

9/18/2020

Florida Public Service Commission  
Director, Office of Commission Clerk  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399

RE: Docket No 20200139-WS, Utilities Inc of Florida

Dear Commissioners,

I am writing to object to and the proposed rate increases for Utilities Inc of Florida and encourage you to deny their request.

RECEIVED-FPSC  
2020 SEP 22 PM 12:35  
COMMISSION  
CLERK

- 1. The proposed increased rate is up to four times the rate of neighboring utilities.** Neighboring utilities such as OUC, Toho Water Authority, City of Clermont, and Orange County Utilities have substantially (up to four times) lower customer charges and/or consumptive charges. Like the system owned by Utilities Inc, these entities have components near the end of service life but are managing to deliver at an exponentially lower cost in the same geological environment and labor market. While Utilities Inc is entitled to a fair profit under Florida law, this should be significantly offset by their much touted economy of scale. However, the City of Clermont, a tiny utility, delivers at half the price. The only explanation is an overindulgence in providing dividends and executive pay beyond a fair profit.
- 2. The projects justifying the rate increase demonstrate a habit of poor management and planning.** While some of the projects are true capital improvements, many are very routine video inspections or maintenance. These are standard operating expenses, and perhaps a periodic rate increase tied to inflation is appropriate to cover rising labor costs, but a 25% increase is ridiculous. These are not new or surprise expenses and should have long been accounted for, just like all of the other utilities in the area that do so at a much lower cost. The most outrageous example is the replacement for the 1989 pickup truck and it seems possible that the same "kick-the-can down the road to the next financial quarter" mentality persists throughout the organization. Fleet managers acknowledge that the breakeven point on non-tractor-trailer vehicle replacements is typically 10 years or 100,000 miles, after which point maintenance costs escalate and resale value diminishes. This is a management-deferred reinvestment, not an unusual expense to come to ratepayers for. It is also telling how little regard Utilities Inc demonstrates for the safety of their employees and the travelling public by keeping a 30 year old pickup truck on the road that likely lacks any modern safety features.
- 3. The foreign owners of Utilities Inc report record profits, but are engaging in a nationwide scam to squeeze ratepayers to fund an exchange rate headwind.**

Utilities Inc of Florida is owned by Corix Group, which is privately held by British Columbia Investment Management Corporation (BCI), a Canada-based retirement fund. BCI notes in its most recent annual report that its US utilities are performing significantly above benchmark, but the gains are somewhat offset by unfavorable exchange rates. The proposed rate increase by Utilities Inc of Florida is mirrored by other Corix-owned utilities across the country also seeking increases up to 25%. The timing and nationwide approach appear coordinated to cover the needs of Candian investors dealing with changes in the USD-CAN exchange rate, rather than about fair profits measured in USD or legitimate infrastructure projects.

My belief is that the authors of the Florida law allowing private utility owners to achieve a fair return on investment intended that provision to be measured in local terms with the assumption of an efficiently run business. I do not believe it was the legislature's intent to make ratepayers cover the exchange rate discrepancies or tax liabilities of foreign investors. This seems like inherent investment risk that BCI investors should bear. I also do not believe it was the legislature's intent to reward private utilities for being so bloated that they are up to four times less efficient than municipal or quasi-municipal utilities. This in fact seems counter to the historically frugal leanings of the legislature. Then there is the matter of conflicting truths. Corix is telling ratepayers nationwide that they need a 25% rate increase to remain profitable with capital projects they have already completed, while simultaneously telling their investors at BCI for the same period that they are delivering substantially above benchmark profits. Which way is it? Seems like they are trying to have their cake and eat it too. The only logical explanation is that for Corix to deliver substantially above-benchmark dividends to BCI, they have been pulling an unsustainable margin out of Utilities Inc of Florida over a period of years instead reinvesting in infrastructure and, now that the crows have come home to roost, they want a ratepayer bailout. Bloated management, overindulgent dividends, unfavorable exchange rates, and the highest prices in town seem like (poor) business decisions to me that would put Corix out of business in a competitive environment. In this regulated monopoly, the risk of mismanagement seems like an investment risk BCI shareholders should bear and hold their directors accountable for, not ratepayers.

Please decide against the proposed rate increase for Utilities Inc of Florida.

Sincerely

Ryan Coates  
Clermont, FL

