

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. 160101-WS

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PREHEARING STATEMENT OF UTILITIES, INC. OF FLORIDA

Pursuant to the Order Establishing Procedure, Order No. PSC-16-0558-PCO-WS issued December 14, 2017, as amended, Utilities, Inc. of Florida (“UIF”), by and through its undersigned counsel, files its Prehearing Statement as follows:

A. All Known Witnesses

UIF relies on the prefiled testimony of and intends to call the following witnesses in its direct and rebuttal case:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues Numbers</u>
<u>Direct</u>		
John F. Guastella	Rate Design	61 – 65, 68
Jared Deason	Allocation Manual and Operating Agreement	3, 5, 33, 66, 69
Deborah D. Swain	All financial matters	4, 6, 7, 8, 18-25, 29-32, 49, 54, 55, 56, 58, 59
Frank Seidman	Used and Useful	11-17
Patrick C. Flynn	Operations & Pro Forma expenses and projects	3, 9, 12, 37-49, 51, 57
John P. Hoy	Executive level matters	3, 27, 28
<u>Rebuttal</u>		
Jared Deason	Rate Case Expense and Audit Responses	3, 5, 33, 66, 69

Deborah D. Swain	All financial matters	4, 6, 7, 8, 18-25, 29-32, 49, 54, 55, 56, 58, 59
Frank Seidman	Used & Useful	11-17
Patrick C. Flynn	Operations & Pro Forma expenses and projects	3, 9, 12, 37-49, 51, 57
John P. Hoy	Executive level matters	3, 27, 28

UIF reserves the right to present additional witnesses to address issues which have not been previously raised by the parties, the Commission Staff, or the Commissioners.

B. All Known Exhibits

UIF has identified and intends to sponsor the following exhibits:

<u>Witness</u>	<u>Proffered By</u>	<u>Exhibit No.</u>	<u>Description</u>
<u>Direct</u>			
John F. Guastella	UIF	JFG-1	Statement of Qualifications
John F. Guastella	UIF	JFG-2	Water Rate Design
John F. Guastella	UIF	JFG-3	Wastewater Rate Design
John F. Guastella	UIF	JFG-4	Water Rate Comparisons
John F. Guastella	UIF	JFG-5	Wastewater Rate Comparisons
Jared Deason	UIF	JD-1	Billing Analysis
Jared Deason	UIF	JD-2	Allocation Manuals
Jared Deason	UIF	JD-3	WMS Operating Agreement
Deborah D. Swain	UIF	DDS-1	MFRs – Financial, Rate & Engineering (except F Schedules)
Deborah D. Swain	UIF	DDS-2	Reconciliation Schedules
Frank Seidman	UIF	FS-1	Curriculum Vitae
Frank Seidman	UIF	FS-2	Summary of Used & Useful & F Schedules
Patrick C. Flynn	UIF	PCF-1	Cypress Lakes WTP Hydro Tank #1 Proforma
Patrick C. Flynn	UIF	PCF-2	Cypress Lakes Sediment Removal Proforma

