

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for establishment of  
wastewater AFPI charges in Lake County by  
Utilities, Inc. of Florida

Docket No. 2021\_\_\_\_ - SU

**APPLICATION FOR ESTABLISHMENT OF AFPI CHARGES**

Applicant, UTILITIES, INC. OF FLORIDA (“UIF” or “Utility”), by and through its undersigned attorneys and pursuant to Section 367.101, Florida Statutes, and Rule 25-30.434, Florida Administrative Code, files this Application for establishment of wastewater AFPI charges in Lake County, Florida.

Preliminary Matters

1. The following information is provided pursuant to Rule 25-30.434, Florida Administrative Code:

(a) (i) The name of the Utility and its mailing address is:

Utilities, Inc. of Florida  
500 West Monroe Street, Suite 3600  
Chicago, IL 60061

(ii) The address of the Florida office is:

Utilities, Inc. of Florida  
200 Weathersfield Avenue  
Altamonte Springs, FL 32714-4099

(iii) The name and address of the person authorized to receive notices

and communications in respect to this Application is:

Martin S. Friedman, Esquire  
DEAN MEAD  
420 South Orange Ave., Suite 700  
Orlando, FL 32801  
Direct Telephone: (407) 310-2077  
Fax: (407) 423-1831  
mfriedman@deanmead.com

(b)(i) The Utility does not have a business office in Lake County, and will place a copy of the Application at the following library, which is the most convenient library to the respective service area:

Cooper Memorial Library  
2525 Oakley Seaver Drive  
Clermont, FL 34711  
Monday – Thursday: 9:00 a.m. to 7:00 p.m.  
Friday – Saturday: 9:00 a.m. to 1:00 p.m.  
Sunday: (Closed)

(b)(ii) UIF will publish a Notice, once it is approved by the staff, in a newspaper of general circulation in Lake County and will file the Affidavit of Publication as Late Filed Exhibit “A”.

(b)(iii) UIF will mail a copy of the approved Notice to all persons in the service area who have filed a written request for service or who has been provided a written estimate for service within the past 12 months and will file an Affidavit of Mailing as Late Filed Exhibit “B”.

(c) The last Orders that established rates and service availability charges for the affected system are: The last Order that established AFPI charges for the UIF LUSI wastewater system was Order No. PSC-2020-0072-TRF-WS, issued March 11, 2020, and for rates it was Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021.

(d) The AFPI Charges are set forth in the financial schedules attached hereto as Exhibit “C” and are calculated for one ERC on a monthly basis up to the time the WWTP reaches design capacity.

(e) UIF is requesting the wastewater AFPI Charge as the result of the Commission finding in Order No. PSC-2021-0206-FOF-WS, that the wastewater system was less than 100% used & useful.

(f) The dollar amount of the non-used and useful plant and the accumulated depreciation was determined from the findings in the just completed rate case. The net of these two amounts shall be considered the cost of qualifying assets and is set forth in the schedules attached hereto as Exhibit “C”.

(g) The plant capacity related to the system in (f) above and the methodology used to determine the amount is set forth in the schedules attached hereto as Exhibit “C”.

(h) The number of future customers in number of ERCs related to the non-used and useful plant is set forth in the schedules attached hereto as Exhibit “C”.

(i) The amount of depreciation expense and composite depreciation rate related to the non-used and useful plant is set forth in the schedules attached hereto as Exhibit “C”.

(j) The overall rate of return requested for the AFPI charge and the workpapers supporting the calculation is set forth in the schedules attached hereto as Exhibit “C”.

(k) The last authorized rate of return on equity is 9.75% established in Docket Number 20200139-WS, which resulted in Order No. PSC-2021-0206-FOF-WS.

(l) The state and federal income tax rates requested for calculating the AFPI charge are 21% and 5.5% respectively.

(m) There are no other costs such as non-used and useful property taxes and operation and maintenance expenses removed in the last rate case that need to be removed.

(n) The test year to be used in the calculation, the month that the utility expects the charge to go into effect and the number of years the utility expects to collect the charge is set forth in the schedules attached hereto as Exhibit “C”. The AFPI should remain in effect until the total future ERCs are connected.

(o) The workpapers and calculations used to develop the proposed AFPI charge is set forth in the schedules attached hereto as Exhibit “C”.

(p) The tariff sheets necessary to incorporate the AFPI charge into the tariff are attached hereto as Exhibit “D”.

(2) The appropriate filing fee of \$2,250.00 (more than 4,000 wastewater ERCs) is being provided by separate letter to the Clerk.

WHEREFORE, UIF requests that the Florida Public Service Commission do the following:

1. Accept jurisdiction of this Application and establish wastewater AFPI Charges consistent with the schedules attached hereto as Exhibit “C”.

