



February 15, 2018

VIA E-FILING

Carlotta S. Stauffer, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Docket No. 20170223-SU; Application for establishment of wastewater AFPI charges in Highlands, Lake, Marion, Pasco and Pinellas Counties by Utilities, Inc. of Florida

Dear Ms. Stauffer:

Enclosed is the revised schedules and tariff sheets for Labrador and UIF-Marion that shows the correct number of ERCs. Should you or staff have any questions regarding this filing, please do not hesitate to give me a call at (850) 643-7326 or contact me via e-mail at jdeason@uiwater.com.

Sincerely,

A handwritten signature in red ink, appearing to read "Jared Deason", is written over a light blue horizontal line.

Jared Deason
Senior Financial Analyst

Enclosures

Allowance for Funds Prudently Invested
Calculation of Carrying Costs for Each ERC:

Cost of Qualifying Ass \$	289,404	Annual Depreciation Expense:	\$	14,181
Divided By Future ERC:	155	Future ERC's:		155
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Cost/ERC:	\$ 1,870.16	Annual Depr. Cost per ERC:	\$	<u>91.64</u>
Multiply By Rate of Return:	7.09%			

Annual Return Per ER \$	<u>132.62</u>	Annual Property Tax Expense:	\$	2,180
Annual Reduction in R \$	<u>6.50</u>	Future ERC's:		155
(Annual Depreciation Expense		Annual Prop. Tax per ERC:	\$	<u>14.09</u>
per ERC Times Rate of Return)				
Federal Tax Rate:	34.00%	Weighted Cost of Equity:		4.36%
Effective State Tax Rate:	3.63%	Divided by Rate of Return:		7.09%
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Total Tax Rate:	<u>37.63%</u>	% of Equity in Return:		<u>61.48%</u>
Effective Tax on Return:	<u>23.14%</u>	Other Costs:	\$	0
(Equity % Times Tax Rate)		Future ERC's:		155
Provision For Tax:	<u>37.10%</u>	Cost per ERC:	\$	<u>0.00</u>
(Tax on Return/(1-Total Tax Rate))				

MODE

Allowance for Funds Prudently Invested
Calculation of Carrying Cost Per ERC Per Year:

	2016	2017	2018	2019	2020
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Unfunded Other Costs	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Unfunded Annual Depreciation:	91.64	91.64	91.64	91.64	91.64
Unfunded Property Tax:	14.09	14.09	14.09	14.09	14.09
	-----	-----	-----	-----	-----
Subtotal Unfunded An	\$ 105.73	\$ 105.73	\$ 105.73	\$ 105.73	\$ 105.73
Unfunded Expenses Prior Year:	0.00	105.73	211.45	317.18	422.91
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Total Unfunded Exper	\$ <u>105.73</u>	\$ <u>211.45</u>	\$ <u>317.18</u>	\$ <u>422.91</u>	\$ <u>528.63</u>
Return on Expenses Current Yea	7.50	7.50	7.50	7.50	7.50
Return on Expenses Prior Year:	0.00	7.50	14.99	22.49	29.99
Return on Plant Current Year:	132.62	126.12	119.62	113.12	106.62
Earnings Prior Year:	0.00	132.62	275.65	429.81	595.90
Compound Earnings from Prior Y	0.00	9.40	19.55	30.48	42.26
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Total Compounded E	\$ 132.62	\$ 275.64	429.81	595.90	774.77
Earnings Expansion Factor for T	1.37	1.37	1.37	1.37	1.37
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Revenue Required to	\$ 181.82	\$ 377.89	\$ 589.25	\$ 816.95	\$ 1,062.17
Revenue Required to Fund Exper	105.73	211.45	317.18	422.91	528.63
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Subtotal:	\$ 287.55	\$ 589.34	\$ 906.43	\$ 1,239.86	\$ 1,590.80
Divided by Factor for Regulatory	0.955	0.955	0.955	0.955	0.955
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ERC Carrying Cost f	\$ <u>301.10</u>	\$ <u>617.11</u>	\$ <u>949.14</u>	\$ <u>1,298.28</u>	\$ <u>1,665.76</u>

**Allowance for Funds Prudently Invested
Calculation of Carrying Costs for Each ERC**

Information Needed

1.	Cost of Qualifying Assets	\$ 289,404
2.	Capacity of Qualifying Assets	43329.6 GPD
3.	Number of Future Customers	155 ERC
4.	Annual Depreciation Expense	\$ 14,181
5.	Rate of Return	7.09%
6.	Weighted Cost of Equity	4.36%
7.	Federal Income Tax Rate	34.00%
8.	State Income Tax Rate	5.50%
9.	Annual Property Tax	\$ 2180
10.	Other Costs	\$ 0
11.	Depreciation Rate of Assets	4.90%
12.	Test Year	2015