Patrick C. Flynn	UIF	PCF-3	Eagle Ridge WWTP EQ Tank & Headworks Proforma
Patrick C. Flynn	UIF	PCF-4	Labrador WWTP Sediment Removal Proforma
Patrick C. Flynn	UIF	PCF-5	LUSI - Lake Groves Sludge Dewatering Equipment Proforma
Patrick C. Flynn	UIF	PCF-5a	LUSI - Lake Groves Sludge Dewatering Equipment Proforma
Patrick C. Flynn	UIF	PCF-6	LUSI - Oswalt Road Water Main Relocation Proforma
Patrick C. Flynn	UIF	PCF-7	LUSI - SCADA System Proforma
Patrick C. Flynn	UIF	PCF-8	LUSI - TTHM & HAA5 Study Proforma
Patrick C. Flynn	UIF	PCF-9	LUSI – Engineering TTHM & HAA5 Remediation Proforma
Patrick C. Flynn	UIF	PCF-10	LUSI – US 27 Utility Relocations Proforma
Patrick C. Flynn	UIF	PCF-11	Longwood – Church Avenue Utility Relocations Proforma
Patrick C. Flynn	UIF	PCF-12	Longwood Groves – I&I Study Proforma
Patrick C. Flynn	UIF	PCF-13	Longwood Groves - I&I Remediation Proforma
Patrick C. Flynn	UIF	PCF-14	Mid-County Electrical Improvements and Generator Replacement Proforma
Patrick C. Flynn	UIF	PCF-15	Mid-County Field Office Proforma
Patrick C. Flynn	UIF	PCF-16	Mid-County Flow Study Proforma
Patrick C. Flynn	UIF	PCF-17	Mid-County Excess I&I Remediation Proforma
Patrick C. Flynn	UIF	PCF-18	Mid-County Methanol Pumps and In-Line Nutrient Analyzers Proforma
Patrick C. Flynn	UIF	PCF-19	Mid-County US Highway 19 Utility Relocation Proforma
Patrick C. Flynn	UIF	PCF-20	Pennbrooke WTP Electrical Improvements Proforma
Patrick C. Flynn	UIF	PCF-21	Sandalhaven – Placida Road Utility Relocation Proforma
Patrick C. Flynn	UIF	PCF-22	Sanlando – Autumn Drive WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-23	Sanlando – Lift Station RTU Installation Proforma
Patrick C. Flynn	UIF	PCF-24	Sanlando – Markham Wood Utility Relocates Proforma
Patrick C. Flynn	UIF	PCF-25	Sanlando – Myrtle Lake Hills Water Mains Proforma
Patrick C. Flynn	UIF	PCF-26	Sanlando –Inflow & Infiltration Study and Remediation, Phase 2 Proforma

Patrick C. Flynn	UIF	PCF-27	Sanlando – Shadow Hills Flow Diversion Proforma
Patrick C. Flynn	UIF	PCF-28	Sanlando – Wekiva WWTP Blower Replacement Proforma
Patrick C. Flynn	UIF	PCF-29	Sanlando – Well 2A and Lift Station A-1 Electrical Improvements & Generator Install Proforma
Patrick C. Flynn	UIF	PCF-30	Sanlando – Wekiva WWTP Rehabilitation Proforma
Patrick C. Flynn	UIF	PCF-31	Tierra Verde - 401 8 th Avenue Gravity Sewer Main Replacement, Phase 2 Proforma
Patrick C. Flynn	UIF	PCF-32	UIF – WM Replacements, Orange Co Proforma
Patrick C. Flynn	UIF	PCF-33	UIF – WM Replacements, Pasco Co Proforma
Patrick C. Flynn	UIF	PCF-34	UIF – Summertree Well Abandonment Proforma
Patrick C. Flynn	UIF	PCF-35	UIF – Summertree Well Abandonment Proforma
Patrick C. Flynn	UIF	PCF-36	UIF – Electrical improvements at Little Wekiva and Jansen WTPs Proforma
Patrick C. Flynn	UIF	PCF-37	UIF – Eng-Seminole & Orange County WM Replacements Proforma
Patrick C. Flynn	UIF	PCF-38	UIF – Bear Lake WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-39	UIF – Crystal Lake WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-40	UIF – Little Wekiva WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-41	UIF – Northwestern FM Replacement Proforma
Patrick C. Flynn	UIF	PCF-42	UIF – Oakland Shores WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-43	UIF – Phillips WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-44	UIF – Ravenna Park WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-45	UIF – Ravenna Park/Crystal Lake Interconnect and WTP Improvements Proforma
Patrick C. Flynn	UIF	PCF-46	C4500 Kodiak Truck Upgrade Proforma
Patrick C. Flynn	UIF	PCF-47	UIF Global - GIS Mapping Services Proforma
<u>Rebuttal</u>			
Jared Deason	UIF	JD-4	Updated Rate Case Expense
Deborah D. Swain	UIF	DDS-3	Summary of Adjustments
Deborah D. Swain	UIF	DDS-4	Journal Entry Writing Off Accrued Federal Income Taxes
Patrick C. Flynn	UIF	PCF-1 Updated	Cypress Lakes WTP Hydro Tank #1 Proforma

