

Docket No. 20200139-WS
Petition for rate increase by Utilities, Inc. of Florida

Witness: Direct Testimony of DEBRA DOBIAC
Appearing on Behalf of the Staff of the Florida Public Service Commission

Date Filed: November 20, 2020

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **COMMISSION STAFF**

3 **DIRECT TESTIMONY OF DEBRA DOBIAC**

4 **DOCKET NO. 20200139-WS**

5 **NOVEMBER 20, 2020**

6

7 **Q. Please state your name and business address.**

8 A. My name is Debra M. Dobiac. My business address is 2540 Shumard Oak Boulevard,
9 Tallahassee, Florida, 32399.

10 **Q. By whom are you presently employed and in what capacity?**

11 A. I am employed by the Florida Public Service Commission (FPSC or Commission) as a
12 Public Utility Analyst in the Office of Auditing and Performance Analysis. I have been
13 employed by the Commission since January 2008.

14 **Q. Briefly review your educational and professional background.**

15 A. I graduated with honors from Lakeland College in 1993 and have a Bachelor of Arts
16 degree in accounting. Prior to my work at the Commission, I worked for six years in internal
17 auditing at the Kohler Company and First American Title Insurance Company. I also have
18 approximately 12 years of experience as an accounting manager and controller.

19 **Q. Please describe your current responsibilities.**

20 A. My responsibilities consist of planning and conducting utility audits of manual and
21 automated accounting systems for historical and forecasted data.

22 **Q. Have you previously presented testimony before this Commission?**

23 A. Yes. I testified in the Aqua Utilities Florida, Inc. Rate Case, Docket No. 20080121-
24 WS, the Water Management Services, Inc. Rate Case, Docket No. 20110200-WU, and the
25 Utilities, Inc. of Florida Rate Case, Docket No. 20160101-WS. I also prefiled testimony for

1 the Water Management Services, Inc. Rate Case, Docket No. 20100104-WU, the Gulf Power
2 Company Rate Cases, Docket Nos. 20110138-EI and 20130140-EI, the Fuel and Purchased
3 Power Recovery Clause (Hedging Activities) for Gulf Power Company, Docket Nos.
4 20130001-EI, 20140001-EI, 20190001-EI, and 20200001-EI, the Fuel and Purchased Power
5 Recovery Clause (Hedging Activities) for Florida Power & Light Company, Docket No.
6 20180001-EI, Florida Public Utilities Company's Limited Proceeding to recover incremental
7 Storm Restoration Costs, Docket No. 20180061-EI, the Gulf Power Company Limited
8 Proceeding to recover incremental Storm Restoration Costs, Docket No. 20190038-EI, and the
9 Florida Public Utilities Company's Petition for a Limited Proceeding to recover incremental
10 Storm Restoration Costs, Capital Costs, Revenue Reduction for Permanently Lost Customers,
11 and Regulatory Assets Related to Hurricane Michael in Docket No. 20190156-EI.

12 **Q. What is the purpose of your testimony today?**

13 A. The purpose of my testimony is to sponsor the staff auditor's report of Utilities, Inc. of
14 Florida (UIF or Utility) which addresses the Utility's filing in Docket No. 20200139-WS. We
15 issued an auditor's report in this docket on October 26, 2020. This report is filed with my
16 testimony and is identified as Exhibit DMD-1.

17 **Q. Was this audit prepared by you or under your direction?**

18 A. Yes, it was prepared under my direction.

19 **Q. Please describe the work you performed in this audit.**

20 A. The procedures that we performed in this audit are listed in the Objectives and
21 Procedures section of the attached Exhibit DMD-1, pages 4 through 9.

