

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:** August 20, 2020

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Accounting and Finance (Norris, Blocker, D. Buys, Thurmond) *BF ALM*  
Division of Economics (Bethea, Bruce, Hudson, Sibley) *JGH*  
Division of Engineering (Doehling, Ellis, Johnson, King, Kistner, Knoblauch,  
Ramos, Thompson) *TB*  
Office of the General Counsel (Trierweiler, Crawford) *JSC*

**RE:** Docket No. 20200139-WS – Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.

**AGENDA:** 09/01/20 – Regular Agenda – Decision on Suspension of Rates and Interim Rates – Participation is at the Discretion of the Commission

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Fay

**CRITICAL DATES:** 09/11/20 (60-Day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

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### Case Background

Utilities, Inc. of Florida (UIF or Utility) is a Class A utility providing water and wastewater service to 27 systems in the following counties: Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole. UIF is a wholly-owned subsidiary of Utilities, Inc. (UI). The Utility's last rate proceeding, processed in Docket No. 20160101-WS, utilized a historic December 31, 2015, test year.<sup>1</sup> That proceeding culminated in Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, approving a single consolidated rate structure, as

<sup>1</sup> *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.*

amended by Order No. PSC-2017-0361A-FOF-WS, issued October 4, 2017. On remand from the First District Court of Appeal, Order No. PSC-2019-0363-PAA-WS was issued on August 27, 2019.

In 2019, the Utility recorded total company operating revenues of \$16,396,327 and \$20,840,529 for water and wastewater, respectively. UIF reported net operating income for 2019 of \$3,726,366 for water and \$5,185,175 for wastewater. In 2019, UIF had 33,736 and 23,885 respective water and wastewater customers for its combined systems.

On July 13, 2020, UIF filed an application for approval of interim and final water and wastewater rate increases. By letter dated August 5, 2020, staff advised the Utility that its Minimum Filing Requirements (MFRs) had deficiencies. The deadline to correct those deficiencies is September 4, 2020. To date, the official date of filing has not been established for noticing purposes.

The Utility's application for increased interim and final water and wastewater rates is based on the historical 13-month average period ended December 31, 2019. The requested final rates include adjustments for pro forma projects.

UIF requested interim rates designed to generate revenues of \$17,217,167 for water operations and \$20,988,143 for wastewater operations. This represents a revenue increase of \$624,643, or 3.76 percent, for water and \$689,957, or 3.40 percent, for wastewater. UIF requested final rates designed to generate additional revenues of \$2,823,848, or 17.01 percent, for water operations and \$6,529,383, or 32.17 percent, for wastewater operations.

Upon its request, the Office of Public Counsel (OPC) was added as an interested person to this docket on April 20, 2020. The intervention of the OPC was acknowledged by Order No. PSC-2020-0259-PCO-WS, issued on July 24, 2020.

On April 21, 2020, UIF filed a Petition for Variance or Waiver of a specific provision from Rule 25-30.437(3), Florida Administrative Code (F.A.C.). The portion of the rule from which the Utility requested waiver addresses the requirement to provide additional detailed billing analyses for each rate change period in the test year. By Order No. PSC-2020-0211-PAA-WS, issued June 26, 2020, the Commission approved the Utility's petition.

The 60-day statutory deadline for the Commission to suspend the Utility's requested final rates and address its interim rate request is September 11, 2020. This recommendation addresses the suspension of the Utility's requested final rates and requested interim rates. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

### Discussion of Issues

**Issue 1:** Should the Utility's proposed final water and wastewater rates be suspended?

**Recommendation:** Yes. The Utility's proposed final water and wastewater rates should be suspended. (Thurmond)

**Staff Analysis:** Section 367.081(6), F.S., provides that the rates proposed by a utility shall become effective within sixty days after filing unless the Commission votes to withhold consent of implementation of the requested rates. Further, the above referenced statute permits the proposed final rates to go into effect, under bond, escrow, or corporate undertaking eight months after filing unless final action has been taken by the Commission.

Staff has reviewed the filing and the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. Staff believes that it is reasonable and necessary to require further amplification and explanation regarding this data, and to require production of additional and/or corroborative data. This further examination will include a review by staff accountants and engineers. To date, staff has initiated an audit of UIF's books and records, as well as an audit of UI, the Utility's parent, to examine allocated investment and operating expenses. This combined audit is tentatively due on October 21, 2020. Staff believes additional discovery requests will be necessary. Therefore, staff recommends suspension of the Utility's proposed rate increase to allow staff and any intervenors sufficient time to adequately and thoroughly examine the appropriateness of the Utility's request for final rate relief.

**Issue 2:** Should any interim revenue increase be approved?

**Recommendation:** Yes. UIF should be authorized to collect annual revenues as indicated below:

|            | <u>Adjusted Test<br/>Year Revenues</u> | <u>\$ Increase</u> | <u>Revenue<br/>Requirement</u> | <u>% Increase</u> |
|------------|--|--------------------|--------------------------------|-------------------|
| Water      | \$16,298,944                           | \$918,223          | \$17,217,167                   | 5.63%             |
| Wastewater | \$19,936,921                           | \$1,051,222        | \$20,988,143                   | 5.27%             |

(Blocker, Thurmond, Norris, Thompson, Hudson)

**Staff Analysis:** On July 13, 2020, UIF filed its rate base, cost of capital, and operating statements to support its requested interim increase in rates. Pursuant to Section 367.082(1), F.S., in order to establish a prima facie entitlement for interim relief, the Utility shall demonstrate that it is earning outside the range of reasonableness on its rate of return. Pursuant to Section 367.081(2)(a), F.S., in a proceeding for an interim increase in rates, the Commission shall authorize, within 60 days of the filing for such relief, the collection of rates sufficient to earn the minimum of the range of rate of return. Based on the Utility's filing and the recommended adjustments below, staff believes that the Utility has demonstrated a prima facie entitlement in accordance with Section 367.082(1), F.S.

Pursuant to Section 367.082(5)(b)1, F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with adjustments made in the Utility's most recent rate proceeding and annualizing any rate changes. Staff reviewed UIF's interim request, as well as Orders from the Utility's most recent rate proceedings, and believes adjustments are necessary as discussed below. Staff has attached accounting Schedules to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. Rate base is labeled as Schedule Nos. 1-A and 1-B, with the adjustments shown on Schedule No. 1-C. Capital structure is labeled as Schedule No. 2. Operating income is labeled as Schedule Nos. 3-A and 3-B, with the adjustments shown on Schedule No. 3-C.

