

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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.

DOCKET NO. 160101-WS
ORDER NO. PSC-17-0148-PHO-WS
ISSUED: May 2, 2017

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on April 20, 2017, in Tallahassee, Florida, before Commissioner Ronald A. Brisé, as Prehearing Officer.

APPEARANCES:

MARTIN S. FRIEDMAN, ESQUIRE, Friedman & Friedman, P.A., 766 North Sun Drive, Suite 4030, Lake Mary, FL 32746
On behalf of Utilities, Inc. of Florida (UIF).

J. R. KELLY, ERIK L. SAYLER, PATRICIA A. CHRISTENSEN, and VIRGINIA PONDER, ESQUIRES, 111 West Madison Street, Room 812, Tallahassee, FL 32399-1400
On behalf of Office of Public Counsel (OPC).

BRIAN ARMSTRONG, ESQUIRE, Law Office of Brian Armstrong, PLLC, P.O. Box 5055, Tallahassee, Florida 32314-2055
On behalf of Summertree Water Alliance (Summertree).

WALT TRIERWEILER, JENNIFER CRAWFORD, DANIJELA JANJIC, KYESHA MAPP, and WESLEY TAYLOR, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

SAMANTHA CIBULA, ESQUIRE, Attorney Supervisor, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Advisor to the Florida Public Service Commission.

KEITH HETRICK, ESQUIRE, General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Advisor to the Florida Public Service Commission.

PREHEARING ORDER

I. CASE BACKGROUND

On August 31, 2016, Utilities Inc. of Florida (Utility or UIF) filed an application for an increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties in Docket No. 160101-WS. By Order No. PSC-16-0189-PCO-WS, issued May 10, 2017, OPC's intervention was acknowledged. Florida Public Service Commission (Commission) staff reviewed the application, and after all deficiencies were cured, set November 22, 2016, as the official filing date. Order No. PSC-16-0558-PCO-WS, the Order Establishing Procedure (OEP), was issued on December 14, 2016, and was subsequently modified by Order Nos. PSC-16-0578-PCO-WS, issued December 20, 2016; PSC-17-0032-PCO-WS, issued January 24, 2017; and PSC-17-0118-PCO-WS, issued April 4, 2017. On April 19, 2017, the Summertree Water Alliance petitioned to intervene in this docket. This docket is currently scheduled for hearing on May 8-12, 2017.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 367, Florida Statutes (F.S.). This hearing will be governed by said Chapter and Chapters 25-9, 25-30, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 367.156, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 367.156, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 367.156, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 367.156, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing that has not been filed as prefiled testimony or prefiled exhibits, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS: WITNESSES

Testimony of all witnesses to be sponsored by the parties, and staff, has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes for direct and five minutes for rebuttal, if applicable.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
John P. Hoy	UIF	3, 27, 28
John F. Guastella	UIF	61 – 65, 68
Jared Deason	UIF	3, 5, 33, 36, 49, 66, 69
Frank Seidman	UIF	11-17
Patrick C. Flynn	UIF	3, 9, 12, 37 – 48, 51, 57, 70-73
Deborah D. Swain	UIF	4, 6, 7, 8, 10, 18 – 25, 29 – 32, 49, 54, 55, 56, 58, 59
Denise N. Vandiver, CPA	OPC	3
Andrew T. Woodcock	OPC	9, 11 – 17
Donna Ramas	OPC	1, 5, 7, 8, 9, 10A, 10B, 11, 12, 18 – 23, 31, 32, 34 – 51, 54 – 59, 76
Jessica Kleinfelter	Staff	3
Rhonda L. Hicks	Staff	3
Debra M. Dobiac	Staff	4, 5, 10, 23, 33, 36, 42, 79, 80
Patti B. Daniel	Staff	60-62, 64, 65, 68, 71-73

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Rebuttal</u>		
Jared Deason	UIF	3, 5, 33, 66, 69
Frank Seidman	UIF	11 – 17
Patrick C. Flynn	UIF	3, 9, 12, 37 – 49, 51, 57
Deborah D. Swain	UIF	4, 6, 7, 8, 18 – 25, 29 – 32, 49, 54, 55, 56, 58, 59
John P. Hoy	UIF	3, 27, 28

VII. BASIC POSITIONS

UIF: In order to allow UIF recover its reasonable and prudent expenses, including proforma expenses, and to have an opportunity to earn a reasonable return on its property used and useful in the public service, including proforma projects, it is entitled to annual revenues in the amount of \$ 36,916,618. UIF’s positions below are subject to change based upon discovery responses, depositions and evidence presented at the final hearing.

OPC: This is the first consolidated rate filing from Utilities, Inc. of Florida (UIF, Utility, or Company), Florida’s largest privately owned water and wastewater provider, for all of its systems under the jurisdiction of the Commission.

Burden of Proof

As required by Florida Statutes and reiterated by the Commission, the burden of proof is upon UIF to show that its present rates are unreasonable, fail to compensate it for its prudently incurred expenses, and fail to produce a reasonable return on its investment. Pursuant to Section 367.081, Florida Statutes (“F.S.”), “Except as provided in subsection (4) or subsection (6), a utility may only charge rates and charges that have been approved by the commission” and “the commission shall, either upon request or upon its own motion, fix rates which are just, reasonable, compensatory, and not unfairly discriminatory. In every such proceeding, the commission shall consider the value and quality of the service and the cost of providing the service. . . .” When there are material issues in dispute, such as the case here, a person whose material interests will be effected may request a Section 120.57, F.S., hearing.

These hearings are governed by Section 120.57, F.S., which sets forth the procedures for the Commission's proceedings. Pursuant to Section 120.57, the findings of fact shall be based upon a preponderance of evidence and shall be based exclusively on the evidence of record and on matters officially recognized. See, Section 120.57(j), F.S. The Commission observed in a water case that:

we are charged with the statutory responsibility of setting rates which are fair and reasonable. It is neither our nor our staff's responsibility to make the utility's case. The burden of proof is upon the utility to show that its present rates are unreasonable, fail to compensate the utility for its prudently incurred expenses, and fail to produce a reasonable return on its investment.

Order No. PSC-07-0129-SC-WS, issued February 14, 2007, in Docket No. 060262-WS. The Florida Supreme Court stated in Florida Power Corp. v. Cresse, 413 So. 2d 1187, 1191 (1982) that the "burden of proof in a commission proceeding is always on a utility seeking a rate change, and upon other parties seeking to change established rates." Thus, it is UIF's burden to demonstrate by a preponderance of evidence in the record in this proceeding that current rates are unjust, unreasonable or insufficient and that the changes UIF has requested are necessary and will result in rates that are just, reasonable, compensatory, and not unfairly discriminatory. It is neither the Commission's nor its staff's responsibility to make UIF's case, or fill any holes or gaps in UIF's requested rate increase. The Commission should carefully scrutinize UIF's requested rate increase and allow only the costs and pro forma projects deemed prudent and reasonable that UIF requested in its direct case as filed on August 30, 2016, and deficiencies cured as of November 22, 2016.

Quality of Service

OPC witness Denise Vandiver provides a summary of the various letters, testimony, exhibits and discovery that addresses issues regarding the quality of service that occurred during and after the test year. Sections 367.081(2)(a)1 and 367.0812, Florida Statutes (F.S.), require the Commission to consider the quality of the service when setting rates. Customers in various UIF systems raised numerous quality of service issues which are summarized in Ms. Vandiver's testimony and exhibits, and the Commission should give great weight to Ms. Vandiver's testimony.

In addition, Ms. Vandiver's Exhibit DNV-2 identified a number of Florida Department of Environmental Protection (DEP) quality of service compliance issues, including consent orders, compliance inspection issues, sewage spills, main breaks/loss of pressure, sanitary survey, exceedances, and customer complaints, that occurred during and after UIF's test year. Taken together as a whole, these DEP issues do not support a finding of satisfactory quality of service for the affected systems.

Last, Ms. Vandiver's Exhibit DNV-7, provides a summary of the PSC's findings on quality of service for various UIF systems. In this case, the Commission's quality of service determination should be based on UIF's actions or lack thereof during and after the Test Year. Simple promises to improve past poor quality of service should not be excused. UIF should be held accountable for these adverse quality of service issues, and should not be given a "pass" simply because they cured or plan to cure some past deficiencies. Based upon the evidence that will be produced at the hearing, OPC recommends a finding of either marginal or unsatisfactory for the specifically identified systems.

Engineering

OPC witness Andrew Woodcock provides testimony supporting several adjustments to excessive unaccounted for water in various water systems, excessive inflow and infiltration in various wastewater systems, and used and useful adjustments to various water and wastewater systems. He found excessive unaccounted for water in ten systems, excessive inflow and infiltration in three systems, and made used and useful adjustments to seven wastewater plants and two wastewater collection systems.

In addition, Mr. Woodcock reviewed UIF's requested pro forma plant additions for both prudence of the project and reasonableness of the costs provided to him by UIF in either its MFR's or in response to discovery requests received a reasonable time prior to the filing of his testimony. Of the total \$30,835,444 requested for approval in the original UIF filing, Mr. Woodcock determined that \$21,256,538 was reasonable and supported by UIF's direct testimony and exhibits and should be allowed in the rate case. Interestingly, since it filed its original petition, UIF has increased its requested pro forma amount in this case to over \$36 million, or by more than \$4 million dollars. OPC asserts the Commission should not allow UIF to amend its initial original petition to increase its initial proposed rate increase with rebuttal testimony or discovery responses. No additional amounts should be considered after UIF filed its direct case, and any requested amounts not supported by reliable documentation and evidence should be disallowed in this rate case and considered in subsequent proceedings that UIF may elect to file.

Revenue Requirement

OPC witness Donna Ramas provides the recommended revenue requirement for each of UIF's system, incorporating her recommended adjustments and Mr. Woodcock's recommended adjustments. Her Exhibit DMR-2 presents the revenue requirement per Company and per OPC for each of the UIF systems at issue in this proceeding. According to UIF's MFRs, direct testimony, and exhibits, UIF requested a \$6,915,454 rate increase. Based upon OPC's adjustments incorporated by Ms. Ramas, UIF's initial requested increase of \$6.9

million should be reduced by at least \$4.4 million. This leaves UIF a fair and reasonable rate increase of \$2,487,577.

In recent responses to discovery, UIF indicates that bonus depreciation will be applied to the pro forma wastewater plant additions, the impact of which is not yet factored into Ms. Ramas' recommended \$2,487,577 reduction from UIF's requested increase and will further reduce the increase in rates. Based on recent discovery responses, additional adjustments beyond the application of bonus depreciation on the pro forma wastewater plant additions are appropriate and will further reduce the revenue requirements presented by UIF in its initial filing.

UIF's increasing rate request

As a result of filing its rebuttal testimony and exhibits, UIF's requested rate increase has ballooned upwards with numerous amendments, updates, changes, and revisions to the documents supporting its originally requested rate increase. UIF should not be allowed to include incremental accretion of new cost information to layer on more to its original rate request.

To allow additional information after UIF filed its completed set of MFR's and after OPC and Commission staff filed testimony violates the Citizen's due process. In almost every response to discovery propounded by Staff and OPC, as well as in its rebuttal testimony and exhibits, UIF continued to supplement, update, or amend its original filing. The net effect of which would increase its originally requested revenue requirement. UIF may argue that it is administratively efficient to allow them to capture the latest and greatest costs and avoid a subsequent rate case; however, it adversely affects both Staff's and OPC's ability to review the rate case information and to conduct a fair and impartial hearing for the UIF ratepayers.

UIF often touts it is the largest privately owned water and wastewater provider in the State of Florida; thus, it is not like a Class C utility that needs assistance in meeting its burden of proof. The various revisions and changes may be due to UIF filing a premature rate case or due to its sloppy initial petition and deficient MFRs or to the discovery served in this case requesting information that was missing from its initial filing. Regardless of the cause, UIF's customers should not be subject to any potential rate increases for issues or costs that were not part of UIF's original petition filed on August 30, 2016 or its MFRs deemed complete as of November 22, 2016.

Summertree: Quality of Service is Unsatisfactory. Utilities, Inc.'s quality of service is unsatisfactory as relates to each of the quality of the utility's management, quality of utility's product and services, and quality of utility's public relations. The utility should be penalized with a 100 basis point reduction to its return on equity for these quality deficiencies or whatever maximum penalty is permitted. UIF management has made it clear that throughout this proceeding it has attempted to

present only evidence to support an increase in its rates while effectively concealing by not “voluntarily” presenting to the Commission or the parties any evidence that would establish reduced costs or any matter tending to reduce rates. UIF also has taken extraordinary steps and expenditure of funds on legal counsel to oppose entry into this docket of more than a thousand UIF customers affiliated in opposition to this rate increase as the Summertree Water Alliance despite knowing that any one of the customer members of the Alliance can gain entry into this docket as a party intervenor or all 1,200 Summertree residents could do so individually. UIF’s opposition to the Alliance is indicative of its hostility to its customers and a further exhibition of its poor customer relations as condoned and participated in by its management. UIF should not be rewarded for its horrible customer service.

Reduced authorized return on equity due to low risk of utility investment in utility. The utility’s authorized return on equity should be reduced by an additional 300 basis points to reflect the reduced risk faced by the owners of the utility due to risk reducing provisions of Florida law, Commission rules and general differences in the operations and financing practices of UIF as compared to the higher risks of investments in the natural gas utilities which comprise the leverage graph index; as well as a penalty for gross utility mismanagement. Utility has established that it is more than diligent in pursuing available rate recovery and risk reducing mechanisms (indexing, pass-throughs, new pass through law, collection of service availability charges, prepaid CIAC, AFPI, guaranteed revenue charges, use of staff assisted rate proceedings and limited proceedings, but as discussed below, it also has established that it is severely deficient in implementing policies, practices and programs long available in the utility industry designed to reduce costs, both capital and operating, achieve efficiencies, and to result in lower rates for its customers.

