR Schedule A-9, there is a year-end accumulated depreciation balance of \$2,515. However, there is no corresponding UPIS balance on MFR Schedule A-5. Please provide an explanation for the zero balance in UPIS, and provide updated figures if needed.

Response: In Order No. PSC-2014-0315-PAA-WS, issued June 13, 2014, the Florida Public Service Commission approved a zero amount for plant in Account 341, but approved an accumulated depreciation amount of \$7,067 (See attached). Sunny Hills was required to adjust its books to match the FPSC approved amounts. Sunny Hills has been

reducing this amount gradually each month to zero this out. There is no transportation plant at Sunny Hills.

4. **Plant Account 348 – Other Tangible Plant:** On MFR Schedule A-9, there is a year-end accumulated depreciation balance of \$29,739, and a year-end UPIS balance of \$29,671 found on Schedule A-5. Please explain why this account's accumulated depreciation is in excess of UPIS, and provide updated figures if needed.

Response: There was a formula error in the depreciation schedule. Therefore, the accumulated depreciation for Account 348 should be equal to the plant amount. It is fully depreciated as of 12/31/21.

5. **Non-Used and Useful:** Please explain why there is a non-used and useful percentage of 53.01 on MFR Schedule A-12, and a non-used and useful percentage of 54.57 on MFR Schedule A-14.

Response: The percentage on MFR Sch. A-12 is calculated by taking the non-used and useful amount on MFR Schedule A-9 of \$ 1,244,518 divided by the plant amount on A-9 of \$2,347,823 which equals 53.01%. Whereas, the percentage on MFR Sch. A-14 is calculated by taking the non-used and useful amount from MFR Sch. A-5 of \$2,156,891 divided by the plant amount on A-9 of \$ 3,972,733 which equals 54.57%.

6. **O&M Account 615 – Purchased Power:** Please state whether the following billing accounts and addresses are for water only, water and wastewater, or wastewater only.

Response:

- a. 3810 Gables Blvd (account number 21064-32822) – Office at water plant and water lab – a portion of the office might be considered wastewater – but there are not many wastewater customers – Sunny Hills does not allocate this since it is located at the water plant and contains the water lab.
- b. 2082 Babcock St. (account number 21065-43685) – Water only – High Service Pump Building for water distribution system –
- c. 0 Babcock St. (account number 21065-55606) – Water only – Well #1
- d. Country Club Blvd. Pump (account number 21072-95186) – Water only – Booster Pump in water distribution system
- e. 0 Deltona Blvd. Well 4 (account number 21074-38208) – Water only – Well #4
- f. 1240 Elkhart Blvd. (account number 21079-89259) – Water only – Well #5

The wastewater plant and lift stations have their own dedicated electric meters and receive separate invoices for each.

7. **O&M Account 670 – Bad Debt Expense:** Please explain the reason for the higher bad debt expense in 2021.

Response: Sunny Hills believes this may be primarily related to the COVID pandemic. Accounts were more past due than normal. There are two provisions related to bad debt

expense. The aged AR report is utilized to make entries for the Account 143 – Accumulated Provision for Uncollectable Accounts on the balance sheet with offsetting entries to Bad Debt Expense. These entries are made monthly to tie to the Aged AR balance over 60 days. The second provision are the bad debt accounts sent to the collection agency. These are written off to bad debt expense with a corresponding entry made to Accounts Receivables to remove them from AR.

8. **O&M Account 675 – Miscellaneous Expense:** Please advise whether the following expenses are used for water only, water and wastewater, or wastewater only:

Response:

- a. Department of Corporation Annual Report dated January 12, 2021, for the amount of \$75.00. – The annual amount of this required Annual Report is \$150. This is required by the Florida Department of Corporations on an annual basis. Sunny Hills allocated this charge 50/50 between water and wastewater. See attached invoice.
- b. Cell Phone usage through Viasat, Inc. – This is actually the internet at the office and not cell phone. This is used for internet access at the office as well as for uploading the water meter monthly readings from the handheld collection device.
- c. Monthly Assessment Billing from Sunshine State One Call of Florida Inc. – This could be considered water & wastewater as it is for marking of both water and wastewater lines.
- d. FCS Collection Agency Fee dated July 12, 2021, for the amount of \$79.31. – This is the charge from the utility’s collection agency if and when they make a collection on a bad debt that has been transferred to them. This could be considered water and wastewater if the account had both. However, there are many more water accounts than dual accounts. Typically, this is for water only.

9. **O&M Account 675 – Miscellaneous Expense:** Invoices were provided for Monthly Assessment Billing from Sunshine State One Call of Florida Inc. for the months of January through June.

Response:

- a. Does the Utility incur these expenses all year, or only for the first six months?
- b. Does the Utility expect to continue to use this service in the future?

All Florida Utilities are required to utilize the Sunshine State One Call of Florida pursuant to Chapter 556, Florida Statutes. Pursuant to Section 556.110, F.S., “Member operators shall proportionately share in the cost of operating the system through monthly assessments made upon each member operator.” There are both annual assessments and monthly fees. The annual fee is for the “membership” based on size of utility and monthly assessments are based on the number of requests for the month. If there are no requests, there are no

Sunny Hills Utility Company
Response to Staff Third Data Request

monthly assessments. See attached invoices. The number of contractor requests may vary month to month depending on the work contractors may be doing in the service area.

Sincerely,

A handwritten signature in black ink, appearing to read 'Troy Rendell', written over a light blue horizontal line.