### **Rate Base**

Staff reviewed the Utility's interim used and useful (U&U) calculations on a per system basis. The review is based upon previous Commission decisions and available usage and capacity data contained in UIF's MFR schedules. Consistent with Commission practices, staff recommends no adjustments for all water treatment, storage, and distribution and collection systems that have been determined to be 100 percent U&U by the prior rate case order.<sup>2</sup>

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<sup>2</sup> Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.*

Except for four wastewater treatment plants (WWTP), staff recommends no adjustments to the WWTP U&U values contained in UIF's interim rate base. The Labrador, LUSI Lake Groves, Marion, and Mid-County WWTP U&U values approved in the prior rate case orders<sup>3</sup> were 79.94 percent, 53.54 percent, 68.65 percent, and 93.67 percent, respectively. Based on current system conditions, and using the methodology approved in the prior rate case order, staff recommends that the Labrador and Mid-County WWTPs be considered 100 percent U&U, and the LUSI Lake Groves and Marion WWTPs be considered 64.76 percent and 78.43 percent U&U, respectively.

U&U values have not been previously established by the Commission for the LUSI Barrington wastewater system as the transfer of this system to UIF was approved by the Commission in 2019.<sup>4</sup> However, for interim purposes, staff recommends that the LUSI Barrington WWTP and collection system be considered 100 percent U&U.

Pursuant to Rule 25-30.433(3), F.A.C., the working capital allowance for Class A utilities shall be calculated using the balance sheet method. In Order No. PSC-2017-0361-FOF-WS, the Commission determined that deferred rate case expense from systems with surcharges should not be included in working capital, as the surcharge already includes the associated return from inclusion in working capital. As such, staff recommends a reduction to water and wastewater working capital of \$20,473 and \$16,008, respectively, to remove unamortized prior rate case expense currently recovered through surcharges. Staff also recommends decreasing water and wastewater working capital by \$33 and \$4,162, respectively, to correct unamortized balances of its Project Phoenix. Project Phoenix is the system for managing accounting, customer service, customer billing, and financial and regulatory reporting functions used by UI and its subsidiaries. In total, staff recommends reductions of \$20,506 and \$20,170 to water and wastewater working capital, respectively.

### **Cost of Capital**

Pursuant to the provisions of the interim statute, an interim increase should be calculated using the minimum ROE limit authorized in the Utility's last rate case. Based on an analysis of the MFRs, Order No. PSC-2017-0361-FOF-WS, and adjustments to rate base discussed above, staff recommends that the overall rate of return be 6.61 percent.

### **Net Operating Income**

In order to attain the appropriate amount of interim test year operating revenues, staff removed the Utility's requested interim revenue increase of \$624,643 from water and \$689,957 from wastewater. Staff also reduced water and wastewater regulatory assessment fees (RAFs) by \$28,109 and \$31,048 respectively, to reflect the removal of the Utility's requested interim revenue increases. In addition, the utility annualized the test year revenues using rates in effect subsequent to the test year. For purposes of determining interim rates, the appropriate rates for

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<sup>3</sup> Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida*. Order No. PSC-2019-0363-PAA-WS, issued August 27, 2019, Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida*.

<sup>4</sup>Order No. PSC-2019-0071-PAA-SU, issued February 25, 2019, Docket No. 20170174-SU, *In re: Application for transfer of assets of exempt utility, amendment of Certificate No. 465-S, and petition for partial variance or waiver of Rule 25-30.030(5)(b), F.A.C. by Utilities, Inc. of Florida*.

annualizing test year revenues are the rates in effect at the end of the test year. Staff annualized test year revenues using the rates in effect on December 31, 2019, which results in a decrease to test year revenues of \$293,580 for water and \$361,265 for wastewater. Based on the above, staff recommends that the appropriate interim test year revenue, before any increase, is \$16,298,944 and 19,936,921 for water and wastewater, respectively.

On interim MFR Schedules B-1 and B-2, the Utility reflected operation and maintenance (O&M) expense of \$8,583,750 and \$10,465,127 for water and wastewater, respectively. Additional adjustments should be made consistent with the treatment from UIF's last rate case. A 3-year average should be reflected for Eagle Ridge's materials and supplies expense, as well as health insurance reimbursements in pensions and benefits expense. Although not reflected in the Utility's filing, as both expenses are subaccounts within UIF's total O&M expense, the Utility did provide the expense detail in its 2020 Price Index application. Based on that filing, staff increased O&M expense by \$89,281 for water and \$84,200 for wastewater.

### **Excessive Unaccounted Water**

In the prior rate case order,<sup>5</sup> the Commission determined that the LUSI and Sanlando water systems had no excessive unaccounted for water (EUW). Based on current system conditions, and using the methodology approved in the prior rate case order, staff recommends EUW adjustments for the LUSI Four Lakes and Sanlando water systems of 1.95 percent and 2.08 percent, respectively, to the 2019 water treatment expense for each system.

In the prior rate case order,<sup>6</sup> the Commission determined that the Labrador, Pasco Orangewood, Pinellas Lake Tarpon, Seminole Oakland Shores, Seminole Phillips, and Seminole Weathersfield water systems had EUW percentages of 4.6 percent, 7.66 percent, 10.2 percent, 2.23 percent, 1.56 percent, and 1.31 percent, respectively. Based on current system conditions, and using the methodology approved in the prior rate case order, staff recommends that these systems have no EUW, and recommends adjustments to the 2019 water treatment expense to reflect this for each of these systems.

In the prior rate case order,<sup>7</sup> the Commission determined that the Lake Placid, Marion, and Seminole Little Wekiva water systems had EUW percentages of 3.06 percent, 1.35 percent, and 4.81 percent, respectively. Based on current system conditions, and using the methodology approved in the prior rate case order, staff recommends EUW adjustments for the Lake Placid, Marion, and Seminole Little Wekiva water systems of 9.96 percent, 8.79 percent, and 5.54 percent, respectively, to the 2019 water treatment expense for each of these systems. Based on the above, staff recommends an adjustment to decrease water O&M expense by \$9,281 to account for staff's adjustments to EUW.

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<sup>5</sup> Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

### **Infiltration & Inflow**

In the prior rate case order,<sup>8</sup> the Commission determined that the Pasco Wis-Bar and Seminole Lincoln Heights wastewater systems had excessive infiltration and inflow (I&I) percentages of 17.22 percent and 32.9 percent, respectively. Based on current system conditions, and using the methodology approved in the prior rate case order, staff recommends excessive I&I adjustments for the Pasco Wis-Bar and Seminole Lincoln Heights wastewater systems of 5.72 percent and 11.25 percent, respectively, to the 2019 wastewater treatment expense for each system.

In the prior rate case order,<sup>9</sup> the Commission determined that the Sandalhaven Englewood Water District wastewater system had excessive I&I of 8.37 percent. Based on current system conditions, and using the methodology approved in the prior rate case order, staff recommends that this system has no excessive I&I, and recommends adjustments to the 2019 wastewater treatment expense to reflect this. Overall, staff recommends an adjustment to increase wastewater O&M expense by \$73,725 to account for staff's adjustments to excessive I&I.