Revenue requirement reductions due to utility mismanagement. The Commission must reduce utility’s revenue requirement or disallow rate base recovery of, at minimum, all pro forma plant additions and operating costs associated with prior expenditures to fix the plant, lines and other facilities replaced during the pro forma period. Utilities, Inc.’s management has admitted that while utility attempts to increase rates by increasing rate base for pro forma investments in significant plant and line replacements, the utility has failed to remove from expenses any reduced expenses which it expects due to reduced investments in plant and line repairs due to the existence of the new plant, lines and other facilities. Utilities, Inc.’s management has further admitted that it refuses to expend funds which could improve service to customers and reduce its revenue requirement unless the Commission first authorizes higher rates. UIF’s management philosophy is that customers should not receive benefits in the form of improved service, lower costs and lower rates unless Utilities, Inc. has first received 100% remuneration from the Commission in the form of higher customer rates. This is a novel idea of prudent utility management which should not be condoned by the Commission.

Unfortunately, this novel and unsupportable form of utility management has resulted in Utilities, Inc. being years, even decades, behind in implementing practices, procedures and programs typical of any well-run utility such as predictive maintenance, preventive maintenance, sewer system overflow programs (SORPs), computerized maintenance and management programs, CMOMs, a fixed asset system, geographic information system, proper accounting and record keeping of utility assets (original cost, depreciation, abandonment or retirement), proper booking of Commission orders and other instances of mismanagement. While Utilities, Inc. suggests that it is now prepared to make an investment in an “asset management program” and “geographic information system”, in the second quarter of 2017 if the Commission approves its rate increase, UIF should not be rewarded for affirmatively refusing to implement these programs and those just listed long before 2017. As UIF’s management and other witnesses establish, had these programs, policies and practices been implemented long ago, as well-managed utilities have already done, Utilities, Inc.’s costs and capital investments would be lower than that presented in the utility’s minimum filing requirements, testimony and exhibits presented in this proceeding. Rate base should be reduced and operating costs reduced to avoid rewarding utility for such poor management decision-making.

Staff: Staff’s positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff’s final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VIII. ISSUES AND POSITIONS

Policy Issues

ISSUE 1: DROPPED.

ISSUE 2: DROPPED.

Quality of Service

ISSUE 3: Is the overall quality of service provided by the Utility satisfactory, and, if not, what systems have quality of service issues and what action should be taken by the Commission?

POSITIONS

UIF: The quality of service is satisfactory for all systems. (Hoy, Flynn and Deason)

OPC: Of UIF's 12 systems, the Commission should find marginal or unsatisfactory quality of service for the following 8 systems: Cypress Lakes (DEP Deficiencies, >1% average customer complaints, past history of customer complaints), Labrador (prior Commission orders, >1% average customer complaints), LUSI (Consent Order), Mid-County (prior Commission Orders, customer complaints at DEP), Pennbrooke (Current and past history of customer complaints), Sandalhaven (Consent Order), Sanlando (Consent Order, customer complaints at service hearing), UIF-Pasco/Summertree (prior Commission Orders, >1% average customer complaints), and UIF-Seminole (>1% average customer complaints). The Commission should reduce the ROE for unsatisfactory systems by 25 basis points up to 50 basis points (systems with history of issues). (Vandiver)

In response to recent discovery, UIF has revealed it lacked any systematic preventative or prescriptive maintenance system for maintaining its numerous water and wastewater systems. According to UIF, it completed necessary maintenance tasks "in a sporadic way across various water and wastewater systems." See UIF response to OPC 13th Interrogatories No. 299(a) and (b). While UIF is *currently* attempting to implement UI's new Operations Management System (OMS) and Computerized Maintenance Management System (CMMS) combined with the GIS project to enable UIF to properly maintain its systems (Flynn Rebuttal at 3), the evidence clearly demonstrates that UIF has *not* been providing the level of maintenance expected of the largest privately owned water and wastewater provider in the State. Because UIF imprudently lacked any comprehensive maintenance plan(s) during and prior to the test year, UIF's systems and customers have suffered as a result. It is axiomatic that reactive maintenance activities are more costly than planned maintenance activities. Since a quality of service determination is largely based upon the past actions or inactions of a utility during the test year, and not mere promises of better future behavior, and because of UIF's failure to implement similar type systems in the past, the Commission should find UIF's maintenance practices to be unsatisfactory and reduce ROE by a minimum of 100 basis points.

Summertree: See basic position. A minimum of 400 basis point reduction is required to reflect poor quality of service when combined with deficient management, accounting and other practices.

Staff: Staff takes no position pending evidence adduced at hearing.

Allocation Threshold Issue**ISSUE 4: What is the total ERCs applicable to Florida, by county, and by system as of December 31, 2015, for allocation purposes?****POSITIONS****UIF:**

ALLOCATION	Water	Sewer	Total
Tierra Verde	-	2,095.2	2,095.2
Lake Placid	141.1	143.1	284.2
Longwood	-	1,695.5	1,695.5
Cypress Lakes	1,266.3	1,204.5	2,470.8
Eagle Ridge	-	2,527.6	2,527.6
Mid-County	-	5,622.2	5,622.2
LUSI	11,739.9	3,630.8	15,370.7
UIF	6,870.4	2,796.1	9,666.5
Sanlando	13,853.9	11,145.7	24,999.6
Sandalhaven		1,229.0	1,229.0
Labrador	762.7	756.7	1,519.4
Pennbrooke	1,488.0	1,240.0	2,728.0
	36,122.3	34,086.4	70,208.7

(Swain)

OPC: Pending further discovery and evidence adduced at the hearing, the following chart indicates the ERCs for each system at the end of the year.

System	CIS_Division	Water ERCs	WW ERCs	Total ERCs
Cypress	248	1,266.30	1,204.50	2,470.80
Eagle Ridge	249	-	2,527.60	2,527.60
Labrador	259	762.70	756.70	1,519.40
Lake Placid	242	141.10	143.10	284.20
Longwood	246	-	1,695.50	1,695.50
LUSI	251	11,739.90	3,630.80	15,370.70
Mid County	250	-	5,622.20	5,622.20
Pennbrooke	260	1,488.00	1,240.00	2,728.00
Sandalhaven	256	-	1,226.00	1,229.00
Sanlando	255	13,853.90	11,145.70	24,999.60
Tierra Verde	241	-	2,095.20	2,095.20
UIF - Marion	252	548.80	76.40	625.20
UIF - Orange	252	310.50	-	310.50
UIF - Pasco	252	2,869.50	1,245.20	4,114.70
UIF - Pinellas	252	430.10	-	430.10
UIF - Seminole	252	2,711.50	1,474.50	4,186.00
ACME	254	841.00	-	841.00
		36,963.30	34,083.40	71,046.70

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

Rate Base

ISSUE 5: What adjustments, if any, should be made to account for the audit adjustments related to rate base?

POSITIONS

UIF: Adjustments should be made for Audit Findings 1, 2, 4, 5, 9, 10, however AF#1 needs to be corrected as follows:

Struct Imp Wtr Treat		37,500
A/D Strct Imp Wtr	39,791	
A/D Struct/Imprv C	797	
(Deason)		

OPC: OPC can stipulate to Audit Finding 1 and 2 below. OPC's position on Audit Finding 3 is preliminary, pending further discovery and evidence adduced at the hearing, the following charts indicate the audit adjustments that should be made to rate base.

AF #1

Cypress Lakes		
	Water	Sewer
UPIS	26,206	197,346
Acc Dep	(16,663)	(356,041)
CIAC	(3,625)	-
Acc Amort	9,735	23,683

AF #2

Lake Utility Services, Inc.		
	Water	Sewer
UPIS	24,235	2,579
Acc Dep	146,639	8,499
CIAC	(20,200)	32,579
Acc Amort	(108,597)	(8,642)

AF #3								
Utilities, Inc. of Florida								
	Marion County		Orange County	Pasco County		Pinellas County	Seminole County	
	Water	Sewer	Water	Water	Sewer	Water	Water	Sewer
UPIS	Pending further review		Pending further review	Pending further review	666,675	Pending further review	559,517	1,194,092
Acc Dep					(1,393,033)		(1,563,524)	(1,050,850)
CIAC					46,517		158,502	226,651
Acc Amort					19,216		(177,314)	21,410

(Ramas)

If the Commission addresses Issue 10B under this issue, instead of keeping it separate, what should be done on a case-by-case basis in situations in which there is a substantial negative accumulated depreciation balance? Consistent with the testimony of Donna Ramas (pages 10-12, 87-89), the Commission should determine what to do with current negative accumulated depreciation.

In certain circumstances, UIF uses a method to retire plant assets that estimates the original costs of those assets which leads to an excessive amount of plant retirement and a negative balance in accumulated depreciation. A negative accumulated depreciation balance causes an increase in rate base and is not a just or reasonable result. This is especially true when there is no procedure in place to remove or correct these negative balances, thus allowing UIF to have an inflated rate base. If not prevented from occurring when the retirements are made, UIF will benefit from these phantom increases to its rate base that will never amortize, meaning customers will continue to pay a return on these balances in perpetuity.

The NARUC Uniform System of Accounts recognizes that the early retirement of a major unit of property, which would eliminate or seriously deplete the existing depreciation reserve, may require accounting treatment which differs from the standard retirement accounting procedure. See NARUC USOA Accounting Instruction 27(H). Commission Rule 25-30.140(8) also recognizes that retirements of major installations may not be fully recovered at the time of retirement. Both of these rules recommend solutions to avoid significant negative balances in the accumulated depreciation account. The utility plant in service amount to be retired should be carefully reviewed, and any negative accumulated balance should be evaluated on a case-by-case basis to determine if the retirement results in an extraordinary loss or if there is some error that needs to be corrected. The utility should not be allowed to carry significant balances of negative accumulated depreciation on its books without a means to write these amounts off over time through an amortization of the loss on retirement or a pre-approved capital recovery schedule. (Ramas)

Summertree: UIF’s longstanding deficiencies in accounting for plant investments, depreciation, abandonments and retirements should not be ignored by performing UIF’s work for it. Failure to conduct proper asset management and asset management record

keeping through an appropriate fixed asset system reflects poor management and poor utility practices.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 6: **What are the appropriate amounts of regulatory assets for each system that is associated with the Utility's Project Phoenix Financial/Customer Care Billing System?**

POSITIONS

UIF:

Tierra Verde	34,335
Lake Placid	4,374
Longwood	28,159
Cypress Lakes	39,845
Eagle Ridge	41,269
Mid County	55,006
LUSI	242,689
UIF	155,749
Sanlando	348,869
Sandalhaven	19,946
Labrador	24,921
Pennbooke	44,480
(Deason)	

OPC: None. The utility has not satisfied its burden to demonstrate that it has appropriately included costs associated with the Utility's Project Phoenix Financial/Customer Care Billing System.

Summertree: Agree with Public Counsel. Deficiencies in booking Commission orders, deficiencies in keeping accurate and proper asset accounting records, etc., should not be rewarded with acceptance of allocation to UIF of affiliate costs. The Commission must discourage such poor management and accounting practice by denial of associated costs and reduction of authorized return on equity, and such other actions as the Commission deems appropriate.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 7: Should any adjustments be made to test year plant-in-service balances?

POSITIONS

UIF: Pasco Decommissioning: \$1,071,092. (Swain)

OPC: Yes, the following adjustments should be made for assets that are fully depreciated. In addition, adjustments should be made to adjust the utility's adjusted test year for Pasco County and Longwood.

	Fully Depreciated		Summertree	Longwood
	Water	Sewer	Water	Sewer
Lake Placid	(13,191)	(3,190)		
Longwood				1,874,306
Marion	(90,388)			
Pasco County			1,071,092	
	(103,579)	(3,190)	1,071,092	1,874,306

(Ramas)

Summertree: UIF only now is installing a management system, geographical information system, predictive and preventive maintenance programs; UIF has no sewer system overflow program or CMOM program standard in the industry and used by any water and wastewater utility seeking to act professionally and responsibly. The failure of UIF management to have instituted these and other programs (proper operator and field personnel training in these areas, for instance), based upon management's affirmative choice not to do so, has resulted in higher operations costs, poor management capital planning, higher capital costs, earlier asset retirements, wasteful short term fixes and bandaids and higher capital expenditures. UIF's historical failure to implement these standard programs should not now be rewarded by the Commission.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 8: What adjustments, if any, need to be made to rate base to appropriately reflect the impacts of the abandonment and decommissioning of the Summertree water supply assets?

POSITIONS

UIF:

Plant Accounts correction	1,071,092
AD Correction	1,511,577
CIAC Correction	(3,633)
AA Correction	(73,154)
(Swain)	

OPC: The following adjustments should be made for the Pasco County water system to properly adjust the test year and utility adjustments such that the retirement of the Summertree assets is properly reflected.

