

STATE OF FLORIDA

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# Public Service Commission

January 31, 2018

Mr. Martin S. Friedman, Esq.  
Friedman & Friedman, P.A.  
766 North Sun Drive, Suite 4030  
Lake Mary, FL 32746  
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**Re: 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 February 12, 2018.

1. Late Payment Charge

- a. Please explain the labor performed by the billing specialist and administration employee when processing late payment charges.
- b. Please explain approximately how many late payment charges the utility anticipates administering each month based on historical data of its sister utility, Central Sumter Utility Company, LLC.

2. Meter Tampering

- a. Pursuant to Rule 25-30.320(2)(j), Florida Administrative Code, the customer is required to reimburse the utility for all changes in piping or necessary equipment in the event of an unauthorized or fraudulent use of service at actual cost. This is consistent with the utility's request in its application. However, the investigation of meter tampering charge is cost based on the costs associated with investigating a meter tampering incident. Please provide the appropriate cost justification for an investigation of meter tampering charge.

3. Backflow Prevention Assembly Testing/ Repair/Installation

- a. The utility's requested meter installation charge includes the costs of installing a backflow prevention assembly. Please explain why the utility would need an additional charge to cover the installation costs of a backflow prevention assembly.
- b. Please indicate whether the Backflow Prevention Assembly is located on the customer or utility's side of the meter.
- c. Please indicate who will be performing the annual testing for the backflow prevention assembly on behalf of the utility.
- d. Please provide the appropriate cost justification explaining the costs associated with backflow prevention assembly testing such as the certified contractor bid.
- e. Please indicate whether the customers have the option to independently hire a certified contractor to perform the testing outside of the utility's offered representative.

4. Miscellaneous Service Charges

- a. Please indicate who will be performing the work and administering the miscellaneous services on behalf of the utility.
- b. Please explain in detail how the utility determined the customer service cost of \$7.53.
- c. The Utility requested a violation reconnection charge at actual cost. Pursuant to Rule 25-30.460(1)(c), F.A.C., it is appropriate for the violation reconnection charge to be actual cost for wastewater service. Please provide the appropriate cost justification for the utility's requested violation reconnection charge for its water system.
- d. The utility is requesting all of its miscellaneous service charges to be \$35.13. Please explain whether this amount accounts for two trips or one when the outside contractor performs the miscellaneous services.

5. Grease and Oil Collection Device Cleaning Charge

- a. Please explain in detail what this charge would be administered for and what customers would be assessed this charge.

6. On schedule 8, page 14 of the application, the Utility stated that temporary bulk wastewater treatment would be provided by the City of Wildwood (City). What are the costs associated with the temporary interconnection and how are they reflected in rates?
7. In response to Item 4a in staff's first data request, the Utility indicated that the City has the first right to provide service to the residents of The Villages. The following items relate to this response.
  - a. Does the certificated area fall within the City of Wildwood municipal limits?
  - b. When was notice given to the Utility that the City chose to exercise their right to provide service? Please provide documents supporting this response.
  - c. Please explain whether or how the City of Wildwood's first right to provide service conflicts with the utility's right to serve customers pursuant to Commission issued Certificate Nos. 669-W and 571-S.
  - d. The Utility stated that the construction and transfer of the water treatment facility (WTF) was to assure that the residents in the new phase of The Villages received the same level of service as the residents outside of the Utility's service area in The Villages. Did the City of Wildwood convey to the Utility that they were unable or unwilling to build a new WTF to serve the new phase of The Villages? If so, please provide any documentation supporting this response.
  - e. The Utility stated that the transfer of the WTF to the City was done in lieu of paying connection and capacity fees. If the Utility did not construct and transfer the WTF, what would the total amount of capacity and connection fees paid for interconnection to the City be? Please provide any documentation supporting this response.
8. In response to Item 4c in staff's first data request, the Utility provided City Ordinance No. O2017-23. The following items relate to the Ordinance.
  - a. Staff cannot locate within the Ordinance where it states that the Utility must build a new WTF, or where it requires a transfer of the WTF to the City. Please provide the location within the Ordinance where this is stated.
  - b. The Utility stated the decision to transfer the WTF was necessary to secure the Franchise Agreement and Wholesale Potable Water & Wastewater Agreement with the City of Wildwood. Please explain and provide any documentation elaborating on why such a transfer was necessary rather than paying a typical franchise fee.

- c. Is the Utility recording the cost of construction of the WTF as a franchise fee?
    - i. If so, please explain why the cost of construction of the WTF should be considered a reasonable franchise fee, or provide past examples where such an arrangement has been approved by the Commission.
  - d. On page 4 of the Ordinance, it states the Utility agrees to purchase water from the City at a bulk rate of \$2.49 per 1,000 gallons. Given that the Utility is constructing and donating a WTF to the City, did the Utility receive a discounted bulk rate, or is this the rate the Utility would pay if they did not transfer the WTF to the City?
9. In response to Item 4d in staff's first data request, the Utility provided the bulk purchase water agreement between South Sumter and the City. The following items relate to the agreement.
- a. Is the construction of the WTF complete?
  - b. If not, has the Utility constructed an interconnection with the City?
  - c. If so, what are the costs associated with the interconnection and how are they reflected in rates?
10. In response to Item 7a in staff's first data request, the Utility provided the basis for using \$9.55 to calculate management fees. The following items relate to this response.
- a. Please identify and assign a dollar amount for all services provided in the \$97,696.95 monthly cost figure.
  - b. Please explain why the calculation uses only residential customers and not the total customer count.
  - c. Please provide the basis for including a 10 percent escalation adjustment.
  - d. Please provide the basis for including a 10 percent contingency adjustment.
  - e. Please provide all documents and calculations to support the average monthly cost, and customer count obtained from Central Sumter Utility Company, if available.
  - f. Please explain the basis for using Central Sumter Utility as a comparable company, given that it operates and maintains a WTF while South Sumter will be a reseller.

11. In response to Item 7b in staff's first data request, the Utility stated that they are responsible for computer hardware and software required by The Villages Center Community Development District (VCCDD) to operate its current accounting activities related to utilities.
- a. Please further explain the arrangement between the Utility and VCCDD.
  - b. What are the costs associated with computer hardware and software and how are they reflected in rates?
  - c. In its response, the Utility stated that VCCDD currently provides billing, collection and remittance services for all utilities operating within The Villages. If VCCDD services existing utilities, why is South Sumter responsible for costs associated with computer hardware and software?
  - d. Does South Sumter and VCCDD have any common or related entities, or common person or that owns interest in both companies?
12. In response to Item 7c in staff's first data request, the Utility provided a detailed calculation for management services. Please explain why this calculation uses only residential customers and not the total customer count.
13. Please provide any additional support documentation for costs related to the construction of the Utility, including, but not limited to the WTF.

Please file all responses electronically no later than February 14, 2018 from the Commission's website at [www.floridapsc.com](http://www.floridapsc.com), by selecting the **Clerk's Office** tab and **Electronic Filing Web Form**. Please contact me at [wtaylor@psc.state.fl.us](mailto:wtaylor@psc.state.fl.us) or at 850.413.6175 if you have any legal questions, or contact Melinda Watts for technical questions at or at 850.413.6952.

Sincerely,

*/s/Wesley Taylor*

Wesley Taylor  
Attorney

WDT/as

Cc: Office of Commission Clerk