

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: February 5, 2020

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Sevini K. Guffey, Public Utility Analyst II, Division of Economics *S.K.G.*

RE: Docket No. 20200044-WS: Proposed amendment of Rule 25-30.457, F.A.C.,
Limited Alternative Rate Increase
Place in Docket File

Please place the attached responses to Staff's First Data Request related to the Statement of Estimated Regulatory Costs in the subject docket file.

Thank you.

RECEIVED-FPSC
2020 FEB -5 AM 9:01
COMMISSION
CLERK

Sevini Guffey

From: Troy Rendell <trendell@uswatercorp.net>
Sent: Friday, January 10, 2020 3:27 PM
To: Sevini Guffey
Subject: RE: Draft Rule 25-30.457, F.A.C._Staff's First Data Request
Attachments: Utilities Response to Staff First Data Request - LARI.pdf

Please find attached the "Collective Utilities" response to Staff's first data request.

Thanks.

Troy Rendell
Vice President - Investor Owned Utilities



4939 Cross Bayou Boulevard
New Port Richey, FL 34652
(Office) 727-848-8292 x245
(Fax) 727-848-7701
(E-Mail) trendell@uswatercorp.net

From: Sevini Guffey [<mailto:sguffey@psc.state.fl.us>]
Sent: Friday, January 10, 2020 8:57 AM
To: 'Troy Rendell'
Subject: RE: Draft Rule 25-30.457, F.A.C._Staff's First Data Request

Yes, here is the letter in Word format.

Sevini.

From: Troy Rendell [<mailto:trendell@uswatercorp.net>]
Sent: Friday, January 10, 2020 8:54 AM
To: Sevini Guffey
Subject: RE: Draft Rule 25-30.457, F.A.C._Staff's First Data Request

Good morning,

Can you please send the questions in Word format? It makes it easier so I don't have to re-type all of them.

Thanks.

Troy Rendell
Vice President - Investor Owned Utilities



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From: Sevini Guffey [mailto:sguffey@psc.state.fl.us]
Sent: Thursday, January 9, 2020 9:02 AM
To: Troy Rendell
Cc: Tripp Coston
Subject: Draft Rule 25-30.457, F.A.C._Staff's First Data Request

Dear Mr. Rendell

Attached is a data request related to the draft revised Rule 25-30.457, F.A.C. regarding to the Limited Alternative Rate Increase (LARI) process.

Staff is preparing the Statement of Estimated Regulatory Costs regarding this rule and is seeking responses via the attached data request to assess the economic impacts, if any, of this draft revised rule.

Please contact me if you have any questions regarding this data request.

Thank you.
Sevini

Sevini K. Guffey
Public Utility Analyst II
Division of Economics
Florida Public Service Commission
Email: sguffey@psc.state.fl.us
Phone: 850.413.6204

January 10, 2020

Sevini Guffey
Utility Analyst II
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Rule 25-30.457, Florida Administrative Code, Limited Alternative Rate Increase – Response to Staff First Data Request

Dear Mr. Guffey,

The **Collective Utilities**” provides responses to Staff’s First Data Request concerning Rule 25-30.457, Florida Administrative Code (F.A.C.) - Limited Alternative Rate Increase (LARI).

The **“Collective Utilities”** regulated by the Florida Public Service Commission are as follows:

Black Bear Waterworks, Inc.
Brendenwood Waterworks, Inc.
Brevard Waterworks, Inc.
Duval Waterworks, Inc.
Country Walk Utilities, Inc.
Gator Waterworks, Inc.
Harbor Waterworks, Inc.
HC Waterworks, Inc.
Jumper Creek Utility Company
Lake Idlewild Utility Company
Lakeside Waterworks, Inc.
LP Waterworks, Inc.
Merritt Island Utility Company
North Charlotte Waterworks, Inc.
Pine Harbour Waterworks, Inc.
Raintree Waterworks, Inc.
Royal Waterworks, Inc.
Seminole Waterworks, Inc.
Sunny Hills Utility Company
The Woods Utility Company

- 1) Have any of your water utility companies utilized Rule 25-30.457, F.A.C. (LARI) to request a rate increase? If so, how many times have you utilized this rule since its inception in 2005?

Response: Yes. The following water utilities have utilized Rule 25-30.457, F.A.C. (LARI):

Jumper Creek Utility Company
Lake Idlwild Waterworks
LP Waterworks
Lakeside Waterworks
Raintree Waterworks

- 2) Have any of your wastewater utility companies utilized the existing Rule 25-30.457, F.A.C. (LARI) to request a rate increase? If so, how many times have you utilized this rule since its inception in 2005?

Response: Yes. The following wastewater utilities have utilized Rule 25-30.457, F.A.C. (LARI):

Jumper Creek Utility Company
LP Waterworks

- 3) For the water utilities that have filed a rate increase under the existing LARI Rule, would the Company, when filing a rate increase, anticipate any incremental changes to regulatory costs as a result of filing under the attached draft rule? Please explain.

