

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. 20200139-WS
ORDER NO. PSC-2020-0322-PCO-WS
ISSUED: September 21, 2020

The following Commissioners participated in the disposition of this matter:

GARY F. CLARK, Chairman
ART GRAHAM
JULIE I. BROWN
DONALD J. POLMANN
ANDREW GILES FAY

ORDER APPROVING INTERIM RATES AND SUSPENDING PROPOSED FINAL RATES

BY THE COMMISSION:

Background

Utilities, Inc. of Florida (UIF or Utility) is a Class A utility providing water and wastewater service to 27 systems in the following counties: Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole. UIF is a wholly-owned subsidiary of Utilities, Inc. (UI). The Utility's last rate proceeding, processed in Docket No. 20160101-WS, utilized a historic December 31, 2015, test year.¹ That proceeding culminated in Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, approving a single consolidated rate structure, as amended by Order No. PSC-2017-0361A-FOF-WS, issued October 4, 2017. On remand from the First District Court of Appeal, Order No. PSC-2019-0363-PAA-WS was issued on August 27, 2019.

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

On July 13, 2020, UIF filed an application for approval of interim and final water and wastewater rate increases. By letter dated September 3, 2020, Commission staff advised the Utility that its Minimum Filing Requirements (MFRs) were complete and the official date of filing is established as August 31, 2020.

¹ *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.*

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

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

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

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

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

Decision

Suspension of Rates

Section 367.081(6), F.S., provides that the rates proposed by a utility shall become effective within sixty days after filing unless we withhold consent to implement the requested rates. Further, the above-referenced statute permits the proposed final rates to go into effect, under bond, escrow, or corporate undertaking eight months after filing unless final action we take action on the proposed rates.

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

Requested Increase in Interim Rates

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

Pursuant to Section 367.082(5)(b)1, F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with adjustments made in the Utility's most recent rate proceeding and annualizing any rate changes. Our review of UIF's interim request, as well as orders from the Utility's most recent rate proceedings, supports a finding that adjustments discussed below are required. The attached accounting schedules provide the appropriate rate base, capital structure, and test year operating income amounts. Rate base is labeled as Schedule Nos. 1-A and 1-B, with the adjustments shown on Schedule No. 1-C. Capital structure is labeled as Schedule No. 2. Operating income is labeled as Schedule Nos. 3-A and 3-B, with the adjustments shown on Schedule No. 3-C.

Interim Rate Base

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

Except for four wastewater treatment plants (WWTP), we find that no adjustments shall be made to the WWTP U&U values contained in UIF's interim rate base. The Labrador, LUSI Lake Groves, Marion, and Mid-County WWTP U&U values approved in our prior rate case orders³ were 79.94 percent, 53.54 percent, 68.65 percent, and 93.67 percent, respectively. Based on current system conditions, and using the methodology approved in the prior rate case order, we have determined that the Labrador and Mid-County WWTPs shall be considered 100 percent U&U, and the LUSI Lake Groves and Marion WWTPs shall be considered 64.76 percent and 78.43 percent U&U, respectively.

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

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

We have not previously established U&U values for the LUSI Barrington wastewater system as we did not approve the transfer of this system to UIF until 2019.⁴ However, for interim purposes, we find that that the LUSI Barrington WWTP and collection system shall be considered 100 percent U&U.

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

Cost of Capital

Pursuant to the provisions of the interim statute, an interim increase shall be calculated using the minimum return on equity limit authorized in the Utility's last rate case. Based on an analysis of the MFRs, Order No. PSC-2017-0361-FOF-WS₂, and adjustments to rate base discussed above, we have determined that the overall rate of return be 6.61 percent.