**Allowance for Funds Prudently Invested
Calculation of Carrying Cost Per ERC Per Month:**

	2016	2017	2018	2019	2020	2021
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January	25.09	327.43	644.78	978.24	1,328.90	1,665.76
February	50.18	353.77	672.45	1,007.33	1,359.53	1,665.76
March	75.27	380.10	700.12	1,036.43	1,390.15	1,665.76
April	100.37	406.44	727.79	1,065.52	1,420.77	1,665.76
May	125.46	432.77	755.46	1,094.62	1,451.40	1,665.76
June	150.55	459.11	783.13	1,123.71	1,482.02	1,665.76
July	175.64	485.44	810.80	1,152.81	1,512.64	1,665.76
August	200.73	511.78	838.47	1,181.90	1,543.27	1,665.76
September	225.82	538.11	866.13	1,211.00	1,573.89	1,665.76
October	250.91	564.45	893.80	1,240.09	1,604.51	1,665.76
November	276.00	590.78	921.47	1,269.19	1,635.14	1,665.76
December	301.10	617.11	949.14	1,298.28	1,665.76	1,665.76

Allowance for Funds Prudently Invested
Calculation of Carrying Costs for Each ERC:

Cost of Qualifying Ass \$	16,641	Annual Depreciation Expense:	\$	2,011
Divided By Future ERC:	45	Future ERC's:		45
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Cost/ERC:	\$ 371.57	Annual Depr. Cost per ERC:	\$	<u>44.90</u>
Multiply By Rate of Return:	7.09%			

Annual Return Per ER \$	<u>26.35</u>	Annual Property Tax Expense:	\$	140
Annual Reduction in R \$	<u>3.18</u>	Future ERC's:		45
(Annual Depreciation Expense				-----
per ERC Times Rate of Return)		Annual Prop. Tax per ERC:	\$	<u>3.13</u>
Federal Tax Rate:	34.00%	Weighted Cost of Equity:		4.36%
Effective State Tax Rate:	3.63%	Divided by Rate of Return:		7.09%
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Total Tax Rate:	<u>37.63%</u>	% of Equity in Return:		<u>61.48%</u>
Effective Tax on Return:	<u>23.14%</u>	Other Costs:	\$	0
(Equity % Times Tax Rate)		Future ERC's:		45

Provision For Tax:	<u>37.10%</u>	Cost per ERC:	\$	<u>0.00</u>
(Tax on Return/(1-Total Tax Rate))				

Allowance for Funds Prudently Invested
Calculation of Carrying Cost Per ERC Per Year:

	2016	2017	2018	2019	2020
Unfunded Other Costs	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Unfunded Annual Depreciation:	44.90	44.90	44.90	44.90	44.90
Unfunded Property Tax:	3.13	3.13	3.13	3.13	3.13
Subtotal Unfunded An	\$ 48.03	\$ 48.03	\$ 48.03	\$ 48.03	\$ 48.03
Unfunded Expenses Prior Year:	0.00	48.03	96.06	144.09	192.11
Total Unfunded Exper	\$ 48.03	\$ 96.06	\$ 144.09	\$ 192.11	\$ 240.14
Return on Expenses Current Yea	3.41	3.41	3.41	3.41	3.41
Return on Expenses Prior Year:	0.00	3.41	6.81	10.22	13.62
Return on Plant Current Year:	26.35	23.17	19.98	16.80	13.62
Earnings Prior Year:	0.00	26.35	54.79	85.47	118.55
Compound Earnings from Prior Y	0.00	1.87	3.89	6.06	8.41
Total Compounded E	\$ 26.35	\$ 54.79	85.47	118.55	154.20
Earnings Expansion Factor for Te	1.37	1.37	1.37	1.37	1.37
Revenue Required to	\$ 36.12	\$ 75.11	\$ 117.17	\$ 162.53	\$ 211.40
Revenue Required to Fund Exper	48.03	96.06	144.09	192.11	240.14
Subtotal:	\$ 84.15	\$ 171.17	\$ 261.26	\$ 354.64	\$ 451.54
Divided by Factor for Regulatory	0.955	0.955	0.955	0.955	0.955
ERC Carrying Cost f	\$ 88.12	\$ 179.24	\$ 273.57	\$ 371.35	\$ 472.82

**Allowance for Funds Prudently Invested
Calculation of Carrying Costs for Each ERC**

Information Needed

1.	Cost of Qualifying Assets	\$	16641	
2.	Capacity of Qualifying Assets		12540	GPD
3.	Number of Future Customers		45	ERC
4.	Annual Depreciation Expense	\$	2011	
5.	Rate of Return		7.09%	
6.	Weighted Cost of Equity		4.36%	
7.	Federal Income Tax Rate		34.00%	
8.	State Income Tax Rate		5.50%	
9.	Annual Property Tax	\$	140	
10.	Other Costs	\$	0	
11.	Depreciation Rate of Assets		12.08%	
12.	Test Year		2015	

Allowance for Funds Prudently Invested
Calculation of Carrying Cost Per ERC Per Month:

