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Public Service Commission

November 22, 2017

Mr. Martin S. Friedman, Esquire
Friedman & Friedman, P.A.
766 North Sun Drive, Suite 4030
Lake Mary, FL 32746
mfriedman@ff-attorneys.com

VIA EMAIL & US MAIL

Re: Docket No. 20160220-WS – Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.

Mr. Friedman:

Please provide the additional information requested below regarding South Sumter Utility Company, LLC. (South Sumter or Utility) by December 20, 2017.

1. Rates and Rate Structure

- a. Please explain in detail why the Utility is proposing to recover 23 percent of its revenues for water and 65 percent for wastewater through its base facility charge.
- b. Please explain the methodology used to determine the Utility's proposed 8,000 gallon cap.

2. Miscellaneous Service Charges

- a. The Utility requested a deposit for temporary meter charge; please explain in detail when and under what circumstances this charge would be levied.
- b. Please provide the cost justification for the Utility's requested late payment charge of \$5?

3. Service Availability Charges

- a. Schedule 5 displays the Utility's cost justification for service and meter installation charges. Line No. 1 displays the Utility's request to recover the cost of meter and fitting, including installation of \$258. However, line No. 5, displays the Utility's request to recover additional costs of labor to install (contractor flat fee) of \$95. If the dollar amount shown on Line No. 1 already includes the costs of installation, please explain why the Utility is requesting to recover additional installation costs in Line No. 5.

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- b. Please indicate whether the Utility's meter installation charge includes the installation of a backflow preventer. If so, this amount is included within the Utility's cost justification for its meter installation charge.

4. **Transfer of the Water Treatment Plant (WTP).** According to the application, upon completion of construction of the water treatment plant, it will be transferred to the City of Wildwood for ownership, operation, and maintenance. The following items relate to this transfer.
 - a. Please explain the Utility's decision to transfer the WTP to the City of Wildwood as opposed to South Sumter operating the WTP.
 - b. Please describe any cost savings associated with the decision to transfer the WTP the City of Wildwood.
 - c. Please provide a copy of the City of Wildwood Ordinance No. 02017.
 - d. Please provide a copy of the bulk purchase water agreement from September 2017 between South Sumter and the City of Wildwood, as mentioned in section 1, page 1, of the application.

5. **Agreement between South Sumter and the City of Leesburg.** Please provide a copy of the agreement between South Sumter and the City of Leesburg from July 2017, as mentioned in section 1, page 1, of the application.

6. **Organization costs.** Please provide support documentation for the \$42,655 of Organization recorded in plant for both water and wastewater, as shown in Schedules 1A and 1B.

7. **Management services expense.** The calculation provided for management services expense on pages 5 and 6 of the application is \$9.55 per residential, per month, water and wastewater combined. This results in \$375,888 for the water system and \$375,888 for the wastewater system. The following items relate to this expense.
 - a. Please explain the Utility's reason for using \$9.55.
 - b. Please explain the services that will be provided by the contractual management services costs.
 - c. Please provide a more detailed calculation of \$375,888 for management services for water and wastewater (i.e. number of customers used).
 - d. For any personnel costs included in the management services, please provide a detailed job description for each person.

Mr. Friedman

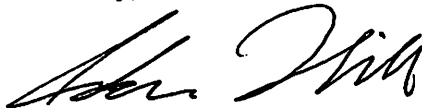
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8. **Distribution contractor.** According to the application, Schedule 3A, the Utility recorded a pro-forma expense for a distribution contractor for the water system. The following items relate to this expense.
 - a. Please provide job description for the distribution contractor.
 - b. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the \$495,860 for the distribution contractor.
9. **Collection contractor.** According to the application, Schedule 3B, the Utility recorded a pro-forma expense for a collection contractor for the wastewater system. The following items relate to this expense.
 - a. Please provide job description for the collection contractor.
 - b. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for the \$517,703 for the collection contractor.
10. **Engineering expense.** According to the application, Schedules 3A and 3B, the Utility recorded pro-forma Engineering expense of \$6,697 per month. Please provide all of the Utility's calculations, basis, workpapers, and support documentation for \$6,697 per month of Engineering expense.
11. **Cost documentation.** Please provide the current up to date costs spent on all South Sumter assets along with support documentation.

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

Sincerely,



Adam Hill, Engineering Specialist II
Division of Engineering
Florida Public Service Commission

AH:tj

cc: Office of Commission Clerk (DN 20160220-WS)