Net Operating Income

In order to attain the appropriate amount of interim test year operating revenues, we removed the Utility's requested interim revenue increase of \$624,643 from water and \$689,957 from wastewater. We also reduced water and wastewater regulatory assessment fees (RAFs) by \$28,109 and \$31,048 respectively, to reflect the removal of the Utility's requested interim revenue increases. In addition, the utility annualized the test year revenues using rates in effect subsequent to the test year. For purposes of determining interim rates, the appropriate rates for annualizing test year revenues are the rates in effect at the end of the test year. We annualized test year revenues using the rates in effect on December 31, 2019, which results in a decrease to test year revenues of \$293,580 for water and \$361,265 for wastewater. Based on the above, we find that the appropriate interim test year revenue, before any increase, is \$16,298,944 and 19,936,921 for water and wastewater, respectively.

On interim MFR Schedules B-1 and B-2, the Utility reflected operation and maintenance (O&M) expense of \$8,583,750 and \$10,465,127 for water and wastewater, respectively. Additional adjustments shall be made consistent with the treatment from UIF's last rate case. A

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

3-year average shall be reflected for Eagle Ridge's materials and supplies expense, as well as health insurance reimbursements in pensions and benefits expense. Although not reflected in the Utility's filing, as both expenses are subaccounts within UIF's total O&M expense, the Utility did provide the expense detail in its 2020 Price Index application. Based on that filing, we increased O&M expense by \$89,281 for water and \$84,200 for wastewater.

Excessive Unaccounted Water

In our prior rate case order,⁵ we determined that the LUSI and Sanlando water systems had no excessive unaccounted for water (EUW). Based on current system conditions, and using the methodology approved in the prior rate case order, we find that EUW adjustments for the LUSI Four Lakes and Sanlando water systems of 1.95 percent and 2.08 percent, respectively, shall be made to the 2019 water treatment expense for each system.

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

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

Infiltration & Inflow

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

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

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

In our prior rate case order,⁹ we determined that the Sandalhaven Englewood Water District wastewater system had excessive I&I of 8.37 percent. Based on current system conditions, and using the methodology approved in the prior rate case order, we find that this system has no excessive I&I, and have implemented adjustments to the 2019 wastewater treatment expense to reflect this. Overall, we find an adjustment to increase wastewater O&M expense by \$73,725 to account for our adjustments to excessive I&I.

Amortization Expense

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

Revenue Requirement

In its filing, the Utility requested interim revenue requirements to generate annual revenue of \$17,217,167 for water and \$20,988,143 for wastewater. Consistent with our findings on rate base, cost of capital, and operating income, the resulting interim revenue requirements are \$17,265,238 for water and \$21,313,226 for wastewater. However, it is our practice to limit the revenue requirement to the total amount sought in a utility's petition.¹⁰ Therefore, we find that the appropriate interim revenue requirements shall be \$17,217,167 for water and \$20,988,143 for wastewater, as indicated below:

⁹ *Id.*

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

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

The schedule for operating income is attached as Schedule Nos. 3-A and 3-B, and the adjustments are shown on Schedule No. 3-C. Although we have limited the interim revenue requirement, the percentage increase is greater than what the Utility reflected in its initial filing. This is due to our previously discussed adjustment to reduce test year revenues.

Appropriate Interim Water and Wastewater Rates

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

Table 1
Percentage Service Rate Increase - Water

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

Table 2
Percentage Service Rate Increase - Wastewater

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

We find the approved interim rate increase of 5.76 percent for water and 5.46 percent for wastewater shall be applied as an across-the-board increase to the service rates in effect as of December 31, 2019.¹¹ The rates, as shown on Schedule Nos. 4-A and 4-B, shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the approved rates. In addition, the approved rates shall not be implemented until the required security has been filed, Commission staff has approved the proposed customer notice, and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice.

Appropriate Security to Guarantee the Interim Increase

Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate that we have determined appropriate. The total interim increase is \$1,974,310. In accordance with Rule 25-30.360, F.A.C., we have calculated the potential refund of revenues and interest collected under interim conditions to be \$1,810,655. This amount is based on an estimated 11 months of revenue being collected from approved interim rates over the Utility's current authorized rates shown on Schedule No. 4.