	Remove Per Company Summertree Decommissioning Adjustment	Remove Abandoned Summertree Water Supply Assets
Utility Plant In Service	1,786,610	(715,518)
Accumulated Depreciation	(1,786,611)	275,034
Contributions in Aid of Construction	(156,827)	160,460
Accumulated Amortization of CIAC	156,827	(83,673)
Working Capital Allowance		
Operation and Maintenance Expenses		
Depreciation Expense	61,015	(21,974)
Amortization Expense		

(Ramas)

Summertree: UIF should not be rewarded for its poor management, customer service and utility operations. UIF actions in Summertree have resulted in even worse water quality and pressure today than before the interconnect with Pasco County Utilities. UIF removal of the assets addressed in this issue has resulted in UIF's ability to promptly and properly address the recent primary water quality violations currently being experienced. UIF should not be rewarded for these significant deficiencies.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 9: Should adjustments be made to the Utility's pro forma plant additions?**POSITIONS**

UIF: Yes, adjustments should be made to each pro forma plant addition where the expenditures differ from the amounts identified in the MFR's. The final amount is \$36,850,000. (Flynn)

OPC: Yes, the following adjustments should be made to each system for the pro forma projects included in UIF's initial filing, as discussed in testimony and exhibits of OPC witnesses Woodcock and Ramas.

	Pro Forma			
	UPIS		Acc. Depreciation	
	Water	Sewer	Water	Sewer
Eagle Ridge		(61,400)		(192,760)
Longwood		(286,370)		(101,302)
LUSI	14,142	(49,097)	73,351	(105,348)
Mid-County		(1,074,137)		(562,143)
Pennbrooke	(130,000)		(377,000)	
Sandalhaven		(9,731)		(196,144)
Sanlando	(659,112)	(3,217,022)	7,764	(1,787,996)
Orange County	1,153,967		(1,156,909)	
Pasco County	(375,000)		(1,107,525)	
Pinellas County	550,000		(747,674)	
Seminole County	5,404,669	16,793	(5,515,813)	(193,329)
GIS	(237,050)	(214,460)	13,199	13,465
	5,721,616	(4,895,424)	(8,810,607)	(3,125,557)

(Woodcock/Ramas)

Summertree: UIF testimony, discovery and evidence to be adduced at trial establishes that UIF's poor management reflected by its failure to implement standard utility mechanisms and programs available and used throughout the industry for as much as decades has led to higher costs and poor service, including capital costs. Had programs such as preventive maintenance, predictive maintenance, geographic information systems, sewer system overflow programs, CMOM programs been in place the level of pro forma investment sought by UIF would be reduced. UIF has failed to provide evidence of its prior capital and renewal and repair expense associated with lines which UIF has suggested were to be replaced as part of the pro forma adjustments such that those prior capital and expenses can be removed from rate base as unnecessarily incurred due to the absence of all of these standard programs and practices which would have impacted their necessity. UIF management has admitted that such prior repairs were expensed in the test year and prior years yet UIF refused to remove such prior expenses from its requested revenue requirement despite them being non-recurring and eliminated by UIF's alleged pro forma plant and line replacements reflected in proposed Exhibit 51 of UIF Vice President Patrick Flynn. UIF also has failed to demonstrate the

prudence of its pro forma investments by admitting to its deficient management practices throughout the period up to and including the alleged time for implementation of an asset management system and geographic information system suggested to occur in the second half of 2017.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 10: What are the appropriate plant retirements to be made in this docket?

POSITIONS

UIF: Decommissioning of plants at Longwood, Sandalhaven and Pasco County.

In the event of facility decommissioning which would result in a substantial debit balance in accumulated depreciation, that debit balance should be deferred and amortized, with the unamortized portion included in working capital.

For proforma replacements should be made at a level of 75% of the replacement cost, not to exceed the amount in the fixed asset account. In specific cases where it has been determined that the cost on the books of the retired assets is negligible, that should be taken into consideration. (Swain)

OPC: Retirements associated with plant additions should be recorded consistent with the testimony of OPC witness Ramas (pages 5-12) and should not result in negative accumulated depreciation that remains on UIF's books indefinitely.

The utility's current fixed asset system does not allow for the specific identification of plant balances when the plant is retired from service. In its filing, UIF uses a simplified retirement method, primarily utilized by small staff-assisted utilities, to estimate its retired plant as 75% of the new plant addition. The utility should evaluate each retirement to determine if the estimated retirement exceeds the total amount previously recorded in the account. (Ramas)

Summertree: UIF should not be rewarded for poor accounting and fixed asset system management by allowing it to recognize plant retirements in "pro forma" replacements. UIF touts its credentials as Florida's largest investor owned utility and claims superior management. However, its testimony, discovery and evidence to be adduced at hearing confirm poor utility management, including the absence of an appropriate fixed asset system which Florida's largest utility, in operation for these past many decades, should have implemented long ago as any professionally run utility would possess one. As to ordinary retirements which may be indicated, UIF's failure to have implemented the proper programs and procedures for predictive maintenance, preventive maintenance, geographic information systems, CMOMs, SSO programs all combine to create serious doubt

as to whether the UIF retirements were prudent and whether they were early or otherwise caused by deficient management and utility practices. UIF's deficiencies should not be rewarded by higher rates and high equity returns.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 10A: DROPPED.

ISSUE 10B: DROPPED.

ISSUE 11: Do any water systems have excessive unaccounted for water and, if so, what systems and what adjustments are necessary, if any?

POSITIONS

UIF: With the exception of the UIF Seminole – Ravenna Park et al, the adjustments the positions set forth in OPC's position on this issue are agreed to. No adjustment is warranted in Ravenna Park. (Seidman)

OPC: Yes. OPC witness Woodcock calculated the excessive unaccounted for water (EUW) percentages for each UIF water system. The table below reflects the ten systems with excessive unaccounted for water, percentages, and recommended adjustments as calculated by OPC witness Ramas. With the exception of UIF Seminole – Ravenna Park which UIF contests, OPC can stipulate to using OPC's recommended adjustments below.

<u>System</u>	Excessive unaccounted for water (expressed as a percent of total <u>water pumped or purchased</u>)	Expenses related to excessive unaccounted for water (in dollars)
Labrador	4.60%	(460)
Lake Placid	3.06%	(108)
Pasco – Orangewood et. al.	7.66%	(1,234)
UIF Marion	1.35%	(203)
UIF Pinellas – Lake Tarpon	10.20%	(415)
UIF Seminole – Ravenna Park et. al.	0.95%	(76)
UIF Seminole – Little Wekiva	4.81%	(66)
UIF Seminole – Oakland Shores	2.23%	(282)

<u>System</u>	Excessive unaccounted for water (expressed as a percent of total <u>water pumped or purchased</u>)	Expenses related to excessive unaccounted for water (in dollars)
UIF Seminole – Phillips	1.56%	(28)
UIF Seminole – Weathersfield	1.31%	(338)

(Ramas/Woodcock)

Summertree: UIF has been conducting a high level of flushing on the Summertree system for a long time. Currently, UIF has been flushing inordinately due to its discovery of even poorer water quality and lower water pressure being experienced after interconnect with Pasco County Utilities. Representatives of Pasco County Utilities had requested on numerous occasions that it be allowed to conduct tests on the Summertree distribution system or that UIF conduct such tests itself. UIF actions have resulted in a degraded water quality.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 12: **Do any wastewater systems have excessive infiltration and/or inflow and, if so, what systems and what adjustments are necessary, if any?**

POSITIONS

UIF: The UIF Pasco – Wis Bar system warrants an adjustment of 8.37%. The adjustment in Sandalhaven should be 1.76%. The adjustment in UIF Seminole Lincoln Heights should be 32.62%. (Seidman)

OPC: Yes. OPC witness Woodcock calculated the infiltration and/or inflow (I&I) percentages for each UIF wastewater system. The table below reflects the systems with excessive infiltration and/or inflow, percentages, and recommended adjustments as calculated by OPC witness Ramas.

<u>System</u>	Test Year Excessive I&I (gallons)	Test Year Excessive I&I (as a percent of <u>WWTP flow</u>)	<u>Expenses related to excessive inflow and infiltration (in dollars)</u>
Sandalhaven	4,225,819	8.37%	(28,486)
UIF Pasco – Wis Bar	951,518	17.22%	(33,025)
UIF Seminole – Lincoln Heights	8,717,900	37.41%	(69,439)

(Ramas/Woodcock)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 13: **What are the appropriate used and useful percentages for the water treatment and related facilities of each water system?**

POSITIONS

UIF: All water treatment and related facilities are 100% used and useful. (Seidman)

OPC: No position.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 14: **What are the appropriate used and useful percentages for the water storage and related facilities of each water system?**

POSITIONS

UIF: All water storage and related facilities are 100% used and useful. (Seidman)

OPC: No position.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 15: What are the appropriate used and useful percentages for the water distribution and related facilities of each water system?

POSITIONS

UIF: All water distribution and related facilities are 100% used and useful. (Seidman)

OPC: No position.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 16: What are the appropriate used and useful percentages for the wastewater treatment and related facilities of each wastewater system?

POSITIONS

UIF: The used and useful percentage in LUSI should be 59%. No adjustment is appropriate with regard to Mid-County, Lake Placid, Labrador, Eagle Ridge, or Crownwood treatment plants. In Sandalhaven, the used and useful percentage of purchased capacity should be 99%, the force main, master lift station structure, and the pumping equipment should be 100%. (Seidman)

OPC: The appropriate used and useful percentage for the wastewater treatment and related facilities of each system should be determined by the Commission using Rule 25-30.4325, F.A.C. The used and useful methodology and calculated used and useful percentages suggested by UIF should be rejected. Consistent with the testimony, methodology, and calculation of used and useful by OPC witness Woodcock, the appropriate used and useful in the public service percentages should be as follows:

- LUSI should be considered 53.55% used and useful. Exhibit ATW-5
- Mid County should be considered 93.67% used and useful. Exhibit ATW-6
- Lake Placid should be considered 29.79% used and useful. Exhibit ATW-7
- Labrador should be considered 40.59% used and useful. Exhibit ATW-9 & 10
- Eagle Ridge may be considered 100% used and useful despite the calculation showing that Eagle Ridge is 84.49% used and useful. Exhibit ATW-11
- Crownwood should be considered 53.20% used and useful. Exhibit ATW-12 & 13

- Sandalhaven Englewood Water District Capacity Fees should be considered 42.24% used and useful; Master Lift Station should be considered 11.27% used and useful; Pumping Plant should be 27.25% used and useful; and the Force Main 13.55% used and useful. Exhibit ATW-15.

(Woodcock)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 17: What are the appropriate used and useful percentages for the collection lines and related facilities of each wastewater system?

POSITIONS

UIF: All collection lines are 100% used and useful. (Seidman)

OPC: No position.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 18: Should any adjustments be made to test year accumulated depreciation?

POSITIONS

UIF: An increase of \$16,628,346 should be made to adjusted test year. (Swain)

OPC: Yes, the following adjustments should be made for assets that are fully depreciated and to adjust the utility's adjusted test year for Pasco County and Longwood.

	Fully Depreciated		Summertree	Longwood
	Water	Sewer	Water	Sewer
Lake Placid	15,945	3,394		
Longwood				(1,823,945)
Marion	94,342			
Pasco County			(1,511,577)	
	110,287	3,394	(1,511,577)	(1,823,945)

(Ramas)

If the Commission addresses Issue 10B under this issue, consistent with the testimony of OPC witness Ramas (pages 10-12, 87-89), the Commission should determine what to do with current negative accumulated depreciation balances.

In certain circumstances, UIF uses a method to retire its plant assets that estimates the original costs of those assets which leads to an excessive amount of plant retirement and a negative balance in accumulated depreciation. A negative accumulated depreciation balance causes an increase in rate base and is not a just or reasonable result. This is especially true when there is no procedure in place to remove or correct these negative balances, thus allowing UIF to have an inflated rate base. If not prevented from occurring when the retirements are made, UIF will benefit from these phantom increases to its rate base that will never amortize, meaning customers will continue to pay a return on these balances in perpetuity.

The NARUC Uniform System of Accounts recognizes that the early retirement of a major unit of property, which would eliminate or seriously deplete the existing depreciation reserve, may require accounting treatment which differs from the standard retirement accounting procedure. See NARUC USOA Accounting Instruction 27(H). Commission Rule 25-30.140(8) also recognizes that retirements of major installations may not be fully recovered at the time of retirement. Both of these rules recommend solutions to avoid significant negative balances in the accumulated depreciation account. The utility plant in service amount to be retired should be carefully reviewed, and any negative accumulated balance should be evaluated on a case-by-case basis to determine if the retirement results in an extraordinary loss or if there is some error that needs to be corrected. The utility should not be allowed to carry significant balances of negative accumulated depreciation without a means to write these off over time through an amortization of the loss on retirement or a pre-approved capital recovery schedule. (Ramas)

Summertree: Levels of accumulated depreciation should be properly and accurately reflected in a well-managed utility's books and records. The Commission should make no adjustment which would reward UIF for its deficiencies in maintaining its books and making proper accounting entries.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 19: Should any adjustments be made to test year CIAC balances?

POSITIONS

UIF: An increase of \$329,169 should be made to adjusted test year. (Swain)

OPC: Yes. The LUSI wastewater CIAC balance should not be reduced through the application of a non-used and useful percentage as proposed in UIF's initial filing. Removal of the Company's application of non-used and useful percentage to the LUSI wastewater CIAC increases CIAC by \$1,656,177.

UIF has not met its burden to demonstrate that it has appropriately included CIAC. (Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 20: **Should any adjustments be made to test year accumulated amortization of CIAC?**

POSITIONS

UIF: A decrease of \$782,061 should be made to adjusted test year. (Swain)

OPC: Yes. The LUSI wastewater accumulated amortization of CIAC balance should not be reduced through the application of a non-used and useful percentage as proposed in UIF's initial filing. Removal of the Company's application of non-used and useful percentage to the LUSI wastewater accumulated amortization of CIAC increases the accumulated amortization of CIAC by \$573,138.

