

**TKCB, INC.**  
**5600 NORTH COCOA, BLVD.**  
**COCOA, FL 32927**  
**(321) 639-1124**

March 5, 2019

Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

RE: Docket No. 20180218-SU – Application of TKCB, Inc. for Staff-Assisted Rate Case in Brevard County, Audit Control No. 2018-351-1-1

Commission Clerk

TKCB, Inc., (TKCB) hereby submits its response to the Staff Audit Report in the above referenced docket.

**Audit Finding 1:** TKCB takes no position on this finding.

**Audit Finding 2:** TKCB takes no position on this finding.

**Audit Finding 3:** TKCB accepts the finding with the following exceptions.

*Salaries & Wages-Employees:* The audit staff's salary expense of \$3,400 is for the historical test year. This expense will increase by \$2,989 based on TKCB's request for a test year proforma salary expense of \$6,389.

*Salaries & Wages-Officers:* The audit staff's salary expense of \$8,140 is for the historical test year. This expense will increase by \$7,602 based on TKCB's request for a test year proforma salary expense of \$15,742.

*Sludge Hauling:* The audit staff's sludge hauling expense is \$800. TKCB provide staff with additional information related to this activity and we will defer our comments until staff has completed their analysis.

*Contractual Services-Billing:* The audit staff's billing expense of \$3,621 is for the historical test year. TKCB provided staff with additional information that indicates that this expense will increase by \$100 to \$3,721 based on the City of Cocoa's increased billing charges for this service effective, October, 1, 2018. (Old fee \$1.09/bill – New fee \$1.12/bill – 3,322 customer bills in the test year)

*Contractual Services-Other:* The audit staff's contract service expense of \$18,811 is for the historical test year. TKCB provided staff with additional information related to the ground maintenance of the wastewater plant site. The historical test year includes two monthly payments of \$75 or \$150 for this service. The proforma cost for this service is estimated to be \$900 annually or \$750 more than what is currently included in the historical test year.

*Bad Debt Expense:* The audit staff's bad debt expense of \$844 is for the historical test year. TKCB provided staff with additional information to calculate a three-year average bad debt expense of \$1,442 for this rate proceeding which is consistent with TKCB's last rate proceeding in Docket No. 20120078-SU.

**Audit Finding 4:** TKCB accepts the finding with the following exception.

*Pay Roll Tax:* The audit staff's payroll tax expense of \$883 is calculated as 7.65% of total historical salaries of \$11,540, as reflected in Audit Finding 3. The payroll tax expense will increase to \$1,693 based on TKCB's request for test year proforma salaries of \$22,131.

If you have any further questions, please do not hesitate to contact me.

Respectfully Submitted,



Jeffery Small  
OCBOA Consulting, LLC  
on behalf of ///

Thad A. Terry  
President  
TKCB, Inc.