

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: February 2, 2016

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: Shannon J. Hudson, Economic Supervisor, Division of Economics

RE: Docket No. 150010-WS - Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.

By email dated January 15, 2016, staff requested that Aquarina respond to additional questions in regards to its requested Meter Box Maintenance, Meter Lock-Off, and Direct Debit Charges. Attached are staff's email and the utility's response. Please incorporate these documents into the above-referenced docket.

COMMISSION
CLERK

2016 FEB -2 AM 11:41

RECEIVED--FPSC

Shannon Hudson

From: Sonica Bruce
Sent: Friday, January 15, 2016 10:39 AM
To: 'Aquarinautilities@Bellsouth.net'
Cc: Shannon Hudson
Subject: Aquarina's Request for Meter Box, Meter Lock-Off, and Debit Charges

Good Morning,

As per our phone conversation on yesterday, below are the follow-up questions regarding your request for the above-referenced charges.

Debit Charge

- 1) Please explain, in detail, the process it takes to perform the task of debiting a customer's account for payment of their utility bill.
- 2) In your response to staff's 3rd data request, the utility indicated that the cost for a customer who choose to use direct debit for their bill payment would be between \$1.50 and \$2.00, and this charge will depend on the number of customers who use this method of payment. Please provide documentation from the bank indicating the exact cost and terms.
- 3) Please indicate the number of customers you anticipate using the payment method on a consistent basis.

Meter Lock-Off Charge

- 4) Your request for a meter lock-off charge appears to be a premise visit charge. You expressed concern that your existing miscellaneous service charges may not be a reflection of your current cost, please provide cost justification. Staff will evaluate whether it is appropriate to recommend increasing your miscellaneous service charges.

Meter Box Maintenance Charge

- 5) The utility provided cost justification for its request for the meter box maintenance charge. However, staff will evaluate whether the utility's request should be an expense rather than an individual charge.
 - a) How often does the utility expect a meter box to be maintained throughout the year. For an example, should a meter box be cleared on a monthly, bi-monthly, or quarterly basis?
 - b) Is it required for all customers to maintain their meter box? If so, please explain why?
 - c) What percentage of the customer base does the meter maintenance issue affect?

January 20, 2016

Holly Burge

RE: Aquarina Utilities

Mrs. Burge, per your request, please find the following pricing options for direct debiting customer accounts. Please let me know if you have any questions.

Option A (<40 items)

Monthly Maintenance \$10.00

Per Debit sent \$1.75

or

Option B (>40 items)

Monthly Maintenance \$10.00

Monthly ACH Module \$45.00

Per Debit sent \$0.14

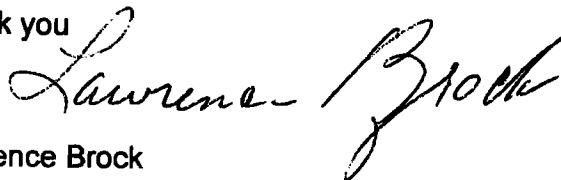
Per File sent \$12.00

These fees could be applicable to either Option

Returned debits insufficient funds, etc. \$6.00

Emailed Notifications \$3.00

Thank you



Lawrence Brock

Aquarina Utilities, Inc.

P.O. Box 1114
Fellsmere, FL 32948
(772) 708-8350 (mobile office)
(772) 708-7946 (mobile emergency)
aquarinautilities@bellsouth.net

19 January 2016

Ms. Sonica Bruce
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Reference: **Aquarina Utilities, Inc. SARC, Docket No. 150010-WS**

Dear Ms. Bruce,

Please review the attached responses to your emailed inquiry of 15 January 2016:

Debit Charge

- 1) Please explain, in detail, the process it takes to perform the task of debiting a customer's account for payment of their utility bill.

When a customer elects to have his or her account payment directly debited from his or her checking account, the following procedures must be followed:

The customer must be sent, then fill out and return, a document electing to use the direct debit (ACH processing) option for payment of their account(s). The information from this document, which includes details such as their bank account routing and account numbers and an authorization signature, is then entered into our billing software and the customer account is edited to reflect direct debit or "draft" payment method. The original document is filed in the customer's service address file and may need to be on file with the utility's bank also.

Once the customer account is identified as a "draft" account, it is included in a list of "drafts" called a "file" that is sent to the utility's bank to be processed as

direct debits from customer bank accounts. The bank makes these drafts on a pre-arranged date, usually the same as the billing date, and supplies the utility with a report of the drafts and whether they were successfully completed or not. Those that are successfully completed will be updated in the customers' accounts. Those that are not will be assessed a service charge (whatever the bank charges for failed drafts) and will be paper billed along with the rest of the regular billing. Accounts that elect to use direct debit will be individually debited the amount charged by the utility's bank to perform the service. Please see the attached quote from BB&T for the charges associated with this service.