The utility has the burden to demonstrate that it has appropriately included Accumulated Amortization of CIAC. At this point, it is OPC's position that UIF has not met its burden on this issue. (Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 21: **What is the appropriate working capital allowance?**

POSITIONS

UIF: \$5,500,069. (Swain)

OPC: UIF has not met its burden to support its working capital allowance. The following adjustments should be made to the working capital allowance to reflect adjustments for accrued federal income taxes and deferred debits subject to revision based on evidence adduced at hearing.

Working Capital Allowance	Accrued FIT	Pro Forma	Deferred Costs
Cypress Lakes - Wastewater			(720)
Eagle Ridge - Wastewater	(82,809)		
Labrador - Water			9,000
LUSI - Water		(450,000)	
Sandalhaven - Wastewater	(432,700)		
Pasco County - Water			(180,000)
Pinellas County - Water			(3,924)
	(515,509)	(450,000)	(175,644)

(Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 22: What is the appropriate rate base for the adjusted December 31, 2015, test year?

POSITIONS

UIF: \$114,815,110. (Swain)

OPC: The amount should be no greater than \$90,946,598 as indicated in the chart below subject to revision based on evidence adduced at hearing.

	Rate Base
Cypress Lakes - Water	267,638
Cypress Lakes - Wastewater	2,235,777
Eagle Ridge - Wastewater	2,788,832
Labrador - Water	696,760
Labrador - Wastewater	1,073,686
Lake Placid - Water	147,353
Lake Placid - Wastewater	46,967
Longwood - Wastewater	2,354,948
Lake Utility Services - Water	16,522,669
Lake Utility Services - Wastewater	8,239,429
Mid-County - Wastewater	3,963,767
Pennbrooke - Water	621,487
Pennbrooke - Wastewater	1,326,271
Sandalhaven - Wastewater	285,770
Sanlando - Water	9,586,480
Sanlando - Wastewater	17,964,120
Tierra Verde - Wastewater	1,083,268
Marion County - Water	657,095
Marion County - Wastewater	112,720
Orange County - Water	1,936,618
Pasco County - Water	2,481,984
Pasco County - Wastewater	637,777
Pinellas County - Water	1,496,577
Seminole County - Water	12,362,047
Seminole County - Wastewater	2,056,563
	90,946,598

(Ramas)

Summertree: UIF should be denied recovery in rate base of any of the pro forma plant additions requested due to its poor management practices. UIF has not established that it acted prudently in making the pro forma additions and other investments in utility facilities nor that the cost of such investments was reasonable nor could UIF meet this burden when the record reflects that UIF failed to have in place long standing utility practices and programs used for a long time by well managed utilities throughout Florida and in the nation. Such programs include predictive maintenance, preventive maintenance, geographic information systems, fixed asset management systems, CMOMs, sewer system overflow programs, employee training programs in predictive and preventive maintenance; all of which programs serve to minimize operating cost, minimize capital investment and result in prudent decision-making at the most reasonable cost possible if implemented.

Staff: Staff takes no position pending evidence adduced at hearing.

Cost of Capital

ISSUE 23: **Should any adjustments be made to Deferred Tax Debits – Tap Fees Post 2000 included in the Accumulated Deferred Income Tax balance?**

POSITIONS

UIF: Yes, the unamortized balance of Accumulated deferred income taxes (ADIT) for Post 2000 Tap Fees should be amortized, and the unamortized balance be removed from the MFR balance. The adjustment is \$2,056,207 minus \$618,138 already removed in the MFRs (Sandalhaven), or a total adjustment of \$1,438,069. (Swain)

OPC: Yes. Working capital for Sandalhaven should be reduced by \$432,700 to remove the Deferred Tax Debits – Tap Fees Post 2000 included by UIF in the accrued tax component of working capital in the Company's MFRs. (See Issue 21)

Regarding the Deferred Tax Debits – Tap Fees Post 2000 included in the accumulated deferred income tax component of the capital structure, if any, the utility has the burden to demonstrate that it has appropriately included costs associated with it Accumulated Deferred Income taxes. At this point, it is OPC's position that UIF has not met its burden on this issue. (Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 24: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?

POSITIONS

UIF: \$15,462,763. (Swain)

OPC: The impacts of the 50% bonus depreciation allowance on the OPC adjusted pro forma plant additions should be included in the ADIT balance included in the capital structure. This includes both the water and wastewater pro forma plant additions. (Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 25: What is the appropriate amount of customer deposits to include in the capital structure?

POSITIONS

UIF: \$232,022. (Swain)

OPC: No position.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 26: What is the appropriate cost rate for customer deposits for the test year?

POSITIONS

UIF: The appropriate cost rate for customer deposits is 2% for residential deposits and 3% for nonresidential deposits.

OPC: As provided by Rule 25-30.311, F.A.C., the customer deposit cost rate should be 2.0%. The customer deposit cost rate contained in the capital structure for the Lake Placid system should be reduced to 2.0%. (Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 27: What is the appropriate cost rate for short-term debt for the test year?

POSITIONS

UIF: 2.32% (Hoy)

OPC: The appropriate cost rate for short-term debt for the test year should be 2.32%. (Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 28: What is the appropriate cost rate for long-term debt for the test year?

POSITIONS

UIF: 6.7% (Hoy)

OPC: The appropriate cost rate for long-term debt for the test year should be 6.70%. (Ramas)

Summertree: UIF has presented no or insufficient evidence to establish that UIF was diligent in pursuing low cost and no cost loans available from federal, state or local authorities or funding sources. UIF similarly failed to exercise diligence in securing funding from the Legislature to minimize the equity and debt required to make plant improvements. Instead UIF activity before the Legislature has largely been confined to efforts to obtain additional laws to make it easier for UIF to increase customer rates. Long term debt rate should be reduced accordingly to provide UIF incentive to exercise more diligence in seeking no and low cost funding from all sources in the future.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 29: What is the appropriate capital structure to use for rate setting purposes?

POSITIONS

UIF: The consolidated capital structure. (Swain)

OPC: The impacts of the 50% bonus depreciation allowance on the OPC adjusted pro forma water and wastewater plant additions should be included in determining the amount of ADIT to include in the capital structure at zero cost. (Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 30: What is the appropriate return on equity (ROE) for rate setting purposes?

POSITIONS

UIF: 10.40% (Swain)

OPC: The Commission should utilize the leverage formula in effect at the time of the Commission's vote to calculate the ROE and then apply a minimum 100 basis point ROE reduction based on the Commission's determination of UIF's quality of service; other factors may require an additional ROE reduction based upon evidence adduced at the hearing. (Ramas)

Summertree: Material differences exist between and among the natural gas utilities indicated in the ROE graph and Utilities, Inc. The authorized return on equity should reflect the level of investor risk associated with investment in a water and wastewater utility in Florida. UIF enjoys many risk reducing benefits pursuant to Florida law, Commission rules and utility industry practice. UIF long has enjoyed annual indexing of rates, pass-through of expenses and now has provided testimony indicating its intent to further utilize an expanded pass-through law thus removing revenue requirement recovery risk. UIF collects contributions in aid of construction in the form of plant and cash contributions. Where developers do not pre-pay contributions in aid of construction, UIF collects guaranteed revenue charges. UIF is permitted to collect AFPI payments from developers and customers at the time of connection to compensate it for capital and operations carrying cost. Many of these risk reducing recovery mechanisms are not available to natural gas utilities. In addition, UIF has access to environmental cost pass-through recovery and seeks to place more of its revenue requirement in its base facility charges in this rate proceeding for the purpose of further reducing its risk of not achieving revenue requirement recovery. UIF is allowed to collect significant levels of customer deposits to insure payment of customer bills and has taken full advantage of the Commission's staff assisted rate case process to secure the Commission's assistance in obtaining its revenue requirements from customers in the past. Furthermore, UIF has not produced evidence to establish that it has aggressively pursued no cost or low cost funding from the federal, state or local governments to which it may be entitled, nor that UIF sought funding from the Florida Legislature for investments required to protect the environment or the public health. Summertree alone succeeded in securing such assistance. Each of these facts and factors should be considered by the Commission when establishing UIF's authorized return on equity. The authorized return on equity,

from which further adjustments should be made to reflect poor quality of service and management deficiencies; should be 7.4%; resulting in a final authorized return on equity of 6.4%.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 31: **What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure?**

POSITIONS

UIF: 7.56% (Swain)

OPC: The appropriate cost rates are as follows: long-term debt – 6.70%; short-term debt – 2.32%; Common Equity – 10.40% (or the cost rate based on result of the most current leverage formula); and customer deposits – 2.0%. (Ramas)

Summertree: Long term debt should be lower than 6.7%; ROE should be 7.4%.

Staff: Staff takes no position pending evidence adduced at hearing.

Net Operating Income

ISSUE 32: **What are the appropriate test year revenues?**

POSITIONS

UIF: \$28,430,668. (Swain)

OPC: The test year revenues should be as indicated in the chart below; subject to revision based on the evidence adduced at hearing. (Ramas)

	Test Year Revenue
Cypress Lakes Water	358,029
Cypress Lakes Wastewater	660,639
Eagle Ridge Wastewater	1,169,230
Labrador Water	305,242
Labrador Wastewater	639,372
Lake Placid Water	69,370
Lake Placid Wastewater	72,690
Longwood Wastewater	808,813
LUSI Water	5,484,612
LUSI Wastewater	2,305,689
Mid-County Wastewater	1,790,020
Pennbrooke Water	382,225
Pennbrooke Wastewater	518,122
Sandalhaven Wastewater	1,196,788
Sanlando Water	4,632,114
Sanlando Wastewater	4,075,541
Tierra Verde Wastewater	996,212
UIF - Marion Water	208,417
UIF - Marion Wastewater	48,279
UIF - Orange Water	117,092
UIF - Pasco Water	902,832
UIF - Pasco Wastewater	508,738
UIF - Pinellas Water	158,115
UIF - Seminole Water	1,031,571
UIF - Seminole Wastewater	840,136
	29,279,888

Summertree: Agree with Public Counsel except revenue should be further reduced by adjustments to return on equity to reflect lower risk and poor management practices (300 basis points) and unsatisfactory quality of service (100 basis points).

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 33: What adjustments, if any, should be made to account for the audit adjustments related to net operating income?

POSITIONS

UIF: Depreciation Exp: \$117,486; O&M expense: \$21,277. (Deason)

OPC: None. OPC’s final recommendation may change based on the evidence adduced at hearing.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 34: Should any adjustment be made to salaries and wages expense?

POSITIONS

UIF: No adjustments should be made to MFRs (Flynn)

OPC: Yes, the following adjustments should be made to remove the unsupported pro form expense for additional employees and to reflect the adjustment to salaries for Sandalhaven as made in the prior Commission order. (Ramas)

	Lake Utility Services		Mid-County	Sandalhaven	Sanlando	
	<u>Water</u>	<u>Sewer</u>	<u>Sewer</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>
Salaries and Wages						
Remove Unsupported Additional Employee - Salary & Wages	(20,623)	(6,377)	(27,000)		(14,963)	(12,037)
WWTP - Reduction to Salary and Wages Expense (\$45,778 1.0375)				(47,495)		
	(20,623)	(6,377)	(27,000)	(47,495)	(14,963)	(12,037)

Summertree: The Commission should deny any increase in salaries and benefits designed to reward UIF management personnel given the deficient management practices exhibited by UIF which undoubtedly have resulted costs and capital investments which are higher than otherwise would have been necessary. All of the programs and practices of well-managed utilities should have been in place long ago to avoid unnecessary and higher operating and capital costs.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 35: Should any adjustment be made to employee pensions and benefits expense?

POSITIONS

UIF: No adjustment should be made to the MFRs. (Flynn)

OPC: Yes, the following adjustments should be made to remove the benefits related to the unsupported pro form expense for additional employees and adjustment to salaries for Sandalhaven as made in the prior Commission order, and to reduce benefits for a reserve adjustment made by Water Services Corporation and allocated to UIF that is unsupported and not reflective of normal annual expense levels. (Ramas)

	WSC - Health	Employee - Benefits	WWTP - Reduction
Cypress Lakes - Water	(521)		
Cypress Lakes - Wastewater	(495)		
Eagle Ridge - Wastewater	(1,039)		
Labrador - Water	(315)		
Labrador - Wastewater	(313)		
Lake Placid - Water	(57)		
Lake Placid - Wastewater	(57)		
Longwood - Wastewater	(696)		
LUSI - Water	(4,768)	(6,187)	
LUSI - Wastewater	(1,475)	(1,913)	
Mid-County - Wastewater	(1,381)	(8,100)	
Pennbrooke - Water	(610)		
Pennbrooke - Wastewater	(508)		
Sandalhaven - Wastewater	(502)		(13,782)
Sanlando - Water	(4,921)	(4,487)	
Sanlando - Wastewater	(3,958)	(3,611)	
Tierra Verde - Wastewater	(867)		
Marion - Water	(220)		
Marion - Wastewater	(31)		
Orange County - Water	(126)		
Pasco County - Water	(1,178)		
Pasco County - Wastewater	(511)		
Pinellas County - Water	(183)		
Seminole County - Water	(1,087)		
Seminole County - Wastewater	(591)		

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 36: Are the costs allocated from WSC appropriate and reasonable, and are the allocation factors appropriate going forward?

