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# Public Service Commission

February 27, 2017

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## STAFF'S FIFTH DATA REQUEST VIA EMAIL & US MAIL

**Re: Docket No. 160065-WU-Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.**

Dear Mr. Friedman:

Please provide the additional information requested below regarding Bocilla Utilities, Inc., (Bocilla, BUI, or Utility) by March 6, 2017.

1. Please refer to Bocilla's response to staff's fourth data request, question 4. Bocilla has provided the invoices for barging paid to Islander Management Company, but not from Islander Management Company to Palm Island Transit. Please provide all invoices for barging paid by Islander Management Company to Palm Island Transit for all of 2015 and January to September 2016, and indicate how they match the amounts paid by Bocilla to Islander Management Company.
2. Have any barge trips been made solely for the benefit of Knight Island Utilities, Inc. (KIU), or has transportation of KIU materials ever required Bocilla to make more barging trips than it would have otherwise? If so, please provide calculations showing the total expense that can be allocated to KIU work for the test year.
3. Please refer to Bocilla's response to staff's fourth data request, question 14. Please provide the details requested in the previous data request. In its response to staff's data request 1, Bocilla stated that the cost to purchase a new truck was \$7,200 annually. Bocilla also provided a quote from Charlotte County Ford for \$41,371.40. In the February 8, 2017 informal meeting, the Utility indicated that the truck would essentially be lease to own and ownership would transfer after 3 years. Staff has requested the number, amount, and timing of each payment to reconcile the \$7,200 monthly payment with the \$41,371.40 quote and to seek clarification regarding the statements made during the informal meeting.
4. Please provide a quote from a dealership to purchase a used truck, along with an estimate of the amount of storage expense required if the truck does not have sufficient storage space.

5. In its response to staff's fourth data request, the Utility provided an agreement between Bocilla and KIU. The following items relate to this agreement.
  - a. Recital C states that "The Subaqueous Project was funded equally by BUI and KIU...." and agreement 2. states that Bocilla assumes sole ownership of two of the 6" HDPE pipes.
    - i. Please clarify the components of the referenced subaqueous project.
    - ii. What was the total cost of the subaqueous project?
    - iii. Did Bocilla include the costs of this project in its MFRs, that is, are all zone 9 assets included?
    - iv. Do the amounts included in the MFRs include an allocation of part of the value of these assets to KIU? If so, please provide the calculations used. Please also indicate if any components were not allocated, such as the boost station.
    - v. The MFRs do not indicate investment in pumping equipment, yet there is pumping equipment installed. Do the MFRs include this investment, and if so, identify the account that includes the pumping equipment.
  - b. Agreement 4.1.1 states "KIU shall pay EWD...." and then "Should BUI not receive payment...." Should this second sentence refer to Englewood Water District (EWD) receiving payment instead of BUI?
  - c. Agreement 4.1.2. states that KIU pays Bocilla \$2.52 per thousand gallons and allows this amount to increase based on annual PSC indexes.
    - i. Please explain exactly what this gallonage charge is intended to recover.
    - ii. If the charge is related to recovery of KIU's interconnection, please explain why a time frame or actual amount is not specified for recovering a fixed amount of the asset.
    - iii. This agreement does not anticipate passing through the cost of chemicals of the chloramine feed system. Will the \$2.52 per thousand gallons, adjusted with indexes, be sufficient to pay for the chemicals, or will Bocilla seek further compensation from KIU?
  - d. If the PSC allocates part of the boost station assets to KIU, how will Bocilla recover this amount from KIU?

