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STEVE CRISAFULLI
*Speaker of the House of
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September 13, 2016

Carlotta S. Stauffer, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket 150269 -- Application for limited proceeding water rate increase in Marion, Pasco, and Seminole Counties, by Utilities, Inc. of Florida (UIF)

Dear Ms. Stauffer:

The Office of Public Counsel presented issues today at the Agenda Conference that addressed several issues with the staff recommendation. I'd like to present the following information that supports two of the issues I addressed.

The first issue is the salvage value related to a Hydro tank that will be transferred upon the retirement of the four wells. The chart on page 8 of the staff recommendation calculates a loss on the retirement of the plant. The \$363,697 loss does not reflect any salvage value for the plant to be retired. In Commission Order No. PSC-14-0025-PAA-WS, the Commission included pro forma plant for a new Hydro Tank at Well 13 in the Summertree system. In the recently filed consolidated rate case (Docket No. 160101-WS), the testimony of Mr. Flynn states on page 3, line 10 (Document No. 07190-16) that the utility will repurpose the 10,000-gallon tank located at Summertree Well 13 by installing it at the Cypress Lakes WTP. This tank is identified on Schedule 18 of the filing with a net book value of \$57,622 and \$1,948 in depreciation expense. I have attached this schedule in a more readable version with the line item highlighted. This salvage should be removed from the calculation of the loss and the depreciation expense should be removed from the calculation of the annual amortization.

The second issue is in regard to an item that is included in the loss but is fully depreciated. This item would not continue to be depreciated whether the plant is retired or remains in

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service. On the same attached schedule, this line is highlighted and indicates an annual depreciation expense of \$5,673. We believe that this should be removed from the loss amortization calculation.

Please consider these comments regarding the requested water increase for the Pasco County systems. If you should have any questions, please feel free to call or e-mail me.

Respectfully submitted,

s/ Denise N. Vandiver

Denise N. Vandiver
Legislative Analyst

cc: Division of Accounting & Finance (Mouring, Utilities, Inc. of Florida
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