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FCRU's Response to Staff's 3<sup>rd</sup>  
Interrogatories Nos. 26-27

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Application for Original Certificate of	)	DOCKET NO. 20190168-WS
Authorization and Initial Rates and Charges	)	
for Water and Wastewater Service in Duval,	)	FILED: August 28, 2020
Baker and Nassau Counties, Florida by	)	
FIRST COAST REGIONAL UTILITIES,	)	
INC.	)	
	)	

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**FIRST COAST REGIONAL UTILITIES, INC.'S RESPONSES TO**  
**STAFF'S THIRD INTERROGATORIES**  
**TO FIRST COAST REGIONAL UTILITIES, INC.**

First Coast Regional Utilities, Inc. ("Applicant" or "FCRU"), pursuant to rule 1.340, Florida Rules of Civil Procedure, responds to Staff's Third Interrogatories to Applicant.

**Interrogatory 26:** Please refer to witness Swain's direct testimony, Exhibit DDS-1, pages 6 and 7. Please explain what costs are included in account 301/351 Organization.

**Response:** The Organization Costs referenced above include the cost of preparing and submitting the application for original certificate. Please note the costs did not include the costs associated with JEA's objection, the discovery process or preparing for and participating in a hearing.

Financial	35,000
Milian, Swain & Associates, Inc.	
Engineering	40,000
Beaudet/Globaltech Design Builders	
Legal	75,000
Sundstrom Law Firm	
Filing Fee	6,000
Expenses	4,000

**Interrogatory 27:** Please refer to witness Swain's direct testimony, Exhibit DDS-1, pages 14 and 15 for the following questions.

- a. Please explain the allocation of shared expenses between the water and wastewater systems.

**Response:** The Engineering Assessment Report, Section 6. b) states:

6.) Operation and Maintenance Costs. Preliminary cost estimates for Operation and Maintenance ("O&M") are shown on Figures 5 through 8. O&M Costs are estimated separately for water supply, treatment and distribution; and for wastewater collection, treatment, reclaimed water irrigation and sludge disposal. Costs are presented for 80% and 100% build-out of the Villages Phase 1, based on the absorption schedule of 500 residential ERC's and 60 commercial ERC's per year with a 5-year build-out (total 2800 ERC's).

Staffing is compliant with FAC 62-699-310. Given the co-location of the water and wastewater systems and facilities it is reasonably assumed that costs such as tools, spare parts, vehicles and labor can be shared between the systems. Labor sharing is applicable to mechanics, electricians and line technicians, but excludes operators. Power costs are based on installed horsepower of equipment in preliminary design. Chemical costs are based on comparably sized systems with similar treatment processes.

Common Expenses were based on actual estimates of cost where possible. The remainder were allocated 50-50 between water and wastewater. Mr. Beaudet obtained the 2018 Annual Operating reports for two utilities that he is very familiar with that are of similar size. He estimated the non-labor expenses for FCRU based on the Water Operation Section and Wastewater Operation Section of these reports adjusted where

necessary based on his 40+ years of utility experience as well as any differences in their facilities relative to FCRU. Full copies of these Annual Reports were produced in response to Staff's Production of Documents Request #12.

For Royal Utilities he relied on water expenses reported on pages W-10(a) and 10(b) Group 1 of the water Operation Section and pages compliant with FAC 62-699-310. For wastewater expenses he relied on pages S-10(a) and 10(b) of the Wastewater Operation Section.

- b. For each position reflected in the proposed salaries and wages expense, please list the job title, description, and duties, along with the individual's annual compensation.

**Response:** The compensation for each employee is listed in the Raw Labor Worksheet produced in response to Staff's Production of Documents Request #12. The balance of the information requested in this subsection b is listed below:

Plant Superintendent: Minimum Class B Certified Operator in both Water and Wastewater Treatment. Duties include overall responsibility for plant operations, supervision of all facility employees, work scheduling, required report preparation, and procurement administration.

Water and Wastewater Plant Operators: Minimum Class C Certified Operator in both Water and Wastewater Treatment. Duties include plant operation, light repair and preventative maintenance of equipment, obtaining and analyzing insitu samples, maintaining operations log.

Mechanic and Electrician: Responsible for more complex repair and preventative maintenance of equipment.

Technician: Minimum Class C Certified Operator for Water Distribution and Wastewater Collection. Duties include routine inspection and maintenance of lines, lift stations, hydrants and other appurtenances. Repair of minor system leaks and breaks.

c. Please explain how the following Operating and Maintenance (O&M) costs were developed.

1. Salaries and Wages – Employees

**Response:** See response to 27b. Employee positions are compliant with FAC 62-699.310. Annual raw labor costs for each category of employee are based on median salaries of Palm Beach County Water Utilities salaries.

2. Employees Pensions and Benefits

**Response:** Please see Response to 27a above.

3. Purchased Power

**Response:** Please see Response to 27a above.

4. Materials and Supplies

**Response:** Please see Response to 27a above.

5. Contractual Services – Accounting

**Response:** Please see Response to 27a above.

6. Contractual Services – Legal

**Response:** Please see Response to 27a above.

7. Contractual Services – Other

**Response:** Please see Response to 27a above.

8. Transportation Expense

**Response:** Please see Response to 27a above.

9. Insurance – Vehicle

**Response:** Please see Response to 27a above.

10. Insurance – General Liability

**Response:** Please see Response to 27a above

11. Insurance – Workers Comp

**Response:** Please see Response to 27a above.

12. Insurance – Other

**Response:** Please see Response to 27a above.

13. Advertising Expense

**Response:** Please see Response to 27a above.

14. Miscellaneous Expense

**Response:** Please see Response to 27a above.

Respectfully submitted this 28th day of August, 2020, by:

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing has been furnished via electronic mail to the following this 28th day of August, 2020.

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