Troy Rendell
Vice President
Investor Owned Utilities
// for Sunny Hills Utility Company

Sunny Hills Utility Company

Water System

Schedule of Account Balances as of March 28, 2013

Account			Accumulated
No.	Description	UPIS	Depreciation
302	Franchise	\$5,112	\$3,244
304	Structure & Improvements	48,153	17,066
307	Wells & Springs	130,297	42,495
309	Supply Mains	7,232	4,852
310	Power Generation Equip.	183,502	111,856
311	Pumping Equip.	174,606	119,588
320	Water Treatment Equip.	13,503	2,870
330	Dist. Reservoirs	546,050	191,334
331	Transmission & Dist.	2,597,072	1,017,386
333	Services	86,121	47,173
334	Meters	157,231	2,259
335	Hydrants	51,987	6,029
340	Office Furniture & Equip.	14,859	13,593
341	Transportation Equip.	-	7,067
342	Stores Equip.	194	205
343	Tools, Shop, & Garage	2,959	3,145
344	Laboratory Equip.	3,187	3,187
345	Power Operating Equip.	663	718
346	Communication Equip.	11,548	12,703
347	Misc. Equip	7,851	7,903
348	Other Tangible Plant	<u>29,671</u>	<u>16,302</u>
	Total	<u>\$4,071,798</u>	<u>\$1,630,973</u>

U.S. Water[®]

Services Corporation

4939 CROSS BAYOU BOULEVARD
NEW PORT RICHEY, FL 34652

INVOICE

Page: 1

Invoice Number: SI45023
Invoice Date: 1/31/2022
Due Date: 3/2/2022

Bill To: Sunny Hills Utility Company
4939 Cross Bayou Boulevard
Attn: Joe Gabay
New Port Richey, FL 34652

All pricing anticipates payment by check or ACH. Due to additional cost incurred, services paid by credit card will require an additional 5% processing fee.

Job Number: J01544
Job Description: Sunny Hills Utility Company

Customer ID: C00955
P.O. Number:
WA:

Date	Item/Description	Task Number	Qty.	Unit	Unit Price	Total Price
1/31/2022	Reimbursed Expense - Corp Annual Report - Sunny Hills Utility Company - T. Rendell visa	1007	1		150.00	150.00

Entered: HW
COA Code: 675 / 775
Approved: JG
Paid: CK # 2177
Date: 2/24/22

Phone: (727) 848-8292 Ext. 219
Toll Free: (866) 753-8292 Ext. 219
Email: ar@uswatercorp.net

Subtotal: 150.00
Total Sales Tax: 0.00
Total USD: 150.00
Adjustments: 0.00
Amount Due: 150.00

Invoice PS-INV1000480

June 30, 2021
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SUNNY HILLS UTILITY CO
JOSEPH GABAY
4939 CROSS BAYOU BLVD
New Port Richey, FL 34652

Remit Check Payments To:
Sunshine State One Call of Florida, Inc
d.b.a Sunshine 811
PO Box 745953
Atlanta, GA 30384-5953
Phone: (386) 575-2000
Email: AR@sunshine811.com

Customer PO No.	Customer Reference No.	Due Date	Payment Terms
		July 30, 2021	Net 30

Bill-to Customer No.
FWS620

Item No.	Service Area	Description	Start Date	End Date	Quantity	Unit Price (\$)	Extended Price (\$)
AA2021		Annual Assessment Billing FY2021-22	6/1/2021	6/30/2021	1	276.27	276.27
MIA	FWS620	Tickets Included in Monthly Assessment	6/1/2021	6/30/2021	9	0.00	0.00
MIL	FWS620	Positive Response System Late Notice	6/1/2021	6/30/2021	7	0.00	0.00

Subtotal	276.27
Total Tax	0.00
Total \$ Incl. Tax	276.27

Entered: NR
 COA Code: 675
 Approved: [Signature]
 Paid: #2134
 Date: 7/20/21

Invoice



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 Invoice 0000202503
 Date 5/31/2021

SUNSHINE STATE ONE CALL OF FLORIDA INC
 11 PLANTATION ROAD
 DEBARY FL 32713

FEIN #: 65-0445791
 Phone: (386) 575-2000 FAX: (386) 575-2037
 Email: AR@SUNSHINE811.COM

Bill To: SUNNY HILLS UTILITY CO
 JOSEPH GABAY
 4939 CROSS BAYOU BLVD
 NEW PORT RICHEY FL 34652

Remit Payments By Check To:
 Sunshine State One Call of Florida, Inc.
 P.O. Box 745953
 Atlanta, GA 30384-5953

Purchase Order No.		Customer ID	Project #	Supplier Line #	Payment Terms	Master No.	
Ordered	Shipped	Item Number	Description		Unit Price	Ext. Price	
1	1	MA2020	Monthly Assessment Billing FY2020-2021 For detailed ticket data go to www.online811.com and select Reports to download a complete list of tickets.		\$27.99	\$27.99	
18	18	FWS620-MIA	Tickets Included in Monthly Assessment Tickets Transmitted from 05/01/2021 thru 05/31/2021		\$0.00	\$0.00	
16	16	FWS620-MIL	Positive Response System Late Notice		\$0.00	\$0.00	

Subtotal \$27.99
 Misc \$0.00
 Tax \$0.00
 Freight \$0.00
 Total \$27.99

Entered: ML
 COA Code: 675
 Approved: [Signature]
 Paid: _____
 Date: _____