22 **Q. Were there any audit findings in the auditor's report, Exhibit DMD-1, which
23 address the historical 2019 amounts in the schedules prepared by the Utility in support
24 of its filing in the current docket?**

25 A. Yes. There was one audit finding reported in this audit and is found in the

1 attached Exhibit DMD-1, page10. This is summarized below:

2 **Finding 1 – Revenue**

3 Revenues for the test year and the annualized revenues should be increased by \$14,585
4 and \$14,923, respectively. Taxes other than income taxes (TOTI) should be increased by
5 \$656. In the MFR Schedule E-2, the number of water residential customer bills are 373,481.
6 Audit staff traced the number of bills to the Utility’s supporting schedules and determined that
7 the water residential customer bills should be 374,804. The variance of 1,323 bills result in
8 test year revenues to be understated by \$14,585 and annualized revenues to be understated by
9 \$14,923. Based on the adjustment to revenues, we calculated an increase of \$656 to TOTI for
10 the regulatory assessment fees.

11 **Q. Does that conclude your testimony?**

12 A. Yes.

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State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tallahassee District Office

Auditor's Report

Utilities, Inc. of Florida
Rate Case Audit

Twelve Months Ended December 31, 2019

Docket No. 20200139-WS
Audit Control No. 2020-205-1-1
October 14, 2020

Handwritten signature of Debra Dobiac in black ink.

Debra Dobiac
Audit Manager

Handwritten signature of Gabriela M. Leon in black ink.

Gabriela M. Leon
Audit Staff

Handwritten signature of Yen N. Ngo in black ink.

Yen N. Ngo
Audit Staff

Handwritten signature of Thomas Wolff in black ink.

Thomas Wolff
Audit Staff

Handwritten signature of Marisa N. Glover in blue ink.

Marisa N. Glover
Reviewer

Table of Contents

Purpose.....	1
Objectives and Procedures.....	2
Audit Findings	
1: Revenue.....	8
Exhibits	
1: Rate Base – Water.....	9
2: Rate Base - Wastewater	10
3: Capital Structure	11
4: Net Operating Income – Water	12
5: Net Operating Income - Wastewater.....	13

Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting and Finance in its audit service request dated July 22, 2020. We have applied these procedures to the attached schedules prepared by Utilities, Inc. of Florida in support of its filing for rate relief in Docket No. 20200139-WS.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to Utilities, Inc. of Florida (UIF), which is the consolidation of all the utility systems owned by Utilities Inc. located in Florida.

The term "Company" refers to Utilities, Inc., the parent of Utilities, Inc. of Florida.

ERC refers to the Equivalent Residential Connections as defined by Commission Rule 25-30.055, Florida Administrative Code. (F.A.C.)

NARUC refers to the National Association of Regulatory Utility Commissioners.

USOA refers to the NARUC Uniform System of Accounts as adopted by Commission Rule 25-30.115 – Uniform System of Accounts for Water and Wastewater Utilities, F.A.C.

Background

Utilities, Inc. of Florida is a Class A utility providing service to approximately 32,862 water and 27,377 wastewater customers in Charlotte, Highlands, Lee, Lake, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties. The test year established for final rates is the historical 13-month average period ended December 31, 2019.

Utilities, Inc., the parent of Utilities, Inc. of Florida, allocates its costs to its utility subsidiaries based on ERCs. Utilities, Inc. of Florida receives costs from its parent based on the ratio of its aggregate ERCs to the total ERCs of all the subsidiaries. The Company's allocated costs were last audited in Docket No. 20160101-WS and established the allocated plant and accumulated depreciation balances as of December 31, 2015.

The Utility's general ledger consists of two sub-ledgers, the AA (direct ledger), and the UA (allocation ledger). The allocated costs described above are posted to the Utility's UA ledger. Direct costs are posted to the Utility's AA ledger. Rate base was last established as of December 31, 2015 in Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, in Docket No. 20160101-WS.

Rate Base

Utility Plant in Service

Objectives: The objectives were to determine whether utility plant in service (UPIS): 1) Consists of property that exists and is owned by the Utility, 2) Additions are authentic, recorded at original cost, and properly classified as a capital item in compliance with Commission rules and the NARUC USOA, 3) Retirements are made when a replacement item is put into service, 4) Adjustments required in the Utility's last rate case proceeding were recorded in its books and records, and 5) Where plant additions were allocated from the corporate offices, the basis of the allocation was reviewed.