POSITIONS

UIF: Yes. (Deason)

OPC: No. The allocated expenses associated with a health insurance reimbursement reserve adjustment should be removed from the test year (see Issue 35, above). Additionally, the allocated expenses should be reduced by the amounts below to remove a non-recurring entry for a “Fixed Asset Clean up”. (Ramas)

	WSC Allocation
Cypress Lakes - Water	(1,691)
Cypress Lakes - Wastewater	(1,609)
Eagle Ridge - Wastewater	(3,291)
Labrador - Water	(1,034)
Labrador - Wastewater	(1,026)
Lake Placid - Water	(178)
Lake Placid - Wastewater	(180)
Longwood - Wastewater	(2,244)
LUSI - Water	(15,609)
LUSI - Wastewater	(4,827)
Mid-County - Wastewater	(4,391)
Pennbrooke - Water	(2,015)
Pennbrooke - Wastewater	(1,678)
Sandalhaven - Wastewater	(1,589)
Sanlando - Water	(16,081)
Sanlando - Wastewater	(12,936)
Tierra Verde - Wastewater	(2,741)
Marion - Water	(766)
Marion - Wastewater	(107)
Orange County - Water	(436)
Pasco County - Water	(3,933)
Pasco County - Wastewater	(1,706)
Pinellas County - Water	(602)
Seminole County - Water	(3,597)

Summertree: No. UIF suggests that its affiliate is responsible for accounting and record keeping services among other things. Commission audits in this proceeding and prior proceeding consistently have shown not only inadequacies in accounting and record keeping but a flagrant UIF refusal to correct these issues after repeatedly being informed by the Commission and its staff that they exist. UIF should not be rewarded for these deficiencies. UIF has failed to produce any evidence that UIF audits the allocated costs from its affiliate WSC to confirm for UIF ratepayers that the costs are reasonable. UIF has failed to produce evidence that it has ever audited the performance of WSC activities to confirm for ratepayers that they are being competently conducted at the lowest reasonable cost. UIF has failed to provide evidence that it has made the services available to third party providers of the various services being provided by WSC to confirm for customers that the costs being allocated to UIF are the lowest cost possible for such services. As UIF has failed to provide any evidence of this nature, the Commission should disallow any allocation of costs from the UIF affiliate related to accounting or record keeping from UIF's affiliate. *Contested*

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 37: Should any adjustment be made to purchased water expense?

POSITIONS

UIF: No adjustment should be made to the MFRs. (Flynn)

OPC: Yes. The excessive unaccounted for water adjustments addressed in Issue 11 include the impacts of the EUW on purchased water expense. Additionally, the following adjustments should be made to reflect the post test year interconnection of the Summertree water system with Pasco County and to remove the temporary costs to purchase water while the interconnection between Crystal Lake and Ravenna Park was completed. (Ramas)

	Seminole County	Pasco County
Purchased Water		
Reflect Purchase Water Expense		117,206
Remove Purchase Water Expense for Crystal Lake	(61,485)	
	(61,485)	117,206

Summertree: UIF's poor system management and absence of predictive and preventive maintenance practices as well as absence of a capacity management, operations and maintenance protocols, SORP and other standard management practices, policies and programs has resulted in excessive purchased water; purchased water expense should be reduced.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 38: Should any adjustment be made to purchased sewage expense?

POSITIONS

UIF: No adjustment should be made to the MFRs. (Flynn)

OPC: Yes. In addition to the impacts of excess I&I previously addressed, the Sandalhaven purchased sewage expense should be reduced by \$27,125 to remove additional expenses and only reflect twelve months of expense. (Ramas)

Summertree: UIF’s poor system management and absence of predictive and preventive maintenance practices as well as absence of a capacity management, operations and maintenance protocols, SORP and other standard management practices, policies and programs has resulted in excessive purchased wastewater; purchased wastewater expense should be reduced.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 39: Should any adjustment be made to sludge removal expense?

POSITIONS

UIF: Yes, in LUSI, \$21,000 in annual expense for sludge hauling should be removed reflecting the savings associated with the pro forma project. No adjustment is appropriate in Mid-County. (Flynn)

OPC: Yes, the following adjustments should be made to reflect the adjustment to sludge removal for Sandalhaven as made in the prior Commission order, to remove an out of period expense for Mid-County, and to reflect the annual cost savings associated with the pro forma project at LUSI. (Ramas)

	Lake Utility Services	Mid-County	Sandalhaven
	<u>Sewer</u>	<u>Sewer</u>	<u>Sewer</u>
Sludge Removal			
Remove 2016 Sludge Removal Expense Accrued in 2015		(3,600)	
WWTP - Remove Sludge Removal Expense			(13,455)
Sludge Dewatering Equipment Cost Savings	(42,000)		
	(42,000)	(3,600)	(13,455)

Summertree: UIF’s poor system management and absence of predictive and preventive maintenance practices as well as absence of a capacity management, operations and maintenance protocols, SORP and other standard management practices, policies and programs has resulted in excessive sludge expense; sludge expense should be reduced.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 40: Should any adjustment be made to purchased power expense?

POSITIONS

UIF: Yes, in LUSI, purchased power expense should be increased by \$17,840 in water and decreased by \$2,174 in wastewater compared to the test year reflecting the termination of SECO’s interruptible power credits program. In Sanlando, purchased power should be increased by \$16,982 in water and \$31,110 in wastewater compared to the test year reflecting the termination of Duke Energy Florida’s termination of its interruptible power tariff. In Longwood, purchased power should be increased by \$7,147 compared to the test year reflecting the termination of Duke Energy Florida’s interruptible power tariff. (Flynn)

OPC: Yes. In addition to the impacts of EUW and excess I&I previously addressed, the following adjustments should be made to the utility’s projected purchased power expense. It is the utility’s burden to support these expenses in its direct case and through discovery. The utility has not met its burden. (Ramas)

	Longwood	Lake Utility Services		Sanlando		Sandalhaven
	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Sewer</u>
Purchased Power						
Remove Deposit included in test year						(3,637)
Remove Pro Forma Purchase Power Expense Adjustment	(7,147)	(14,209)	(7,657)	(26,653)	(21,440)	

Summertree: UIF’s poor system management and absence of predictive and preventive maintenance practices as well as absence of a capacity management, operations and maintenance protocols, SORP and other standard management practices, policies and programs has resulted in excessive purchased power; purchased power expense should be reduced.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 41: Should any adjustment be made to chemicals expense?

POSITIONS

UIF: Yes, a decrease of \$7,266 in Eagle Ridge is appropriate. (Flynn)

OPC: Yes. In addition to the impacts of EUW and excess I&I previously addressed, the following adjustments should be made to reflect the adjustment to chemicals for Sandalhaven as made in the prior Commission order, to adjust the expense for Eagle Ridge to reflect the amount supported in the utility’s work papers, and to

reflect the annual cost savings associated with the pro forma project at Mid-County. (Ramas)

	Eagle Ridge	Mid-County	Sandalhaven
	<u>Sewer</u>	<u>Sewer</u>	<u>Sewer</u>
Chemicals			
Chemical Expense Adjustment	(7,266)		
WWTP - Remove Chemical Expense			(3,145)
Cost Savings from Methanol Pump Post TY Project		(4,220)	
	(7,266)	(4,220)	(3,145)

Summertree: UIF’s poor system management and absence of predictive and preventive maintenance practices as well as absence of a capacity management, operations and maintenance protocols, SORP and other standard management practices, policies and programs has resulted in excessive chemical expense; chemical expense should be reduced.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 42: Should any adjustment be made to materials and supplies expense?

POSITIONS

UIF: Per MFRs __, -\$10,000 Water Analysis (Labrador), -21,000 sludge hauling (LUSI), -\$12,999 defer steel tank removal (Sanlando), plus amortization expense \$267,272. (Flynn)

OPC: Yes, an adjustment should be made to reflect an out of period expense that the utility reclassified into the test year for Sanlando. The Eagle Ridge expense should be adjusted as the utility has not supported the unusual increase in the test year and the expense should be reduced to reflect the historic average expense. (Ramas)

	Eagle Ridge	Sanlando
	<u>Sewer</u>	<u>Sewer</u>
Materials and Supplies		
Materials & Supplies Expense Normalization	(16,517)	
Remove Reclassified Prior Period Costs from M&S Expense		(12,999)
	(16,517)	(12,999)

Summertree: UIF’s poor system management and absence of predictive and preventive maintenance practices as well as absence of a capacity management, operations and maintenance protocols, SORP and other standard management practices, policies and programs has resulted in materials and supplies expense; materials and supplies expense should be reduced. Also, UIF management has admitted that it has expensed costs of making temporary fixes to plant, lines and other facilities prior to replacing them as pro forma capital improvements. Associated expenses should be removed from the test year and, if it is determined any such expenses have been placed in rate base, they should be removed due to UIF’s demonstrated mismanagement of its capital programs for many years which have resulted in wasteful expenditures from improperly maintaining UIF facilities.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 43: **Should any adjustment be made to contractual services – engineering expense?**

POSITIONS

UIF: No adjustment should be made to the MFRs. (Flynn)

OPC: Yes, the utility has the burden to support its expenses in the test year. The following adjustments should be made as the utility has not provided sufficient support that the \$3,321 for Sandalhaven should not be included as part of the capital projects, or that the \$2,979 for the Lake Placid permit renewal should be amortized over the term of the permit, or that the \$6,000 Sanlando expense is not included as part of the Myrtle Lake pro forma project.

	Sandalhaven	Lake Placid		Sanlando	
	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>
Purchased Power					
Remove Lake Placid permit renewal pending further review		(1,484)	(1,496)		
Remove Myrtle Lake engineering fee				(3,324)	(2,676)
Remove engineering for Sandalhaven capital projects	(3,321)				
	(3,321)	(1,484)	(1,496)	(3,324)	(2,676)

Summertree: UIF’s poor system management and absence of predictive and preventive maintenance practices as well as absence of a capacity management, operations and maintenance protocols, SORP and other standard management practices, policies and programs has resulted in excessive engineering expense as engineers have been retained on a reactive basis which is much more costly; engineering

expense should be reduced to not reward UIF for its deficient capital management practices, policies and lack of programs common to well managed utilities for years.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 44: Should any adjustment be made to contractual services – legal expense?

POSITIONS

UIF: Yes, an adjustment of \$505 to water and \$501 to wastewater in Labrador is appropriate. (Flynn)

OPC: [OPC is willing to stipulate using OPC's position. It provides more detail and context.] Yes, the additional legal expenses associated with the prior rate case should not be included in the adjusted test year in this case. Therefore Labrador water expenses should be reduced by \$505 and Labrador wastewater expenses should be reduced by \$501. (Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 45: Should any adjustment be made to contractual services – testing expense?

POSITIONS

UIF: No adjustment should be made to the MFRs. (Flynn)

OPC: Yes, the utility has the burden to support its expenses in the test year. The test year testing expense for LUSI includes \$5,150 in water and \$1,630 in wastewater that are from invoices for work performed in 2014. These should be removed from test year expenses.

Summertree: UIF's poor system management and absence of predictive and preventive maintenance practices as well as absence of a capacity management, operations and maintenance protocols, SORP and other standard management practices, policies and programs has resulted in excessive contractual services expense as services have been contracted on an ad hoc reactive basis which is much more costly; contractual services-testing expense should be reduced to not reward UIF for its deficient capital management practices, policies and lack of programs common to well managed utilities for years.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 46: Should any adjustment be made to contractual services – other expense?

POSITIONS

UIF: Yes, in Labrador, the \$10,000 cost of the Gaydos water quality analysis should be deferred and amortized over five years, not expensed. (Flynn)

OPC: [OPC is willing to stipulate using OPC’s position. It provides more detail and context.] Yes, the \$10,000 cost for a water system alternatives analysis at Labrador should be amortized over a five-year period. (Ramas)

	Labrador	
	<u>Water</u>	<u>Sewer</u>
Contractual Services - Other		
Remove Water System Alternatives Analysis Costs from Test Year	(5,020)	(4,980)
Amortize Water System Alternative Analysis Costs over 5 Years	2,000	
	<u>(3,020)</u>	<u>(4,980)</u>

Summertree: UIF’s poor system management and absence of predictive and preventive maintenance practices as well as absence of a capacity management, operations and maintenance protocols, SORP and other standard management practices, policies and programs has resulted in excessive contractual services expense as services have been contracted on an ad hoc reactive basis which is much more costly; contractual services-other expense should be reduced to not reward UIF for its deficient capital management practices, policies and lack of programs common to well managed utilities for years.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 47: Should any adjustment be made to equipment rental expense?

POSITIONS

UIF: No adjustment is appropriate in Sanlando reflecting the ongoing expense for rental of pumping equipment during and after the test year. (Flynn)

OPC: Yes, Sanlando reflected invoices totaling \$5,593 for equipment that was rented during 2014. These invoices should be removed from test year expenses, which

result in a decrease to water expenses of \$3,100 and a decrease to wastewater expenses of \$2,493. (Ramas)

Summertree: UIF's poor system management and absence of predictive and preventive maintenance practices as well as absence of a capacity management, operations and maintenance protocols, SORP and other standard management practices, policies and programs has resulted in excessive equipment rental expense as services have been contracted on an ad hoc reactive basis which is much more costly; equipment rental expense should be reduced to not reward UIF for its deficient capital management practices, policies and lack of programs common to well managed utilities for years.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 48: Should any adjustment be made to transportation expense?

POSITIONS

UIF: Yes, \$5,723 in transportation expense booked to Tierra Verde should be allocated across all Florida systems. (Flynn)

OPC: [OPC is willing to stipulate using OPC's position. It provides more detail and context.] Yes, the utility included in the Tierra Verde system a posting of fuel and fleet repairs that should have been allocated across all Florida systems. Since the utility does not have consolidated rates at this time, the allocations should be adjusted as follows. (Ramas)

Cypress Lakes - Water	107
Cypress Lakes - Wastewater	101
Eagle Ridge - Wastewater	212
Labrador - Water	64
Labrador - Wastewater	64
Lake Placid - Water	12
Lake Placid - Wastewater	12
Longwood - Wastewater	142
LUSI - Water	986
LUSI - Wastewater	305
Mid-County - Wastewater	472
Pennbrooke - Water	125
Pennbrooke - Wastewater	104
Sandalhaven - Wastewater	103
Sanlando - Water	1,164
Sanlando - Wastewater	936
Tierra Verde - Wastewater	(5,723)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 49: What is the appropriate amount of rate case expense?

