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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: 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.

DOCKET NO. 20160101-WS
ORDER NO. PSC-2019-0363-PAA-WS
ISSUED: August 27, 2019

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
JULIE I. BROWN
DONALD J. POLMANN
GARY F. CLARK
ANDREW GILES FAY

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING REGULATORY ASSET FOR
APPELLATE AND REMAND RATE CASE EXPENSE
AND
FINAL ORDER COMPLYING WITH MANDATE AND REQUIRING REFUND

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein concerning the establishment of a regulatory asset for the utility's appellate expenses is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

Utilities, Inc. of Florida (UIF or Utility) is a Class A utility providing water and wastewater service to 27 systems in the following counties: Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole. As the result of a corporate reorganization and name change, UIF is the sole surviving corporation that owns and operates the water and wastewater systems that are the subject of this rate case application.¹ UIF is a wholly-owned

¹ For the purposes of this order, the discussion of individual systems will reference the former utility it belonged to prior to the corporate reorganization, as follows: Cypress Lake Utilities, Inc. (Cypress Lakes), Utilities, Inc. of Eagle Ridge (Eagle Ridge), Labrador Utilities, Inc. (Labrador), Lake Placid Utilities, Inc. (Lake Placid), Lake Utility Services, Inc. (LUSI), Utilities, Inc. of Longwood (Longwood), Mid-County Services, Inc. (Mid-County), Utilities, Inc. of Pennbrooke (Pennbrooke), Utilities Inc. of Sandalhaven (Sandalhaven), Sanlando Utilities Corporation

subsidiary of Utilities, Inc.² On November 22, 2016, UIF completed the minimum filing requirements for its application requesting approval of interim and final water and wastewater rate increases. The test year established for interim and final rates was the historical 13-month average period ended December 31, 2015, with requested adjustments for pro forma projects. UIF requested a final revenue increase of \$2,721,001 for water and \$4,194,453 for wastewater. Additionally, the Utility requested a single, consolidated rate structure.

By Order No. PSC-2016-0526-PCO-WS, issued November 22, 2016, we authorized the collection of interim water and wastewater rates, subject to refund pursuant to Section 367.082, Florida Statutes (F.S.). The approved interim revenue requirements represented an increase of \$348,309 for water and \$209,440 for wastewater operations.³ Additionally, we ordered the collection of revenues totaling \$530,900 held subject to refund for systems that appeared to be earning above their maximum return on equity (ROE).⁴

A formal evidentiary hearing was held May 8-10, 2017. By Order No. PSC-2017-0361-FOF-WS (Final Order), issued September 25, 2017, we approved in part the requested increase in water and wastewater rates. The approved revenue requirements represented an increase of \$1,924,677 for water and \$3,287,999 for wastewater operations.⁵ We also ordered the partial refund of interim revenues collected.⁶ Additionally, we approved a single, consolidated rate structure.

On October 20, 2017, the Office of Public Counsel (OPC) and Seminole County each filed a notice of administrative appeal with the First District Court of Appeal (the First DCA or the Court).⁷ Our decision was affirmed by the First DCA in the appeal by Seminole County.⁸ In OPC's appeal, the Court affirmed our order except as to that portion of the used and useful

(Sanlando), Tierra Verde Utilities, Inc. (Tierra Verde), and Utilities, Inc. of Florida (UIF-Marion, UIF-Pinellas, UIF-Orange, UIF-Pasco, and UIF-Seminole).

² Order No. PSC-2016-0143-FOF-WS, issued April 12, 2016, in Docket No. 20150235-WS, *In re: Joint application for acknowledgement of corporate reorganization and request for approval of name changes on water and/or wastewater certificates of Cypress Lakes Utilities, Inc. in Polk County; Utilities, Inc. of Eagle Ridge in Lee County; Utilities, Inc. of Florida in Marion, Orange, Pasco, Pinellas, and Seminole Counties; Labrador Utilities, Inc. in Pasco County; Lake Placid Utilities, Inc. in Highlands County; Lake Utility Services, Inc. in Lake County; Utilities, Inc. of Longwood in Seminole County; Mid-County Services, Inc. in Pinellas County; Utilities Inc. of Pennbrooke in Lake County; Utilities, Inc. of Sandalhaven in Charlotte County; Sanlando Utilities Corporation in Seminole County; and Tierra Verde Utilities, Inc. in Pinellas County, to Utilities, Inc. of Florida.*

³ Order No. PSC-2016-0526-PCO-WS, issued November 22, 2016, in Docket No. 20160101-WS, *In re: 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.* (Systems authorized to collect interim rates were Lake Placid, UIF-Marion, UIF-Pinellas, UIF-Pasco, Tierra Verde, and the UIF-Seminole water system.)

⁴ *Id.* (Systems with revenues held subject to refund were LUSI, Labrador, Pennbrooke, Longwood, Eagle Ridge, Cypress Lakes, and the UIF-Seminole wastewater system.)

⁵ Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, in Docket No. 20160101-WS, *In re: 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.*

⁶ *Id.* (Systems requiring refunds were Lake Placid, UIF-Marion, UIF-Pasco, Eagle Ridge, Labrador, Pennbrooke, and the UIF-Seminole wastewater system.)

⁷ Document Nos. 09000-2017 and 09009-2017

⁸ No. 1D17-4438