Procedures: We reconciled the UPIS accounts presented in the filing to the general ledger. We reconciled the beginning balances, including ordered adjustments, in the general ledger to the Order issued in the prior rate case. We verified that Commission ordered adjustments were posted to the general ledger. We scheduled utility additions and retirements since the last rate proceeding to determine the UPIS balance as of December 31, 2019. We requested support for the Utility's adjustments and traced them to the filing. We recalculated the 13-month average balance for the filing. We traced a sample of additions and retirements from the AA and UA ledger to source documentation and we verified that additions were recorded at original cost and that retirements were properly posted. No exceptions were noted.

Land & Land Rights

Objectives: The objectives were to determine whether utility land is recorded at original cost, is used for utility operation, and is owned or secured under a long-term lease.

Procedures: We reconciled the land accounts presented in the filing to the general ledger. We reconciled the beginning balances, including ordered adjustments, in the general ledger to the Order issued in the prior rate case. We determined the land balance as of December 31, 2019. We recalculated the 13-month average balance for the filing. We searched the property records of the County Clerk's Office in each County for utility related activity. We requested land deeds for any property purchased from 2016 through 2019, as it related to the allocated offices. We determined that there have been no changes to land since the last rate case. No exceptions were noted.

Contributions-in-Aid-of-Construction

Objectives: The objectives were to determine whether utility contributions-in-aid-of-construction (CIAC) balances are properly stated, are reflective of the service availability charges authorized in the Utility's Commission approved tariffs, and the adjustments required in the Utility's last rate proceeding were recorded in its books and records.

Procedures: We reconciled the CIAC accounts presented in the filing to the general ledger. We reconciled the beginning balances, including ordered adjustments, in the general ledger to the Order issued in the prior rate case. We verified whether the Utility included the Commission adjustments from the order. We scheduled utility additions and retirements since the last rate proceeding to determine the CIAC balance as of December 31, 2019. We recalculated the 13-month average balance for the filing. We traced a sample of additions to the Utility's supporting documentation and traced service availability charges to the Utility's approved tariffs. We reviewed CIAC agreements, and inquired about new special agreements, developer agreements, and donated property. No exceptions were noted.

Accumulated Depreciation

Objectives: The objectives were to determine whether: 1) Accruals to accumulated depreciation are properly recorded in compliance with Commission rules and the NARUC USOA, 2) Depreciation accruals are calculated using the Commission's authorized rates and that retirements are properly recorded, 3) Adjustments required in the Utility's last rate case

proceeding were recorded in its books and records, and 4) Where accruals to accumulated depreciation were allocated from the corporate offices, the basis of the allocation is reviewed.

Procedures: We reconciled the accumulated depreciation accounts presented in the filing to the general ledger. We reconciled the beginning balances, including ordered adjustments, in the general ledger to the Order issued in the prior rate case. We verified whether the Utility included the Commission adjustments from the order. We scheduled utility accruals and retirements since the last rate proceeding to determine the accumulated depreciation balance as of December 31, 2019. We recalculated the 13-month average balance for the filing. We calculated accumulated depreciation accruals from the AA and UA ledgers using the rates authorized in Rule 25-30.140 – Depreciation, F.A.C. and compared our balances to the balances in the AA and UA ledgers and the filing. No exceptions were noted.

Accumulated Amortization of CIAC

Objectives: The objectives were to determine whether accumulated amortization of CIAC balances were properly stated, that annual accruals were reflected of the depreciation rates and were in compliance with Commission rules and orders, and that the adjustments required in the Utility's last rate case proceeding were recorded in its books and records.

Procedures: We reconciled the accumulated amortization of CIAC accounts presented in the filing to the general ledger. We reconciled the beginning balances, including ordered adjustments, in the general ledger to the Order issued in the prior rate case. We verified whether the Utility included the Commission adjustments from the order. We scheduled utility accruals and retirements since the last rate proceeding to determine the accumulated amortization of CIAC balance as of December 31, 2019. We recalculated the 13-month average balance for the filing. We calculated accumulated amortization of CIAC accruals using the rates authorized in Rule 25-30.140, F.A.C. and compared our balance to the balances in the AA ledger and the filing. No exceptions were noted.