POSITIONS

UIF: \$1,122,314 plus \$274,477 in prior RCE TY amortization. (Deason, Swain)

OPC: Rate case expense should be reduced significantly to remove unreasonable rate case expenditures. Rate case expense associated with the current docket should be reduced to remove all costs related to the correction of deficiencies, correction of past annual reports, and the unusual, excessive revisions and supplements to discovery responses due to UIF's incomplete initial responses. Expenses associated with UIF's public relations and image enhancing should also be disallowed as these are below-the-line expenses and unreasonable for ratepayers to bear. Additional rate case expense reductions may be appropriate based on updated rate case expense documentation. The appropriate amount of rate case expense will be determined by the evidence adduced at the hearing.

Rate case expense related to prior rate cases should be removed from the rate case expense in this case consistent with OPC's position on Issue 75. (Ramas)

Summertree: Agree with Public Counsel except UIF should be denied recovery of legal expenses incurred to file a frivolous motion to dismiss the petition to intervene of the Summertree Water Alliance. As it is simple to have alternative interventions by individual customers served by the Summertree System such motion simply stands as exemplary evidence of UIF's hostility to its customers and any attempt by them to remain informed of UIF activities affecting them. UIF's management position that it will not "voluntarily" disclose information requested by its customers if such information tends to establish reduced costs is another example of such behavior which should not be condoned by the Commission.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 50: How should unamortized rate case expense from prior dockets be treated for purposes of determining the revenue requirements in this proceeding?

POSITIONS

UIF: Add unamortized balance to current RCE.

OPC: Any prior unamortized rate case expense that has been fully amortized before rates become effective, should be removed from the test year by system. For the

systems where rate case expense is not fully amortized prior to rates becoming effective, the prior unamortized rate case expense should be removed from the test year and addressed as a separate surcharge for each system until fully recovered. The Commission has already determined that a 4 year recovery period is appropriate for these systems through prior Commission orders. (Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 51: Should any adjustment be made to miscellaneous expense?

POSITIONS

UIF: No adjustment should be made to the MFRs.

OPC: Yes, the duplicate entry for \$5,000 for a DEP WWTP permit expense should be removed from the test year and the Cypress Lakes expense should be adjusted for fall-out reduction from the Sediment Removal Project. (Ramas)

	Cypress Lakes	Mid-County
	<u>Sewer</u>	<u>Sewer</u>
Miscellaneous Expense		
Reduction to Sediment Removal Project Amortization Expense		(80)
Remove Duplicate DEP WWTP permit expense	(5,000)	
	(5,000)	(80)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 52: How should the cost savings, if any, resulting from the proposed consolidation of tariffs and accounting records be reflected in rates?

POSITIONS

UIF: There are no cost savings.

OPC: Based upon the deposition of UIF witness Flynn and UIF's response to OPC Interrogatories Nos. 285, 286, and 287, UIF anticipates savings associated with the proposed consolidation; however, UIF has not quantified the amount of the

anticipated savings. If the Commission decides it needs additional information to determine the anticipated savings, it has the discretion to open a separate docketed proceeding for that purpose.

Summertree: UIF indicates there are no cost savings from its request to consolidate tariffs and accounting records. UIF has failed to show any material cost savings at all in this docket or even attempted to establish that UIF has engaged in prudent and reasonable management activities designed to result in cost reductions. Well-managed utilities constantly and consistently engage in such activities, not UIF. If there are no cost savings for UIF's customers, where is the benefit to them.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 53: **Should any further adjustments be made to the Utility's test year and pro forma O&M expenses?**

POSITIONS

UIF: No.

OPC: Yes. Additional adjustments to O&M expenses may be appropriate based on updated documentation and evidence adduced at the hearing.

Summertree: Yes. UIF's deficient management practices have resulted in excessive operating costs which should be reflected in a reduced revenue requirement. UIF has recognized its management deficiencies by initiating implementation of the asset management system and geographic information systems but only after customers have been made to bear the higher capital and operating costs which UIF has imposed upon them by failing to implement such systems on a timely basis, years ago when they first became available and were in use by 70% of utilities located throughout the nation. In addition, UIF management has indicated that prior repairs to plant, lines and equipment have been performed and associated costs treated as operating expenses. However, UIF has failed to present the Commission with the amount of these expenses so that they can be removed from test year and pro forma expenses. UIF's test year and pro forma O&M expenses should be reduced to prevent UIF from being rewarded for this mismanagement.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 54: Should any adjustments be made to test year depreciation expense?**POSITIONS****UIF:** Yes, \$117,486, for retirements and \$109,266 for proforma plant (Swain)**OPC:** Yes, the depreciation expense should be reduced as set forth in the schedules of OPC witness Ramas and summarized in the table below. (Ramas)

Depreciation Expense	GIS	Fully Depreciated	Pro Forma	Non-Used and Useful	Audit	Summertree
Cypress Lakes - Water	(1,335)					
Cypress Lakes - Wastewater	(1,270)					
Eagle Ridge - Wastewater	(2,666)		(11,138)			
Labrador - Water	(191)					
Labrador - Wastewater	(190)			(41,998)		
Lake Placid - Water	(149)	(525)				
Lake Placid - Wastewater	(151)	(956)		(7,418)		
Longwood - Wastewater	(1,788)		72,401			
LUSI - Water	(12,381)		(438)			
LUSI - Wastewater	(3,829)		(1,357)	(19,037)		
Mid-County - Wastewater	(5,929)		(57,603)	(3,150)		
Pennbrooke - Water	(3,596)		(16,250)			
Pennbrooke - Wastewater	(1,713)					
Sandalhaven - Wastewater	(1,297)		(316)	(157,363)		
Sanlando - Water	(5,844)		(15,329)			
Sanlando - Wastewater	(4,701)		(169,883)			
Tierra Verde - Wastewater	(2,210)					
Marion - Water	(231)	(1,936)	(938)			
Marion - Wastewater	(32)			(12,279)		
Orange County - Water	(131)		26,817			
Pasco County - Water	(1,210)		(8,737)			39,041
Pasco County - Wastewater	(525)				(4,890)	
Pinellas County - Water	(181)		12,791			
Seminole County - Water	(1,144)		125,240		26,599	
Seminole County - Wastewater	(622)		563		72,343	
	(53,316)	(3,417)	(44,177)	(241,245)	94,052	39,041

Summertree: Agree with Public Counsel.**Staff:** Staff takes no position pending evidence adduced at hearing.

ISSUE 55: Should any adjustments be made to test year amortization of CIAC expense?

POSITIONS

UIF: An audit adjustment \$68,031 should be made to the MFRs. (Swain)

OPC: Yes, the CIAC amortization expense for the LUSI wastewater system should be increased by \$48,890 to remove the Utility’s adjustment for non-used and useful. (Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 56: What adjustments, if any, need to be made to net operating income to appropriately reflect the impacts of the abandonment and decommissioning of the Summertree water supply assets?

POSITIONS

UIF: Adjustment should be made to increase amortization expense \$262,262. (Swain)

OPC: The following adjustments should be made to properly adjust the test year and utility adjustments such that the retirement of the Summertree assets are properly reflected.

	Remove Per Company Summertree Decommissioning Adjustment	Remove Abandoned Summertree Water Supply Assets	Remove Non-Recurring Expenses - Well and Plant Decommissioning	Remove Company Adjustment to Amortize Decommissioning Costs	Abandoned Summertree Wells Amortization Expense
Operation and Maintenance Expenses			(48,609)	(20,000)	
Depreciation Expense	61,015	(21,974)			
Amortization Expense					43,914

Summertree: The Commission should deny any benefit to UIF accruing from its poor customer service, poor water quality and indeed worse water quality since interconnecting with Pasco County Utilities.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 57: Did the Company receive any salvage value as a result of decommissioning the Sandalhaven Wastewater Treatment Plant and related assets? If yes, what adjustment should be made to flow the salvage value received to ratepayers? If no, has the Company prudently attempted to recover any value from the decommissioned assets on behalf of ratepayers?

POSITIONS

UIF: No adjustment is appropriate because no salvage value was received. The cost of removal was net of any potential salvage. (Flynn)

OPC: No position.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 58: Should any adjustments be made to test year taxes other than income expense?

POSITIONS

UIF: An increase of \$13,809 for Gross Receipts Tax.

OPC: Yes, the following adjustments to taxes other than income should be made to reflect the impact on property taxes from the recommended adjustments to plant balances and the impact of recommended adjustments to wages and salaries expense. (Ramas)

Taxes Other Than Income	Property Tax	Payroll Taxes
Cypress Lakes - Water	(111)	
Cypress Lakes - Wastewater	(106)	
Eagle Ridge - Wastewater	(4,328)	
Labrador - Water	(18)	
Labrador - Wastewater	(14,695)	
Longwood - Wastewater	(6,431)	
LUSI - Water	299	(1,578)
LUSI - Wastewater	(2,705)	(488)
Mid-County - Wastewater	(25,651)	(2,066)
Pennbrooke - Water	(8,428)	
Pennbrooke - Wastewater	(151)	
Sandalhaven - Wastewater	(51,945)	(3,633)
Sanlando - Water	(11,385)	(1,145)
Sanlando - Wastewater	(78,467)	(921)
Pasco County - Water	(25,654)	
Pasco County - Wastewater		
	(229,776)	(9,831)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

Revenue Requirement

ISSUE 59: What is the appropriate revenue requirement for the adjusted December 31, 2015 test year?

POSITIONS

UIF: \$ 36,916,618.

OPC: After appropriate adjustments, subject to the corporate income tax rate remaining at 35% (see OPC position on Issue 1), the revenue increase should be less than \$2,487,637 for a maximum revenue requirement of \$31,767,525. The table below is based on adjustments quantified as of the date OPC's testimony was filed in this case and does not include additional appropriate adjustments or the impacts of bonus depreciation on the pro forma adjusted wastewater plant additions on the ADIT balance in the capital structure, which will further reduce the revenue requirements. (Ramas)

Revenue Requirement	
Cypress Lakes Water	323,425
Cypress Lakes Wastewater	722,601
Eagle Ridge Wastewater	1,131,342
Labrador Water	338,287
Labrador Wastewater	420,991
Lake Placid Water	78,530
Lake Placid Wastewater	67,849
Longwood Wastewater	844,128
LUSI Water	5,335,706
LUSI Wastewater	2,503,613
Mid-County Wastewater	1,907,298
Pennbrooke Water	444,749
Pennbrooke Wastewater	464,929
Sandalhaven Wastewater	671,233
Sanlando Water	4,327,047
Sanlando Wastewater	5,460,690
Tierra Verde Wastewater	1,090,652
UIF - Marion Water	269,539
UIF - Marion Wastewater	71,967
UIF - Orange Water	355,287
UIF - Pasco Water	1,060,474
UIF - Pasco Wastewater	531,983
UIF - Pinellas Water	289,463
UIF - Seminole Water	2,300,657
UIF - Seminole Wastewater	755,084
	31,767,525

Summertree: Agree with Public Counsel except further adjustments required to reflect total 400 basis point reduction to authorized return on equity (300 basis point adjustment for equity risk and deficient management and 100 basis point reduction for unsatisfactory service).

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 60: **What, if any, limits should be imposed on subsidy values that could result if stand-alone rates are converted to a consolidated rate structure for the water and wastewater systems?**

POSITIONS

UIF: None.

OPC: Policy position. When considering the decision whether to consolidate rates into statewide uniform rates, it is important to the customers to know the subsidy values if stand-alone rates are consolidated. Determining the appropriate subsidy value, if any, is an important policy issue for the Commission to decide because it will directly impact every UIF customer by either increasing or decreasing their rates. The OPC takes no position on the specific design of UIF's rates and charges; however, in total, the rates and charges should be designed to allow UIF an opportunity to recover no more than the revenue requirement established by this Commission at the time rates go into effect.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 61: **Which water systems, if any, should be consolidated into a single rate structure?**

POSITIONS

UIF: The rates for all water systems should reflect consolidated single tariff pricing. (Guastella)

OPC: No position.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 62: What are the appropriate rate structures and rates for the water systems?

POSITIONS

UIF: The proposed rate structure containing the Base Facility Charges and Usage rate tiers should reflect consolidated single tariff pricing for all water systems. (Guastella)

OPC: No position.

Summertree: The Commission is obligated to set rates which are fair, just and reasonable; not only to the utility but the customers. UIF should not receive any consumption repression adjustment as UIF has failed to meet its burden to justify such an adjustment. UIF has imposed many rate increases upon its customers in the past but in this proceeding failed to present any analysis to show the impact of such past increases on customer consumption (which study would have had to take into account factors such as weather, consumer implementation of water conservation techniques and other factors unrelated to price which may have affected consumption). No repression adjustment has been justified.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 63: What are the appropriate private fire protection charges?

POSITIONS

UIF: The fire protection rate should be established pursuant to Commission Rule 25-30.465. (Guastella)

OPC: No position.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 64: Which wastewater systems, if any, should be consolidated into a single rate structure?

POSITIONS

UIF: The rates for all wastewater systems should reflect consolidated single tariff pricing. (Guastella)

OPC: No position.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 65: What are the appropriate rate structures and rates for the wastewater systems?

