

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: September 1, 2017

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

FROM: Phillip O. Ellis, Public Utilities Supervisor, Division of Engineering *PE*

RE: Docket 20160165-SU - Application for staff-assisted rate case in Gulf County by ESAD Enterprises, Inc. d/b/a Beaches Sewer Systems, Inc.

Please file the attached document from the Utility in the above mentioned docket file.

Thank you.

Attachment

E S A D Enterprises, Inc.
DBA Beaches Sewer System
P O Box 503
Port St Joe, FL 32457

August 31, 2017

Commissioners Brown, Graham, Brise and Polmann
Staff that assisted on rate case Docket No 160165-SU
Florida Public Service Commission
Tallahassee, FL

RE: Docket No 160165-SU

Dear Ladies and Gentlemen:

We would like to response to the staff recommendations on the above docket. We believe that there are a few things that are not correct.

1) Salaries - The staff recommends the salary for the president of the utility to be \$ 32,400 annually, this is an hourly rate of \$ 19.78. On page 36 of the report staff said that the hourly rate for someone cleaning the ponds should be \$ 41.00 per hour, this was an average of two rate from other utilities - \$ 30.00 and \$ 52.00 per hour. On page 37 said labor rate for repairing the fence should be \$ 41.00 per hour. We believe that the person who is running the company and doing at time repairs, managing the company, doing all the billing, being responsible for all parts of the utility should at least get paid at a rate of \$ 30.00. This would result in a salary for the President of \$ 49,140.00 a year. Remember that the president averages 31.5 hours a week. If something happens to the president and he has to be replaced, this based on what others are paying in the region, would cost the utility close to \$ 65,000 a year.

2) Payroll Taxes – Needs to be increased because of fair increase to President's salary, this is \$ 1,280.00 per year.

I have recalculated what the rate should be, see the exhibits attached. Old rate of \$ 32.20 per month, 41.08% increase equals new rate of \$ 45.43.

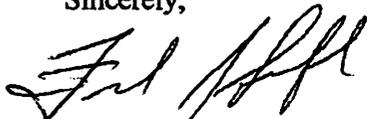
I realize that this is a very large increase but remember we have not had an increase since 1987, thirty years for an average each year of 1.51%.

The two other entities around us, City of Port St Joe and City of Mexico Beach sewer rates are still much higher then what we request. The city of Port St Joe have raised their sewer rate of 3% a year. I was told the average sewer bill is close to \$ 70.00 a customer.

My only other issue is that I requested to meet with the staff before they came up with their recommendations but was told that it was against their rules. I feel like this would have been a great help to both us and them. One example was the generator we need, they picked the lowest bid. It will not run the plant, the lift stations only. Lowest bid does not always work.

Thanks you for considering all this,

Sincerely,

A handwritten signature in black ink, appearing to read 'Frank J. Seifert', written in a cursive style.

Frank J. Seifert,
President

ESAD Enterprises, Inc.
Table 8-1

Wastewater Revenue Requirement

| | |
|--------------------------------------|---------------|
| Adjusted O & M Expenses | 138009 |
| Plus additional salary for president | 16740 |
| Operating Margin (%) | 7.53% |
| Operating Margin (\$ 10,000 Cap) | 10000 |
| Adjusted O & M Expenses | 154749 |
| Depreciation Expense (Net) | 10616 |
| Taxes Other than Income | 15695 |
| Increase in payroll taxes | 1280 |
| Test Year RAFs | <u>2840</u> |
| Revenue Requirement | 185180 |
| Less Adjusted Test year Revenues | <u>131256</u> |
| Annual Increase | <u>53924</u> |
| Percent Increase | <u>41.08%</u> |

| | |
|-----------------------|---------|
| Current Utility Rate | \$32.20 |
| Increase 41.08% | 13.23 |
| New rate should be | \$45.43 |
| 4 year rate reduction | \$0.12 |