### **Amortization Expense**

On interim MFR Schedules B-1 and B-2, the Utility reflected adjusted amortization balances of \$50,263 and \$105,166 for water and wastewater, respectively. As reflected on interim MFR Schedule B-3, the Utility made a test year adjustment to decrease depreciation expense and increase amortization expense by \$46,704 and \$101,889 for water and wastewater, respectively, in order to reclassify amortization expense associated with early plant retirements. Based on staff's review of Order No. PSC-2017-0361-FOF-WS, the amortization expense associated with early retirements should be \$46,750 for the Summertree water system, \$193,294 for the Longwood wastewater system, and \$30,511 for the Sandalhaven wastewater system. As a result of its review, staff recommends increasing amortization expense by \$46 and \$121,916 for water and wastewater, respectively.

### **Revenue Requirement**

In its filing, the Utility requested interim revenue requirements to generate annual revenue of \$17,217,167 for water and \$20,988,143 for wastewater. Consistent with staff's recommended rate base, cost of capital, and operating income, the resulting interim revenue requirements are \$17,265,238 for water and \$21,313,226 for wastewater. However, it is Commission practice to limit the revenue requirement to the total amount sought in a utility's petition.<sup>10</sup> Therefore, staff recommends that the appropriate interim revenue requirements should be \$17,217,167 for water

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<sup>8</sup> Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.*

<sup>9</sup> *Id.*

<sup>10</sup> Order Nos. PSC-16-0249-PCO-WS, issued June 29, 2016, in Docket No. 20160030-WS, *In re: Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni Florida, LLC.*; PSC-13-0673-FOF-WS, issued December 19, 2013, in Docket No. 20130212-WS, *In re: Application for increase in water/wastewater rates in Polk County by Cypress Lakes Utilities, Inc.*; PSC-07-0568-PAA-WU, issued July 9, 2007, in Docket No. 20070041-SU, *In re: Application for limited proceeding rate increase in Monroe County by Key Haven Utility Corporation*; PSC-05-0287-PAA-SU, issued March 17, 2005, in Docket No. 20040972-SU, *In re: Application for rate increase in Pinellas County by Ranch Mobile WWTP, Inc.*; and PSC-95-0191-FOF-WS, issued February 9, 1995, in Docket No. 19940917-WS, *In re: Application for rate increase for increased water and wastewater rates in Seminole, Orange, and Pasco Counties by Utilities, Inc. of Florida.*

Date: August 20, 2020

and \$20,988,143 for wastewater. The schedule for operating income is attached as Schedule Nos. 3-A and 3-B, and the adjustments are shown on Schedule No. 3-C. Although staff is recommending to limit the interim revenue requirement, the percentage increase is greater than what the Utility reflected in its initial filing. This is due to staff's previously discussed adjustment to reduce test year revenues.

**Issue 3:** What are the appropriate interim water and wastewater rates?

**Recommendation:** The recommended interim rate increase of 5.76 percent for water and 5.46 percent for wastewater should be applied as an across-the-board increase to the service rates in effect as of December 31, 2019. The rates, as shown on Schedule Nos. 4-A and 4-B, should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, staff has approved the proposed customer notice, and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Bruce, Bethea, Sibley)

**Staff Analysis:** Staff recommends that interim service rates for UIF be designed to allow the Utility the opportunity to generate annual operating revenues of \$17,217,167 for water and \$20,988,143 for wastewater. Before removal of miscellaneous and reuse revenues, this would result in an increase of \$918,223 (5.63 percent) for water and \$1,051,222 (5.27 percent) for wastewater. To determine the appropriate increase to apply to the service rates, miscellaneous revenues should be removed from the water and wastewater test year revenues. In addition, reuse revenues should be removed from the wastewater test year revenues. The calculations are as follows:

**Table 3-1  
 Percentage Service Rate Increase - Water**

|  | <u>Water</u>     |
|--|------------------|
| 1 Total Test Year Revenues                         | \$16,298,944     |
| 2 Less: Miscellaneous Revenues                     | <u>\$360,497</u> |
| 3 Test Year Revenues from Service Rates            | \$15,938,447     |
| 4 Revenue Increase                                 | <u>\$918,223</u> |
| 5 Percentage Service Rate Increase (Line 4/Line 3) | 5.76%            |

Source: Staff's Recommended Revenue Requirement and MFRs

**Table 3-2  
 Percentage Service Rate Increase - Wastewater**

|  | <u>Wastewater</u>  |
|--|--------------------|
| 1 Total Test Year Revenues                         | \$19,936,921       |
| 2 Less: Miscellaneous Revenues                     | \$330,906          |
| 3 Less: Reuse Revenues                             | <u>\$342,097</u>   |
| 4 Test Year Revenues from Service Rates            | \$19,263,918       |
| 5 Revenue Increase                                 | <u>\$1,051,222</u> |
| 6 Percentage Service Rate Increase (Line 5/Line 4) | 5.46%              |

Staff recommends that the recommended interim rate increase of 5.76 percent for water and 5.46 percent for wastewater should be applied as an across-the-board increase to the service rates in effect as of December 31, 2019.<sup>11</sup> The rates, as shown on Schedule Nos. 4-A and 4-B, should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, staff has approved the proposed customer notice, and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

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<sup>11</sup> The Utility had a 2020 price index effective May 31, 2020. Interim rate increases are applied to the rates in effect at the end of the test year.

**Issue 4:** What is the appropriate security to guarantee the interim increase?

**Recommendation:** A cumulative corporate undertaking is acceptable contingent upon receipt of the written guarantee of the parent company, Utilities, Inc. (UI or Company), and written confirmation that the cumulative outstanding guarantees on behalf of UI-owned utilities in other states will not exceed \$4.6 million (inclusive of all Florida utilities). UI should be required to file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions. UI's guaranteed amount subject to refund should be \$1,810,655. Pursuant to Rule 25-30.360(6), F.A.C., the Utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and in accordance with Rule 25-30.360, F.A.C. (D. Buys, Thurmond)

**Staff Analysis:** Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. As recommended in Issue 2, the total interim increase is \$1,974,310. In accordance with Rule 25-30.360, F.A.C., staff calculated the potential refund of revenues and interest collected under interim conditions to be \$1,810,655. This amount is based on an estimated 11 months of revenue being collected from staff's recommended interim rates over the Utility's current authorized rates shown on Schedule No. 4.

Utilities, Inc. of Florida (UIF) is a wholly-owned subsidiary of Utilities, Inc. (UI) which provides all investor capital to its subsidiaries. UIF requested to use a corporate undertaking to guarantee the amount subject to refund of \$1,810,655 collected during the 11-month period when interim rates are in effect.

The criteria for a corporate undertaking include sufficient liquidity, equity ownership, profitability, and interest coverage to guarantee any potential refund. Staff reviewed UI's 2019, 2018, and 2017 financial statements to determine if the Company can support a corporate undertaking on behalf of its subsidiary. In all three of its most recent financial statements, UI reported an insufficient working capital amount and current ratio due to current liabilities exceeding current assets. However, the interest coverage ratio is more than twice the required level. In addition, UI reported more than adequate ownership equity and achieved adequate profitability in each of the three most recent years. The preferred limit for a corporate undertaking is \$4.6 million.

