



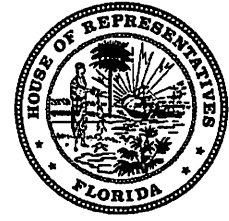
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WILL WEATHERFORD
SPEAKER OF THE HOUSE OF REPRESENTATIVES

October 9, 2013

Ann Cole, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 130155-WU; Application for limited proceeding increase in rates in Escambia county by Peoples Water Service Company of Florida, Inc.

Dear Ms. Cole:

The Office of Public Counsel has reviewed the utility's revised schedules to increase rates. We note that these schedules have not been placed in the docket file and would recommend that they be placed there to document the revised request. We continue to encourage an administratively efficient solution to this request.

While we encourage staff to expeditiously process the utility's request, we also request that staff carefully review the utility's requested rate case expense. Rate case expense amortization represents approximately 6% of the requested increase in revenues. However, we believe that the rate case expense is higher than a simple limited proceeding such as this would warrant. The total estimated expense of \$69,155.81 is 25% of the annual increase requested and is 42% of what the Commission approved in the last full rate case in 2010. In general, we are very concerned that the requested legal fees in this case are 71% of what was approved in the last full rate case. This is a very focused docket and we do not believe it should require such a high level of rate case expense. We have attached a schedule that summarizes the requested rate case expense into three categories – the amount spent in 2012, the amount spent in 2013, and the estimated amount to complete the case. While we encourage staff to review the reasonableness of the rate case expense reported for 2013, we have specific recommendations regarding the amount spent in 2012 and the estimated amount to complete.

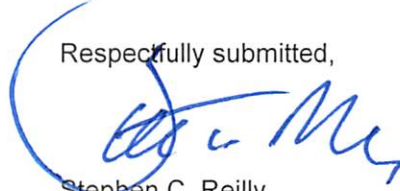
Our review of the invoices submitted indicates \$12,403.50 was incurred in 2012 for legal and accounting fees. We encourage the Commission to remove these from rate case expense as these would be normal expenses incurred by a company to review its annual level of earnings. The utility did not open this docket until May of 2013. All companies review the level of revenues, expenses, and earnings each year and investigate options to maximize earnings. We do not believe these costs should be a direct cost of filing this request and recommend that they be disallowed.

We also believe that the estimated legal expenses are excessive and should be carefully reviewed for a reasonable amount of time that should be required to complete this limited proceeding. First, there are 16 hours included to prepare and file a settlement agreement. Those hours are no longer necessary and should be removed. This would reduce the estimate by \$5,900.

Letter to Ann Cole
October 9, 2013

Our intention in this case has been that as long as the PAA order is consistent with what has been filed and discussed at our informal meetings, we do not plant to protest or prolong this proceeding. We support a speedy resolution to this case.

Respectfully submitted,



Stephen C. Reilly
Associate Public Counsel

c: Division of Accounting & Finance (Maurey, Fletcher) Sundstrom, Friedman & Fumero, LLP
Division of Economics (Daniel, Bruce) Mr. F. Marshall Deterding, Esquire
Division of Engineering (Ballinger)
Office of the General Counsel (Lawson)

Office of Public Counsel (Vandiver)

Peoples Water Service Company of Florida, Inc.
Mr. Sherlock S. Gillet

Peoples Water Service Company of Florida
Rate Case Expense

2012 Expenses	
Legal Expenses	
28.4 hours at \$340	9,656.00
Miscellaneous	70.00
Accounting Expenses	2,677.50
no detail, 5 monthly bills	
Total 2012	<u>12,403.50</u>
2013 Actual Expenses	
Legal Expenses	
74 hours at \$350	25,900.00
Miscellaneous	412.75
Filing Fee	2,250.00
Noticing: Printing, Postage, etc.	5,432.28
Total Actual 2013	<u>33,995.03</u>
2013 Estimated	
Legal Expenses	
46.5 hours at \$350	16,275.00
Miscellaneous	1,050.00
Noticing: Printing, Postage, etc.	5,432.28
Total Estimated 2013	<u>22,757.28</u>
Total Requested Rate Case Expense	<u><u>69,155.81</u></u>