Patrick C. Flynn	UIF	PCF-2 Updated	Cypress Lakes Sediment Removal Proforma
Patrick C. Flynn	UIF	PCF-3 Updated	Eagle Ridge WWTP EQ Tank & Headworks Proforma
Patrick C. Flynn	UIF	PCF-4 Updated	Labrador WWTP Sediment Removal Proforma
Patrick C. Flynn	UIF	PCF-5 Updated	LUSI - Lake Groves Sludge Dewatering Equipment Proforma
Patrick C. Flynn	UIF	PCF-6 Updated	LUSI - Oswalt Road Water Main Relocation Proforma
Patrick C. Flynn	UIF	PCF-9 Updated	LUSI – Engineering TTHM & HAA5 Remediation Proforma
Patrick C. Flynn	UIF	PCF-10	LUSI – US 27 Utility Relocations Proforma
Patrick C. Flynn	UIF	PCF-10a	LUSI – US 27 Utility Relocations Proforma
Patrick C. Flynn	UIF	PCF-11 Updated	Longwood – Church Avenue Utility Relocations Proforma
Patrick C. Flynn	UIF	PCF-12 Updated	Longwood Groves – I&I Study Proforma
Patrick C. Flynn	UIF	PCF-13 Updated	Longwood Groves - I&I Remediation Proforma
Patrick C. Flynn	UIF	PCF-14 Updated	Mid-County Electrical Improvements and Generator Replacement Proforma
Patrick C. Flynn	UIF	PCF-16 Updated	Mid-County Flow Study Proforma
Patrick C. Flynn	UIF	PCF-17 Updated	Mid-County Excess I&I Remediation Proforma
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Patrick C. Flynn	UIF	PCF-32 Updated	UIF – WM Replacements, Orange Co Proforma
Patrick C. Flynn	UIF	PCF-33 Updated	UIF – WM Replacements, Pasco Co Proforma
Patrick C. Flynn	UIF	PCF-34 Updated	UIF – Summertree Well Abandonment Proforma
Patrick C. Flynn	UIF	PCF-35 Updated	UIF – Summertree Well Abandonment Proforma
Patrick C. Flynn	UIF	PCF-36 Updated	UIF – Electrical improvements at Little Wekiva and Jansen WTPs Proforma
Patrick C. Flynn	UIF	PCF-37 Updated	UIF – Eng-Seminole & Orange County WM Replacements Proforma
Patrick C. Flynn	UIF	PCF-38 Updated	UIF – Bear Lake WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-39 Updated	UIF – Crystal Lake WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-40 Updated	UIF – Little Wekiva WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-41 Updated	UIF – Northwestern FM Replacement Proforma
Patrick C. Flynn	UIF	PCF-42 Updated	UIF – Oakland Shores WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-43 Updated	UIF – Phillips WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-44	UIF – Ravenna Park WM Replacement Proforma
Patrick C. Flynn	UIF	PCF-47 Updated	UIF Global - GIS Mapping Services Proforma
Patrick C. Flynn	UIF	PCF-48	Duke Energy Non-Recurring Interruptible
Patrick C. Flynn	UIF	PCF-49	SECO Non-Recurring Interruptible

Patrick C. Flynn	UIF	PCF-50	Operations Management System Proforma
Patrick C. Flynn	UIF	PCF-51	Proforma Project Roster

UIF may utilize other documents as exhibits at the time of hearing, either during cross examination or as further impeachment or rebuttal exhibits, and the precise identification of such documents cannot be determined at this time.

C. Statement of UIF’s Basic Position

In order to allow UIF recover its reasonable and prudent expenses, including proforma expenses, and to have an opportunity to earn a reasonable return on its property used and useful in the public service, including proforma projects, it is entitled to annual revenues in the amount of \$ 36,916,618. UIF’s positions below are subject to change based upon discovery responses, depositions and evidence presented at the final hearing.

D. Questions of Fact that UIF Considers at Issue, the Position on Each, and the Witness Testifying on Each Issue

Policy Issues

***Contested* Issue 1:** What effect, if any, should any changes to Federal Corporate Income Tax Rates in Federal Tax Code made before December 31, 2017, have on customer rates approved by the Commission on July 12, 2017?

Issue 2: Dropped.

Quality of Service

Issue 3: Is the overall quality of service provided by the Utility satisfactory, and, if not, what systems have quality of service issues and what action should be taken by the Commission?

