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STATE OF FLORIDA



DIVISION OF
ACCOUNTING AND FINANCE
ANDREW L. MAUREY
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Public Service Commission

September 29, 2016

Mr. Martin Friedman
Friedman & Friedman, P.A.
766 North Sun Drive, Suite 4030
Lake Mary, FL 32746

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COMMISSION CLERK

Re: Docket No. 160101-WS - 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.

Dear Mr. Friedman:

We have reviewed the minimum filing requirements (MFRs) submitted on August 31, 2016 on behalf of Utilities, Inc. of Florida (UIF or Utility). The Utility submitted MFRs for the following systems based on the former names of the utilities prior to corporate reorganization: Cypress Lakes Utilities, Inc. (Cypress Lakes), Lake Utility Services, Inc. (LUSI), Labrador Utilities, Inc. (Labrador), Utilities, Inc. of Pennbrooke (Pennbrooke), Sanlando Utilities Corporation (Sanlando), Tierra Verde Utilities, Inc. (Tierra Verde), Utilities, Inc. of Longwood (Longwood), Utilities, Inc. of Eagle Ridge (Eagle Ridge), Mid-County Services, Inc. (Mid-County), Utilities, Inc. of Sandalhaven (Sandalhaven), Utilities, Inc. of Florida-Marion County (UIF-Marion Co.), Utilities, Inc. of Florida-Pinellas County (UIF-Pinellas Co.), Utilities, Inc. of Florida-Orange County (UIF-Orange Co.), Utilities, Inc. of Florida-Pasco County (UIF-Pasco Co.), Utilities, Inc. of Florida-Seminole County (UIF-Seminole Co.). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

1. Rule 25-30.110(2), F.A.C., requires that the MFRs shall be consistent and reconcilable with the Utility's 2015 Annual Reports. The following schedules in the MFRs do not reconcile to the Utility's 2015 Annual Reports.
 - a) MFR Schedule A-4, Schedule of Water and Wastewater Plant in Service (Cypress Lakes)
 - b) MFR Schedule A-5, Schedule of Water Plant in Service by Primary Account (UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
 - c) MFR Schedule A-6, Schedule of Wastewater Plant in Service by Primary Account (UIF-Marion Co., UIF-Pasco Co., and UIF-Seminole Co.)

- d) MFR Schedule A-8, Schedule of Water and Wastewater Accumulated Depreciation
(Cypress Lakes)
- e) MFR Schedule A-9, Schedule of Water Accumulated Depreciation by Primary Account
(UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- f) MFR Schedule A-10, Schedule of Wastewater Accumulated Depreciation By Primary Account
(Pennbrooke, UIF-Marion Co., UIF-Pasco Co., and UIF-Seminole Co.)
- g) MFR Schedule A-12, Schedule of Contributions in Aid of Construction by Classification
(UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- h) MFR Schedule A-14, Schedule of Accumulated Amortization-CIAC
(UIF-Marion Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- i) MFR Schedule A-18, Comparative Balance Sheet – Assets
(UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- j) MFR Schedule A-19, Comparative Balance Sheet – Equity Capital & Liabilities
(Sanlando-2014 Balance, UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- k) MFR Schedule B-1, Schedule of Water Net Operating Income
(LUSI, Sanlando, UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- l) MFR Schedule B-2, Schedule of Wastewater Net Operating Income
(LUSI, Sanlando, UIF-Marion Co., UIF-Pasco Co., and UIF-Seminole Co.)
- m) MFR Schedule B-4, Test Year Operating Revenues
(LUSI and Labrador)
- n) MFR Schedule B-5, Detail of Operation & Maintenance Expense– Water
(LUSI, Sanlando, UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- o) MFR Schedule B-6, Detail of Operation & Maintenance Expense By Month – Wastewater
(LUSI, Sanlando, UIF-Marion Co., UIF-Pasco Co., and UIF-Seminole Co.)

