

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-**

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**DATE:** February 15, 2017  
**TO:** Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk  
**FROM:** Melinda Watts, Engineering Specialist, Division of Engineering *mt*  
**RE:** Docket No.130105-WS- Application for certificates to provide water and wastewater service in Hendry and Collier Counties, by Consolidated Services of Hendry & Collier, LLC. *PH*

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Please file the attached "revised schedules" in the above mentioned docket file.

Thank you ~

## Melinda Watts

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**From:** Daniel DeLisi <dan@delisi-inc.com>  
**Sent:** Thursday, February 02, 2017 3:27 PM  
**To:** Melinda Watts  
**Cc:** 'mhutchcraft@cclpcitrus.com'; John Wharton  
**Subject:** Revised CIAC and Rate Schedules  
**Attachments:** CIAC and Schedules 2-2-17.xls

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Melinda,

Per our conversation earlier today, please find the attached revised and updated spreadsheets for the CIAC, O&M expenses and rate schedules.

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

Best regards.

Daniel DeLisi, AICP  
DeLisi, Inc.  
[dan@delisi-inc.com](mailto:dan@delisi-inc.com)  
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## Consolidated Services of Hendry Collier County

Naruc Account	Description Item	Amount	Unit	Cost	UPIS	Depreciation Rate	Annual Depreciation
303	Land and Land Rights	1	EA		\$0	0.0000	\$0
304	Structures and Improve./ Site Work	1	L.S.	\$106,256	\$106,256	0.0370	\$3,931
307	Wells and Springs	2	EA	\$27,000	\$54,000	0.0370	\$1,998
309	Supply Mains/ Yard piping	1	L.S.	\$138,440	\$138,440	0.0313	\$4,333
311	Pumping Equip./ Vertical Well Pump	1	EA	\$175,000	\$175,000	0.0667	\$11,673
320	Water Treatment/ Liquid Chlorine	1	EA	\$175,000	\$175,000	0.0588	\$10,290
330	Distribution Reservoirs /Hydo Tank	1	EA	\$220,000	\$220,000	0.0333	\$7,326
331	Transmission Distribution/ 8" pvc	14520	LF	\$42	\$609,840	0.0250	\$15,246
333	Services	300	EA	\$900	\$270,000	0.0286	\$7,722
334	Meter and Meter Installation	300	EA	\$300	\$90,000	0.0588	\$5,292
335	Hydrants	30	EA	\$8,500	\$255,000	0.0250	\$6,375
<b>Total</b>					<b>\$2,093,536</b>	<b>0.0354</b>	<b>\$74,186</b>

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Capacity (ERCs)	300	300	300	300	300	300	300	300
Existing Connections	0	20	45	75	110	150	190	240
Additional Connections (ERCs)	20	25	30	35	40	40	50	60
Utility Plant In Service	\$ 1,188,352	\$ 1,269,172	\$ 1,366,156	\$ 1,479,304	\$ 1,608,616	\$ 1,737,928	\$ 1,899,568	\$ 2,093,536
Accumulated Depreciation	\$ 21,055	\$ 64,597	\$ 111,290	\$ 161,705	\$ 216,417	\$ 275,711	\$ 340,159	\$ 410,909
Contributions in Aid of Construction	\$ 96,656	\$ 217,476	\$ 362,460	\$ 531,608	\$ 724,920	\$ 918,232	\$ 1,159,872	\$ 1,449,840
Accumulated Amortization of CIAC	\$ 1,713	\$ 7,278	\$ 17,554	\$ 33,395	\$ 55,658	\$ 84,771	\$ 121,590	\$ 167,829

Contribution Level	8.13%	17.45%	27.49%	37.81%	48.07%	57.00%	66.58%	76.19%
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Meter Installation Charge	\$ 300
Plant Capacity Charge	\$ 1,600
Main Extension Charge/Donated Lines	\$ 2,933
Total Service Availability Charges	\$ 4,833

Minimum CIAC	42.03%
Maximum CIAC	75.00%



Schedule 1  
Cost of Capital Schedule

Description	Utility Capital	Weight	Cost Rate	Weighted Cost
Common equity	\$ 399,386.23	40%	11.16%	4.46%
Debt (prime +1)	\$ 599,079.35	60%	4.75%	2.85%
Total	\$ 998,465.59	100%		7.31%

Range of Reasonableness High Low  
Common Equity

## Schedule 2

### Water Rate Base

Utility Plant in Service	\$ 1,899,568	80%
Accumulated Depreciation	\$ (340,159)	80%
Contributions in Aid of Construction (CIAC)	\$ (1,159,872)	80%
Accumulated Amortization of CIAC	\$ 121,590	80%
Working Capital Allowance	\$ 8,212	1/8 O&M
<b>Water Rate Base</b>	<b>\$ 529,339</b>	