Response: Under the current rule as it exists (not proposed draft), the utilities experience incremental costs related to obtaining a guarantee for potential refunds, as well as monthly reporting requirement costs. The estimated incremental costs under the current rule would be approximately \$125 - \$250/monthly or \$1,500 - \$3,000 annually for monthly reporting. The proposed rule would eliminate this unnecessary cost.

- 4) For the wastewater utilities that have filed a rate increase under the existing LARI Rule, would the Company, when filing a rate increase, anticipate any incremental changes to regulatory costs as a result of filing under the attached draft rule? Please explain.

Response: See answer to No. 3 above.

- 5) The application for a LARI requests certain information listed in paragraph (2) of the draft rule. From your previous experience in filing LARI requests, do you see any additional requests listed in paragraph (2)(a) through (m) that was not previously requested? If yes, what is the additional information that is being requested in the draft rule? What would the cost be to provide that additional information, if any, to the Commission?

Response: When utilizing the LARI rule, the Collective Utilities have previously provided this information. The utilities that have utilized the LARI have also previously

provided this requested information as “informational only” since it previously had not been required. This refers to Paragraph 2(e) & (j). It is anticipated costs to provide this information would be nominal in nature. It would involve the labor to gather the information; analyze the information; and compile the information for submission. An anticipated amount cannot be determined or provided at this time as this procedure was already being followed.

- 6) The recommended revised rules require the water and wastewater companies to file the attached form *Limited Alternative Rate Increase Earnings Review* at the end of the twelve-month period as opposed to the current requirement of monthly filings. Please state the estimated incremental cost, if any, to file this form.

Response: There would be an incremental cost. This should be a one-time cost estimated to be approximately \$500 - \$1,000 to compile and submit to the FPSC.

- 7) Is it the Company’s (U.S. Water) opinion that the draft revisions to Rule 25-30.457, F.A.C., if implemented, will reduce directly or indirectly annual regulatory costs to your companies? If yes, please explain the reasons for the reduced costs and state by approximately how much the regulatory cost will be reduced annually?

Response: The draft revisions will reduce incremental costs of monthly reporting of revenue and any elimination of securing a guarantee of refund. Estimated cost reductions addressed in previously responses above.

- 8) Is it the Company’s opinion that the recommended revised Rule 25-30.457, F.A.C., if implemented, will increase directly or indirectly annual regulatory costs, including transactional costs (such as filing fees, license fees, equipment needed, procedures to comply with the rule, monitoring-reporting costs etc.) to your companies? If yes, please explain the reasons for the additional costs and state by approximately how much the annual regulatory and transactional cost will be increased?

Response: See previous responses. The draft rule should decrease the overall regulatory costs.

- 9) Are any of the water and wastewater Companies you represent considered a small business pursuant to Section 120.541, Florida Statutes (F.S.)? If yes, please list separately the number of water utilities and the number of wastewater utilities that are considered small businesses pursuant to Section 120.541, F.S.

Response: The Collective Utilities could find no definition of “small business” in Section 120.541, F.S.; therefore cannot provide a response to the request.

Thank you for your consideration, and if you have any questions, please do not hesitate to contact me at (727) 848-8292, ext. 245, or via e-mail at trendell@uswatercorp.net.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Trendell". The signature is fluid and cursive, with a large initial "T" and "R".

Troy Rendell

Vice President

Investor Owned Utilities

Sevini Guffey

From: Troy Rendell <trendell@uswatercorp.net>
Sent: Monday, January 13, 2020 8:48 AM
To: Sevini Guffey
Cc: Tripp Coston
Subject: RE: Draft Rule 25-30.457, F.A.C._Staff's First Data Request

I think the answer may be yes for some of the small ones. They are ALL – Sub S Corporations in Florida with no employees and many of them do have values less than \$5 million. But I'm not an expert in this area..

Troy Rendell
Vice President - Investor Owned Utilities



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From: Sevini Guffey [<mailto:sguffey@psc.state.fl.us>]
Sent: Monday, January 13, 2020 8:42 AM
To: 'Troy Rendell'
Cc: Tripp Coston
Subject: RE: Draft Rule 25-30.457, F.A.C._Staff's First Data Request

Troy

Thank you for the responses received.
As for the data request question 9, my apologies for quoting the incorrect statute.
Included herewith is revised question 9:

Are any of the water and wastewater Companies you represent considered a small business pursuant to Section ~~120.541~~ 288.703(6), Florida Statutes (F.S.)? If yes, please list separately the number of water utilities and the number of wastewater utilities that are considered small businesses pursuant to Section ~~120.541~~, 288.703(6), F.S.

Please respond to the above stated question 9.

Thank you.
Sevini

From: Troy Rendell [<mailto:trendell@uswatercorp.net>]
Sent: Friday, January 10, 2020 3:27 PM
To: Sevini Guffey
Subject: RE: Draft Rule 25-30.457, F.A.C._Staff's First Data Request