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

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

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

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

Pursuant to Rule 25-30.360(6), F.A.C., the Utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

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

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Utilities, Inc. of Florida's proposed final water and wastewater rates are hereby suspended. It is further

ORDERED that Utilities, Inc. of Florida's requested interim revenue requirement and rate increase for water and wastewater are hereby approved as set forth in the body of this order. It is further

ORDERED that the interim rate increase of 5.76 percent for water and 5.46 percent for wastewater shall be applied as an across-the-board increase to the service rates in effect as of December 31, 2019. The rates, as shown on Schedule Nos. 4-A and 4-B, shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. It is further

ORDERED that the Utility shall file revised tariff sheets and a proposed customer notice to reflect our approved rates. In addition, the approved rates shall not be implemented until the required security has been filed, Commission staff has approved the proposed customer notice, and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice. It is further

ORDERED that a cumulative corporate undertaking is acceptable contingent upon receipt of the written guarantee of the parent company, Utilities, Inc. (UI or Company), and written confirmation that the cumulative outstanding guarantees on behalf of UI-owned utilities in other states will not exceed \$4.6 million (inclusive of all Florida utilities). UI shall be required to file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions. It is further

ORDERED that UI's guaranteed amount subject to refund shall be \$1,810,655. Pursuant to Rule 25-30.360(6), F.A.C., the Utility shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund shall be with interest and in accordance with Rule 25-30.360, F.A.C. It is further

ORDERED that the docket shall remain open pending our final action on the Utility's requested rate increase.

By ORDER of the Florida Public Service Commission this 21st day of September, 2020.



ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
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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.

Any party adversely affected by the portion of this order approving interim rates, which is non-final 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. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final or reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Any party adversely affected by the portion of this order suspending proposed final rates, 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

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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.

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.

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

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

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

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

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

¹² Due to our determination to limit the Utility's revenue requirement, consistent with our practice, the achieved rate of return is less than 6.61 percent.

Utilities, Inc. of Florida	Schedule No. 3-B
Statement of Wastewater Operations	Docket No. 20200139-WS
Test Year Ended 12/31/19	

Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$20,840,529</u>	<u>\$147,614</u>	<u>\$20,988,143</u>	<u>(\$1,051,222)</u>	<u>\$19,936,921</u>	<u>\$1,051,222</u> 5.27%	<u>\$20,988,143</u>
Operating Expenses							
2 Operation & Maintenance	10,494,286	(29,159)	10,465,127	157,925	10,623,052		10,623,052
3 Depreciation	3,773,374	(78,765)	3,694,609	31,117	3,725,726		3,725,726
4 Amortization	0	105,166	105,166	121,916	227,082		227,082
5 Taxes Other Than Income	1,872,394	(25,522)	1,846,872	(51,657)	1,795,215	47,305	1,842,520
6 Income Taxes	<u>(484,700)</u>	<u>1,333,050</u>	<u>848,350</u>	<u>(351,750)</u>	<u>496,600</u>	<u>246,181</u>	<u>742,781</u>
7 Total Operating Expense	<u>15,655,354</u>	<u>1,304,770</u>	<u>16,960,124</u>	<u>(92,449)</u>	<u>16,867,675</u>	<u>293,486</u>	<u>17,161,161</u>
8 Operating Income	<u>\$5,185,175</u>	<u>(\$1,157,156)</u>	<u>\$4,028,019</u>	<u>(\$958,773)</u>	<u>\$3,069,246</u>	<u>\$757,736</u>	<u>\$3,826,982</u>
9 Rate Base	<u>\$60,933,794</u>		<u>\$60,938,280</u>		<u>\$61,477,231</u>		<u>\$61,477,231</u>
10 Rate of Return	<u>8.51%</u>		<u>6.61%</u>		<u>4.99%</u>		<u>6.23%¹³</u>

¹³ Due to our decision to limit the Utility's revenue requirement, consistent with our practice, the achieved rate of return is less than 6.61 percent.

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

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

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

(1) The interim rate increase was applied to the rates in effect as of 12/31/2019.
 (2) The current rates became effective May 31, 2020 as a result of a price index.

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