- p) MFR Schedule B-7, Operation & Maintenance Expense Comparison – Water
(LUSI, Sanlando, UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- q) MFR Schedule B-7, Operation & Maintenance Expense Comparison – Water, ERC's
(Lake Placid, Cypress Lakes, LUSI, Labrador, Pennbrooke, Sanlando, Tierra Verde, Longwood, Mid-County, Sandalhaven, UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- r) MFR Schedule B-8, Operation & Maintenance Expense Comparison – Wastewater, Column (3)
(LUSI, Sanlando, UIF-Marion Co., UIF-Pasco Co., and UIF-Seminole Co.)
- s) MFR Schedule B-8, Operation & Maintenance Expense Comparison – Wastewater, ERC's
(Lake Placid, Cypress Lakes, LUSI, Labrador, Pennbrooke, Sanlando, Longwood, Eagle Ridge, Mid-County, Sandalhaven, UIF-Marion Co., and UIF-Seminole Co.)
- t) MFR Schedule B-13, Net Depreciation Expense – Water
(LUSI, UIF-Marion Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- u) MFR Schedule B-14, Net Depreciation Expense – Wastewater
(LUSI, UIF-Marion Co., UIF-Pasco Co., and UIF-Seminole Co.)
- v) MFR Schedule B-15, Taxes Other Than Income
(LUSI, Sanlando, UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- w) MFR Schedule C-6, Accumulated Deferred Income Taxes – Summary
(UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- x) MFR Schedule C-7, Investment Tax Credits – Analysis
(Longwood, UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co.)
- y) MFR Schedule D-2, Reconciliation of Capital Structure to Requested Rate Base
(All Systems)
- z) MFR Schedule D-7, Schedule of Customer Deposits
(Sanlando-2014 Balance)
- aa) MFR Schedule F-1
(Lake Placid, Cypress Lakes, LUSI, Labrador, Pennbrooke, Sanlando, UIF-Marion Co., UIF-Orange Co., and UIF-Seminole Co.)

2. Rule 25-30.436(2), F.A.C., requires that, at a minimum, the direct testimony shall explain why the rate increase is necessary and address those areas anticipated at the time of filing to be an issue. The direct testimony of Patrick Flynn states that he is sponsoring Exhibits PCF-1 through PCF-47. However, the following exhibits were omitted in the Utility's original filing.
 - a. PCF-6
 - b. PCF-9
 - c. PCF-12-13
 - d. PCF-17
 - e. PCF-22-29
 - f. PCF-33-34
3. Rule 25-30.436(4)(b), F.A.C., requires that each page of the filing shall be consecutively numbered. The exhibits to Patrick Flynn's direct testimony do not comply with this rule. Please clearly label these exhibits.
4. Rule 25-30.436(4)(h), F.A.C., requires that any system that has costs allocated or charged to it from a parent, affiliate or related party, in addition to those costs reported on Schedule B-12 of Commission Form PSC/AFD 19-W for a Class A utility shall file three copies of additional schedules that show additional related party information. Please submit an organizational chart of the relationship between the Utility and its parent and affiliated companies and the relationship of any related parties.
5. Rule 25-30.437, F.A.C., requires that each Class A utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 20 (11/93), entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The following MFR schedules, as filed, do not comply with Rule 25-30.437, F.A.C.
 - a. MFR Schedules A-4, A-8, A-11, and A-13, Schedules of Water and Wastewater Plant in Service, Accumulated Depreciation, CIAC, and Accumulated Amortization of CIAC
Rate Base was last established in Order No. PSC-12-0667-PAA-WS for Pennbrooke. However, the beginning balances on these schedules do not reflect the test year in this Order.
 - b. MFR Schedules B-7 and B-8, Operation and Maintenance (O&M) Expense Comparison (Water and Wastewater)
The Utility is required to compare current test year O&M expenses with the account balances approved by the Commission for its prior test year and provide an explanation of all differences which are not attributable to the change in customer growth and the Consumer Price Index - All Urban Consumers (CPI-U). Per these instructions, please make the following revisions.
 - i. Lake Placid, Cypress Lakes, LUSI, Labrador, Pennbrooke, Sanlando, Tierra Verde, Longwood, Eagle Ridge, Mid-County, Sandalhaven, UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-

- Seminole Co. – The CPI-U for December 31, 2015 is incorrect and should be 236.336.
- ii. Lake Placid, Cypress Lakes, LUSI, Labrador, Pennbrooke, Sanlando, Tierra Verde, Longwood, Eagle Ridge, Mid-County, UIF-Marion Co., UIF-Pinellas Co., UIF-Orange Co., UIF-Pasco Co., and UIF-Seminole Co. – The CPI-U for the prior test year is incorrect. It should be the CPI-U from the month ended the test year, not the annual average.
 - iii. Cypress Lakes – MFR Schedule B-8, Column (8), Line 27, does not have an explanation for exceeding the benchmark.
 - iv. Cypress Lakes, Labrador, and Sanlando – The O&M expenses in column (2) of MFR Schedules B-7 and B-8 do not tie to the amounts approved in the Utility's prior order.
 - v. Pennbrooke – MFR Schedule B-8, Column (8), Line 22 does not have an explanation for exceeding the benchmark.
 - vi. Sandalhaven – MFR Schedule B-8, Column (2), Lines 1-2, 9, 15, and 27 do not tie to the amounts approved in Order No. PSC-16-0013-PAA-SU.
 - vii. UIF-Pasco Co. and UIF-Seminole Co. – Individual accounts in column (2) of MFR Schedules B-7 and B-8 do not tie to the amounts approved in the Utility's prior order, even though the total does.
- c. MFR Schedule E-1, Rate Schedule - Water
The Utility is required to provide a schedule of present and proposed rates. Please make the following revisions.
- i. Tierra Verde – The 5/8" x 3/4" base facility charge (BFC) does not match the approved tariff. Please correct Schedule E-1 to reflect the correct BFC and the revenue calculation on Schedule E-2 to reflect at the appropriate BFC.
 - ii. Sanlando – For the present rates, the water residential gallonage charges in each rate block and the 2" general service BFC do not match the approved tariff. Please correct Schedule E-1 to reflect the correct gallonage charges for each rate and the revenue calculation on Schedule E-2 to reflect at the appropriate gallonage charges for each rate block.
 - iii. LUSI – The Utility's present and proposed BFC for the 5/8" x 3/4" and 3/4" meter sizes for the residential and general service are the same. According to the current tariff there is no rate for a 3/4" meter size for residential service and general service. Please propose the appropriate BFC based on American Water Works Association (AWWA) meter equivalents.