### Revenue Requirement

Operating Revenue	\$ 139,364
O&M Expense	\$ 65,695
Depreciation Expense	\$ 67,245
Amortization of CIAC Expense	\$ (41,059)
Taxes other than income	\$ 8,779
Total Operating Expense	\$ 100,659
Net Operating Income	\$ 38,705
Water Rate Base	\$ 529,339
Rate of Return	7.31%

### Monthly Service Rates

Base Facility Charge		
5/8" x 3/4"	\$ 19.36	\$ 55,745.62
Charge per 1,000 gallons	\$ 3.93	\$ 83,618.44
(Assumption of 90 gpd per person and 2.7 people per unit )		

### Typical Residential Bills

3,000 Gallons	\$ 31.14
5,000 Gallons	\$ 39.00

The operating expenses are somewhat low.

base facility charge = 40% of the revenue requirement and divided by the number of bills at 80% of design capacity.

gallage charge = 60% of the revenue requirement by the number of gallons expected to be sold (240 connections, 100 gallons per day for 2 people, 30 days per month, 12 months) and multiplied times 1000.

### Schedule 3

#### Wastewater Rate Base

Utility Plant in Service	2,051,698	80%
Accumulated Depreciation	(292,668)	80%
Contributions in Aid of Construction (CIAC)	(1,434,540)	80%
Accumulated Amortization of CIAC	137,342	80%
Working Capital Allowance	7,295	1/8 O&M
<b>Wastewater Rate Base</b>	<b>469,127</b>	

#### Revenue Requirement

Operating Revenue	120,591
O&M Expense	58,357
Depreciation Expense	66,475
Amortization of CIAC Expense	-46,479
Taxes other than income (prop tax + 4.5% of Revenue)	7,936
Total Operating Expense	86,288
Net Operating Income	34,303

Wastewater Rate Base	469,127
Rate of Return	7.31%

#### Monthly Service Rates

Base Facility Charge	\$ 16.75	\$ 48,236.36
Charge per 1,000 gallons	\$ 3.40	\$ 72,354.55

#### Typical Residential Bills

3,000 Gallons	\$ 26.95
5,000 Gallons	\$ 33.74

**O&M Water Expenses**

	Units	Total	Notes
Land Lease (640)	\$500/acre	\$ 125	
Salaries and Wages – Employees (601)	\$30/Hr. @1,820 hrs.	\$ 27,300	Shared employee Water and Wastewater
Purchased Power (615)	\$77/ERC	\$ 23,100	
Fuel for Power Production (616)	\$250	\$ 250	
Contractual Services (630)		\$ 2,000	
Chemicals (618)	\$35/ERC	\$ 10,500	
Transportation Expense (650)	700	\$ 350	
Insurance Expense (655)	600	\$ 600	
Bad Debt Expense (670)	1% of gross revenue	\$ 1,394	
Misc Expenses		\$ 76	
<b>Total</b>		<b>\$ 65,695</b>	

**O&M Wastewater Expenses**

	Units	Total	Notes
Land Lease	\$500/acre	\$ 1,125	
Salaries and Wages	\$30/Hr. @1,820 hrs.	\$ 27,300	Shared employee Water and Wastewater
Chemicals	\$17/ERC	\$ 5,100	
Purchase Power (Electricity)	\$60/ERC	\$ 18,000	
Contractual Services Professional (Maintenance)	\$12/ERC	\$ 3,600	
Insurance	600	\$ 600	
Transportation	700	\$ 350	
Contractual Services Other	\$1,000	\$ 1,000	
Bad Debt Expense	1% of gross revenue	\$ 1,206	
Misc Expenses		\$ 76	
<b>Total</b>		<b>\$ 58,357</b>	

### Miscellaneous Service Charges

Description	Normal Hours	After Hours
<b>Water Service</b>		
Initial Connection	\$20.00	N/A
Normal Reconnection	\$20.00	\$40.00
Isolation Reconnection	\$20.00	\$40.00
Premises Visit Charge	\$20.00	\$40.00
Late Payment Charge	\$5.00	N/A
<b>Wastewater Service</b>		
Initial Connection	\$20.00	N/A
Normal Reconnection	\$20.00	\$40.00
Isolation Reconnection	Actual Cost	Actual Cost
Premises Visit Charge	\$20.00	\$40.00
Late Payment Charge	\$5.00	N/A