

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for an increase in water and  
wastewater rates in Charlotte, Highlands, Lake, Lee,  
Marion, Orange, Pasco, Pinellas, Polk, and Seminole  
Seminole Counties by Sunshine Water Services  
Company

Docket No. 20240068-WS

NOTICE OF FILING RATE CASE SYNOPSIS

Sunshine Water Services Company, by and through its undersigned attorneys, hereby gives notice of filing the attached Rate Case Synopsis which has been approved by staff. The chief executive officers of the required governmental entities have been advised of the filing of this Rate Case Synopsis by letter dated this date.

Respectfully submitted this 26<sup>th</sup> day of August,  
2024, by:

Dean Mead  
420 S. Orange Ave., Suite 700  
Orlando, Florida 32801  
Direct Telephone: (407) 310-2077  
Facsimile: (407) 423-1831

/s/ Martin S. Friedman  
Martin S. Friedman

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by

E-mail to the following parties this 26<sup>th</sup> day of August, 2024:

Ryan Sandy, Esquire  
Saad Farooqi, Esquire  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850  
[sfarooqi@psc.state.fl.us](mailto:sfarooqi@psc.state.fl.us)  
[rsandy@psc.state.fl.us](mailto:rsandy@psc.state.fl.us)

*/s/ Martin S. Friedman*  
Martin S. Friedman

SUNSHINE WATER SERVICES COMPANY

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES IN  
CHARLOTTE, HIGHLANDS, LAKE, LEE, MARION, ORANGE, PASCO, PINELLAS,  
POLK AND SEMINOLE COUNTIES BY SUNSHINE WATER SERVICES COMPANY

DOCKET NO. 20240068-WS

SYNOPSIS

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## **I. Purpose**

In accordance with the Florida Public Service Commission's Rule 25-22.0407 Florida Administrative Code, regarding Notice of and Public Information on General Rate Increase Requests, a utility requesting a rate increase must prepare and distribute a synopsis of the rate request. The following information will provide the background on the rate request of Sunshine Water Services Company ("Utility") and the rate case process in general.

## **II. Comparison of the Rates Prior to Filing, and Proposed Final Rates**

On June 28, 2024, the Utility filed an application with the Florida Public Service Commission (Commission) for increased water and wastewater rates for its customers in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk and Seminole Counties. The application was assigned Docket No. 20240068-WS and August 1, 2024, was established as the official date of filing.

The Utility has requested a permanent revenue increase for its water system of \$4,561,183 (19.9%), which would produce annual water revenues of \$27,481,702. While the Utility financial documentation supports a greater revenue increase, the Utility has voluntarily requested a revenue level resulting in a 19.9% increase. The Utility has requested a permanent revenue increase for its wastewater system of \$4,701,373 (13.8%), which would produce annual wastewater revenues of \$34,320,450. The Utility's rates prior to filing the Application and the Utility's requested rates are attached.

### **SERVICE AVAILABILITY CHARGES**

The only changes the Utility is requesting to its service availability charges is the increase its meter installation fee to \$591.83 for a 5/8" meter to reflect the current cost of meters and related facilities. Even though not requested to do so, the Commission may review and adjust service availability charges. Service availability charges do not apply to existing customers.

## **III. General Reasons for Rate Request**

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to cover the reasonable expenses of operations on a going-forward basis and a fair return on the Utility's investment in used and useful property for the public use. The Utility's last rate proceeding was in Docket No. 20200139-WS utilizing a historic December 31, 2019, test year. That proceeding culminated in Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, Request for Reconsideration was denied by Order No. PSC-2021-0373-PAA-WS issued on September 28, 2021.

Furthermore, the rate of return on equity requested in this proceeding is 10.36%, calculated using the Commission-approved formula. The overall return requested (the weighted cost of debt and equity) is 7.478%. According to its books, the Utility states that its current overall rate of

return without a rate increase is 3.05% for the water system and 4.18% for its wastewater system.

#### **IV. Major Rate Case Issues**

It is impossible to anticipate all the issues that may develop during a rate case. However, the following issues are anticipated to be the major areas considered:

1. What is the test year rate base?
2. What are the appropriate pro-forma capital projects?
3. What are the appropriate pro-forma expenses?
4. What is the test year net operating income?
5. What is the test year cost of capital?
6. What is the test year revenue requirement?
7. What is the proper rate design to recover the test year revenue requirement?