2. Provide such other and further relief as is fair, just and equitable.

Respectfully submitted this 24<sup>th</sup> day of June,  
2021, by:

DEAN MEAD  
420 South Orange Ave., Suite 700  
Orlando, FL 32801  
Direct Telephone: (407) 310-2077  
Fax: (407) 423-1831  
mfriedman@deanmead.com

/s/ Martin S. Friedman  
MARTIN S. FRIEDMAN  
For the Firm

**EXHIBIT "A"**

**Affidavit of Publication – to be Late Filed**

**EXHIBIT "B"**

**Affidavit of Mailing – to be Late Filed**

**EXHIBIT “C”**

**Financial Schedules**

**LUSI**





UTILITIES INC. OF FLORIDA - LUSI				SCHEDULE 1-B			
<b>Allowance for Funds Prudently Invested</b> <b>Calculation of Carrying Costs for Each ERC:</b>							
Cost of Quailfying Assets:	\$	2,852,617	Annual Depreciation Expense:	\$	127,500		
Divided By Future ERC:		1,144	Future ERC's:		1,144		
		-----			-----		
Cost/ERC:	\$	2,494.09	Annual Depr. Cost per ERC:	\$	111.48		
Multiply By Rate of Return:		6.95%					
		-----					
Annual Return Per ERC:	\$	173.43	Annual Property Tax Expense:	\$	455		
Annual Reduction in Return:	\$	7.75	Future ERC's:		1,144		
(Annual Depreciation Expense			Annual Prop. Tax per ERC:	\$	0.40		
per ERC Times Rate of Return)					-----		
Federal Tax Rate:		21.00%	Weighted Cost of Equity:		4.37%		
Effective State Tax Rate:		4.35%	Divided by Rate of Return:		6.95%		
		-----			-----		
Total Tax Rate:		25.35%	% of Equity in Return:		62.89%		
		-----			-----		
Effective Tax on Return:		15.94%	Other Costs:	\$	0		
(Equity % Times Tax Rate)			Future ERC's:		1,144		
					-----		
Provision For Tax:		21.35%	Cost per ERC:	\$	0.00		
(Tax on Return/(1-Total Tax Rate))					-----		

UTILITIES INC. OF FLORIDA - LUSI						SCHEDULE 1-C					
<b>Allowance for Funds Prudently Invested</b>											
<b>Calculation Of Carrying Costs Per ERC Per Year</b>											
		2020	2021	2022	2023	2024					
		----	----	----	----	----					
Unfunded Other Costs:	\$	0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00					
Unfunded Annual Depreciation:		111.48	111.48	111.48	111.48	111.48					
Unfunded Property Tax:		0.40	0.40	0.40	0.40	0.40					
Subtotal Unfunded Annual Expense:	\$	111.87	\$ 111.87	\$ 111.87	\$ 111.87	\$ 111.87					
Unfunded Expenses Prior Year:		0.00	111.87	223.75	335.62	447.49					
<b>Total Unfunded Expenses:</b>	<b>\$</b>	<b>111.87</b>	<b>\$ 223.75</b>	<b>\$ 335.62</b>	<b>\$ 447.49</b>	<b>\$ 559.37</b>					
Return on Expenses Current Year:		7.78	7.78	7.78	7.78	7.78					
Return on Expenses Prior Year:		0.00	7.78	15.56	23.34	31.12					
Return on Plant Current Year:		173.43	165.68	157.93	150.18	142.43					
Earnings Prior Year:		0.00	173.43	358.95	557.40	769.68					
Compound Earnings from Prior Year:		0.00	12.06	24.96	38.76	53.52					
Total Compounded Earnings:	\$	173.43	\$ 358.95	557.40	769.68	996.75					
Earnings Expansion Factor for Tax:		1.21	1.21	1.21	1.21	1.21					
Revenue Required to Fund Earnings:	\$	210.46	\$ 435.58	\$ 676.41	\$ 934.01	\$ 1,209.56					
Revenue Required to Fund Expenses:		111.87	223.75	335.62	447.49	559.37					
Subtotal:	\$	322.33	\$ 659.33	\$ 1,012.03	\$ 1,381.50	\$ 1,768.93					
Divided by Factor for Regulatory Assessment Fee		0.955	0.955	0.955	0.955	0.955					
<b>ERC Carrying Cost for 1 Year:</b>	<b>\$</b>	<b>337.52</b>	<b>\$ 690.40</b>	<b>\$ 1,059.72</b>	<b>\$ 1,446.60</b>	<b>\$ 1,852.28</b>					



**EXHIBIT “D”**

**Tariff Sheet**

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

Formerly Lake Utility Services, Inc.  
Lake County

An Allowance for Funds Prudently Invested (AFPI) charge is a mechanism which allows a utility the opportunity to earn a fair rate of return on prudently constructed plant held for future use from the future customers to be served by that plant in the form of a charge paid by those customers.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
January	\$ 28.13	366.92	721.18	1,091.96	1,480.41
February	\$ 56.25	396.33	751.95	1,124.20	1,514.21
March	\$ 84.38	425.74	782.73	1,156.44	1,548.02
April	\$ 112.51	455.14	813.51	1,188.68	1,581.83
May	\$ 140.63	484.55	844.28	1,220.92	1,615.63
June	168.76	513.96	875.06	1,253.16	1,649.44
July	196.88	543.37	905.84	1,285.40	1,683.25
August	225.01	572.77	936.61	1,317.64	1,717.06
September	253.14	602.18	967.39	1,349.88	1,750.86
October	281.26	631.59	998.16	1,382.12	1,784.67
November	309.39	660.99	1,028.94	1,414.36	1,818.48
December	337.52	690.40	1,059.72	1,446.60	1,852.28

The approved AFPI charges, which are based on one equivalent residential connection (ERC), will be collected from 1,144 additional ERCs as of December 31, 2019. The amount of the charge will be based on the month in which the connection to the utility is made. If by December 31, 2024, any number of ERCs remain unconnected, the remaining ERCs shall be charged the constant maximum charge of \$1,852.28 until all 1,144 additional ERCs are connected, after which the charge will cease.

EFFECTIVE DATE –

TYPE OF FILING – Limited Proceeding

GARY RUDKIN  
ISSUING OFFICER

PRESIDENT  
TITLE