6. Please provide by month, the number of gallons used by KIU as registered on the meter at the water connection point between KIU and Bocilla for the years 2015 and 2016.
7. Please provide the size of the meter at the water connection point between KIU and Bocilla.
8. In its letter of concerns, the Utility stated that the test year expense for the part time distribution worker is reflective of what the Utility needs to provide the maintenance to keep its distribution system in working order. The following items relate to the meter/distribution worker position.
  - a. Please provide the timesheets or a breakdown of the hours, by pay period, that support the total wages of the meter reader/distribution position and the subcontractor for 2015.
  - b. Please provide an estimate of the total hours required to read all meters for one month.
  - c. How many times a month does the meter/distribution worker drive the eight miles of distribution system for inspection?
9. According to Order No. PSC-14-0626-PAA-WU, page 8, Little Gasparilla Water Utility, Inc. (Little Gasparilla), KIU, and Bocilla agreed to equally share permitting and legal fees for interconnection projects to reduce the total expense of these projects for each utility. As part of its rate case, Little Gasparilla provided invoices from Bocilla and KIU for its share of fees. Did the Utility expense or capitalize the shared permitting and legal fees? Please identify the amounts for both Bocilla and KIU. Please provide documentation supporting the Utility's response.
10. The following items relate to the Utility's 2015 trial balance located in audit work paper 12.
  - a. Please provide the documentation (i.e. invoices) to support revenues in the amount of \$69,668.76, as reflected in Account 415.1 Knight Island Util Income.
  - b. Which employee is responsible for processing the billing from the Utility to KIU?
  - c. Please clarify what the overhead, reflected in Account 416.6 - Knight Island Expenses: Payroll overhead, includes.

11. In its MFRs, Schedule B-3, the Utility requested \$4,200 for monthly accounting services for financial reporting. The following items relate to this expense.
  - a. Will Englewood Management Group, LLC (EMG) be responsible for filing the Utility's price indexes, annual reports, and tax returns? If not, please explain why.
  - b. The Utility's request was based on 3.5 hours a month at EMG's hourly rate of \$100 an hour. Please explain why EMG's hourly rate for rate case expense is \$150.
  
12. The following items relate to the "Distribution System" tab on the depreciation schedule worksheet provided by the Utility in Document No. 01439-17.
  - a. Please reconcile the difference between the 2015 additions to Account 331 – Transmission and Distribution Mains on the worksheet and those reflected on the Utility's MFRs.
  - b. Are the in-service dates for the Knight Island interconnect, listed as a non-PSC plant addition in 2004 for \$31,103 and 2006 for \$6,243, correct? If so, please explain how that plant addition relates to the most recent subaqueous interconnect project given the timeframe.
  
13. The Utility reflected additions of \$35,880 for 104 meter replacements in 2015. In audit work paper 43, Account 630 – Building, reflects \$15,137.13 that was capitalized as the cost of meters replaced. Not all invoices were provided to support the entire amount and some costs did not pertain to the meter replacements (i.e. Waste Management). Additionally, the invoices supporting meter replacements in the test year reflect more than 104 meters purchased. The Utility provided to audit staff a USA Bluebook packing list for 31 meters dated April 17, 2015, that corresponds to meter invoices capitalized for 2015 meter additions. On this packing list there is a handwritten note which reads "six meters to KIU" along with corresponding serial numbers.
  - a. Please resubmit support documentation for 2015 meter replacements that reflect the full amount of actual costs for the replacements, less capitalized labor, for Bocilla only.
  - b. Did Bocilla staff perform work associated with the meters purchased for KIU? If so, which staff position performed this labor and were salaries and wages expense adjusted to reflect this labor?

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14. Please provide an update of actual and estimated rate case expense, including all disbursements to date, such as travel and mailing expenses, along with any necessary supporting documentation (i.e. invoices or receipts). In addition, please provide a detailed explanation and calculations to justify estimated expense to completion.

Please contact me by phone at (850) 413-6425 or by email, [ahill@psc.state.fl.us](mailto:ahill@psc.state.fl.us), if you have any questions.

Sincerely,



Adam Hill  
Engineering Specialist  
Division of Engineering

ARH:tj

cc: Office of Commission Clerk (Docket No. 160065-WU)