#### **V. Description of the Ratemaking Process**

##### Participants

Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commission is composed of five **Commissioners** appointed by the Governor. If a Proposed Agency Action Order is protested by a substantially affected person, a hearing is scheduled and is usually heard by a panel of three Commissioners. The Commissioners who hear this case will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by **Commission staff**. The staff members involved in the case include engineers, accountants, attorneys, consumer affairs specialists, and rate and financial analysts.
3. The **Office of Public Counsel** is appointed by the Legislature to represent the citizens in rate cases before the Commission. The Public Counsel also has a staff of attorneys, accountants, and rate and financial analysts. The Public Counsel may monitor the case or may actively participate.
4. The **Utility's** officers and staff personnel may testify about the Utility, its operation, revenue, and expenses. The Utility may also employ outside consultants as expert witnesses, as well as an attorney or other specialists to assist them with the rate case. The accountants, rate analysts, and engineers compile information in support of the rate increase request and testify at hearings.
5. **Interveners** representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervener is a party who legally intervenes

in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case, should the case be set for an administrative hearing. The intervener has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

### Rate Case Requirements

A test year is requested by the Utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The Utility files an application pursuant to Commission rules (minimum filing requirements or “MFRs”). This application reflects the amount of money the Utility has invested in its facilities to serve its customers. It also includes the Utility’s requested rate of return on its investment and the expenses the Utility incurs to provide service for the test year. The data provides information about the operations of the Utility, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. Commission staff may also request that the Utility file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission staff performs an audit of the Utility’s books and records to see if they match the Utility’s MFRs, and that the Utility is in compliance with Commission rules and policies. The Commission staff auditors issue a report of their findings which is filed with the Commission. The Commission staff also performs other examinations and document requests of the Utility’s personnel and the Utility’s quality of service. This includes an engineering physical inspection of the Utility’s facilities and a review of records filed with other regulatory agencies regarding the Utility.

### Procedures

The Utility has requested that this rate case proceed directly to hearing.

### Hearings

The Commission schedules public hearings on the rate case. These hearings are governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. At this time, customer testimony is given regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory. The service hearings will take place in person and also telephonically. The technical hearing will be held in person in Tallahassee. Notices of the hearing dates will be provided to customers.

The Public Counsel provides legal representation for consumers in matters before the Commission. If the Public Counsel chooses to participate in a rate case hearing, it has access to all the information filed by the Utility, assists members of the public who wish to testify, and may

even provide expert witnesses on various issues in the case.

Any witnesses from the Utility, Commission staff, the Public Counsel and interveners present testimony and are cross-examined. There are official transcripts of all hearings. Court reporters record the hearings, just as they do in a courtroom.

### Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission's decisions, the basis for the decisions, the new rates and charges, and when the order will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the Utility, or any other party to the hearing may appeal the Commission's decision to the courts.

## **VI. Tentative Time Schedule**

The following tentative schedule was established by the Commission for the remaining major events in the Utility's rate case:

<b><u>Schedule Item</u></b>	<b><u>Due Dates</u></b>
Prehearing Conference	01/23/2025
Customer Service Hearings	10/08-10/2024
Technical Hearing	02/11-13/2025
Briefs Due from Parties	03/14/2025
Staff Recommendation	03/20/2025
Agenda Conference on Final Rates	04/01/2025

## **VII. Location of MFRs for Review**

All of the information on file at the Commission is open to the public and is available for review at the Commission's offices in Tallahassee. Additionally, all files related to this docket are accessible on the Commission's website (<http://www.floridapsc.com/>).



Customer comments concerning the Utility's service and its request for an increase in rates should be addressed to the Office of Commission Clerk, at the Florida Public Service Commission:

Florida Public Service Commission  
Office of Commission Clerk  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0870

A courtesy copy of written comments and complaints may be sent to the following:

Martin S. Friedman, Esquire  
Dean Mead  
420 S. Orange Ave., Suite 700  
Orlando, Florida 32801  
mfriedman@deanmead.com

All correspondence should refer to "Docket No. 20240068-WS, Sunshine Water Services Company". Your letter will be placed in the correspondence file of this docket. You may also submit comments through the Florida Public Service Commission's toll-free facsimile line at 1-800-511-0809, or the Commission's website available at:  
<http://www.floridapsc.com/consumers/complaints/index2.aspx>

If you wish to contact the Florida Public Service Commission regarding complaints about service, you may call the Commission's Division of Consumer Assistance and Outreach at the following toll-free number 1-800-342-3552.