	2016	2017	2018	2019	2020	2021
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January	7.34	95.71	187.10	281.72	379.81	472.82
February	14.69	103.31	194.96	289.87	388.26	472.82
March	22.03	110.90	202.82	298.02	396.72	472.82
April	29.37	118.49	210.68	306.16	405.17	472.82
May	36.72	126.09	218.54	314.31	413.63	472.82
June	44.06	133.68	226.41	322.46	422.08	472.82
July	51.40	141.27	234.27	330.61	430.54	472.82
August	58.75	148.87	242.13	338.76	438.99	472.82
September	66.09	156.46	249.99	346.91	447.45	472.82
October	73.43	164.05	257.85	355.05	455.91	472.82
November	80.78	171.65	265.71	363.20	464.36	472.82
December	88.12	179.24	273.57	371.35	472.82	472.82

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

Formerly Labrador Utilities, Inc.
Pasco County

An Allowance for Funds Prudently Invested (AFPI) charge is a mechanism which allows a utility the opportunity to earn a fair rate of return on prudently constructed plant held for future use from the future customers to be served by that plant in the form of a charge paid by those customers.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	\$ 25.09	\$ 327.43	\$ 644.78	\$ 978.24	\$ 1,328.90
February	\$ 50.18	\$ 353.77	\$ 672.45	\$ 1,007.33	\$ 1,359.53
March	\$ 75.27	\$ 380.10	\$ 700.12	\$ 1,036.43	\$ 1,390.15
April	\$ 100.37	\$ 406.44	\$ 727.79	\$ 1,065.52	\$ 1,420.77
May	\$ 125.46	\$ 432.77	\$ 755.46	\$ 1,094.62	\$ 1,451.40
June	\$ 150.55	\$ 459.11	\$ 783.13	\$ 1,123.71	\$ 1,482.02
July	\$ 175.64	\$ 485.44	\$ 810.80	\$ 1,152.81	\$ 1,512.64
August	\$ 200.73	\$ 511.78	\$ 838.47	\$ 1,181.90	\$ 1,543.27
September	\$ 225.82	\$ 538.11	\$ 866.13	\$ 1,211.00	\$ 1,573.89
October	\$ 250.91	\$ 564.45	\$ 893.80	\$ 1,240.09	\$ 1,604.51
November	\$ 276.00	\$ 590.78	\$ 921.47	\$ 1,269.19	\$ 1,635.14
December	\$ 301.10	\$ 617.11	\$ 949.14	\$ 1,298.28	\$ 1,665.76

The approved AFPI charges, which are based on one equivalent residential connection (ERC), will be collected from 155 additional ERCs as of December 31, 2015. The amount of the charge will be based on the month in which the connection to the utility is made. If by December 31, 2020, any number of ERCs remain unconnected, the remaining ERCs shall be charged the constant maximum charge of \$1,656.76 until all 155 additional ERCs are connected, after which the charge will cease.

EFFECTIVE DATE –

TYPE OF FILING – Limited Proceeding

WS-17-0089

JOHN P. HOY
ISSUING OFFICER

PRESIDENT
TITLE

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

Formerly UIF Marion
Marion County

An Allowance for Funds Prudently Invested (AFPI) charge is a mechanism which allows a utility the opportunity to earn a fair rate of return on prudently constructed plant held for future use from the future customers to be served by that plant in the form of a charge paid by those customers.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	\$ 7.34	\$ 95.71	\$ 187.10	\$ 281.72	\$ 379.81
February	\$ 14.69	\$ 103.31	\$ 194.96	\$ 289.87	\$ 388.26
March	\$ 22.03	\$ 110.90	\$ 202.82	\$ 298.02	\$ 396.72
April	\$ 29.37	\$ 118.49	\$ 210.68	\$ 306.16	\$ 405.17
May	\$ 36.72	\$ 126.09	\$ 218.54	\$ 314.31	\$ 413.63
June	\$ 44.06	\$ 133.68	\$ 226.41	\$ 322.46	\$ 422.08
July	\$ 51.40	\$ 141.27	\$ 234.27	\$ 330.61	\$ 430.54
August	\$ 58.75	\$ 148.87	\$ 242.13	\$ 338.76	\$ 438.99
September	\$ 66.09	\$ 156.46	\$ 249.99	\$ 346.91	\$ 447.45
October	\$ 73.43	\$ 164.05	\$ 257.85	\$ 355.05	\$ 455.91
November	\$ 80.78	\$ 171.65	\$ 265.71	\$ 363.20	\$ 464.36
December	\$ 88.12	\$ 179.24	\$ 273.57	\$ 371.35	\$ 472.82

The approved AFPI charges, which are based on one equivalent residential connection (ERC), will be collected from 45 additional ERCs as of December 31, 2015. The amount of the charge will be based on the month in which the connection to the utility is made. If by December 31, 2020, any number of ERCs remain unconnected, the remaining ERCs shall be charged the constant maximum charge of \$472.82 until all 45 additional ERCs are connected, after which the charge will cease.

EFFECTIVE DATE –

TYPE OF FILING – Limited Proceeding

WS-17-0089

JOHN P. HOY
ISSUING OFFICER

PRESIDENT
TITLE