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**DANIEL PEREZ**  
*Speaker of the House of  
Representatives*

August 28, 2025

**VIA: ELECTRONIC FILING**

Adam Teitzman  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Docket No. 20250052 – Application for increase in water and wastewater rates in Brevard, Citrus, Duval, Highlands, Marion, and Volusia Counties by CSWR-Florida Utility Operating Company.**

Dear Mr. Teitzman:

The intent of this letter is to advise the Commission staff and CSWR-Florida Utility Operating Company ("CSWR" or "Utility") of the Office of Public Counsel's ("OPC") observations and recommendations, based on a review of the Staff Recommendation filed on August 22, 2025, regarding the Utility's interim request filing, filed pursuant to Section 367.082, Florida Statutes ("Interim Statute"). First and foremost, the OPC would like to acknowledge all the work put into this Interim recommendation, particularly the removal of CSWR's inclusion of acquisition adjustments associated with certain systems, the removal of the Utility's proposed O&M expense adjustments that are pro forma in nature, and the annualized test year revenue adjustments made by Commission Staff. OPC's observations and recommendations with the Interim recommendation are outlined below.

*Rolling Oaks*

On page five of the Staff Recommendation, it states, in pertinent part, the following:

Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the utility's most recent rate proceeding and annualizing any rate changes. Staff reviewed CSWR's interim request, as well as all orders that addressed the utility's most recent rate proceedings. This is Rolling Oaks' first rate proceeding

since receiving a grandfather certificate from the Commission. Based on Commission practice, most recently approved in Order No. PSC-16-0364-PCO-WU, adjustments from a prior rate case are not necessary for Rolling Oaks, as it was under another jurisdiction.<sup>1</sup>

(Emphasis Added)

The OPC would note that Section 367.171(8), Florida Statutes, states:

Each county which is excluded from the provisions of this chapter shall regulate the rates of all utilities in that county which would otherwise be subject to regulation by the commission pursuant to s. 367.081(1), (2), (3), and (6). The county shall not regulate the rates or charges of any system or facility which would otherwise be exempt from commission regulation pursuant to s. 367.022(2). For this purpose the county or its agency shall proceed as though the county or agency is the commission.

(Emphasis Added)

Given the above, at the time a County relinquishes jurisdiction back the Commission, the Commission staff should request, either informally or through a Public Record Request, all the last rate proceeding orders issued by the County or its designated authority for all water and wastewater utilities that will be thereafter regulated by the Commission for interim and other purposes.

The Rolling Oaks' rates and charges for water and wastewater services were last approved by the Citrus County Water and Wastewater Authority (CCWWA) and were in effect when Citrus County transferred jurisdiction to the Commission. By Order No. PSC-2025-0280-PAA-WS, the Commission approved the water and wastewater grandfather certificates and continued the existing rates and charges that were set by the CCWWA. In accordance with Section 367.082(5)(b)1., F.S., the Commission Staff annualized the rates that were established by the CCWWA and continued by the Commission.

Commission Staff's recommendation suggests that the Commission practice is that adjustments from a prior rate case are not necessary if it was under another jurisdiction appears to be contrary to statute. However, the Commission or any other agency cannot ignore or waive a statutory requirement. The plain language of the Interim Statute subsection (5)(b)1. mentioned above is unambiguous. Pursuant to Section 367.082(5)(b)1., Florida Statutes, the achieved rate of return shall be calculated by applying appropriate adjustments consistent with those which were

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<sup>1</sup>See Order Nos. PSC-2016-0364-PCO-WU, issued August 29, 2016, in Docket No. 20160065-WU, *In re: Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.* (In declining to make interim adjustments, the Commission stated, "This is the Utility's first rate proceeding since receiving a grandfather certificate....Therefore, adjustments from a prior case are not necessary."); PSC-2000-9110-PSO-WU, issued May 8, 2000, in Docket No. 19991437-WU, *In re: Application for increase in water rates in Orange County by Wedgefield Utilities, Inc.*; and PSC-1995-1570-FOF-WS, issued December 20, 1995, in Docket No. 19950336-WS, *In re: Application for rate increase in Charlotte County by Rotonda West Utility Corporation.*

used in the most recent individual rate proceeding of the utility or regulated company. By the letter dated August 15, 2025, the OPC provided the Commission the last rate case order for Rolling Oaks - Final Order No. 22-01, issued on January 10, 2022, by the CCWWA.

The CCWWA authorized Rolling Oaks Utilities, Inc. to implement new monthly rates as shown in the customer impact analysis of calculated rates in schedules attached to Raftelis final analysis report dated October 2021. Table 5-W of this report reflects the used and useful (U&U) methodology used for the water treatment plant (WTP). Table 10A-W of this report reflects the bad debt ratio methodology of apply 0.50% to test year revenues to determine the appropriate water bad debt expense. Table 5-S of this report reflects the U&U methodology used for the wastewater treatment plant (WWTP). Table 10A-S of this report reflects the bad debt ratio methodology of apply 0.50% to test year revenues to determine the appropriate wastewater bad debt expense. Pursuant to Section 367.082(5)(b)1., Florida Statutes., the above methodologies for this system must be utilized for interim purposes.

