

**Eric Fryson**

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**From:** Dana Rudolf [drudolf@sflaw.com]  
**Sent:** Friday, September 28, 2012 3:10 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Martin Friedman; smlubertozzi@uiwater.com; KEMarkwell@uiwater.com; pcflynn@uiwater.com; Bart Fletcher  
**Subject:** Docket No. 120209-WS; Utilities, Inc. of Florida's Application for an increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas and Seminole County, Florida

**Attachments:** PSC Clerk 02 (Extend MFR Filing to 3-29-13) ltr.pdf

- a) Martin S. Friedman, Esquire  
Sundstrom, Friedman & Fumero, LLP  
766 North Sun Drive, Suite 4030  
Lake Mary, FL 32746  
(407) 830-6331  
[mfriedman@sflaw.com](mailto:mfriedman@sflaw.com)
- b) Docket No. 120209-WS  
Utilities, Inc. of Florida's Application for an increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas and Seminole County, Florida
- c) Utilities, Inc. of Florida
- d) 3 pages
- e) Approval of Extension of Time through March 29, 2013.

DOCUMENT NUMBER-DATE

06528 SEP 28 2012

FPSC-COMMISSION CLERK

9/28/2012



September 28, 2012

**E-FILING**

Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

RE: Docket No. 120209-WS; Utilities, Inc. of Florida's Application for an Increase in Water and Wastewater Rates in Marion, Orange, Pasco, Pinellas and Seminole County, Florida  
Our File No.: 30057.207

Dear Ms. Cole:

Utilities, Inc. of Florida ("Utility") requests approval of an extension of time through March 29, 2013 within which to file its Application and MFRs in this Docket. For the following reasons, the extension will not cause the approved test year to be unrepresentative, and its request should be approved by the Commission.

It should be noted at the outset that Rule 25-30.430, Florida Administrative Code, does not set forth deadlines or specific time frames for test years. The standard is whether the test year is "representative of utility operations." While the Utility understands that Staff has a policy in place to avoid using "stale" data, strict adherence to that policy in this case would not result in more accurate ratemaking and would cause significant harm to the Utility because it would lose all of the time, effort and resources it has already expended in preparing MFRs based on a December 31, 2011 test year.

The test year ending December 31, 2011 is still representative of a full year of utility operations and will continue to be representative through the end of 2012. Requiring that the test year be moved forward would not result in any increased ratemaking accuracy because (1) there is virtually no change in customers from 2011 through the first half of 2012, (2) consumption has not changed to any significant degree, (3) there is no significant change in capital investment between 2011 and the first half of 2012, (4) any small changes can adequately be adjusted for, including accumulated depreciation and amortization, and (5) using a calendar year is beneficial because it aligns with how the Utility develops and executes its operating budget and capital investment plan as well as being more convenient for Audit Staff.

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Customer growth. The Utility has not had any significant growth in customers from January through July 2012, and no significant growth is projected.

Consumption. In addition to nearly flat customer growth, a total of five customers added year to date, consumption is also essentially the same.

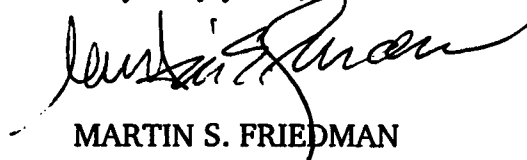
Capital Investment. The level of capital investment has not and will not change from 2011 through 2012 in line with the lack of customer growth noted above; furthermore, no growth-related projects are planned.

Ratemaking Adjustments. There are a small number of ratemaking issues that would require a simple adjustment, such as calculating accumulated depreciation and accumulated amortization for the twelve (12) month period after the 2011 test year. These issues can easily be accounted for. For example, the Utility agrees that accumulated depreciation, as well as accumulated amortization, should be adjusted in order to represent these balances at December 31, 2012. This adjustment insures that for these particular assets and CIAC, rate base reflects a more current period of time. Additionally, customers will be receiving a benefit by this adjustment, as it is only taking into account accumulated depreciation and accumulated amortization on 2011 assets, and does not reflect any asset additions in 2012, with the exception of the pro forma plant that will be included for consideration with this filing.

While the Utility understands the purpose behind using the most recent data for ratemaking purposes, the reasons that make more recent data so important are not present in this case. In short, nothing significant has changed thus far in 2012 to make mid-year 2012 more representative than 2011, and requiring the Utility to move its test year forward to capture mid-year 2012 data would not alter the outcome of the filing. However, if the 2011 test year request is denied, the time and money the Utility has already invested in preparing MFRs will be substantial.

Should you or the Staff have any questions, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN  
For the Firm

MSF/der

Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
September 25, 2012  
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cc: Mr. Steve Lubertozi (via e-mail)  
Ms. Kirsten E. Markwell (via e-mail)  
Mr. Patrick C. Flynn (via e-mail)  
Mr. Bart Fletcher, Division of Economic Regulation (via e-mail)