- 2) In your response to staff's 3rd data request, the utility indicated that the cost for a customer who choose to use direct debit for their bill payment would be between \$1.50 and \$2.00, and this charge will depend on the number of customers who use this method of payment. Please provide documentation from the bank indicating the exact cost and terms.

Please see the attached quote from BB&T.

For further explanation of Option B:

If the utility had 40 customers who elected to use direct debit and all 40 were submitted in the same file for processing at BB&T:

Monthly maintenance fee: \$10.00

Monthly ACH fee: \$45.00

Cost per debit account: \$ 0.14 x 40 = \$5.60

Company Debit File submission fee: \$12.00

Total cost to utility each month: \$72.60

Total cost per account for debit service: $\$72.60 / 40 = \1.82

This means that the cost of the service would decrease for each customer if the number of customers who elected to use the service increased in this Option B, over 40 accounts, category. The amount of the decrease would be contingent on the number who signed up for the service.

- 3) Please indicate the number of customers you anticipate using the payment method on a consistent basis.

While it is true that many of our customers have expressed interest in direct debit for their bill payment option, I have not kept a record of all of the customers who have requested it. It is our intention to send out a response card or

application for direct debit to all of our customers to present them with the option. I would estimate the number of customers interested in using this service between 30 and 80, but I would not be surprised if more than 200 elected to use the service once we offer it.

Meter Lock-Off Charge

- 4) Your request for a meter lock-off charge appears to be a premise visit charge. You expressed concern that your existing miscellaneous service charges may not be a reflection of your current cost, please provide cost justification. Staff will evaluate whether it is appropriate to recommend increasing your miscellaneous service charges.

To amend the utility's earlier request for a \$25 meter lock-off charge, we respectfully request that this proposed special miscellaneous service fee be increased to \$40. This fee includes the two premises visits of \$10 each to turn a customer's water OFF and ON at their request, \$15 for a normal reconnection charge, and a \$5.00 lock charge. This fee is for normal business hour connection/ disconnection only and requires at least 24 hours advance notice. After hour and last minute disconnections and reconnections will be subject to the after-hours premises visit charge requested below. The utility requested a special designation for this charge to avoid customer confusion in billing. Should the staff determine that the existing premises visit and reconnection charges are sufficient and that no special designation for this service is needed, the utility would like to request that a \$5.00 lock-off charge be added to the miscellaneous service charges to cover the expense of locks used in protecting the meter during periods of customer absence, at the customer's request.

Meter Box Maintenance Charge

- 5) The utility provided cost justification for its request for the meter box maintenance charge. However, staff will evaluate whether the utility's request should be an expense rather than an individual charge.

We respectfully defer to the staff's wisdom in the designation of this fee. It is likely that additional maintenance staff will need to be hired in the form of day labor to affect the cleaning of the boxes given their on-going issues with landscaping materials, plants, roots, and debris. Heavy watering and landscaping make the maintenance of these boxes a perpetually time-consuming issue for which the customers have not assumed responsibility, despite annual reminders. Should the staff determine that the meter box maintenance be an expense, I would estimate that additional labor at \$12/hr (standard day labor rate), amounting to the estimated $1 \frac{1}{2}$ hours per box to clear for the total number of meters in the system $(450 \times 90\text{min})/60\text{min} = 675$ hours to clear the boxes in the system. This is roughly 16.88 weeks of full-time effort on the meter boxes alone to clear them once. They require cleaning at a minimum

once per year to facilitate meter reading and to preserve the equipment. Ideally, they should be cleared quarterly. The total funds required to cover the expense of a single cleaning is about \$8,100.00 for 675 hours at \$12.00/hour for day labor only. For quarterly cleaning, a full-time employee, a maintenance trainee, at \$10.00-\$12.00/hr would be ideal. This individual would be primarily responsible for maintaining the meter boxes, assisting with meter reads, and retarding the vegetation around meter boxes and other utility equipment. Total gross pay for this individual would be approximately \$25,000/yr. This does not include the insurance and taxes also associated with any full-time employee.

- a) How often does the utility expect a meter box to be maintained throughout the year. For an example, should a meter box be cleared on a monthly, bi-monthly, or quarterly basis?

Ideally, the meter boxes should be kept clear of debris and dirt at all times. A good plan would clean them quarterly, but realistically, once a year would make a big difference in the longevity of the meters if done comprehensively.

- b) Is it required for all customers to maintain their meter box? If so, please explain why?

Yes, all customers are responsible for keeping their meter box clear of vegetation and debris. This follows from FL statute 25-30.320(e,f) Refusal or Discontinuance of Service, which states "...the utility may refuse or discontinue service...for the neglect or refusal to provide adequate space for the meter or service equipment of the utility...for failure or refusal to provide reasonable access to the utility for the purpose of reading meters or inspection and maintenance of equipment owned by the utility."