Position: The quality of service is satisfactory for all systems. (Hoy, Flynn and Deason)

Allocation Threshold Issue

Issue 4: What is the total ERCs applicable to Florida, by county, and by system as of December 31, 2015, for allocation purposes? (Swain)

Position:

ALLOCATION	Water	Sewer	Total
Tierra Verde	-	2,095.2	2,095.2
Lake Placid	141.1	143.1	284.2
Longwood	-	1,695.5	1,695.5
Cypress Lakes	1,266.3	1,204.5	2,470.8
Eagle Ridge	-	2,527.6	2,527.6
Mid-County	-	5,622.2	5,622.2
LUSI	11,739.9	3,630.8	15,370.7
UIF	6,870.4	2,796.1	9,666.5
Sanlando	13,853.9	11,145.7	24,999.6
Sandalhaven		1,229.0	1,229.0
Labrador	762.7	756.7	1,519.4
Pennbrooke	1,488.0	1,240.0	2,728.0
	36,122.3	34,086.4	70,208.7

Rate Base

Issue 5: What adjustments, if any, should be made to account for the audit adjustments related to rate base? (Potential Stipulated Issue)

Position: Adjustments should be made for Audit Findings 1, 2, 4, 5, 9, 10. (Deason)

Issue 6: What are the appropriate amounts of regulatory assets for each system that is associated with the Utility’s Project Phoenix Financial/Customer Care Billing System? (Swain)

Position:

Tierre Verde	34,335
Lake Placid	4,374
Longwood	28,159
Cypress Lakes	39,845
Eagle Ridege	41,269
Mid County	55,006
LUSI	242,689
UIF	155,749
Sanlando	348,869
Sandalhaven	19,946
Labrador	24,921
Pennbooke	44,480

Issue 7: Should any adjustments be made to test year plant-in-service balances?

Position: Adjustments as set forth in the MFRs. (Swain)

Issue 8: What adjustments, if any, need to be made to rate base to appropriately reflect the impacts of the abandonment and decommissioning of the Summertree water supply assets?

Position: As set forth in Exhibit DDS-3. (Swain)

Issue 9: Should adjustments be made to the Utility's pro forma plant additions? (Potential Partial Stipulations on certain projects)

Position: Yes, adjustments should be made to each pro forma plant addition where the expenditures differ from the amounts identified in the MFR's. The final amount is \$36,850,000. (Flynn)

Issue 10: What are the appropriate plant retirements to be made in this docket?

Position: As set forth in Exhibit DDS-3.

OPC New Issue 10A: How should retirements associated with plant additions be recorded on the books? (Staff believes OPC's Issue 10A are subsumed in Staff's Issue 10.)

OPC New Issue 10B: What should be done on a case-by-case basis in situations in which there is a substantial negative accumulated depreciation balance? (Staff believes the concerns in this issue can be addressed in totality in Issues 5 and 18.)

Issue 11: Do any water systems have excessive unaccounted for water and, if so, what systems and what adjustments are necessary, if any? (Potential Partial Stipulations on certain systems)

Position: With the exception of the UIF Seminole – Ravenna Park et al, the adjustments contained in Witness Woodcock's testimony are agreed to. No adjustment is warranted in Ravenna Park. (Seidman)

Issue 12: Do any wastewater systems have excessive infiltration and/or inflow and, if so, what systems and what adjustments are necessary, if any? (Potential Partial Stipulations on certain systems)

Position: The UIF Pasco – Wis Bar system warrants an adjustment of 8.37%. The adjustment in Sandalhaven should be 1.76%. The adjustment in UIF Seminole Lincoln Heights should be 32.62%. (Seidman)

Issue 13: What are the appropriate used and useful percentages for the water treatment and related facilities of each water system? (Potential Partial Stipulations on certain systems)

Position: All water treatment and related facilities are 100% used and useful. (Seidman)

Issue 14: What are the appropriate used and useful percentages for the water storage and related facilities of each water system? (Potential Partial Stipulations on certain systems)

Position: All water storage and related facilities are 100% used and useful. (Seidman)

Issue 15: What are the appropriate used and useful percentages for the water distribution and related facilities of each water system? (Potential Partial Stipulations on certain systems)

Position: All water distribution and related facilities are 100% used and useful. (Seidman)

Issue 16: What are the appropriate used and useful percentages for the wastewater treatment and related facilities of each wastewater system? (Potential Partial Stipulations on certain systems)

Position: The useful adjustment in LUSI should be 59%, not 53%. No adjustment is appropriate with regard to Mid-County, Lake Placid, Labrador, Eagle Ridge, or Crownwood treatment plants. In Sandalhaven, the used and useful percentage of purchased capacity should be 99%, the force main, master lift station structure, and the pumping equipment should be 100%. (Seidman)

Issue 17: What are the appropriate used and useful percentages for the collection lines and related facilities of each wastewater system? (Potential Partial Stipulations on certain systems)

Position: All collection lines are 100% used and useful. (Seidman)

Issue 18: Should any adjustments be made to test year accumulated depreciation?