Based on staff's review of the financial statements made available by UI, staff believes UI has adequate resources to support a corporate undertaking in the amount requested. Based on this analysis, staff recommends that a corporate undertaking of \$1,810,655 is acceptable contingent upon receipt of the written guarantee of UI and written confirmation that the cumulative outstanding guarantees on behalf of UI-owned utilities in other states will not exceed \$4.6 million (inclusive of all Florida utilities). The brief financial analysis above is only appropriate for deciding if UI can support a corporate undertaking in the amount requested and should not be considered a finding regarding staff's position on other issues in this proceeding.

Pursuant to Rule 25-30.360(6), F.A.C., the Utility should provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund

be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

In no instance should maintenance and administrative costs associated with any refund be borne by the customers. Such costs are the responsibility of, and should be borne by, the Utility.

**Issue 5:** Should this docket be closed?

**Recommendation:** The docket should remain open pending the Commission's final action on the Utility's requested rate increase. (Trierweiler, Thurmond)

**Staff Analysis:** The docket should remain open pending the Commission's final action on the Utility's requested rate increase.

| <b>Utilities, Inc. of Florida</b>       |                                      |                                      | <b>Schedule No. 1-A</b>                       |                                    |   |
|---|--------------------------------------|--------------------------------------|---|------------------------------------|---|
| <b>Schedule of Water Rate Base</b>      |                                      |                                      | <b>Docket No. 20200139-WS</b>                 |                                    |   |
| <b>Test Year Ended 12/31/19</b>         |                                      |                                      |   |                                    |   |
| <b>Description</b>                      | <b>Test Year<br/>Per<br/>Utility</b> | <b>Utility<br/>Adjust-<br/>ments</b> | <b>Adjusted<br/>Test Year<br/>Per Utility</b> | <b>Staff<br/>Adjust-<br/>ments</b> | <b>Staff<br/>Adjusted<br/>Test Year</b> |
| 1 Plant in Service                      | \$121,858,071                        | (\$6,169,205)                        | \$115,688,866                                 | \$0                                | \$115,688,866                           |
| 2 Land and Land Rights                  | 296,859                              | 0                                    | 296,859                                       | 0                                  | 296,859                                 |
| 3 Non-used and Useful Components        | 0                                    | 0                                    | 0   | 0                                  | 0                                       |
| 4 Accumulated Depreciation              | (51,397,784)                         | 4,825,793                            | (46,571,991)                                  | 0                                  | (46,571,991)                            |
| 5 CIAC                                  | (41,304,592)                         | 0                                    | (41,304,592)                                  | 0                                  | (41,304,592)                            |
| 6 Amortization of CIAC                  | 20,893,605                           | (850)                                | 20,892,755                                    | 0                                  | 20,892,755                              |
| 7 Acquisition Adjustments               | 56,355                               | (56,355)                             | 0   | 0                                  | 0                                       |
| 8 AA of Acquisition Adj.                | 192,642                              | (192,642)                            | 0   | 0                                  | 0                                       |
| 8 Advances for Construction             | (36,767)                             | 0                                    | (36,767)                                      | 0                                  | (36,767)                                |
| 9 Working Capital Allowance             | 0                                    | 1,795,933                            | 1,795,933                                     | (20,506)                           | 1,775,427                               |
| 10 Construction Work in Progress (CWIP) | <u>2,628,722</u>                     | <u>(2,628,722)</u>                   | <u>0</u>                                      | <u>0</u>                           | <u>0</u>                                |
| 11 <b>Rate Base</b>                     | <u>\$53,187,111</u>                  | <u>(\$2,426,048)</u>                 | <u>\$50,761,063</u>                           | <u>(\$20,506)</u>                  | <u>\$50,740,557</u>                     |

| <b>Utilities, Inc. of Florida</b>       |                                      |                                      | <b>Schedule No. 1-B</b>                       |                                    |   |
|---|--------------------------------------|--------------------------------------|---|------------------------------------|---|
| <b>Schedule of Wastewater Rate Base</b> |                                      |                                      | <b>Docket No. 20200139-WS</b>                 |                                    |   |
| <b>Test Year Ended 12/31/19</b>         |                                      |                                      |   |                                    |   |
| <b>Description</b>                      | <b>Test Year<br/>Per<br/>Utility</b> | <b>Utility<br/>Adjust-<br/>ments</b> | <b>Adjusted<br/>Test Year<br/>Per Utility</b> | <b>Staff<br/>Adjust-<br/>ments</b> | <b>Staff<br/>Adjusted<br/>Test Year</b> |
| 1 Plant in Service                      | \$131,296,074                        | \$6,169,205                          | \$137,465,279                                 | \$0                                | \$137,465,279                           |
| 2 Land and Land Rights                  | 583,041                              | 0                                    | 583,041                                       | 0                                  | 583,041                                 |
| 3 Non-used and Useful Components        | 0                                    | (2,465,167)                          | (2,465,167)                                   | 559,121                            | (1,906,046)                             |
| 4 Accumulated Depreciation              | (57,140,576)                         | (4,115,946)                          | (61,256,522)                                  | 0                                  | (61,256,522)                            |
| 5 CIAC                                  | (44,997,031)                         | 0                                    | (44,997,031)                                  | 0                                  | (44,997,031)                            |
| 6 Amortization of CIAC                  | 30,720,963                           | (1,464,628)                          | 29,256,335                                    | 0                                  | 29,256,335                              |
| 7 CWIP                                  | (605,083)                            | 605,083                              | 0   | 0                                  | 0                                       |
| 8 Acquisition Adjustments               | 1,238,784                            | (1,238,784)                          | 0   | 0                                  | 0                                       |
| 9 AA of Acquisition Adj.                | (163,693)                            | 163,693                              | 0   | 0                                  | 0                                       |
| 10 Advances for Construction            | 1,315                                | 0                                    | 1,315   | 0                                  | 1,315                                   |
| 11 Working Capital Allowance            | <u>0</u>                             | <u>2,351,030</u>                     | <u>2,351,030</u>                              | <u>(20,170)</u>                    | <u>2,330,860</u>                        |
| 12 <b>Rate Base</b>                     | <u>\$60,933,794</u>                  | <u>\$4,486</u>                       | <u>\$60,938,280</u>                           | <u>\$538,951</u>                   | <u>\$61,477,231</u>                     |

