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STEVE CRISAFULLI
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June 13, 2016

Carlotta S. Stauffer, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket 150269 -- Application for limited proceeding water rate increase in Marion, Pasco, and Seminole Counties, by Utilities, Inc. of Florida (UIF)

Dear Ms. Stauffer:

In response to the utility's request to bifurcate this proceeding such that staff should issue a recommendation on the Marion and Seminole county requests before the July 7, 2016 Commission conference, we are addressing only those two requests in this letter. Our office has reviewed the utility's filings in this case and attended the three customer meetings held by the Commission staff in Pasco and Marion County. We believe that the Commission should carefully review the requested rate increase for Marion and Seminole counties based on the issues raised in our first letter filed in this docket.

Furthermore, after the customer meetings, our review of the letters included in the docket file, and further review of the Utility filing, we believe that the requested increase should be denied. The utility has recently consolidated all of its Florida operations under the umbrella of Utilities, Inc. of Florida. However, there is no consideration included in this request to identify cost savings achieved from the reorganization, the efficiencies gained, and the economies of scale achieved from the consolidation of its Florida operations to offset the rate increase being requested for Marion and Seminole counties. With UIF's decision to seek a consolidated rate with over \$30 million in pro forma plant additions in Docket No. 160101-WS, we believe that no rate increase should be approved in this limited proceeding for any county. In fact, the Commission will be setting interim rates in the consolidated rate filing within 60 days of the utility's rate filing which will address all additional costs incurred in 2015.

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Even at the customer meetings, the issue of cost reductions was raised. One customer specifically recommended that the Commission require the utility to present specific cost reduction plans on an annual basis. We agree and echo these concerns. We believe that annually the utility should identify all cost reductions the utility has investigated and all actions taken to reduce costs. These cost reduction plans should be submitted to the Commission either as an addendum to the utility's Annual Report or as a unique filing.

Please consider holding off on considering any rate increases until after the Commission has evaluated what customer savings will result from the consolidation of the UIF systems into one statewide water and wastewater system, or consolidate this portion of the limited proceeding with the consolidated rate case.

If you should have any questions, please feel free to call or e-mail me.

Respectfully submitted,

s/ Denise N. Vandiver

Denise N. Vandiver
Legislative Analyst

c: Division of Accounting & Finance (Mouring,
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