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JOSE R. OLIVA
Speaker of the House of Representatives

January 8, 2020

Adam J. Teitzman, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 20180013-PU – Petition to establish a generic docket to investigate and adjust rates for 2018 tax savings, by Office of Public Counsel; Corrected Exhibit MWW-2

Dear Mr. Teitzman:

I am enclosing Exhibit MWW-2 to the prefiled Direct Testimony of Marshal W. Willis. I am requesting that this exhibit be included in the docket file. It is being served upon the parties pursuant to the attached service list. Due to an oversight on my part, this exhibit was not included in the January 7, 2020, filing. Commission staff noticed the omission and requested that it be corrected. Utilities Inc. of Florida has had this document in its original form since September 2019. For this reason, the Public Counsel submits that the company is not disadvantaged by the slight delay caused by the oversight.

If there are any concerns please do not hesitate to contact me at 850.717.0328
Thank you for your assistance in this matter.

Sincerely,

/s/ Charles J. Rehwinkel
Charles J. Rehwinkel
Deputy Public Counsel
Florida Bar No. 0527599

Enclosures
cc: Parties of Record

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the corrected Exhibit MWW-2 has been furnished to the following parties by electronic mail on this 8th day of January, 2020.

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Sincerely,

/s/ Charles J. Rehwinkel
Charles J. Rehwinkel
Deputy Public Counsel
Florida Bar No. 0527599

In general, OPC needs to have UIF provide us with a detailed understanding of how the company can be in the position of earning below its range for calendar year 2018 when it just received an increase in rates of over \$5.2 million in the last quarter of 2017 coupled with the approximately \$1.2 million of annual tax savings authorized in the same quarter and realized in the full year of 2018 that the Commission proposes to allow UIF to keep. Basically UIF should have received an overall revenue increase of approximately \$6.5 million dollars in 2018. This amount is close to the \$6.9 million increase that UIF said it needed to earn a fair return in its rate case

Questions to UIF concerning current tax docket:

1. Why has UIF failed to achieve the water revenue increase during 2018 granted by the Commission and put into place in the last part of 2017 especially since the company has had an increase in 2018 of 158 customers? Water was below the awarded level by a negative \$28,806 but wastewater was above that granted by \$955,338. See below table:

	Water	Wastewater
Achieved Revenues	\$15,663,470	\$19,795,636
2017 Order	15,662,276	18,840,298
Difference	\$ (28,806)	\$ 955,338

2. The Company filed using a 2015 test year and requested pro forma plant additions. The Commission granted pro forma additions of \$34,475,232. UIF shows plant additions during 2017 and 2018 of \$49,007,106. Please provide a reconciliation showing the individual projects and dollar amount that were completed during 2016, 2017 and 2018. Also indicate which projects were or were not approved and by project compare the dollars approved versus the dollars spent.

3. The Commission order approved retirements of \$5,803,166. The 2017 Annual Report shows retirements on pages W-4a and S-4a of \$1,156,950. The 2018 report shows \$2,710,308. Even added together, the amount that should have been booked falls short by \$1,935,908. Reconciliation needs to be provided.

4. The company booked a deferred credit to account 253 of \$5,116,801, which represents the change in tax rates for the Accumulated Deferred Income Taxes. The 2017 annual report also shows a reduction to Accumulated Deferred Income Taxes of \$3,627,910 from 2016 to 2017 and the Income Statement shows Accumulated Deferred Income Taxes for 2017 of \$1,352,944. However, the two amounts added together do not equal the decrease of \$5,116,801. Please provide a reconciliation and the entries to Account 281 for the year 2017. Also provide the calculations for the tax savings booked to account 253 for 2017 and 2018 and the time frames for the company's proposed return of the over collections (i.e. flowback) to customers as well as the amortization amounts for 2017 and 2018.

5. The company has reflected a negative \$22,364,545 in Account 223 - Advances from Associated Companies. **Please explain in detail the journal entries in this account and how this amount can be negative?** Also indicate how the OPC and Commission can be assured that this amount was not directly or indirectly used to allow the parent to increase the equity investment in the UIF capital structure.

6. The company reflects the following account balances with associated companies in the 2018 annual report:

Account 145 - \$27,213,313

Account 223 – (\$22,364,545)

Account 233 - \$38,161,029

The only account that has changed from 2017 to 2018 is Account 145. Please provide a detailed explanation of the dollars and journal entries associated with these accounts.

7. Schedule F-23 shows the loss on the sale of assets in both 2017 of \$638,829 and 2018 of \$469,961. What did the utility sell that generated these losses, and to whom were the sales made?

8. Why has operating expenses for wastewater increased by 23% in 2018?