

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 10, 2017
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Robert Graves, Public Utilities Supervisor, Division of Engineering *RG*
RE: Docket No.160065-WU- Application for increase in water rates in Charlotte County
by Bocilla Utilities, Inc.

Please file the attached "GW Report and response to Adam Hill 12-29-16" in the above mentioned docket file.

Thank you ~

Terri Jones

From: Robert Graves
Sent: Tuesday, January 10, 2017 11:29 AM
To: Terri Jones
Cc: Laura King; Adam Hill; David Frank
Subject: FW: Bocilla Utilities Rate case/Docket No. 160065-WU
Attachments: GW Report 01-014-17.pdf; Response to Adam Hill 12-29-16 email.pdf

Terri,

Please file this message with attachments in the docket file (Docket No. 160065-WU) and use the subject line as the title or the filing.

Thank You
Robert

From: Martin S. Friedman [<mailto:mfriedman@coensonfriedman.com>]
Sent: Wednesday, January 04, 2017 1:56 PM
To: Adam Hill; David Frank; Robert Graves
Cc: CRAIG NODEN; raycindyfischel@gmail.com
Subject: Bocilla Utilities Rate case/Docket No. 160065-WU

Guys,

Attached is the response to the questions raised in Adam's 12/29/16 email. Shortly I will provide responses to the questions we discussed today.

Thanks, Marty

MARTIN S. FRIEDMAN, ESQUIRE
Shareholder



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January 4, 2017

REF: 6305.00

Mr. Craig Noden, President
Bocilla Utilities Inc
7025 Placida Road, Unit 4
Englewood Florida 34224
941-769-0033

**RE: ENGINEERING SERVICES – CONSTRUCTION COST ESTIMATES
BOCILLA UTILITIES WATER DISTRIBUTION INFRASTRUCTURE
RESPONSE TO ENGINEERING COMMENTS**

Dear Mr. Noden:

Giffels-Webster Engineers, Inc. (GWE) was retained to provide utilities quantity estimates and an engineer's probable cost of construction for existing water infrastructure owned by Bocilla Utilities.

In response to questions raised relative to our cost estimates we offer the following:

- Question 3: Please provide all reference documents used by Giffels-Webster Engineers to determine the cost of \$1,000 to install a meter.
- a. In its 12/16/16 response to staff's request for additional information, the Utility's exhibit 10 showed a cost to install meters of \$365. What reason does the Utility have to believe that the historical cost would be significantly greater than the current cost?

Response: GWE used current utility bid information from a Sarasota County Utilities project as cost reference for the Short-side (U-17) and Long-side (U-18) water service. The water meters costs were not included in the County reference estimates. A nominal installed meter cost of \$500 was initially estimated and added to the reference estimates (U-17, \$800 + \$500 = \$1300) and (U-18, \$1000 + \$500 = \$1500)... initial GWE estimates for U-17 and U-18 included the meters.

In the provided Engineer's Estimate, (U-19) was "broken out" incorrectly... at a nominal installed meter cost of \$1000.

The net result of this is not a change to the estimated Total, but corrected unit prices should be:

U-17	WATER SERVICE (SHORT SIDE)	200-EA	\$800	\$160,000
U-18	WATER SERVICE (LONG SIDE)	200-EA	\$1000	\$200,000
U-19	METER INSTALLED	400-EA	\$500	\$200,000

Question 4. Please provide the methodology and all reference documents used by Giffels-Webster Engineers to determine the length of the Kosinski Bridge and Anne Merry Bridge crossing lengths.

Response:

In determining the Reproduction Cost of crossing a waterbody and a bridge owned and controlled by others, GWE estimated based on more efficient technology of directional drilling as a reasonable "Reproduction Cost" rather than the cost for analyzing the bridge structure, determining bracket attachment installation, and the approval process for hanging ductile iron on the county bridges. Moreover, the historical cost information for the initial crossings was unavailable.

Accordingly our "reproduction cost" and replacement estimate is based on directional drilling as again, we believe that this method is more appropriate for today's construction climate. At each bridge location, space is needed before and after the bridge landings to set-up equipment and to make the drill. Accordingly, the length of a directional drill is more than required for aerial crossing and that length is greater than the roadway bridge length.

Question 5. Please describe what is meant by the "island side" of the directional drill referred to as U-15 in the Engineer's Estimate of Reproduction Cost. Is this related to item U-4 or U-5, or is this related to a directional drill to the mainland?

Response: The "island side" of the directional drill referred to as (U-15) in the Engineer's Estimate of Reproduction Cost is a separate connection cost related to the directional drill to the mainland (not U-4 or U-5).

Bocilla Utilities has confirmed with GWE that the (U-15) connection cost item of work was included in the "Zone 9" Engineer's Summary of Bid Cost, Item 3: Sub-Aqueous crossing of Lemon Bay from Bocilla Booster Pump to On-Island Connection.

The (U-15) connection cost of \$1500 is redundant and should be removed from the estimate.

