

# Holland & Knight

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April 9, 2020

## *Via E-Mail*

Adam J. Teitzman  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: In re: Application for original water and wastewater certificates of CPI Citrus Park Utility TRS, L.L.C. to provide service in the territories in Lee County, Florida – Docket No.: 20190194-WS

Dear Mr. Teitzman:

CPI Citrus Park Utility TRS, L.L.C. (the “Utility”) respectfully submits its responses to Staff’s First Data Requests dated March 27, 2020 (“Data Requests”). For ease of reference, the Data Requests are repeated verbatim herein, with the Utility’s response immediately following each item.

1. It is Commission practice to recover 40 percent of the revenues through the base facility charge (BFC) for the water system unless there is seasonality or high discretionary usage. Please provide the basis for the Utility’s proposed BFC cost recovery of approximately 17 percent for water.

**Response:** The methodology used was in line with the Utility’s objectives to maintain rates that will not only provide revenue stability but also to be competitive with other regional water and wastewater utilities. See Initial Rates and Charges Comparison schedule appended hereto as Attachment 1.

2. It is Commission practice to recover 50 percent of the revenues through the BFC for the wastewater system due to the capital-intensive nature of wastewater plants. Please provide the basis for the Utility’s proposed BFC cost recovery of approximately 18 percent for wastewater.

**Response:** The methodology used was in line with the Utility’s objectives to maintain rates that will not only provide revenue stability but also to be competitive with other regional water and wastewater utilities.

3. The Mobile Home Park has 1,531 tenants and is responsible for approximately 78 percent of the Utility's water usage. Bell Villa Subdivision has 127 residential lots and is responsible for 22 percent of the Utility's water usage. Based on the number of residences behind the respective master meter and usage of the Mobile Home Park and the Bell Villa Subdivision, please explain in detail if rates designed using the meter factors for the Mobile Home Park is an equitable cost recovery.

**Response:** The Company determined that the most equitable method to recover cost between the two customers was to design a rate that impacted each one in the same proportion. The schedule appended hereto as Attachment 1 shows the proportion of total cost to the two customers based on requested rates is similar to that generated by the previous billing methodology. It also shows the average bill per lot in Bell Villa compares favorably with the rate charged by the closest utility.

4. Regarding the Utility's labor calculation for its requested miscellaneous service charges, the Utility calculated the labor component using an hourly salary of \$20 and 1.33 hours to administer miscellaneous services. Typically, the Commission evaluates the labor component of requested miscellaneous service charges based on the separate administrative and field duties involved with administering miscellaneous services. Furthermore, the Commission typically approves miscellaneous service charges based on 1/4 hour of administrative labor and 1/3 hour of field labor.
  - a. Please specify how much of the 1.33 hours is attributable to administrative and field labor, respectively, and the job functions performed by each.

**Response:** The total 1.33 hours is allocated to field services and administrative services in the amount of 1.25 hours and .08 hour respectively. Job functions include the initial connection for new customers, normal reconnection of service, premise visits in lieu of disconnection and supervision of these services.

5. Please explain if there is supervisory labor performed while processing miscellaneous service charges as similarly indicated while processing the Utility's requested late payment charge. If not, please explain why.

**Response:** Yes. Supervisory services is performed and included in the cost as indicated in response to 4.a. above.

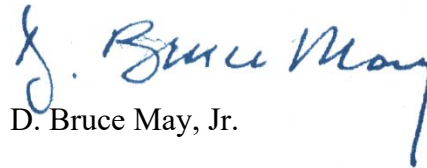
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Mr. Adam J. Teitzman  
Commission Clerk  
April 9, 2020  
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Should you have any questions regarding the foregoing, please do not hesitate to contact me. Thank you for your consideration.

Sincerely,

HOLLAND & KNIGHT LLP

A handwritten signature in blue ink that reads "D. Bruce May, Jr." with a stylized flourish at the end.

D. Bruce May, Jr.

DBM:kjg  
Enclosures

cc: Jefferson Doehling  
Bianca Lherisson, Esq.  
Jennifer Crawford, Esq.  
J.R. Kelly, Esq.  
Mireille Fall-Fry, Esq.  
Steve Adler

# **ATTACHMENT 1**

**CPI Citrus Park Utility TRS, L.L.C.**  
**Initial Rates and Charges - Comparison**

CPI Citrus Park Utility Proposed	Current	"REQUIRED"	Bonita Springs (General Service)	Current
<b>Bell Villa</b> Base Facility Charge 4" Meter Base Facility Charge 8" Meter Per 1,000 gallons <b>Monthly Bill</b> <b>Monthly Bill Per Unit (110 Units)</b> <b>% of total revenues</b>		\$ 624.90 1,874.70 3.05 <b>\$ 6,587.64</b> <b>\$ 59.89</b>	<b>Bell Villa</b> Base Facility Charge 4" Meter Base Facility Charge 8" Meter Billing Charge Per 1,000 gallons, per ERC <b>Monthly Bill</b> <b>Monthly Bill Per Unit (110 Units)</b>	\$ 202.12 646.68 4.06 3.70 <b>\$ 5,812.09</b> <b>52.84</b>
<b>2018 Total Quarterly Water Billings</b> <b>27.66% to Bell Villa</b> <b>Monthly Bill</b> <b>Monthly Bill Per Unit (110 Units)</b>  <b>Percentage of Revenue</b>	<b>\$ 160,219.22</b> <b>\$ 43,611.67</b> <b>\$ 3,634.31</b> <b>\$ 33.04</b>  <b>27.22%</b>			
<b>Citrus Park</b> Base Facility Charge 6" Meter Per 1,000 gallons <b>Monthly Bill</b> <b>Monthly Bill Per Unit (1,533Units)</b>  <b>2018 Total Quarterly Water Billings</b> <b>72.34% to Citrus Park</b> <b>Monthly Bill</b> <b>Monthly Bill Per Unit (1533 Units)</b>  <b>Percentage of Revenue</b>	\$ 1,301.88 3.05 <b>\$ 16,112.72</b> <b>\$ 10.51</b>  <b>\$ 160,219.22</b> <b>\$ 115,902.58</b> <b>\$ 9,658.55</b> <b>\$ 6.30</b>  <b>72.34%</b>	\$ 1,301.88 3.05 <b>\$ 16,112.72</b> <b>\$ 10.51</b>  <b>\$ 160,219.22</b> <b>\$ 115,902.58</b> <b>\$ 9,658.55</b> <b>\$ 6.30</b>  <b>70.98%</b>	Base Facility Charge All Meter Sizes Billing Charge Per 1,000 gallons, 0 - 6,000 Residential 3,167 gls <b>Monthly Bill Per Unit</b>	\$ 8.11 4.06 3.66 11.59 <b>\$ 23.76</b>