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CHRIS SPROWLS
*Speaker of the House of
Representatives*

August 26, 2021

Bianca Lherisson
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850

Re: Dockets 20210093-WS, 20210095-WU and 20210133-SU.

Dear Ms. Lherisson,

As you are aware, the Office of Public Counsel has intervened in Dockets 20210093-WS, 20210095-WU and 20210133-SU which involve transfers of water and wastewater utilities to Central States Water Resources (CSWR). Each docket includes a request for a substantial positive acquisition adjustment. On August 25, 2021, CSWR filed their Notice of Filing Affidavits of Mailing and Publication in Docket 20210095-WU; In re: Application for transfer of water facilities of Sunshine Utilities of Central Florida, Inc. ["Sunshine"] and Water Certificate No. 363-W to CSWR-Florida Utility Operating Company, LLC, in Marion County. The OPC did not have the opportunity to review this notice as an official party prior to mailing or publication, and upon review, we feel that the notice is insufficient and misleading.

The notice sent to current customers of Sunshine Utilities of Central Florida, Inc. states "Central States Water Resources is not requesting a change to rates...your current rates will not be affected by this transfer." While it may be true that rates will not immediately change upon the Commission granting the transfer to CSWR, it is extremely misleading to customers to state that this application for transfer will not affect their rates. Based on the 2020 Net Book Value of \$233,023 and the purchase price of \$6 million, CSWR is affirmatively requesting an acquisition adjustment of \$5,766,977 in this docket. (See attached exhibit) Whether or not the Commission grants this acquisition adjustment will be decided in this case. If the requested acquisition adjustment is approved, it will have a threefold impact on customer's rates as 1) the amount will be included in rate base, 2) the company will earn a return on this significantly higher rate base, and 3) the acquisition adjustment will be amortized and collected from customers over some period of time. With regard to Sunshine for example, assuming a 20-year amortization period and 100% equity ratio applied to the FPSC leverage graph, the OPC estimates that the acquisition adjustment alone would lead to an 82% increase in customer's rates. This does not even account for the

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purchaser's suggestion to complete nearly \$3.5 million worth of upgrades to Sunshine as reflected in the application.

Considering CSWR's request for such an unprecedented positive acquisition adjustment, if customers want to be meaningfully engaged in how much their rates will increase due to this transfer then they must be accurately informed of the decisions to be made in this docket. CSWR's notice is inadequate to inform customers of the magnitude of the future potential rate increase arising from the Commission's actions in this case. The Office of Public Counsel urges the Commission to require CSWR to amend and republish their notice to properly explain what is being requested in this case. Likewise, we respectfully request that as the Commission reviews the notices for Dockets 20210093-WS and 20210133-SU that this misleading phrasing be replaced with a more accurate explanation of what is at stake in these cases. The purpose of the notice is to inform customers of the nature of the request and how it may impact them and the notice filed in Docket 20210095-WU is antithetical this goal.

Sincerely,

s/Anastacia Pirrello

Anastacia Pirrello

Associate Public Counsel

Based on filed 2020 FPSC Annual Report

	Sunshine
Purchase Price	\$ 6,000,000
2020 Rate Base	<u>233,023</u>
Acquisition Adjustment	\$ 5,766,977
x ROR based on Blue Grass case*	<u>0.0785</u>
Revenue Requirement	\$ 452,708
x Revenue Expansion Factor	<u>1.3941</u>
Revenue Requirement for Acq. Adj.	\$ 631,120
Amortization of Acq. Adj. **	<u>301,325</u>
Total revenue need	\$ 932,444
2020 Operating Revenues from AR	<u>1,137,310</u>
Percentage increase in Revenue	<u><u>82.0%</u></u>

* Based on 100% equity ratio per Kentucky Order applied to FPSC leverage graph

** Based on 20 year amortization period

	Sunshine
Purchase Price	\$ 6,000,000
2020 Rate Base	<u>233,023</u>
Acquisition Adjustment	\$ 5,766,977
Equity portion revenue req. **	\$ 387,918
Debt portion revenue requirement	<u>\$ 180,795</u>
Acquisition adjustment RB Rev. Req.	\$ 568,712
Amortization of Acq. Adj. **	<u>301,325</u>
Total revenue need	\$ 870,037
2020 Operating Revenues from AR	<u>1,137,310</u>
Percentage increase in Revenue	<u><u>76.5%</u></u>

* Based on 50% hypothetical equity ratio per Kentucky Order applied to FPSC leverage graph of 9.65%

** Based on 20 year amortization period