Working Capital

Objectives: The objectives were to determine whether the Utility's working capital balance is properly calculated in compliance with Commission rules, and to determine whether the working capital adjustments in the filings were based on the correct affiliate companies' ledger balances using the correct allocation factors.

Procedures: We reconciled the working capital accounts presented in the filing to the general ledger. We recalculated the 13-month average working capital allowance balance for the filing. We reconciled cash balances to the bank statements, and tested miscellaneous and current accrued liabilities for December 2019. No exceptions were noted.

Capital Structure

Debt and Equity Components

Objectives: The objectives were to determine whether the debt and equity components of the Company's capital structure and the respective cost rates used to arrive at the overall weighted

cost of capital are based on the weighted percent of the Company's financial statements audited by Ernst and Young LLP and the Commission's authorized rate of return.

Procedures: We verified the Company's long-term debt, short-term debt, and common equity to the 2019 audited financial statements and the general ledger. No exceptions were noted.

Customer Deposits

Objectives: The objectives were to determine whether: 1) the utility is collecting and accounting for customer deposits authorized in its Commission approved tariff for the test year ended December 31, 2019, and 2) the utility is calculating and remitting interest on customer deposits per Commission Rule 25-30.11, F.A.C.

Procedures: We reviewed the Utility's MFR Schedule D-7, and reconciled the ending balance from the prior audit, to the beginning balance in the current audit. We also reconciled deposits received and refunded, including accrued interest, from the MFR Schedule D-7 to the general ledger. No exceptions were noted.

Accumulated Deferred Income Taxes and Income Taxes

Objectives: The objective was to audit utility specific accumulated deferred income taxes (ADIT) for each system and determine the appropriate balances for ADIT for the test year ended December 31, 2019.

Procedures: We reviewed the Utility's MFR Schedules C-6 and D-2, and traced them to the Utility's supporting schedule and to the general ledger. We reviewed the federal tax returns for plant, accumulated depreciation balances, and tax depreciation expense. We tested a sample of deferred income tax expenses from MFR Schedule C-5 to the MFR Schedule B-3 to verify the correct state and federal tax amount was used. We recalculated the income tax provision from the MFR Schedule B-1 to the MFR Schedule C-2 to determine whether the income taxes were calculated correctly. No exceptions were noted.

Net Operating Income

Operating Revenue

Objectives: The objectives were to determine whether: 1) Utility charges were those approved by the Commission in the Utility's current authorized tariff for both water and wastewater, and 2) Revenue earned from utility property during the test year was recorded and properly classified in compliance with Commission rules and the NARUC USOA.

Procedures: We reconciled the water and wastewater revenue accounts presented in the filing to the general ledger. We reviewed a sample of customer accounts from the billing register for proper customer classification, use of approved tariffs, and miscellaneous service changes. We tested the reasonableness of the utility revenues by multiplying the average consumption by the tariff rate for each customer class in the billing register. Finding 1 discusses revenues.

Operation and Maintenance Expense

Objectives: The objectives were to determine whether direct and allocated operation and maintenance (O&M) expenses were properly recorded in compliance with Commission rules and the NARUC USOA, and were reasonable and prudent for ongoing utility operations.

Procedures: We reconciled the O&M expense accounts, which included direct and allocated costs, presented in the filing to the general ledger. We reviewed a sample of O&M expense invoices from the AA ledger for proper amount, period, classification, recurring nature, and whether the expense was utility related. We verified the proper allocation of expenses between water and wastewater operations.

We verified O&M expense accounts allocated for the 12-months ended December 31, 2019, by tracing a sample of O&M expenses to source documents. We reviewed invoices for proper amount, period, classification, and recurring nature. We reconciled the differences between the audited allocated balances and the Utility's UA ledger.