Question 6. Please provide the methodology and all reference documents used by Giffels-Webster Engineers to determine the number of meters installed each year.

Response: The Total Quantity of 400 Water Meters (U-19) contained in the Engineer's Estimate of Reproduction Cost was provided to GWE by Bocilla Utilities; and map depicting "Zones 1 thru 8" with the time of construction was also provided. GWE divided the total meters quantity into each zone based on occupied parcels and the map.

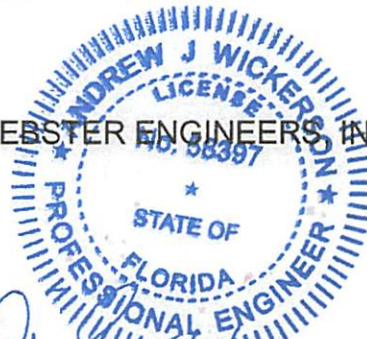
In an e-mail to GWE 12/29/2016, Bocilla Utilities shared a copy of the "Exhibit 9, Bocilla Utilities, Number of Hookups". The Exhibit 9 is a list of water meters installed each year from 1993 to 2015. The Total Quantity = 298 for water meters on the Exhibit 9 list. Bocilla Utilities also stated in the e-mail that there were 100 water meters installed prior to 1993... Grand Total 398 meters.

We believe the approximate number of water meters estimated is nominally correct in either case. The Engineer's Estimate of Reproduction Cost may be revised based on Exhibit 9, if needed.

Thank You for your continued consulting with us on the project.

Sincerely,

GIFFELS-WEBSTER ENGINEERS, INC.



Andy Wickerson, P.E.
Project Manager

AJW/ajw

Attachment

FPSC STAFF'S EMAIL REQUEST - DECEMBER 29, 2016

1. BUI delivers PBWN (Precautionary Boil Water Notices) by hand to all the residences affected including the FDEP and the Charlotte County Health Department. These notices are pursuant to s. 381.0062(3), F.S.

Most of all the residences are piling construction. The notice is taped to the logical point of entry. This may be the front door or the single staircase leading to the residence. Rescissions of PBWN are also hand delivered to all the affected residences including the FDEP and the Charlotte County Health Department. Attached (Exhibit 1) a sample package of a PBWN dated November 29, 2016.

2. BUI files indicate that five (5) PBWN' s were issued between January 1, 2011 and December 31, 2015. BUI has requested that the FDEP confirm this number the first week on January 2017. Please contact Mr. James Oni, Patty Baron or Juan Robles at the FDEP (239) 344-5600 to confirm BUI's compliance with s. 381.0062(3), F.S. and the issuance of PBWN' s. Attached (Exhibit 2)

3. See attached G/W Report

4. See attached G/W Report

5. See attached G/W Report

6. See attached G/W Report

7. Currently BUI has a storage trailer located on the decommissioned water plant property that is 30' long, 10' wide and 8' high (2400 cubic feet) that is completely full of BUI repair and replacement parts.

Included are 20' lengths of 2,4 6 and 8" pipe, fittings, valves required for repairs, spare fire hydrants, saws, welding equipment, etc.

These items are too large to fit in the truck and will require moving to an additional storage area during decommissioning.

Also the existing RO skid, high pressure pumps, distribution (old) pumps and the degasifier may need to be moved to an off island location to facilitate the sale of the equipment.

The \$ 94.16 per month storage is a 8' x 10' caged storage unit in mini-storage facility on the mainland that 30 years of BUI records are stored as the 10' x 12' billing office has no storage space for these files.

It may possible to combine the 8' x 10' caged file storage (\$ 94.16/month) with a mainland building to house all of the equipment listed above but the cost will be substantially greater.

8. The purchased pressure cleaner is replacing a 10-year-old pressure cleaner. The pressure cleaner will be used to sand blast and pressure clean fire hydrants prior to painting. Also, to pressure clean and sand blast above ground interconnects prior to painting. The boost station on Panama Boulevard also requires pressure cleaning and sandblasting as the new Chloramine piping is installed and painted. It has proven less expensive, (\$ 40.00 per year average) versus renting pressure cleaners/sandblasters (\$ 50 to 100.00 per day). On as needed basis.
9. (a/b) The fire hydrants have only been pressure cleaned/sandblasted once in the last five years and we have had to replace two (2) hydrants during this period for an installed cost \$ 2,500 per hydrant. The hydrants are between eleven (11) and (25) twenty-five years old and any maintenance should be considered cost effective.
10. Considering the tragic loss of life in the house fire on the island \$ 60.00 per hydrant exercise program would be a good investment considering the island's concern for fire safety.
11. The CIAC calculation arose out of a proceeding by Charlotte County and was made by Diversified Utility Services (not Bocilla Utilities) on behalf of the County. Ray Flischel represented the Utility in that proceeding in 1992-1993 and it is his notes that reflect this allocation between plant and lines.