| <b>Utilities Inc. of Florida</b>                                  |                   | <b>Schedule No. 1-C</b>       |  |
|---|-------------------|-------------------------------|--|
| <b>Adjustments to Rate Base</b>                                   |                   | <b>Docket No. 20200139-WS</b> |  |
| <b>Test Year Ended 12/31/2019</b>                                 |                   |                               |  |
| <b>Explanation</b>  | <b>Water</b>      | <b>Wastewater</b>             |  |
| <b><u>Non-Used and Useful</u></b>                                 |                   |                               |  |
| To reflect net non-used and useful adjustment.                    | <u>\$0</u>        | <u>\$559,121</u>              |  |
| <b><u>Working Capital</u></b>                                     |                   |                               |  |
| 1 To remove unamortized deferred rate case expense in surcharges. | (\$20,473)        | (\$16,008)                    |  |
| 2 To correct unamortized balances of Project Phoenix.             | <u>(33)</u>       | <u>(4,162)</u>                |  |
| Total   | <u>(\$20,506)</u> | <u>(\$20,170)</u>             |  |

| <b>Utilities, Inc. of Florida</b>       |                      |                              |                                  |                             |  | <b>Schedule No. 2</b>         |                    |                      |  |
|---|----------------------|------------------------------|----------------------------------|-----------------------------|--|-------------------------------|--------------------|----------------------|--|
| <b>Capital Structure-Simple Average</b> |                      |                              |                                  |                             |  | <b>Docket No. 20200139-WS</b> |                    |                      |  |
| <b>Test Year Ended 12/31/19</b>         |                      |                              |                                  |                             |  |                               |                    |                      |  |
| <b>Description</b>                      | <b>Total Capital</b> | <b>Specific Adjust-ments</b> | <b>Subtotal Adjusted Capital</b> | <b>Prorata Adjust-ments</b> | <b>Capital Reconciled to Rate Base</b> | <b>Ratio</b>                  | <b>Cost Rate</b>   | <b>Weighted Cost</b> |  |
| <b>Per Utility</b>                      |                      |                              |                                  |                             |  |                               |                    |                      |  |
| 1 Long-term Debt                        | \$257,846,154        | \$0                          | \$257,846,154                    | (\$212,910,719)             | \$44,935,435                           | 40.23%                        | 5.78%              | 2.33%                |  |
| 2 Short-term Debt                       | 28,461,538           | 0                            | 28,461,538                       | (23,502,670)                | 4,958,868                              | 4.44%                         | 4.04%              | 0.18%                |  |
| 4 Common Equity                         | 279,391,931          | 0                            | 279,391,931                      | (230,700,375)               | 48,691,556                             | 43.59%                        | 9.40%              | 4.10%                |  |
| 5 Customer Deposits                     | 248,501              | 0                            | 248,501                          | 0                           | 248,501                                | 0.22%                         | 0.00%              | 0.00%                |  |
| 6 Deferred Income Taxes                 | 7,143,896            | 0                            | 7,143,896                        | 0                           | 7,143,896                              | 6.40%                         | 0.00%              | 0.00%                |  |
| 7 Tax Credits - Zero Cost               | 73,443               | 0                            | 73,443                           | 0                           | 73,443                                 | 0.07%                         | 0.00%              | 0.00%                |  |
| 8 Other                                 | <u>5,647,645</u>     | <u>0</u>                     | <u>5,647,645</u>                 | <u>0</u>                    | <u>5,647,645</u>                       | <u>5.06%</u>                  | 0.00%              | <u>0.00%</u>         |  |
| 9 <b>Total Capital</b>                  | <u>\$578,813,108</u> | <u>\$0</u>                   | <u>\$578,813,108</u>             | <u>(\$467,113,764)</u>      | <u>\$111,699,344</u>                   | <u>100.00%</u>                |                    | <u>6.61%</u>         |  |
| <b>Per Staff</b>                        |                      |                              |                                  |                             |  |                               |                    |                      |  |
| 10 Long-term Debt                       | \$257,846,154        | \$0                          | \$257,846,154                    | (\$212,674,366)             | \$45,171,788                           | 40.25%                        | 5.78%              | 2.33%                |  |
| 11 Short-term Debt                      | 28,461,538           | 0                            | 28,461,538                       | (23,475,392)                | 4,986,146                              | 4.44%                         | 4.04%              | 0.18%                |  |
| 13 Common Equity                        | 279,391,931          | 0                            | 279,391,931                      | (230,445,561)               | 48,946,370                             | 43.62%                        | 9.40%              | 4.10%                |  |
| 14 Customer Deposits                    | 248,501              | 0                            | 248,501                          | 0                           | 248,501                                | 0.22%                         | 0.00%              | 0.00%                |  |
| 15 Deferred Income Taxes                | 7,143,896            | 0                            | 7,143,896                        | 0                           | 7,143,896                              | 6.37%                         | 0.00%              | 0.00%                |  |
| 16 Tax Credits - Zero Cost              | 73,443               | 0                            | 73,443                           | 0                           | 73,443                                 | 0.07%                         | 0.00%              | 0.00%                |  |
| 17 Other                                | <u>5,647,645</u>     | <u>0</u>                     | <u>5,647,645</u>                 | <u>0</u>                    | <u>5,647,645</u>                       | <u>5.03%</u>                  | 0.00%              | <u>0.00%</u>         |  |
| 18 <b>Total Capital</b>                 | <u>\$578,813,108</u> | <u>\$0</u>                   | <u>\$578,813,108</u>             | <u>(\$466,595,319)</u>      | <u>\$112,217,789</u>                   | <u>100.00%</u>                |                    | <u>6.61%</u>         |  |
|   |                      |                              |                                  |                             |  | <b><u>LOW</u></b>             | <b><u>HIGH</u></b> |                      |  |
| RETURN ON EQUITY                        |                      |                              |                                  |                             |  | <u>9.40%</u>                  | <u>11.40%</u>      |                      |  |
| OVERALL RATE OF RETURN                  |                      |                              |                                  |                             |  | <u>6.61%</u>                  | <u>7.48%</u>       |                      |  |