Salaries, benefits, and transportation expenses from the corporate office, regional office, call center locations, and Florida offices by employee were recalculated and reconciled to payroll department data. We tested the benefit and tax calculations. We reconciled the differences between the audited allocated balances and the Utility's UA ledger. No exceptions were noted.

Depreciation and Amortization

Objectives: The objective was to determine whether depreciation for both direct and allocated UPIS was properly recorded in compliance with Commission rules and that it accurately represented the depreciation of UPIS assets and the amortization of the utility CIAC assets for ongoing utility operations.

Procedures: We reconciled the depreciation and amortization expense accounts presented in the filing to the general ledger. We calculated depreciation and amortization expense for the test year using the rates prescribed in Rule 25-30.140, F.A.C. and compared our amounts to the amounts reflected in the AA and UA ledgers and the filing. No exceptions were noted.

Taxes Other than Income

Objectives: The objectives were to determine 1) The appropriate amounts for taxes other than income tax (TOTI) for the test year ended December 31, 2019, and 2) The Company's allocation of TOTI represented the actual taxes recorded in the ledger, and that they were allocated using the appropriate ERC factors.

Procedures: We reconciled the components of taxes other than income tax expense accounts presented in the filing to the general ledger. We recalculated regulatory assessment fees based on audited revenues. We traced real estate and tangible property taxes to source documents, and ensured that these taxes included the maximum discount and are only for utility property.

We determined the real estate taxes for the Company and the ERC factors used. We recalculated payroll taxes based on allocated payroll and compared it to the amounts included in the Utility's UA ledger. No exceptions were noted.

Other

Analytical Review

Objectives: The objectives were to perform an analytical review of rate base and utility expenses to identify unusual trends or amounts.

Procedures: We performed a trend analysis on the rate base components and O&M expenses for the years 2015 to 2019 for the Utility. Any anomalies were reviewed when detailed testing was performed.

In addition, we compared the 2018 plant in service and accumulated depreciation balances to the 2019 balances for the corporate offices. We also compared the 2018 O&M expense balances to the 2018 balances for the corporate offices. Any material changes were tested. No exceptions were noted.

Audit Findings

Finding 1: Revenue

Audit Analysis: In the MFR Schedule E-2, the number of water residential customer bills are 373,481. Audit staff traced the number of bills to the Utility's supporting schedules and determined that the water residential customer bills should be 374,804. The variance of 1,323 bills result in test year revenues to be understated by \$14,585 and annualized revenues to be understated by \$14,923.

Based on the adjustment to revenues, we calculated an increase of \$656 to TOTI for the regulatory assessment fees.

Effect on the General Ledger: The Utility should determine the effect on the general ledger.

Effect on the Filing: Revenues for the test year and the annualized revenues are both understated by \$14,585 and \$14,923, respectively. TOTI is understated by \$656.

Exhibits

Exhibit 1: Rate Base – Water

Schedule of Water Rate Base

Florida Public Service Commission

Company: Utilities, Inc. of Florida
Docket No.: 20200139-WS
Test Year Ended: December 31, 2019
Interim Final
Historic Projected

Schedule: A-1
Page 1 of 1
Preparer: Deborah D. Swain

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2) Average Balance Per Books	(3) Utility Adjustments	Ref.	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	121,858,071	(2,795,312)	(A)	119,062,759	A-5, A-3
2						
3	Utility Land & Land Rights	296,859	-	(A)	296,859	A-5
4						
5	Less: Non-Used & Useful Plant			(B)		A-7
6						
7	Construction Work in Progress	2,628,722	(2,628,722)	(C)	-	A-3
8						
9	Less: Accumulated Depreciation	(51,397,784)	5,249,620	(D)	(46,148,164)	A-9, A-3
10						
11	Less: CIAC	(41,304,592)	87,827	(E)	(41,216,765)	A-12, A-3
12						
13	Accumulated Amortization of CIAC	20,893,605	(88,677)	(E)	20,804,928	A-14, A-3
14						
15	Acquisition Adjustments	56,355	(56,355)	(F)	-	-
16						
17	Accum. Amort. of Acq. Adjustments	192,642	(192,642)	(F)	-	-
18						
19	Advances For Construction	(36,767)			(36,767)	A-16
20						
21	Working Capital Allowance	-	4,151,132	(G)	4,151,132	A-17, A-3
22						
23	Total Rate Base	53,187,112	3,726,870		56,913,982	

