

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: August 23, 2019

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Wesley Thurmond, Public Utility Analyst I, Division of Accounting & Finance *WT*

RE: Docket No. 20190080-WS - Application for limited proceeding rate increase in Brevard County, by Aquarina Utilities, Inc.

Please place the following email and its attachment in the above mentioned docket file.

Wesley Thurmond

From: Amber Norris
Sent: Friday, August 23, 2019 8:43 AM
To: 'Jeff Small'
Cc: Martin Friedman; Kevin Burge; Cheryl Bulecza-Banks; Bart Fletcher; Justin Swards;
Wesley Thurmond
Subject: RE: Response to questions raised by Amber Norris for Aquarina Utilities, Inc.

Thank you Mr. Small.

From: Jeff Small [mailto:jeffsmall@ocboa.net]
Sent: Thursday, August 22, 2019 7:22 PM
To: Amber Norris
Cc: Martin Friedman; Kevin Burge; Jeff Small
Subject: Response to questions raised by Amber Norris for Aquarina Utilities, Inc.

Amber,

Attached are the Utility's response to questions that you raised during our telephone conversation on August 19, 2019. I am available to discuss or provide additional information if needed.
Thanks

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Jeffery Small
OCBOA Consulting, LLC
407-377-5400

Associate Member of the Florida Rural Water Association

The following are Aquarina Utilities, Inc.'s responses to questions raised in a telephone conversation with Amber Norris, on August 19, 2019.

How should the proforma projects totaling \$74,858, and the Return on Investment (ROI) of \$6,305, be allocated between the potable water, non-potable water and wastewater systems.

The proforma projects should be allocated to the specific systems that they serve. Specifically,

Potable Water	\$29,476	39.4%
Non-Potable Water	\$26,013	34.7%
Wastewater	\$19,369	25.9%
	\$74,858	100.0%

The ROI of \$6,305 was calculated and developed by an outside consultant that is no longer associated with the Utility or this proceeding. The Utility, or its current consultant, cannot replicate the calculated amount and we do not know how it was determined. The Utility acknowledges that the final ROI, for each of the individual systems, will be developed by staff based on their recommendations for this proceeding.

How should the requested total rate increase of \$13,379 be allocated between the potable water, non-potable water and wastewater systems.

The \$6,305 portion of the total rate increase and how it should be allocated is addressed in our response above. The remaining amount of \$7,074 that represents one-fourth of the projected rate case expense should be allocated equally between the potable water and wastewater systems.

The golf course discontinued service as of July 1, 2019. The remaining customers of the non-potable water system, that receive irrigation service and fire flow protection, are also potable water customers. The fire hydrants are located on the non-potable water lines and fire flow protection is provided to all potable water customers, even those that do not receive non-potable service. Aquarina believes that the lost revenues from the golf course should be allocated to all potable water customers.ⁱ Rather than a 1/3 allocation of the projected rate case expense between the three systems, the Utility believes that a more equitable method is to allocate the projected rate case expense equally between the potable water and wastewater systems.

ⁱ The concern is that an increase in the non-potable rate will further encourage those remaining non-potable customers to seek alternative sources for irrigation like the golf course did.