Position: Adjustments as set forth in the MFRs. (Swain)

Issue 19: Should any adjustments be made to test year CIAC balances?

Position: Adjustments as set forth in the MFRs. (Swain)

Issue 20: Should any adjustments be made to test year accumulated amortization of CIAC?

Position: Adjustments as set forth in the MFRs. (Swain)

Issue 21: What is the appropriate working capital allowance?

Position: \$5,500,064. (Swain)

Issue 22: What is the appropriate rate base for the adjusted December 31, 2015, test year?

Position: \$115,113,912. (Swain)

Cost of Capital

Issue 23: Should any adjustments be made to Deferred Tax Debits – Tap Fees Post 2000 included in the Accumulated Deferred Income Tax balance?

Position: Yes, with regard to the LUSI system as set forth in Exhibit DDS-3. (Swain)

Issue 24: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?

Position: \$10,544,079. (Swain)

Issue 25: What is the appropriate amount of customer deposits to include in the capital structure?

Position: \$232,022. (Swain)

Issue 26: What is the appropriate cost rate for customer deposits for the test year? (Potential Stipulated Issue)

Position: The appropriate cost rate for customer deposits is 2% for residential deposits and 3% for nonresidential deposits.

Issue 27: What is the appropriate cost rate for short-term debt for the test year? (Potential Stipulated Issue)

Position: 2.32% (Hoy)

Issue 28: What is the appropriate cost rate for long-term debt for the test year? (Potential Stipulated Issue)

Position: 6.7% (Hoy)

Issue 29: What is the appropriate capital structure to use for rate setting purposes?

Position: The consolidated capital structure. (Swain)

Issue 30: What is the appropriate return on equity (ROE) for rate setting purposes? (Potential Partial Stipulation for use of current leverage formula in effect at the time of the Commission's vote.)

Position: 10.40% (Swain)

Issue 31: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure?

Position: 7.56% (Swain)

Net Operating Income

Issue 32: What are the appropriate test year revenues?

Position: \$28,430,668. (Swain)

Issue 33: What adjustments, if any, should be made to account for the audit adjustments related to net operating income?

Position: Depreciation Exp: \$79,409; O&M expense: \$71,653. (Deason)

Issue 34: Should any adjustment be made to salaries and wages expense?

Position: As set forth in the MFRs. (Flynn)

Issue 35: Should any adjustment be made to employee pensions and benefits expense?

Position: As set forth in the MFRs. (Flynn)

Issue 36: Are the costs allocated from WSC appropriate and reasonable, and are the allocation factors appropriate going forward? (Staff believes this may be subsumed in Issue 4.)

Issue 37: Should any adjustment be made to purchased water expense?

Position: As set forth in the MFRs. (Flynn)

Issue 38: Should any adjustment be made to purchased sewage expense?

Position: As set forth in the MFRs. (Flynn)

Issue 39: Should any adjustment be made to sludge removal expense?

Position: Yes, in LUSI, \$21,000 in annual expense for sludge hauling should be removed reflecting the savings associated with the pro forma project. No adjustment is appropriate in Mid-County. (Flynn)

Issue 40: Should any adjustment be made to purchased power expense?

Position: Yes, in LUSI, purchased power expense should be increased by \$17,840 in water and decreased by \$2,174 in wastewater compared to the test year reflecting the termination of SECO's interruptible power credits program. In Sanlando, purchased power should be increased by \$16,982 in water and \$31,110 in wastewater compared to the test year reflecting the termination of Duke Energy Florida's termination of its interruptible power tariff. In Longwood, purchased power should be increased by \$7,191 compared to the test year reflecting the termination of Duke Energy Florida's interruptible power tariff. (Flynn)

Issue 41: Should any adjustment be made to chemicals expense?

Position: Yes, a decrease of \$7,266 in Eagle Ridge is appropriate. (Flynn)

Issue 42: Should any adjustment be made to materials and supplies expense?