| <b>Utilities, Inc. of Florida</b>    |                                      |                                      |   |                                    |   | <b>Schedule No. 3-A</b>       |                                |
|--------------------------------------|--------------------------------------|--------------------------------------|---|------------------------------------|---|-------------------------------|--------------------------------|
| <b>Statement of Water Operations</b> |                                      |                                      |   |                                    |   | <b>Docket No. 20200139-WS</b> |                                |
| <b>Test Year Ended 12/31/19</b>      |                                      |                                      |   |                                    |   |                               |                                |
| <b>Description</b>                   | <b>Test Year<br/>Per<br/>Utility</b> | <b>Utility<br/>Adjust-<br/>ments</b> | <b>Adjusted<br/>Test Year<br/>Per Utility</b> | <b>Staff<br/>Adjust-<br/>ments</b> | <b>Staff<br/>Adjusted<br/>Test Year</b> | <b>Revenue<br/>Increase</b>   | <b>Revenue<br/>Requirement</b> |
| 1 <b>Operating Revenues:</b>         | <u>\$16,396,327</u>                  | <u>\$820,840</u>                     | <u>\$17,217,167</u>                           | <u>(\$918,223)</u>                 | <u>\$16,298,944</u>                     | <u>\$918,223</u><br>5.63%     | <u>\$17,217,167</u>            |
| <b>Operating Expenses</b>            |                                      |                                      |   |                                    |   |                               |                                |
| 2 Operation & Maintenance            | 8,659,460                            | (75,710)                             | 8,583,750                                     | 80,000                             | 8,663,750                               |                               | 8,663,750                      |
| 3 Depreciation                       | 2,885,066                            | (45,620)                             | 2,839,446                                     | 0                                  | 2,839,446                               |                               | 2,839,446                      |
| 4 Amortization                       | 0                                    | 50,263                               | 50,263  | 46                                 | 50,309                                  |                               | 50,309                         |
| 5 Taxes Other Than Income            | 1,653,481                            | 28,176                               | 1,681,657                                     | (41,320)                           | 1,640,337                               | 41,320                        | 1,681,657                      |
| 6 Income Taxes                       | <u>(528,046)</u>                     | <u>1,234,790</u>                     | <u>706,744</u>                                | <u>(257,144)</u>                   | <u>449,600</u>                          | <u>215,034</u>                | <u>664,635</u>                 |
| 7 <b>Total Operating Expense</b>     | <u>\$12,669,961</u>                  | <u>\$1,191,899</u>                   | <u>\$13,861,860</u>                           | <u>(\$218,418)</u>                 | <u>\$13,643,442</u>                     | <u>\$256,354</u>              | <u>\$13,899,796</u>            |
| 8 <b>Operating Income</b>            | <u>\$3,726,366</u>                   | <u>(\$371,059)</u>                   | <u>\$3,355,307</u>                            | <u>(\$699,805)</u>                 | <u>\$2,655,502</u>                      | <u>\$661,869</u>              | <u>\$3,317,371</u>             |
| 9 <b>Rate Base</b>                   | <u>\$53,187,111</u>                  |                                      | <u>\$50,761,063</u>                           |                                    | <u>\$50,740,557</u>                     |                               | <u>\$50,740,557</u>            |
| 10 <b>Rate of Return</b>             | <u>7.01%</u>                         |                                      | <u>6.61%</u>                                  |                                    | <u>5.23%</u>                            |                               | <u>6.54%<sup>12</sup></u>      |

<sup>12</sup> Due to staff's recommendation to limit the Utility's revenue requirement, consistent with Commission practice, the achieved rate of return is less than the 6.61 percent recommended by staff.

| <b>Utilities, Inc. of Florida</b>         |                                      |                                      |   |                                    |   | <b>Schedule No. 3-B</b>       |                                |
|---|--------------------------------------|--------------------------------------|---|------------------------------------|---|-------------------------------|--------------------------------|
| <b>Statement of Wastewater Operations</b> |                                      |                                      |   |                                    |   | <b>Docket No. 20200139-WS</b> |                                |
| <b>Test Year Ended 12/31/19</b>           |                                      |                                      |   |                                    |   |                               |                                |
| <b>Description</b>                        | <b>Test Year<br/>Per<br/>Utility</b> | <b>Utility<br/>Adjust-<br/>ments</b> | <b>Adjusted<br/>Test Year<br/>Per Utility</b> | <b>Staff<br/>Adjust-<br/>ments</b> | <b>Staff<br/>Adjusted<br/>Test Year</b> | <b>Revenue<br/>Increase</b>   | <b>Revenue<br/>Requirement</b> |
| 1 <b>Operating Revenues:</b>              | <u>\$20,840,529</u>                  | <u>\$147,614</u>                     | <u>\$20,988,143</u>                           | <u>(\$1,051,222)</u>               | <u>\$19,936,921</u>                     | <u>\$1,051,222</u><br>5.27%   | <u>\$20,988,143</u>            |
| <b>Operating Expenses</b>                 |                                      |                                      |   |                                    |   |                               |                                |
| 2 Operation & Maintenance                 | 10,494,286                           | (29,159)                             | 10,465,127                                    | 157,925                            | 10,623,052                              |                               | 10,623,052                     |
| 3 Depreciation                            | 3,773,374                            | (78,765)                             | 3,694,609                                     | 31,117                             | 3,725,726                               |                               | 3,725,726                      |
| 4 Amortization                            | 0                                    | 105,166                              | 105,166                                       | 121,916                            | 227,082                                 |                               | 227,082                        |
| 5 Taxes Other Than Income                 | 1,872,394                            | (25,522)                             | 1,846,872                                     | (51,657)                           | 1,795,215                               | 47,305                        | 1,842,520                      |
| 6 Income Taxes                            | <u>(484,700)</u>                     | <u>1,333,050</u>                     | <u>848,350</u>                                | <u>(351,750)</u>                   | <u>496,600</u>                          | <u>246,181</u>                | <u>742,781</u>                 |
| 7 <b>Total Operating Expense</b>          | <u>15,655,354</u>                    | <u>1,304,770</u>                     | <u>16,960,124</u>                             | <u>(92,449)</u>                    | <u>16,867,675</u>                       | <u>293,486</u>                | <u>17,161,161</u>              |
| 8 <b>Operating Income</b>                 | <u>\$5,185,175</u>                   | <u>(\$1,157,156)</u>                 | <u>\$4,028,019</u>                            | <u>(\$958,773)</u>                 | <u>\$3,069,246</u>                      | <u>\$757,736</u>              | <u>\$3,826,982</u>             |
| 9 <b>Rate Base</b>                        | <u>\$60,933,794</u>                  |                                      | <u>\$60,938,280</u>                           |                                    | <u>\$61,477,231</u>                     |                               | <u>\$61,477,231</u>            |
| 10 <b>Rate of Return</b>                  | <u>8.51%</u>                         |                                      | <u>6.61%</u>                                  |                                    | <u>4.99%</u>                            |                               | <u>6.23%<sup>13</sup></u>      |

<sup>13</sup> Due to staff's recommendation to limit the Utility's revenue requirement, consistent with Commission practice, the achieved rate of return is less than the 6.61 percent recommended by staff.

