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November 9, 2023
via efileing

Adam Teitzman, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 20230123-WS: In re: Proposed Rule 25-30.0372, F.A.C., Alternative
Procedure for Establishing Rate Base Value of Acquired Utility System

Dear Mr. Teitzman:

Attached are the pre-workshop comments of Sunshine Water Services to the staff's proposed Rule 25-30.0372, F.A.C. We look forward to working with the staff to implement Section 367.0811, Florida Statutes.

Should you or Staff have any questions regarding these comments please do not hesitate to contact me.

Very truly yours,

/s/ Martin S. Friedman
Martin Friedman

MSF:

SUNSHINE WATER SERVICES'
PRE-WORKSHOP COMMENTS ON DRAFT
ALTERNATIVE RATE BASE VALUE RULE

Sunshine Water Services looks forward to a fruitful workshop for rulemaking to implement the recently enacted Alternative Rate Base Value Legislation (codified as Section 367.0811, Florida Statutes). In an effort to engage in meaningful discussion at the workshop and to expedite the rulemaking process, SWS offers the following initial comments.

(1)(a)1. – this provision defines a Licensed Appraiser as requiring specific certification credentials. It is unclear if the credential criteria is unnecessarily narrow and sufficient comfort can be attained without deference to such specific memberships or designations. It should be noted that no other state with similar legislation or rules requires these certifications or designations.

(3)(a) – this provision requires the engineering assessment to “include impacts on the quality of product.” This additional requirement improperly exceeds the requirements set forth in the statute. An assessment involves the evaluation of the condition of a system’s assets, not predicting the impacts or analyzing water or effluent quality. This heightened standard of evaluation may exceed the qualifications or resources of the engineer performing the assessment, adding materially to the cost and time to perform the analysis.

(4)(a) - this provision seems to require that the Petition be filed after approval of the transfer, and not as a part of the transfer application, or simultaneously with the transfer application. There are commonly situations where the purchase will be contingent upon approval of an alternative rate base valuation. In many cases, Further, the date of the completed Petition should be the date the completed Petition is filed, and not some future arbitrary date when the staff get around to notifying the utility that its Petition is complete. The process used in rate cases for determining the official date of filing should be used.

(4)(b) – the required use of the CPVRR restricts the Commission’s flexibility to address the nuances of particular situations as not all acquisitions will be identical. Contrast this with the draft revisions to the Acquisition Adjustment Rule that has the CPVRR as an option and not a requirement, and Staff has acknowledged potentially significant modification may be needed to this template.

(4)(e) – the definition of “significant individual increase in rates” being tied to the price index is not practical. There are many factors potentially driving whether the 5-year projected rate impact period may exceed current rates, such as time since the last late case, whether significant capital investment is needed for proper service, rate consolidation strategies, and whether the selling utility afforded itself of index and pass-through rate increases. Virtually every purchase would meet this threshold, and the index could conceivably be vanishingly small or even negative.