POSITIONS

UIF: The proposed rate structure containing the Base Facility Charges and Usage rate tiers should reflect consolidated single tariff pricing for all wastewater systems. (Guastella)

OPC: No position.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

Other Issues

ISSUE 66: What are the appropriate miscellaneous service charges?

POSITIONS

UIF:

	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$36.71	\$45.03
Normal Reconnection Charge	\$36.71	\$45.03
Violation Reconnection Charge – water	\$36.71	\$45.03
Violation Reconnection Charge – wastewater	Actual cost	Actual cost
Premises Visit Charge (In lieu of disconnection)	\$36.71	\$45.03
Late Payment Charge	\$8.84	
NSF Check Charge (Deason)	Pursuant to Florida Statute 68.065	

OPC: No position.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 67: What is the appropriate late payment charge?

POSITIONS

UIF: \$8.84 (Deason)

OPC: No position.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 68: What are the appropriate reuse rates?

POSITIONS

UIF: \$7.64 BFC plus \$1.45 per thousand gallons. (Guastella)

OPC: No position.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 69: What are the appropriate customer deposits?

POSITIONS

UIF: The amount of customer deposits should be established pursuant to Commission Rule 25-30.311. (Deason)

OPC: No position.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 70: What are the appropriate meter installation charges?

POSITIONS

UIF: The existing meter installation charge would remain in effect. (Flynn)

OPC: No position.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 71: **What are the appropriate customer connection, main extension, plant capacity, and system capacity charges?**

POSITIONS

UIF: The existing customer connection, main extension, plant capacity, and system capacity charges would remain in effect. (Flynn)

OPC: No position.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 72: **What are the appropriate guaranteed revenue charges?**

POSITIONS

UIF: The existing guaranteed revenue charges would remain in effect. (Flynn)

OPC: No position.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 73: **What are the appropriate Allowance for Funds Prudently Invested (AFPI) charges?**

POSITIONS

UIF: The existing AFPI charges would remain in effect. (Flynn)

OPC: No position.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 74: **In determining whether any portion of the interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?**

POSITIONS

UIF: Any such refund should be calculated in accordance with Commission Policy; however, no refund in appropriate.

OPC: This calculation should be a fallout. However, there were many deficiencies in UIF's initial filing that took the Company until November 22, 2016 to cure, a period taking almost three months. Customers who received an interim rate increase prior to the curing of the MFRs should receive a refund for the short period of time when the MFRs were deficient as calculated by the Commission.

The interim rate refund, if any, should be calculated according to Commission policy and rule on a system by system standalone basis. If statewide uniform rates or banded rates are implemented, those systems receiving a rate decrease should receive a refund of the difference between prior authorized rates and interim rates.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 75: **What is the appropriate amount by which rates should be reduced after the established effective date of the approved tariff to reflect the removal of the amortized rate case expense?**

POSITIONS

UIF: None. The unamortized rate case expense should be included with current rate case expense and amortized over 4 years.

OPC: Rates should be reduced pursuant to Commission Rule 25-30.4705, F.A.C.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 76: What is the appropriate amount and mechanism by which rates should be reduced to reflect the removal of any unamortized rate case expense?

POSITIONS

UIF: None. The unamortized rate case expense should be included with current rate case expense and amortized over 4 years.

OPC: A number of UIF systems currently have an unamortized balance of rate case expense previously approved by this Commission. “If the Commission approves some form of consolidated rates in this case, the expense associated with the amortization of prior rate cases could be separated out for each of the systems with surcharges specific to each system. This would allow the separate surcharge on the bill to drop off the month following the full four-year amortization of the prior case costs and would meet the requirements of Section 367.081(8), Florida Statutes.” (Ramas Testimony at 20, lines 19-23) Following a method similar to that outlined above would also prevent costs from prior rate cases from being unfairly passed on to customers in other systems if consolidated rates are approved in this case.” (Ramas Testimony at 21, lines 6-9) See Ramas Testimony at 19-24 for a complete explanation of both the amount and mechanism by which rates should be reduced.

Any prior unamortized rate case expense that has been fully amortized before rates become effective in this case, should be removed from the test year. For the systems that are not fully amortized prior to rates becoming effective, the prior unamortized rate case expense should be removed from the test year and addressed as a separate surcharge for each system until fully recovered. The Commission has already determined that a 4 year recovery period is appropriate for these systems through prior Commission orders. (Ramas)

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 77: How should the Utility address future index and pass through filings?

POSITIONS

UIF: If the Commission approves consolidation, UIF should be required to file its future index and pass through filings in the same manner as the consolidation was approved.

OPC: Customers should benefit from any lower index or pass through type costs as well as increases that are created by consolidation. Thus, if the Commission approves

consolidation, UIF should be required to file its future index and pass through filings in the same manner as the consolidation was approved.

Summertree: No position.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 78: **How should the Utilities treat its in-state FPSC-regulated accounting, filing, and reporting requirements?**

POSITIONS

UIF: Such filings should be made on a consolidated basis.

OPC: UIF should continue to maintain an accounting system that records rate base items on a system basis. These records will be necessary for future retirements and adjustments such as used and useful. All direct revenue and expense items should also be maintained on a system basis. Costs to be allocated must be maintained in a manner that will facilitate allocation when necessary. These requirements should be maintained for every purpose for accounting, filing, and reporting requirements.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 79: **Did the Utility appropriately record the Commission Ordered Adjustments to the books and records? If not, what action, if any, should be taken?**

POSITIONS

UIF: The Utility did substantially comply with booking Commission Ordered Adjustments.

OPC: No. Since UIF considers itself to be a premier water and wastewater utility in the state, it should be held to that standard. Since UIF has failed to appropriately and timely record Commission Ordered Adjustments for many systems, UIF should be ordered to show cause for its failure to comply with the Commission's previous orders. Alternatively, the Commission should open up an investigatory docket to determine whether UIF should be ordered to show cause.

Summertree: No. UIF suggests that its affiliate is responsible for accounting and record keeping services among other things. Commission audits in this proceeding and prior proceeding consistently have shown not only inadequacies in accounting and

record keeping but a flagrant UIF refusal to correct these issues after repeatedly being informed by the Commission and its staff that they exist. UIF should not be rewarded for these deficiencies. The Commission should disallow any allocation from the affiliate related to accounting or record keeping from UIF's affiliate.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 80: **Did the Utility properly provide support to the auditors for pool vehicles and special equipment as well as the calculation for determining transportation expense per vehicle, and payroll schedules by employee to audit staff as in prior rate cases? If not, what action, if any, should be taken?**

POSITIONS

UIF: The Utility provided all documentation requested by the auditors.

OPC: No. For its failure to provide this information to Commission audit staff contrary to Section 367.156(1), F.S., UIF should be denied any rate increase related to transportation expense or employee salaries, including new employees. Pursuant to Section 367.156(1), F.S., “[t]he commission shall continue to have reasonable access to all utility records and records of affiliated companies, including [the utility’s] parent company, regarding transactions or cost allocations among the utility and such affiliated companies, and such records necessary to ensure that a utility’s ratepayers do not subsidize nonutility activities....” When the Commission through its audit, technical, legal, or other staff requests information from a utility, the utility must comply with and provide that information. If the utility fails to provide that information, it may be sanctioned by the Commission up to and including being subject to an order to show cause. In the context of a request for a rate increase, if the utility fails to provide any requested information for the staff auditors’ analysis and verification, then at a minimum the requested rate relief related to these costs should be denied. No utility should not be allowed to disregard or ignore Commission orders or requests by its designated staff.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 81: Should the Utility be required to notify, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) associated with the Commission approved adjustments?

POSITIONS

UIF: Yes.

OPC: Yes, the Utility should be required to notify the Commission, in writing, that it has adjusted its books, and if the Company fails to do so, the Commission should order UIF to show cause for its failure to comply with Commission ordered adjustments.

Summertree: Yes. In addition, UIF suggests that its affiliate is responsible for accounting and record keeping services among other things. Commission audits in this proceeding and prior proceeding consistently have shown not only inadequacies in accounting and record keeping but a flagrant UIF refusal to correct these issues after repeatedly being informed by the Commission and its staff that they exist. UIF should not be rewarded for these deficiencies. The Commission should disallow any allocation from the affiliate related to accounting or record keeping from UIF's affiliate.

Staff: Staff takes no position pending evidence adduced at hearing.

ISSUE 82: Should this docket be closed?

POSITIONS

UIF: Yes

OPC: No, the docket should remain open unless the Commission approves the opening of a separate docket for a show cause or some other investigatory proceeding.

Summertree: Agree with Public Counsel.

Staff: Staff takes no position pending evidence adduced at hearing.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
<u>Direct</u>			
John P. Hoy	UIF	JPH-1	Resume of John P. Hoy
John F. Guastella	UIF	JFG-1	Statement of Qualifications
John F. Guastella	UIF	JFG-2	Water Rate Design
John F. Guastella	UIF	JFG-3	Wastewater Rate Design
John F. Guastella	UIF	JFG-4	Water Rate Comparisons
John F. Guastella	UIF	JFG-5	Wastewater Rate Comparisons
Jared Deason	UIF	JD-1	Billing Analysis
Jared Deason	UIF	JD-2	Allocation Manuals
Jared Deason	UIF	JD-3	WMS Operating Agreement
Frank Seidman	UIF	FS-1	Curriculum Vitae
Frank Seidman	UIF	FS-2	Summary of Used & Useful & F Schedules
Patrick C. Flynn	UIF	PCF-1	Cypress Lakes WTP Hydro Tank #1 Proforma

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Patrick C. Flynn	UIF	PCF-2	Cypress Lakes Sediment Removal Proforma
Patrick C. Flynn	UIF	PCF-3	Eagle Ridge WWTP EQ Tank & Headworks Proforma
Patrick C. Flynn	UIF	PCF-4	Labrador WWTP Sediment Removal Proforma
Patrick C. Flynn	UIF	PCF-5	LUSI - Lake Groves Sludge Dewatering Equipment Proforma
Patrick C. Flynn	UIF	PCF-5a	LUSI - Lake Groves Sludge Dewatering Equipment Proforma
Patrick C. Flynn	UIF	PCF-6	LUSI - Oswalt Road Water Main Relocation Proforma
Patrick C. Flynn	UIF	PCF-7	LUSI - SCADA System Proforma
Patrick C. Flynn	UIF	PCF-8	LUSI - TTHM & HAA5 Study Proforma
Patrick C. Flynn	UIF	PCF-9	LUSI – Engineering TTHM & HAA5 Remediation Proforma
Patrick C. Flynn	UIF	PCF-10	LUSI – US 27 Utility Relocations Proforma
Patrick C. Flynn	UIF	PCF-11	Longwood – Church Avenue Utility Relocations Proforma
Patrick C. Flynn	UIF	PCF-12	Longwood Groves – I&I Study Proforma
Patrick C. Flynn	UIF	PCF-13	Longwood Groves - I&I Remediation Proforma

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Patrick C. Flynn	UIF	PCF-14	Mid-County Electrical Improvements and Generator Replacement Proforma
Patrick C. Flynn	UIF	PCF-15	Mid-County Field Office Proforma
Patrick C. Flynn	UIF	PCF-16	Mid-County Flow Study Proforma
Patrick C. Flynn	UIF	PCF-17	Mid-County Excess I&I Remediation Proforma
Patrick C. Flynn	UIF	PCF-18	Mid-County Methanol Pumps and In-Line Nutrient Analyzers Proforma
Patrick C. Flynn	UIF	PCF-19	Mid-County US Highway 19 Utility Relocation Proforma
Patrick C. Flynn	UIF	PCF-20	Pennbrooke WTP Electrical Improvements Proforma
Patrick C. Flynn	UIF	PCF-21	Sandalhaven – Placida Road Utility Relocation Proforma
Patrick C. Flynn	UIF	PCF-22	Sanlando – Autumn Drive WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-23	Sanlando – Lift Station RTU Installation Proforma
Patrick C. Flynn	UIF	PCF-24	Sanlando – Markham Wood Utility Relocates Proforma
Patrick C. Flynn	UIF	PCF-25	Sanlando – Myrtle Lake Hills Water Mains Proforma
Patrick C. Flynn	UIF	PCF-26	Sanlando –Inflow & Infiltration Study and Remediation, Phase 2 Proforma

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Patrick C. Flynn	UIF	PCF-27	Sanlando – Shadow Hills Flow Diversion Proforma
Patrick C. Flynn	UIF	PCF-28	Sanlando – Wekiva WWTP Blower Replacement Proforma
Patrick C. Flynn	UIF	PCF-29	Sanlando – Well 2A and Lift Station A-1 Electrical Improvements & Generator Install Proforma
Patrick C. Flynn	UIF	PCF-30	Sanlando – Wekiva WWTP Rehabilitation Proforma
Patrick C. Flynn	UIF	PCF-31	Tierra Verde - 401 8 th Avenue Gravity Sewer Main Replacement, Phase 2 Proforma
Patrick C. Flynn	UIF	PCF-32	UIF – WM Replacements, Orange Co Proforma
Patrick C. Flynn	UIF	PCF-33	UIF – WM Replacements, Pasco Co Proforma
Patrick C. Flynn	UIF	PCF-34	UIF – Summertree Well Abandonment Proforma
Patrick C. Flynn	UIF	PCF-35	UIF – Summertree Well Abandonment Proforma
Patrick C. Flynn	UIF	PCF-36	UIF – Electrical improvements at Little Wekiva and Jansen WTPs Proforma
Patrick C. Flynn	UIF	PCF-37	UIF – Eng-Seminole & Orange County WM Replacements Proforma
Patrick C. Flynn	UIF	PCF-38	UIF – Bear Lake WM Replacement Proforma