It is the convention of municipal (and private) utilities that the maintenance of the box is the customer's responsibility. These entities give notice to customers that the box must be cleared by a certain date or service will either be indefinitely estimated or discontinued. We have personally, in the past, been notified by Martin County Utilities that service would be discontinued if the meter box was not cleared prior to the next read date.

- c) What percentage of the customer base does the meter maintenance issue affect?

To date, no customer, despite annual notifications, has ever made any effort to clear the interior of their meter boxes, so the percentage of our customer base affected by the meter maintenance issue is 100% of all metered customers. A very few have made some effort to remove plants from the area around the meter boxes. Others insist on planting dangerous plants on

and around the boxes. We have attached a few photos to demonstrate our issue with the meter boxes.

6) Other Miscellaneous Service Charges:

- a) **Initial Connection Charge:** This fee is acceptable and reasonable at \$15.00.
- b) **Normal Reconnection Charge:** This fee is acceptable and reasonable at \$15.00.
- c) **Violation Reconnection Charge:** This fee is acceptable and reasonable at actual cost.
- d) **Premises Visit Charge:** This fee is acceptable and reasonable during regular business hours at \$10.00.
- e) **Late Payment Charge:** This fee is reasonable and acceptable at \$7.00.

7) Proposed Additional Miscellaneous Service Charges:

- a) **Emergency Call Out or After Hours Premises Visit:** This charge is to cover expenses related to customer service calls that are requested by customers after normal business hours. The utility requests that this charge be set at \$200.00.

To illustrate the need for this charge, please consider the following customer issue:

A customer called us regarding a problem he was experiencing with his sewer backing up into his home in October of 2015. We went out during regular business hours and examined the situation, notifying the customer that the issue was not a blocked sewer main as he supposed, but actually a blockage or break in his own sewer lateral. We suggested at that time that he either call a plumber or contact the builder to repair the problem.

This same customer, as well as his neighbor whose home shares the same sewer lateral, called us on December 26th, 2015, a Saturday and not a regular business day, requesting that we come to check out the same issue with his sewer. We came promptly, despite the holiday and the 45 minute drive to reach the customer, to examine the situation. Again the issue was not in the main, but in the customers' lateral. This was confirmed by the plumber they had called who had to use his van to pull his snake out of the lateral because it became lodged on some obstruction in the lateral. We again informed the customer that they needed to have the issue repaired or get with the builder to have it repaired.

The neighbor of this pair of customers called us again on December 31st, 2015 at about 5pm. Angry and belligerent, this customer demanded that we come out to resolve his sewer issue. We indicated that we would only be

able to call Roto Rooter to check the issue out and that the utility was not responsible for repairs to sewer laterals. He demanded that we get Roto Rooter out to his home immediately, and we let him know that he would be responsible for the Roto Rooter bill if the issue was not in the main, but in his lateral. He agreed.

When we arrived at the customer's home at about 6pm, the two neighbors were present, the builder was present, and another plumber that the customers had called was present and snaking the lateral. The plumber agreed that there was a blockage in the lateral. As it was too late to cancel with Roto Rooter at this time, we met the Roto Rooter representative and he was kind enough to camera the sewer lateral for the customer. The customer who called us did not stay to look; however, the other customer did and was present when the Roto Rooter rep identified the depth and location of the lateral breakage as 4 ½ feet deep on a direct line between the two customers' mail boxes, most likely broken by the person who drilled the mailbox holes.

We have noted that the lateral has since been repaired and we have passed the Roto Rooter bill on to the customer who agreed to pay. We have not yet completed the billing that includes these charges, so we cannot evaluate the customer's response to the charges.

Please note that each time we responded to the customer's request for service immediately. We drove, regardless of the holiday and the hour, 45 minutes each way, for a total of 1 1/2 hours driving time to reach the customer and spent roughly 30 minutes to an hour on site addressing the customers' concerns. The second two times we were called out, the customers were already aware that the issue was their own and not the utility's, yet they called us anyway. At \$36/hr for two men, each call cost \$180.00, plus (28 miles x \$0.56/ mi x 2 =) \$31.36 in mileage charges, totaling \$211.36 per call for customer service. If one considers that both calls were holiday calls and after hours, the pay rate would be at 1 ½ time or double time, increasing the man-hour costs to \$270.00 or \$360.00 respectively. It is only reasonable to have the customer be responsible for this expense, particularly when the customer calls and demands a site visit in full knowledge of the fact that the utility is not responsible for their issue.

Please let us know if any additional information is needed to clarify these questions.

Sincerely,

Holly Burge
Account Manager; Aquarina Utilities, Inc.