In its interim request, CSWR utilized a 52.59% U&U for the Rolling Oaks WTP which was the same 52.59% U&U for Rolling Oaks WTP reflected in Table 5-W of the Raftelis final analysis report which was the basis for Final Order No. 22-01. Also, CSWR utilized an 85.05% U&U for the Rolling Oaks WWTP which was the same 85.05% U&U for Rolling Oaks WWTP reflected in Table 5-S of the Raftelis final analysis report which was the basis for Final Order No. 22-01. However, on page 8 in Table 1-3, the Commission Staff is recommending 100% U&U for the WTP and 55% U&U for the WWTP which is inconsistent with the Final Order No. 22-01 issued by the CCWWA and Section 367.082(5)(b)1., Florida Statutes. The table below reflects the U&U comparison of the Final Order No. 22-01 issued by the CCWWA, CSWR's interim request, and the Commission Staff recommendation.

**Interim U&U Percentages**

System	Final Order No. 22-01 Issued by CCWWA U&U	CSWR Requested U&U	Staff Recommended U&U
Rolling Oaks - WTP	52.59%	52.59%	100%
Rolling Oaks - WWTP	85.05%	85.05%	55%

Consistent with its 100% U&U above for the WTP, the Commission staff increased water rate base by the removal of the \$211,649 non-U&U component, increased depreciation expense by \$19,973, and increased property taxes by \$598. Consistent with its 55% U&U above for the WWTP, the Commission staff increased wastewater rate base by \$433,342 by lowering non-U&U component by same amount, increased depreciation expense by \$6,435, and increased property taxes by \$354. For the reasons set forth above, these water and wastewater recommended adjustments must be removed to comply with the Interim Statute.

Moreover, in Tables 1-10 and 1-11 on page 14 of the recommendation, the Commission Staff removed \$7,307 for water and \$2,521 for wastewater of the CSWR's requested 3-year

average bad debt expense adjustments for Rolling Oaks. With the exclusion of these 3-year average adjustments, the OPC would note that per book amounts for bad debt expense was \$2,284 for water and \$9,941 for wastewater. Pursuant to Final Order No. 22-01, the bad debt ratio methodology of apply 0.50% to test year revenues must be used to determine the appropriate interim bad debt expense for water and wastewater. The Commission Staff's recommended test year water and wastewater revenues for Rolling Oaks are \$1,639,803 and \$1,630,126, respectively. Using these recommended test year revenues and applying the 0.50% factor pursuant to Final Order No. 22-01, the appropriate interim bad debt expense amounts are \$8,199 for water and \$8,151 for wastewater. As a result, bad debt expense for water should be increased by \$5,915 (\$8,199-\$2,284) and bad debt expense for wastewater should be decreased \$1,790 (\$8,151-\$9,941).

*BFF*

For non-U&U property tax purposes, the Commission staff calculated a 7.95% ratio of non-U&U plant to total plant for wastewater. Using the correct total plant amount of \$302,234 (\$299,615-Per Utility MFR Amount *plus* \$2,619-Staff's Recommended Simple Average Adjustment) for wastewater, the correct ratio of non-U&U plant to total plant for wastewater is 7.89%.

*CFAT*

For non-U&U property tax purposes, the Commission staff calculated a 5.73% ratio of non-U&U plant to total plant for water and a 3.89% ratio of non-U&U plant to total plant for wastewater. Using the correct total plant amounts of \$702,495 (\$719,219-Per Utility MFR Amount *minus* \$16,724-Staff's Recommended Simple Average Adjustment) for water and \$427,443 (\$465,413-Per Utility MFR Amount *minus* \$37,970-Staff's Recommended Simple Average Adjustment), the correct ratio of non-U&U plant to total plant for water is 5.86% and the correct ratio of non-U&U plant to total plant for wastewater is 4.16%.

*Sebring Ridge*

For non-U&U property tax purposes, the Commission staff calculated a 7.61% ratio of non-U&U plant to total plant for wastewater. Using the correct total plant amount of \$1,069,636 (\$1,190,810-Per Utility MFR Amount *minus* \$121,174-Staff's Recommended Simple Average Adjustment), the correct ratio of non-U&U plant to total plant for wastewater is 8.26%.

*Sunshine Utilities cf Central Florida*

For non-U&U property tax purposes, the Commission staff calculated a 6.14% ratio of non-U&U plant to total plant for unified water systems and a 0.75% ratio of non-U&U plant to total plant for standalone water systems. Using the correct total plant amounts of \$5,495,743 (\$5,713,001-Per Utility MFR Amount *minus* \$217,258-Staff's Recommended Simple Average Adjustment) for water and \$372,227 (\$409,881-Per Utility MFR Amount *minus* \$37,654-Staff's Recommended Simple Average Adjustment), the correct ratio of non-U&U plant to total plant for unified water systems is 6.27% and the correct ratio of non-U&U plant to total plant for standalone water systems is 0.82%.

Adam Teitzman  
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The OPC respectfully requests that the Staff and the Commission consider and make these adjustments pursuant to the Interim Statute.

Respectfully submitted,

*Bart Fletcher*

Bart Fletcher  
Legislative Analyst

CC: Parties of Record