- iv. LUSI – The present fire protection rates presented do not match the fire protection rates in the Utility’s approved tariff. Please correct MFR Schedule E-1 and provide the appropriate rates.
- d. MFR Schedule E-2, Revenue Schedule at Present and Proposed Rates
The Utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis. Please make the following revisions.
- i. Eagle Ridge – The total billable residential gallons do not match the consolidated factor at the 10,000-gallon consumption level, which is the gallonage cap on the corresponding MFR Schedule E-14. Please correct MFR Schedule E-2 using the appropriate consolidated factor to calculate the residential revenue.
 - ii. UIF - Seminole Co. – Please correct Schedule E-2 to reflect the 5/8” x 3/4” and 1” residential irrigation as separate line items, which correspond to the respective billing analysis. Also, please correct the gallons in each respective rate block to reflect the appropriate consolidated factor.
 - iii. Lake Placid – The total bills for general service in column 14 do not match MFR Schedule E-14 total bills for water and wastewater. Please correct MFR Schedule E-2 to reflect the total bills from MFR Schedule E-14.
 - iv. Summertree – The total residential water billable gallons in column 12 does not match the total residential gallons on MFR Schedule E-14. Please correct MFR Schedule E-2 to match the respective billing analysis.
- e. MFR Schedule E-14, Billing Analysis Schedules
The Utility is required to provide a billing analysis for each class of service by meter size. If a rate change occurred during the test year, provide a separate billing analysis which coincides with each period.
- i. All Systems– Please provide a separate billing analysis that coincides with each period of the rate change during the test year.
 - ii. Sandalhaven – On MFR Schedule E-14, pages 4 and 5, the total number of bills in column (2) does not match the cumulative bills in column (3). Please correct this calculation at all consumption levels for the 1” and 1 1/2” meter sizes.
 - iii. UIF-Marion Co. – Please provide a revised Schedule E-14 for the 5/8” meter with the consumption levels in sequential order, for example, consumption levels of 71 and 62.

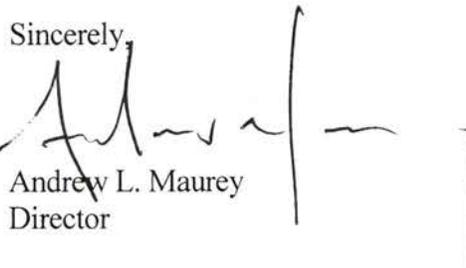
- iv. Lake Placid – The total bills in Column (2) of the 4” billing analysis do not match column (3) cumulative bills for both water and wastewater. Please correct Column (2) to reflect the appropriate total bills, which should match the total cumulative bills.
 - f. MFR Schedule F-4, Wastewater Treatment Plant Data
The schedule is missing for Labrador.
 - g. MFR Schedule F-6, Used and Useful Calculations
The referenced “Note” on Page 2 of 2 is missing for Longwood.
 - h. MFR Schedule F-6, Used and Useful Calculations
Page 1 of this schedule is missing for Labrador.
6. Rule 25-30.437(6), F.A.C., requires that rates are first established with the 5/8” x 3/4” meter as the foundation. For all systems, please use the respective BFC for the 5/8” x 3/4” meter size and apply the AWWA meter equivalent for each respective meter to avoid rounding errors.
7. Rule 25-30.440, F.A.C., requires a utility to file additional engineering information. For the following subsections of the Rule, the deficiencies for the identified systems apply.
 - a. (2) A list of chemicals used for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized.
 - i. All Systems - The information referenced in the rule was not provided.
 - b. (3) The most recent chemical analyses for each water system conducted by a certified laboratory covering the inorganic, organic turbidity, microbiological, radionuclide, secondary and unregulated contaminants specified in Chapter 62-550, F.A.C.
 - i. Lake Placid, LUSI (South Lake Groves, LUSI North, Four Lakes, and Lake Saunders), Labrador, Pennbrooke, Sanlando, Eagle Ridge (Cross Creek), UIF-Marion Co. (GoldenHills/Crownwood), UIF-Pinellas Co. (Lake Tarpon), UIF-Pasco Co. (Orangewood), UIF-Seminole Co. (Weathersfield, Oakland Shores, Little Wekiva, Phillips, Ravenna Park/Lincoln Heights, Bear Lake, and Jansen) – Disinfectant Byproducts and Lead & Copper results were not provided.
 - ii. UIF-Pasco Co. (Summertree), Cypress Lake, and UIF-Seminole Co. (Park Ridge) – Disinfectant Byproducts, Lead & Copper and Radionuclides results were not provided.