Exhibit 2: Rate Base - Wastewater

Schedule of Wastewater Rate Base

Florida Public Service Commission

Company: Utilities, Inc. of Florida
Docket No.: 20200139-WS
Test Year Ended: December 31, 2019
Interim [] Final [X]
Historic [X] Projected []

Schedule: A-2
Page 1 of 1
Preparer: Deborah D. Swain

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2) Average Balance Per Books	(3) Utility Adjustments	Ref.	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	131,296,074	23,256,173	(A)	154,552,247	A-6, A-3
2						
3	Utility Land & Land Rights	583,041	-	(A)	583,041	A-6, A-3
4						
5	Less: Non-Used & Useful Plant (net)		(928,928)	(B)	(928,928)	A-7
6						
7	Construction Work in Progress	(605,083)	605,083	(C)	-	A-3
8						
9	Less: Accumulated Depreciation	(57,140,576)	2,869,610	(D)	(54,270,966)	A-10, A-3
10						
11	Less: CIAC	(44,997,031)	753,220	(E)	(44,243,811)	A-12, A-3
12						
13	Accumulated Amortization of CIAC	30,720,963	(2,217,848)	(E)	28,503,115	A-14, A-3
14						
15	Acquisition Adjustments	1,238,784	(1,238,784)	(F)	-	-
16						
17	Accum. Amort. of Acq. Adjustments	(163,693)	163,693	(F)	-	-
18						
19	Advances For Construction	1,315			1,315	A-16
20						
21	Working Capital Allowance	-	5,551,167	(G)	5,551,167	A-17, A-3
22						
23	Total Rate Base	60,933,793	28,813,386		89,747,179	

Exhibit 3: Capital Structure

Schedule of Requested Cost of Capital
13-Month Average Balance

Florida Public Service Commission

Company: Utilities, Inc. of Florida
Docket No.: 20200139-WS
Test Year Ended: December 31, 2019
Interim [] Final [x]
Historical [x] Projected []

Schedule D-1
Page 1 of 1

Preparer: Deborah D. Swain

Explanation: Provide a schedule which calculates the requested cost of capital on a thirteen month average basis. If a year-end basis is used, submit an additional schedule reflecting year-end calculations.

	(1)	(2)	(3)	(4)	(5)
		Reconciled to Requested Rate Base AYE 12/31/19	Ratio	Cost Rate	Weighted Cost
Line No.	Class of Capital				
1	Long Term Debt	60,999,232	41.59%	5.78%	2.404%
2	Short Term Debt	6,731,596	4.59%	4.04%	0.186%
3	Preferred Stock	-	0.00%	0.00%	0.000%
4	Common Equity	66,098,114	45.07%	11.75%	5.296%
5	Customer Deposits	248,501	0.17%	2.00%	0.003%
6	Tax Credits - Zero Cost	73,443	0.05%	0.00%	0.000%
7	Tax Credits - Weighted Cost	-	0.00%	0.00%	0.000%
8	Accumulated Deferred Income Tax	7,156,450	4.88%	0.00%	0.000%
9	Other Deferred Tax Liability - TCJA	5,353,825	3.65%	0.00%	0.000%
10					
11	Total	146,661,161	100.00%		7.889%
12					

13 Notes:

14 1. Long term debt, short term debt, preferred stock, and common equity are actual for Utilities, Inc. of Florida's parent company, Utilities, Inc.