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Patrick C. Flynn	UIF	PCF-39	UIF – Crystal Lake WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-40	UIF – Little Wekiva WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-41	UIF – Northwestern FM Replacement Proforma
Patrick C. Flynn	UIF	PCF-42	UIF – Oakland Shores WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-43	UIF – Phillips WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-44	UIF – Ravenna Park WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-45	UIF – Ravenna Park/Crystal Lake Interconnect and WTP Improvements Proforma
Patrick C. Flynn	UIF	PCF-46	C4500 Kodiak Truck Upgrade Proforma
Patrick C. Flynn	UIF	PCF-47	UIF Global - GIS Mapping Services Proforma
Deborah D. Swain	UIF	DDS-1	MFRs – Financial, Rate & Engineering (except F Schedules)
Deborah D. Swain	UIF	DDS-2	Reconciliation Schedules
Denise N. Vandiver	OPC	DNV-1	Resume OF Denise N. Vandiver
Denise N. Vandiver	OPC	DNV-2	DEP Correspondence

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Denise N. Vandiver	OPC	DNV-3	Customer Complaints to the Utility
Denise N. Vandiver	OPC	DNV-4	Customer Letters and Comments
Denise N. Vandiver	OPC	DNV-5	Correspondence From Mr. Shallcross
Denise N. Vandiver	OPC	DNV-6	Summary of Service Hearing Testimony
Denise N. Vandiver	OPC	DNV-7	Summary of PSC Findings on Quality of Service
Andrew T. Woodcock	OPC	ATW-1	Resume of Andrew T. Woodcock
Andrew T. Woodcock	OPC	ATW-2	Excessive Unaccounted for Water Calculations
Andrew T. Woodcock	OPC	ATW-3	Excessive Inflow and Infiltration Calculations
Andrew T. Woodcock	OPC	ATW-4	Summary of Used and Useful Percentages
Andrew T. Woodcock	OPC	ATW-5	LUSI Used and Useful Calculations
Andrew T. Woodcock	OPC	ATW-6	Mid County Used and Useful Calculations
Andrew T. Woodcock	OPC	ATW-7	Lake Placid Used and Useful Calculations
Andrew T. Woodcock	OPC	ATW-8	Lake Placid FDEP Construction Application
Andrew T. Woodcock	OPC	ATW-9	Labrador Used and Useful Calculations

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Andrew T. Woodcock	OPC	ATW-10	Labrador Map of Certified Service Area and Surrounding Property
Andrew T. Woodcock	OPC	ATW-11	Eagle Ridge Used and Useful Calculations
Andrew T. Woodcock	OPC	ATW-12	Crownwood Used and Useful Calculations
Andrew T. Woodcock	OPC	ATW-13	Crownwood Map of Certificated Service Area and Surrounding Property
Andrew T. Woodcock	OPC	ATW-14	Sandalhaven Composite Exhibit
Andrew T. Woodcock	OPC	ATW-15	Sandalhaven Used and Useful Calculations
Andrew T. Woodcock	OPC	ATW-16	Summary of Pro forma projects with cost justification supporting less than requested.
Andrew T. Woodcock	OPC	ATW-17	Sanlando Wekiva WWTP Rehabilitation Invoice
Andrew T. Woodcock	OPC	ATW-18	Mid-County Electrical Improvements – Bid
Donna Ramas	OPC	DMR-1	Qualifications of Donna Ramas
Donna Ramas	OPC	DMR-2	OPC Revenue Requirement Exhibits
Donna Ramas	OPC	DMR-3	Cypress Lakes Revenue Requirement
Donna Ramas	OPC	DMR-4	Eagle Ridge Revenue Requirement

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Donna Ramas	OPC	DMR-5	Labrador Revenue Requirement
Donna Ramas	OPC	DMR-6	Lake Placid Revenue Requirement
Donna Ramas	OPC	DMR-7	Longwood Revenue Requirement
Donna Ramas	OPC	DMR-8	Lake Utility Services Revenue Requirement
Donna Ramas	OPC	DMR-9	Mid-County Revenue Requirement
Donna Ramas	OPC	DMR-10	Pennbrooke Revenue Requirement
Donna Ramas	OPC	DMR-11	Sandalhaven Revenue Requirement
Donna Ramas	OPC	DMR-12	Sanlando Revenue Requirement
Donna Ramas	OPC	DMR-13	Tierra Verde Revenue Requirement
Donna Ramas	OPC	DMR-14	Seminole County Revenue Requirement
Donna Ramas	OPC	DMR-15	Orange County Revenue Requirement
Donna Ramas	OPC	DMR-16	Pasco County Revenue Requirement
Donna Ramas	OPC	DMR-17	Pinellas County Revenue Requirement
Donna Ramas	OPC	DMR-18	Marion County Revenue Requirement
Donna Ramas	OPC	DMR-19	WSC Charges – Health Insurance Reserve Adjustment
Donna Ramas	OPC	DMR-20	WSC State – Depreciation Expense Adjustment

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Donna Ramas	OPC	DMR-21	Reduction to GIS Pro Forma Plant Addition
Jessica Kleinfelter	Staff	JMK-1	Curriculum Vitae for Jessica M. Kleinfelter
Jessica Kleinfelter	Staff	JMK-2	Summary of Compliance and Complaint History
Rhonda L. Hicks	Staff	RLH-1	Summary of Customer Complaints
Debra M. Dobiac	Staff	DMD-1	Auditor's Report-Rate Case
Patti B. Daniel	Staff	PBD-1	UIF Customer Demographics
Patti B. Daniel	Staff	PBD-2	Water Bill Comparison
Patti B. Daniel	Staff	PBD-3	Wastewater Bill Comparison

Rebuttal

Jared Deason	UIF	JD-4	Updated Rate Case Expense
Patrick C. Flynn	UIF	PCF-1 Updated*	Cypress Lakes WTP Hydro Tank #1 Proforma
Patrick C. Flynn	UIF	PCF-2 Updated	Cypress Lakes Sediment Removal Proforma
Patrick C. Flynn	UIF	PCF-3 Updated	Eagle Ridge WWTP EQ Tank & Headworks Proforma
Patrick C. Flynn	UIF	PCF-4 Updated	Labrador WWTP Sediment Removal Proforma
Patrick C. Flynn	UIF	PCF-5 Updated	LUSI - Lake Groves Sludge Dewatering Equipment Proforma

*Exhibits marked as "updated" indicate an exhibit originally filed with a witnesses' direct testimony has been amended or updated.

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Patrick C. Flynn	UIF	PCF-6 Updated	LUSI - Oswalt Road Water Main Relocation Proforma
Patrick C. Flynn	UIF	PCF-9 Updated	LUSI – Engineering TTHM & HAA5 Remediation Proforma
Patrick C. Flynn	UIF	PCF-10	LUSI – US 27 Utility Relocations Proforma
Patrick C. Flynn	UIF	PCF-10a	LUSI – US 27 Utility Relocations Proforma
Patrick C. Flynn	UIF	PCF-11 Updated	Longwood – Church Avenue Utility Relocations Proforma
Patrick C. Flynn	UIF	PCF-12 Updated	Longwood Groves – I&I Study Proforma
Patrick C. Flynn	UIF	PCF-13 Updated	Longwood Groves - I&I Remediation Proforma
Patrick C. Flynn	UIF	PCF-14 Updated	Mid-County Electrical Improvements and Generator Replacement Proforma
Patrick C. Flynn	UIF	PCF-16 Updated	Mid-County Flow Study Proforma
Patrick C. Flynn	UIF	PCF-17 Updated	Mid-County Excess I&I Remediation Proforma
Patrick C. Flynn	UIF	PCF-19 Updated	Mid-County US Highway 19 Utility Relocation Proforma
Patrick C. Flynn	UIF	PCF-20 Updated	Pennbrooke WTP Electrical Improvements Proforma
Patrick C. Flynn	UIF	PCF-21 Updated	Sandalhaven – Placida Road Utility Relocation Proforma
Patrick C. Flynn	UIF	PCF-22 Updated	Sanlando – Autumn Drive WM Replacement Proforma

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Patrick C. Flynn	UIF	PCF-23 Updated	Sanlando – Lift Station RTU Installation Proforma
Patrick C. Flynn	UIF	PCF-25	Sanlando – Myrtle Lake Hills Water Mains Proforma
Patrick C. Flynn	UIF	PCF-26 Updated	Sanlando –Inflow & Infiltration Study and Remediation, Phase 2 Proforma
Patrick C. Flynn	UIF	PCF-27 Updated	Sanlando – Shadow Hills Flow Diversion Proforma
Patrick C. Flynn	UIF	PCF-30 Updated	Sanlando – Wekiva WWTP Rehabilitation Proforma
Patrick C. Flynn	UIF	PCF-32 Updated	UIF – WM Replacements, Orange Co Proforma
Patrick C. Flynn	UIF	PCF-33 Updated	UIF – WM Replacements, Pasco Co Proforma
Patrick C. Flynn	UIF	PCF-34 Updated	UIF – Summertree Well Abandonment Proforma
Patrick C. Flynn	UIF	PCF-35 Updated	UIF – Summertree Well Abandonment Proforma
Patrick C. Flynn	UIF	PCF-36 Updated	UIF – Electrical improvements at Little Wekiva and Jansen WTPs Proforma
Patrick C. Flynn	UIF	PCF-37 Updated	UIF – Eng-Seminole & Orange County WM Replacements Proforma
Patrick C. Flynn	UIF	PCF-38 Updated	UIF – Bear Lake WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-39 Updated	UIF – Crystal Lake WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-40 Updated	UIF – Little Wekiva WM Replacement Proforma

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Patrick C. Flynn	UIF	PCF-41 Updated	UIF – Northwestern FM Replacement Proforma
Patrick C. Flynn	UIF	PCF-42 Updated	UIF – Oakland Shores WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-43 Updated	UIF – Phillips WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-44	UIF – Ravenna Park WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-47 Updated	UIF Global - GIS Mapping Services Proforma
Patrick C. Flynn	UIF	PCF-48	Duke Energy Non-Recurring Interruptible
Patrick C. Flynn	UIF	PCF-49	SECO Non-Recurring Interruptible
Patrick C. Flynn	UIF	PCF-50	Operations Management System Proforma
Patrick C. Flynn	UIF	PCF-51	Proforma Project Roster
Deborah D. Swain	UIF	DDS-3	Summary of Adjustments
Deborah D. Swain	UIF	DDS-4	Journal Entry Writing Off Accrued Federal Income Taxes

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

There are no proposed stipulations at this time.

XI. PENDING MOTIONS

Request Document No.	Date filed	Description
04314-17	4/19/2017	Summertree Water Alliance – Petition to Intervene
04325-17	4/20/2017	OPC – Motion to strike portions of rebuttal testimony and exhibits [of Patrick Flynn]
04326-17	4/20/2017	OPC – Request for oral argument on motion to strike portions of rebuttal testimony and exhibits [of Patrick Flynn]

XII. PENDING CONFIDENTIALITY MATTERS

Request Document No.	Date filed	Description
07739-16	9/22/2016	Utilities, Inc. (Friedman) - Request for confidential classification [of DN 07740-16]; includes redacted version.
00214-17	01/09/2017	Utilities, Inc. (Friedman) - Motion for protective order [of documents responsive to staff's 3rd request for PODs (No. 6).]
00277-17	1/10/2017	Utilities, Inc. (Friedman) - Motion for temporary protective order [of certain information submitted to OPC in response to 1 st request for PODs (Nos. 6, 8, 10, 22, 24, and 34)].
00479-17	1/13/2017	Utilities, Inc. (Friedman) - Motion for temporary protective order [of certain information provided to OPC in response to 1 st set of interrogatories (Nos. 29 and 30) and 3 rd set of interrogatories (No. 79)].
00626-17	1/19/2017	Utilities, Inc. (Friedman) - Request for confidential classification [of DN 00627-17]; includes redacted version. (Audit Control No. 16-259-1-1) [CLK note: See DN 01220-17 for revised justification matrix.]
02073-17	2/20/2017	(Friedman) - Motion for protective order [of documents responsive to staff's 7th set of interrogatories (No. 172).]
02253-17	2/27/2017	Utilities, Inc. (Friedman) - Motion for temporary protective order [of certain information submitted in response to OPC's 8 th request for PODs (Nos. 79-83)].
03196-17	3/07/2017	Utilities, Inc. (Friedman) - Request for confidential classification [of DN 03197-17]; includes redacted version.
04047-17	4/05/2017	(Friedman) - Motion for protective order with regard to confidential documents [response to OPC's 1st POD Nos. 23 and 24; 1st interrogatories Nos. 29 and 30].

Request Document No.	Date filed	Description
04168-17	4/11/2017	Utilities, Inc. (Friedman) - Request for confidential classification [of DN 04170-17 documents responsive to OPC's 1 st request for PODs (Nos. 23 and 24); and 1st set of interrogatories (Nos. 29 and 30)]
04169-17	4/11/2017	Utilities, Inc. (Friedman) - Motion for protective order with regard to confidential documents [DN 04170-17]

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 75 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 75 words, it must be reduced to no more than 75 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 100 pages and shall be filed at the same time.

XIV. RULINGS

Issues 1 and 10B are dropped; Issue 52 shall remain as a live issue for the hearing.

Opening statements, if any, shall not exceed 10 minutes per party.

Each witness' summary shall be five minutes for direct, and five minutes for rebuttal, if applicable.

It is therefore,

ORDERED by Commissioner Ronald A. Brisé, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Ronald A. Brisé, as Prehearing Officer, this 2nd day
of May, 2017.



RONALD A. BRISÉ
Commissioner and Prehearing Officer
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

WLT

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.