- iii. UIF-Orange Co. (Crescent Heights and Davis Shores) – All of the chemical analyses, except for the Disinfectant Byproducts, were not provided.
- c. (4) All water and wastewater plant operating reports for the test year and the year preceding the test year.
 - i. Sandalhaven – DMR – Missing December 2015.
 - ii. Lake Placid – DMR – on the December 2014 Report, page 2 listed January 2015, MOR – missing July 2014.
 - iii. LUSI (South Lake Groves) – DMR – Missing part B for January 2015.
 - iv. Eagle Ridge (Cross Creek) – DMR – Missing part A of March 2015.
 - v. UIF-Marion Co. (Crownwood) – DMR – Missing page 2 of December 2014.
 - vi. Labrador – DMR – Pages 2 and 3 of Part A, for April 2014, says March 2014 and Part B of July 2015 is missing.
 - vii. Mid-County – DMR – Page 2 of Part A, Monitoring Group: Outfall for June 2014 says May 2014.
 - i. UIF-Seminole Co. (Phillips) – MOR – Missing December 2014.
 - ii. UIF-Seminole Co. (Ravenna Park/Lincoln Heights) – MOR – April 2014 is cut off.
 - iii. Longwood – DMR - Missing Daily Sample Results - Part B for June and September 2015.
- d. (6) All health department and DEP construction and operating permits.
 - i. Lake Placid – Missing WTP Permit.
 - ii. LUSI (Four Lakes) – Missing WTP Permit.
 - iii. Mid-County – The permit provided expired August 4, 2016, please provide the current permit.
 - iv. UIF-Seminole Co.(Weathersfield) – The permit provided expired June 14, 2016, please provide the current permit.
 - v. UIF-Seminole Co.(Phillips) – The permit provided expired June 19, 2016, please provide the current permit.

- vi. UIF-Seminole Co. (Jansen) – The permit provided expired June 15, 2016, please provide the current permit.
 - vii. Sanlando – The permit provided for the WWTP expired March 30, 2016, please provide the current permit.
- e. (7) Any Notices of Violation, Consent Orders, Letters of Notice, or Warning Notices from the health department or the DEP in the previous five years.
- i. Sandalhaven – The close out letter was provided. Please provide the original consent order.
 - ii. Please verify the only systems that had a consent order were Sandalhaven and Sanlando.
- f. (8) A list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employee's salary allocation method to the utility's capital or expense accounts.
- i. All Systems – The salary allocation was missing.
 - ii. Mid-County – Mr. Christmas' certificate was missing.
- g. (9) A list, by serial number and description, of all vehicles owned or leased by the utility showing the original cost or annual lease expense, who the vehicle is assigned to, and the method of allocation to the utility.
- i. All Systems – The referenced information was not provided.
- h. (10) Provide a list, by customer, of all complaints received during the test year, with an explanation of how each complaint was resolved.
- i. All Systems – Please provide all billing complaints and any other complaints the Utility received in-house for the test year.
- i. (11) Provide a copy of all customer complaints that the utility has received regarding DEP secondary water quality standards during the past five years.
- i. All Systems – Please provide the past five years of services/quality complaints the Utility received from DEP (not in-house complaints).

If any above corrections require a corresponding change to any other MFR schedules, those corrected schedules must also be submitted in accordance with Rule 25-30.436(4)(e), F.A.C. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than October 31, 2016.

Mr. Martin Friedman
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September 29, 2016

Sincerely,

Andrew L. Maurey
Director

ALM:amn

cc: Division of Accounting and Finance (Andrews, Bulecza-Banks, D. Buys, Fletcher, Frank,
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Office of the Public Counsel