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Exhibit 4: Net Operating Income – Water

Schedule of Water Net Operating Income

Florida Public Service Commission

Company: Utilities, Inc. of Florida
Docket No.: 20200139-WS
Schedule Year Ended: December 31, 2019
Interim [] Final [X]
Historic [X] or Projected []

Schedule: B-1
Page 1 of 1
Preparer: Deborah D. Swain

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	16,396,327	196,197	16,592,524	2,823,848	(A) 19,416,372	B-4, B-3
2							
3	Operation & Maintenance	8,659,460	373,246	9,032,706		(B) 9,032,706	B-5, B-3
4							
5	Depreciation, net of CIAC Amort.	2,885,066	192,476	3,077,543		(C) 3,077,543	B-13, B-3
6							
7	Amortization	-	50,263	50,263	-	(D) 50,263	
8							
9	Taxes Other Than Income	1,653,481	76,044	1,729,525	127,073	(E) 1,856,598	B-15, B-3
10							
11	Provision for Income Taxes	(528,046)	838,944	310,898	598,376	(F) 909,274	C-1, C-2, B-3
12							
13	OPERATING EXPENSES	12,669,962	1,530,973	14,200,935	725,449	14,926,383	
14							
15	NET OPERATING INCOME	3,726,365	(1,334,776)	2,391,589	2,098,399	4,489,988	
16							
17							
18	RATE BASE	53,187,112	3,726,870	56,913,982	56,913,982	56,913,982	
19							
20							
21	RATE OF RETURN	7.01 %		4.20 %		7.889 %	

Exhibit 5: Net Operating Income - Wastewater

Schedule of Wastewater Net Operating Income

Florida Public Service Commission

Company: Utilities, Inc. of Florida
Docket No.: 20200139-WS
Schedule Year Ended: December 31, 2019
Interim [] Final [x]
Historic [x] or Projected []

Schedule: B-2
Page 1 of 1
Preparer: Deborah D. Swain

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	20,840,529	(542,344)	20,298,186	6,529,383	(A) 26,827,569	B-4, B-3
2							
3	Operation & Maintenance	10,494,286	575,233	11,069,519		(B) 11,069,519	B-6, B-3
4							
5	Depreciation, net of CIAC Amort.	3,773,374	870,142	4,643,516		(C) 4,643,516	B-14, B-3
6							
7	Amortization	-	110,166	110,166	-	(D) 110,166	
8							
9	Taxes Other Than Income	1,872,394	323,982	2,196,376	293,822	(E) 2,490,198	B-15, B-3
10							
11	Provision for Income Taxes	(484,700)	472,471	(12,229)	1,446,174	(F) 1,433,945	C-1, C-2, B-3
12							
13	OPERATING EXPENSES	15,655,353	2,351,994	18,007,347	1,739,996	19,747,343	
14							
15	NET OPERATING INCOME	5,185,176	(2,894,338)	2,290,839	4,789,387	7,080,225	
16							
17							
18	RATE BASE	60,933,793	28,813,386	89,747,179		89,747,179	
19							
20							
21	RATE OF RETURN	8.51 %		2.55 %		7.889 %	

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. 20200139-WS

DATED: November 20, 2020

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the testimony of Debra Dobiac on behalf of the staff of the Florida Public Service Commission was electronically filed with the Office of Commission Clerk, Florida Public Service Commission, and copies were furnished by electronic mail to the following on this 20th day of November, 2020.

Martin S. Friedman
Dean Mead Law Firm
420 S. Orange Ave., Suite 700
Orlando, Florida 32801
mfriedman@deanmead.com

J.R. Kelly
Stephanie Morse
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee FL 32399-1400
kelly.jr@leg.state.fl.us
morse.stephanie@leg.state.fl.us

Patrick C. Flynn
Utilities, Inc. of Florida
200 Weathersfield Avenue
Altamonte Springs, Florida 32714-4027
pcflyn@uiwater.com
jdeason@uiwater.com

/s/ Walt Trierweiler

WALT TRIERWEILER
SENIOR ATTORNEY

FLORIDA PUBLIC SERVICE COMMISSION
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Telephone: (850) 413-6199
wtrierwe@psc.state.fl.us