| <b>Utilities, Inc. of Florida</b>  |                    | <b>Schedule 3-C</b>           |  |
|--|--------------------|-------------------------------|--|
| <b>Adjustment to Operating Income</b>  |                    | <b>Docket No. 20200139-WS</b> |  |
| <b>Test Year Ended 12/31/19</b>  |                    |                               |  |
| <b>Explanation</b>   | <b>Water</b>       | <b>Wastewater</b>             |  |
| <b><u>Operating Revenues</u></b>   |                    |                               |  |
| 1 To remove requested interim revenue increase.  | (\$624,643)        | (\$689,957)                   |  |
| 2 To reflect the appropriate amount of test year revenues.                                   | <u>(293,580)</u>   | <u>(361,265)</u>              |  |
| Total  | <u>(\$918,223)</u> | <u>(\$1,051,222)</u>          |  |
| <b><u>Operation and Maintenance Expense</u></b>  |                    |                               |  |
| 1 To reflect adjustment to health insurance reimbursement expense, per the last rate case.   | \$89,281           | \$75,376                      |  |
| 2 To reflect adjustment to Eagle Ridge materials & supplies expense, per the last rate case. | 0                  | 8,824                         |  |
| 3 To reflect EUW adjustment.   | (9,281)            | 0                             |  |
| 4 To reflect I&I adjustment.   | <u>0</u>           | <u>73,725</u>                 |  |
| Total  | <u>\$80,000</u>    | <u>\$157,925</u>              |  |
| <b><u>Depreciation Expense - Net</u></b>   |                    |                               |  |
| To reflect net depreciation on non-U&U adjustment above.                                     | <u>\$0</u>         | <u>\$31,117</u>               |  |
| <b><u>Amortization-Other Expense</u></b>   |                    |                               |  |
| To correct amortization of early retirements, per the last rate case..                       | <u>\$46</u>        | <u>\$121,916</u>              |  |
| <b><u>Taxes Other Than Income</u></b>  |                    |                               |  |
| 1 To remove RAFs on requested interim revenue increase                                       | (\$28,109)         | (\$31,048)                    |  |
| 2 To reflect RAFs on test year revenue adjustments above.                                    | (13,211)           | (16,257)                      |  |
| 3 To remove property taxes on non-used and useful adjustment.                                | <u>0</u>           | <u>(4,352)</u>                |  |
| Total  | <u>(\$41,320)</u>  | <u>(\$51,657)</u>             |  |

| <b>Utilities Inc. of Florida</b>   |  | <b>Schedule No. 4-A</b>                     |  |  |  |
|--|--|---|--|--|--|
| <b>Test Year Ended 12/31/19</b>  |  | <b>Docket No. 20200139-WS</b>               |  |  |  |
| <b>Water Rates</b>   |  |   |  |  |  |
|  | <b>Utility's<br/>Rates in Effect at<br/>12/31/2019 (1)</b> | <b>Utility's<br/>Existing<br/>Rates (2)</b> | <b>Utility's<br/>Requested<br/>Interim</b> | <b>Utility's<br/>Final<br/>Requested</b> | <b>Staff<br/>Recommended<br/>Interim Rates</b> |
| <b><u>Residential and General Service</u></b>                                      |  |   |  |  |  |
| Base Facility Charge by Meter Size   |  |   |  |  |  |
| 5/8" x 3/4"  | \$11.07  | \$11.28                                     | \$11.71                                    | \$13.24                                  | \$11.71  |
| 3/4"   | \$16.61  | \$16.92                                     | \$17.57                                    | \$19.86                                  | \$17.57  |
| 1"   | \$27.68  | \$28.20                                     | \$29.29                                    | \$33.11                                  | \$29.28  |
| 1-1/2"   | \$55.35  | \$56.40                                     | \$58.57                                    | \$66.21                                  | \$58.55  |
| 2"   | \$88.56  | \$90.24                                     | \$93.71                                    | \$105.94                                 | \$93.68  |
| 3"   | \$177.12   | \$180.48                                    | \$187.43                                   | \$211.88                                 | \$187.36                                       |
| 4"   | \$276.75   | \$282.00                                    | \$292.85                                   | \$331.06                                 | \$292.75                                       |
| 6"   | \$553.50   | \$564.00                                    | \$585.70                                   | \$662.12                                 | \$585.50                                       |
| 8"   | \$885.60   | \$902.40                                    | \$937.13                                   | \$1,059.39                               | \$936.80                                       |
| 10"  | \$1,605.15   | \$1,635.60                                  | \$1,698.54                                 | \$1,920.14                               | \$1,697.95                                     |
| Charge per 1,000 gallons - Residential Service                                     |  |   |  |  |  |
| 0-4,000 gallons  | \$1.56   | \$1.59                                      | \$1.65                                     | \$1.87                                   | \$1.65   |
| 4,001-12,000 gallons   | \$2.33   | \$2.37                                      | \$2.46                                     | \$2.78                                   | \$2.46   |
| Over 12,000 gallons  | \$3.89   | \$3.96                                      | \$4.11                                     | \$4.65                                   | \$4.11   |
| Charge per 1,000 gallons - General Service   |  |   |  |  |  |
|  | \$2.63   | \$2.68                                      | \$2.78                                     | \$3.15                                   | \$2.78   |
| <b><u>Private Fire Protection Service</u></b>                                      |  |   |  |  |  |
| 1 1/2"   | \$4.61   | \$4.70                                      | \$4.88                                     | \$5.52                                   | \$4.88   |
| 2"   | \$7.38   | \$7.52                                      | \$7.81                                     | \$8.83                                   | \$7.81   |
| 3"   | \$14.76  | \$15.04                                     | \$15.62                                    | \$17.66                                  | \$15.61  |
| 4"   | \$23.06  | \$23.50                                     | \$24.40                                    | \$27.59                                  | \$24.40  |
| 6"   | \$46.13  | \$47.00                                     | \$48.81                                    | \$55.18                                  | \$48.79  |
| 8"   | \$73.80  | \$75.20                                     | \$78.09                                    | \$88.28                                  | \$78.07  |
| 10"  | \$133.76   | \$136.30                                    | \$141.55                                   | \$160.01                                 | \$141.50                                       |
| <b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>                |  |   |  |  |  |
| 3,000 Gallons  | \$15.75  | \$16.05                                     | \$16.66                                    | \$18.85                                  | \$16.66  |
| 6,000 Gallons  | \$21.97  | \$22.38                                     | \$23.23                                    | \$26.28                                  | \$23.23  |
| 8,000 Gallons  | \$26.63  | \$27.12                                     | \$28.15                                    | \$31.84                                  | \$28.15  |
| (1) The interim rate increase was applied to the rates in effect as of 12/31/2019. |  |   |  |  |  |
| (2) The current rates became effective May 31, 2020 as a result of a price index.  |  |   |  |  |  |