Position: : Per MFRs __, -\$10,000 Water Analysis (Labrador), -22,000 sludge hauling (LUSI), - \$12,999 defer steel tank removal (Sanlando), plus amortization expense \$267,272. (Flynn)

Issue 43: Should any adjustment be made to contractual services – engineering expense?

Position: As set forth in the MFRs. (Flynn)

Issue 44: Should any adjustment be made to contractual services – legal expense? (Flynn)

Position: Yes, an adjustment of \$505 to water and \$501 to wastewater in Labrador is appropriate.

Issue 45: Should any adjustment be made to contractual services – testing expense?

Position: As set forth in the MFRs. (Flynn)

Issue 46: Should any adjustment be made to contractual services – other expense?

Position: Yes, in Labrador, the \$10,000 cost of the Gaydos water quality analysis should be deferred and amortized over five years, not expensed. (Flynn)

Issue 47: Should any adjustment be made to equipment rental expense?

Position: No adjustment is appropriate in Sanlando reflecting the ongoing expense for rental of pumping equipment during and after the test year. (Flynn)

Issue 48: Should any adjustment be made to transportation expense?

Position: Yes, \$5,723 in transportation expense booked to Tierra Verde should be allocated across all Florida systems. (Flynn)

Issue 49: What is the appropriate amount of rate case expense?

Position: Per updated Exhibit JD-4 minus \$274,477 in prior RCE TY amortization. (Flynn)

Issue 50: How should unamortized rate case expense from prior dockets be treated for purposes of determining the revenue requirements in this proceeding?

Position: Add unamortized balance to current RCE.

Issue 51: Should any adjustment be made to miscellaneous expense?

Position: As set forth in the MFRs.

***Contested* Issue 52:** How should the cost savings, if any, resulting from the proposed consolidation of tariffs and accounting records be reflected in rates? (OPC to respond – keep or drop – Receipt of UIF responses to OPC Interrogatories Nos. 285, 286, 287 will aide in the determination)

***Contested* Issue 53:** Should any further adjustments be made to the Utility's test year and pro forma O&M expenses?

Issue 54: Should any adjustments be made to test year depreciation expense?

Position: As set forth in the MFRs, plus corrections for retirements \$112,486, plus for additional proforma plant \$129,665.

Issue 55: Should any adjustments be made to test year amortization of CIAC expense?

Position: As set forth in the MFRs, plus audit adjustment \$68,031.

Issue 56: What adjustments, if any, need to be made to net operating income to appropriately reflect the impacts of the abandonment and decommissioning of the Summertree water supply assets?

Position: As set forth in Exhibit DDS-3.

Issue 57: Did the Company receive any salvage value as a result of decommissioning the Sandalhaven Wastewater Treatment Plant and related assets? If yes, what adjustment should be made to flow the salvage value received to ratepayers? If no, has the Company prudently attempted to recover any value from the decommissioned assets on behalf of ratepayers? (Staff believes this issue is appropriate in the "Net Operating Income" section.)

Position: No adjustment is appropriate because no salvage value was received. The cost of removal was net of any potential salvage

Issue 58: Should any adjustments be made to test year taxes other than income expense?

Position: As set forth in the MFRs.

Revenue Requirement

Issue 59: What is the appropriate revenue requirement for the adjusted December 31, 2015 test year?

Position: \$ 36,916,618.

Rate Structure and Rates

***Contested* Issue 60:** What, if any, limits should be imposed on subsidy values that could result if stand-alone rates are converted to a consolidated rate structure for the water and wastewater systems?

Issue 61: Which water systems, if any, should be consolidated into a single rate structure?

Position: The rates for all water systems should reflect consolidated single tariff pricing. (Guastella)

Issue 62: What are the appropriate rate structures and rates for the water systems?

Position: The proposed rate structure containing the Base Facility Charges and Usage rate tiers should reflect consolidated single tariff pricing for all water systems. (Guastella)

Issue 63: What are the appropriate private fire protection charges? (Potential Stipulated Issue)

Position: The fire protection rate should be established pursuant to Commission Rule 25-30.465. (Guastella)

Issue 64: Which wastewater systems, if any, should be consolidated into a single rate structure?

Position: The rates for all wastewater systems should reflect consolidated single tariff pricing. (Guastella)

Issue 65: What are the appropriate rate structures and rates for the wastewater systems?