This notice was prepared by the Utility and approved by Commission staff for distribution by the Utility to its customers. If you have any questions, please call the Utility's office at (866) 842-8432.

**WATER RATES**

	<b>Utility's Existing Rates</b>	<b>Utility's Final Requested</b>
<b><u>Residential and General Service</u></b>		
Base Facility Charge by Meter Size		
5/8" x 3/4"	\$13.57	\$16.63
3/4"	\$20.36	\$24.95
1"	\$33.93	\$41.58
1-1/2"	\$67.85	\$83.15
2"	\$108.56	\$133.04
3"	\$217.12	\$266.08
4"	\$339.25	\$415.75
6"	\$678.50	\$831.50
8"	\$1,085.60	\$1,330.40
10"	\$1,967.65	\$2,411.35
Charge per 1,000 gallons - Residential Service		
0-4,000 gallons	\$1.90	\$2.33
4,001-12,000 gallons	\$2.84	\$3.49
Over 12,000 gallons	\$4.76	\$5.84
Charge per 1,000 gallons - General Service		
	\$3.23	\$3.96
<b><u>Private Fire Protection Service (PFP)- Annual</u></b>		
1 1/2"	\$67.85	\$83.15
2"	\$108.56	\$133.04
3"	\$217.12	\$266.08
4"	\$339.25	\$415.75
6"	\$678.50	\$831.50
8"	\$1,085.60	\$1,330.40
10"	\$1,967.65	\$2,411.35

**Wastewater Rates**

	<b>Utility's Existing Rates</b>	<b>Utility's Requested Final Rates</b>
<b><u>Residential Service (RS1)</u></b>		
All Meter Sizes	\$34.99	\$40.59
Charge per 1,000 gallons (8,000 gallon cap)	\$5.59	\$6.48
<b><u>Residential Service (RS2) Mid-County &amp; Tierra Verde</u></b>		
All Meter Sizes	\$70.01	\$81.22

Charge per 1,000 gallons (16,000 gallon cap)	\$5.59	\$6.48
<b><u>Residential Service (RS3)</u></b>		
Flat Rate-unmetered wastewater only	\$62.95	\$73.03
<b><u>Residential Service (RS4) Mid-County &amp; Tierra Verde</u></b>		
Flat Rate-unmetered wastewater only	\$125.91	\$146.07
<b><u>Residential Reuse Service (RRS1)</u></b>		
All Meter Sizes	\$10.21	\$11.84
Charge per 1,000 gallons	\$1.92	\$2.23
<b><u>Bulk Service (BS1) DeeAnn Estates HOA</u></b>		
All Meter Sizes (58 ERCs)	\$2,029.42	\$2,354.22
Charge per 1,000 gallons	\$5.59	\$6.48
<b><u>General Service (GS1)</u></b>		
Base Facility Charge by Meter Size		
5/8" x 3/4"	\$34.99	\$40.59
3/4"	\$52.49	\$60.89
1"	\$87.48	\$101.48
1-1/2"	\$174.95	\$202.95
2"	\$279.92	\$324.72
3"	\$559.84	\$649.44
4"	\$874.75	\$1,014.75
6"	\$1,749.50	\$2,029.50
8"	\$2,799.20	\$3,247.20
10"	\$5,073.55	\$5,885.55
Charge per 1,000 gallons	\$6.70	\$7.77
<b><u>General Service (GS2) Mid-County &amp; Tierra Verde (bi-monthly)</u></b>		
Base Facility Charge by Meter Size		
Size		
5/8" x 3/4"	\$70.00	\$81.21
3/4"	\$105.00	\$121.82
1"	\$175.00	\$203.03
1-1/2"	\$350.00	\$406.05
2"	\$560.00	\$649.68
3"	\$1,120.00	\$1,299.36
4"	\$1,750.00	\$2,030.25
6"	\$3,500.00	\$4,060.50
8"	\$5,600.00	\$6,496.80
10"	\$10,150.00	\$11,775.45
Charge per 1,000 gallons	\$6.70	\$7.77
<b><u>General Service (GS3)</u></b>		

Flat Rate	\$62.95	\$73.03
<b><u>General Service (GS4) Cross Creek HOA</u></b>		
Flat Rate (90-5 ERCs)	\$56,969.75	\$66,092.15