

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 26, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ramos, Hudson) *SOH MR EID*
Office of the General Counsel (Trierweiler) *WJ7 TIT for JC*

RE: Docket No. 20190189-WS – Application for establishment of wastewater allowance for funds prudently invested (AFPI) charges in Lake County.

AGENDA: 12/10/19 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-Day Suspension Date Waived Through 12/10/19

SPECIAL INSTRUCTIONS: None

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Case Background

Utilities, Inc. of Florida (UIF or utility) is a Class A utility providing water and wastewater services to 27 systems in the following counties: Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole. Within its 2018 annual report, the utility reported \$15,633,470 of water and \$19,795,636 of wastewater operating revenues.

On October 7, 2019, the utility filed an application to revise its existing allowance for funds prudently invested (AFPI) charges for its system formerly known as Lake Utility Services, Inc. (LUSI), along with tariff sheets reflecting the proposed charges. The utility is requesting to revise its existing AFPI charges for the LUSI wastewater system based on the Commission's remand decision in Order No. PSC-2019-0363-PAA-WS, issued August 27, 2019, which

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reduced the used and useful value of LUSI's wastewater treatment plant (WWTP) from 58.78 to 53.54 percent.¹

Section 367.081(6), Florida Statutes (F.S.), provides that the Commission may, for good cause, withhold consent of implementation of the requested rates within 60 days after the date the rate request is filed. This recommendation addresses the suspension of UIF's proposed tariff sheet. The Commission has jurisdiction pursuant to Section 367.091(6), F.S.

¹Order No. PSC-201900363-PAA-WS, issued August 27, 2019, 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.*

Discussion of Issues

Issue 1: Should the Commission suspend UIF's proposed tariff of revised AFPI charges for the LUSI wastewater system?

Recommendation: Yes. UIF's proposed tariff to establish AFPI charges for its LUSI wastewater system should be suspended. (Ramos)

Staff Analysis: Pursuant to Section 367.081(6), F.S., the Commission may withhold consent to the operation of any or all portions of new rate schedules by a vote to that effect within 60 days, giving a reason or statement of good cause for withholding its consent. Staff is recommending that the tariff be suspended to allow staff sufficient time to review the application and gather all pertinent information to present the Commission an informed recommendation on the proposed tariff. Staff sent a data request to UIF on November 26, 2019, requesting additional information in regards to the utility's requested AFPI charges and anticipates a response by December 23, 2019. Staff believes that this reason is a good cause consistent with the requirement of Section 367.081(6) F.S. Based on the above, UIF's proposed tariff to establish AFPI charges for the LUSI wastewater system should be suspended.

Issue 2: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's final action on UIF's requested approval to revise existing AFPI wastewater charges for the LUSI wastewater system. (Trierweiler)

Staff Analysis: No. The docket should remain open pending the Commission's final action on UIF's requested approval to revise existing AFPI wastewater charges for the LUSI wastewater system.