| <b>Utilities Inc. of Florida</b>   |  |   |  | <b>Schedule No. 4-B</b>                        |  |
|--|--|---|--|--|--|
| <b>Test Year Ended 12/31/19</b>  |  |   |  | <b>Docket No. 20200139-WS</b>                  |  |
| <b>Wastewater Rates</b>  |  |   |  | <b>Page 1 of 2</b>                             |  |
|  | <b>Utility's<br/>Rates in Effect at<br/>12/31/2019 (1)</b> | <b>Utility's<br/>Existing<br/>Rates (2)</b> | <b>Utility's<br/>Requested<br/>Interim Rates</b> | <b>Utility's<br/>Requested<br/>Final Rates</b> | <b>Staff<br/>Recommended<br/>Interim Rates</b> |
| <b><u>Residential Service (RS1)</u></b>  |  |   |  |  |  |
| All Meter Sizes  | \$26.20  | \$26.72                                     | \$27.64  | \$35.46  | \$27.63  |
| Charge per 1,000 gallons (8,000 gallon cap)  | \$4.19   | \$4.27                                      | \$4.42   | \$5.67   | \$4.42   |
| <b><u>Residential Service (RS2)</u></b>  |  |   |  |  |  |
| All Meter Sizes  | \$52.39  | \$53.44                                     | \$55.29  | \$70.92  | \$55.26  |
| Charge per 1,000 gallons (16,000 gallon cap)                                       | \$4.19   | \$4.27                                      | \$4.42   | \$5.67   | \$4.42   |
| <b><u>Residential Service (RS3)</u></b>  |  |   |  |  |  |
| Flat Rate  | \$47.13  | \$48.06                                     | \$49.72  | \$63.78  | \$49.70  |
| <b><u>Residential Service (RS4)</u></b>  |  |   |  |  |  |
| Flat Rate  | \$94.26  | \$96.13                                     | \$99.45  | \$127.56                                       | \$99.40  |
| <b><u>General Service (GS1)</u></b>  |  |   |  |  |  |
| Base Facility Charge by Meter Size   |  |   |  |  |  |
| 5/8" x 3/4"  | \$26.20  | \$26.72                                     | \$27.64  | \$35.46  | \$27.63  |
| 3/4"   | \$39.30  | \$40.08                                     | \$41.47  | \$53.19  | \$41.45  |
| 1"   | \$65.50  | \$66.80                                     | \$69.11  | \$88.64  | \$69.08  |
| 1-1/2"   | \$131.00   | \$133.60                                    | \$138.22   | \$177.29                                       | \$138.15                                       |
| 2"   | \$209.60   | \$213.76                                    | \$221.15   | \$283.66                                       | \$221.04                                       |
| 3"   | \$419.20   | \$427.52                                    | \$442.29   | \$567.32                                       | \$442.08                                       |
| 4"   | \$655.00   | \$668.00                                    | \$691.08   | \$886.44                                       | \$690.75                                       |
| 6"   | \$1,310.00   | \$1,336.00                                  | \$1,382.17                                       | \$1,772.88                                     | \$1,381.50                                     |
| 8"   | \$2,096.00   | \$2,137.60                                  | \$2,211.46                                       | \$2,836.60                                     | \$2,210.40                                     |
| 10"  | \$3,799.00   | \$3,874.40                                  | \$4,008.28                                       | \$5,141.34                                     | \$4,006.35                                     |
| Charge per 1,000 gallons   | \$5.02   | \$5.11                                      | \$5.29   | \$6.78   | \$5.29   |
| (1) The interim rate increase was applied to the rates in effect as of 12/31/2019. |  |   |  |  |  |
| (2) The current rates became effective May 31, 2020 as a result of a price index.  |  |   |  |  |  |

| <b>Utilities Inc. of Florida</b>   |   | <b>Schedule No. 4-B</b>            |   |                                       |                                       |
|--|---|------------------------------------|---|---------------------------------------|---------------------------------------|
| <b>Test Year Ended 12/31/19</b>  |   | <b>Docket No. 20200139-WS</b>      |   |                                       |                                       |
| <b>Wastewater Rates</b>  |   | <b>Page 2 of 2</b>                 |   |                                       |                                       |
|  | Utility's<br>Rates in Effect at<br>12/31/2019 (1) | Utility's<br>Existing<br>Rates (2) | Utility's<br>Requested<br>Interim Rates | Utility's<br>Requested<br>Final Rates | Staff<br>Recommended<br>Interim Rates |
| <b><u>General Service (GS2)</u></b>  |   |                                    |   |                                       |                                       |
| 5/8" x 3/4"  | \$52.40   | \$53.44                            | \$55.29                                 | \$70.92                               | \$55.26                               |
| 3/4"   | \$78.60   | \$80.16                            | \$82.93                                 | \$106.37                              | \$82.89                               |
| 1"   | \$131.00  | \$133.60                           | \$138.22                                | \$177.29                              | \$138.15                              |
| 1 1/2"   | \$262.00  | \$267.20                           | \$276.43                                | \$354.58                              | \$276.30                              |
| 2"   | \$419.20  | \$427.52                           | \$442.29                                | \$567.32                              | \$442.08                              |
| 3"   | \$838.40  | \$855.04                           | \$884.59                                | \$1,134.64                            | \$884.16                              |
| 4"   | \$1,310.00  | \$1,336.00                         | \$1,382.17                              | \$1,772.88                            | \$1,381.50                            |
| 6"   | \$2,620.00  | \$2,672.00                         | \$2,764.33                              | \$3,545.76                            | \$2,763.00                            |
| 8"   | \$4,192.00  | \$4,275.20                         | \$4,422.93                              | \$5,673.21                            | \$4,420.80                            |
| 10"  | \$7,598.00  | \$7,748.80                         | \$8,016.56                              | \$10,282.69                           | \$8,012.70                            |
| Charge per 1,000 gallons   | \$5.02  | \$5.11                             | \$5.29                                  | \$6.78                                | \$5.29                                |
| <b><u>General Service (GS3)</u></b>  |   |                                    |   |                                       |                                       |
| Flat Rate  | \$47.13   | \$48.06                            | \$49.72                                 | \$63.78                               | \$49.70                               |
| <b><u>General Service (GS4)</u></b>  |   |                                    |   |                                       |                                       |
| Flat rate (905 ERCs)   | \$42,652.65                                       | \$43,494.30                        | \$44,997.22                             | \$57,717.12                           | \$44,978.50                           |
| <b><u>Bulk Service (BS1)</u></b>   |   |                                    |   |                                       |                                       |
| All Meter Sizes (58 ERCs)  | \$1,519.60  | \$1,549.76                         | \$1,603.31                              | \$2,056.54                            | \$1,602.54                            |
| Charge per 1,000 gallons   | \$4.19  | \$4.27                             | \$4.42                                  | \$5.67                                | \$4.42                                |
| <b><u>General Reuse Service (GRS1) (3)</u></b>   |   |                                    |   |                                       |                                       |
| All Meter Sizes  | \$7.82  | \$7.92                             | \$8.19                                  | \$10.51                               | \$7.92                                |
| Charge per 1,000 gallons   | \$1.48  | \$1.50                             | \$1.55                                  | \$1.99                                | \$1.50                                |
| <b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison (RS1)</u></b>  |   |                                    |   |                                       |                                       |
| 3,000 Gallons  | \$38.77   | \$39.53                            | \$40.90                                 | \$52.47                               | \$40.89                               |
| 6,000 Gallons  | \$51.34   | \$52.34                            | \$54.16                                 | \$69.48                               | \$54.15                               |
| 8,000 Gallons  | \$59.72   | \$60.88                            | \$63.00                                 | \$80.82                               | \$62.99                               |
| (1) The interim rate increase was applied to the rates in effect as of 12/31/2019.   |   |                                    |   |                                       |                                       |
| (2) The current rates became effective May 31, 2020 as a result of a price index.  |   |                                    |   |                                       |                                       |
| (3) Reuse rates were not increased for interim. Reuse rates are market based rates and will be evaluated for final recommendation. |   |                                    |   |                                       |                                       |