Position: The proposed rate structure containing the Base Facility Charges and Usage rate tiers should reflect consolidated single tariff pricing for all wastewater systems. (Guastella)

Other Issues

Issue 66: What are the appropriate miscellaneous service charges?

Position:

	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$36.71	\$45.03
Normal Reconnection Charge	\$36.71	\$45.03
Violation Reconnection Charge -water	\$36.71	\$45.03
Violation Reconnection Charge - wastewater	Actual cost	Actual cost
Premises Visit Charge (In lieu of disconnection)	\$36.71	\$45.03
Late Payment Charge	\$8.84	
NSF Check Charge		Pursuant to Florida Statute 68.065

(Deason)

Issue 67: What is the appropriate late payment charge?

Position: \$8.84 (Deason)

Issue 68: What are the appropriate reuse rates?

Position: As set forth in Exhibit JFG-2. (Guastella)

Issue 69: What are the appropriate customer deposits? (Potential Stipulated Issue)

Position: The amount of customer deposits should be established pursuant to Commission Rule 25-30.311. (Deason)

Issue 70: What are the appropriate meter installation charges? (Potential Stipulated Issue)

Position: The existing meter installation charge would remain in effect.

Issue 71: What are the appropriate customer connection, main extension, plant capacity, and system capacity charges?

Position: The existing customer connection, main extension, plant capacity, and system capacity charges would remain in effect.

Issue 72: What are the appropriate guaranteed revenue charges? (Potential Stipulated Issue)

Position: The existing guaranteed revenue charges would remain in effect.

Issue 73: What are the appropriate Allowance for Funds Prudently Invested (AFPI) charges?

Position: The existing AFPI charges would remain in effect.

Issue 74: In determining whether any portion of the interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Position: Any such refund should be calculated in accordance with Commission Policy; however, no refund in appropriate.

Issue 75: What is the appropriate amount by which rates should be reduced after the established effective date of the approved tariff to reflect the removal of the amortized rate case expense?

Position: None. The unamortized rate case expense should be included with current rate case expense and amortized over 4 years.

Issue 76: What is the appropriate amount and mechanism by which rates should be reduced to reflect the removal of any unamortized rate case expense?

Position: None. The unamortized rate case expense should be included with current rate case expense and amortized over 4 years.

Issue 77: How should the Utility address future index and pass through filings? (OPC and UIF agreed that this issue should be moved to the front of the list as a policy issue. Staff believes this issue should remain in the "Other Issues" section.)

Position: Future index and pass through filings should be done on a utility-wide basis, consistent with single tariff pricing.

Issue 78: How should the Utility's treat its in-state FPSC-regulated accounting, filing, and reporting requirements? (Potential Stipulated Issue)

Position: Such filings should be made on a consolidated basis.

Issue 79: Did the Utility appropriately record the Commission Ordered Adjustments to the books and records? If not, what action, if any, should be taken?

Position: The Utility did substantially comply with booking Commission Ordered Adjustments.

Issue 80: Did the Utility properly provide support to the auditors for pool vehicles and special equipment as well as the calculation for determining transportation expense per vehicle, and payroll schedules by employee to audit staff as in prior rate cases? If not, what action, if any, should be taken?

Position: The Utility provided all documentation requested by the auditors.

Issue 81: Should the Utility be required to notify, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) associated with the Commission approved adjustments? (Potential Stipulated Issue)

Position: Yes.

Issue 82: Should this docket be closed?

Position: Yes

E. Questions of Law that UIF Considers at Issue, the Position on Each, and the Witness Testifying on Each Issue

UIF is not aware of any questions of law not subsumed in the issues above.

F. Questions of Policy that UIF Considers at Issue, the Position on Each, and the Witness Testifying on Each Issue

UIF is not aware of any questions of policy not subsumed in the issues above.

G. Stipulated Issues

The following issues are stipulated:

H. Pending Motions And Other Open Matters

UIF has a pending Motion for Protective Order with regard to certain documents Staff proposes to introduce at the final hearing.

I. Statement Identifying Pending Requests for Confidentiality

UIF is not introducing any confidential documents in this proceeding. However, it appears that Staff will be introducing confidential documents and UIF through a Motion for Protective Order has asserted a claim of confidentiality.

J. Objections to Qualifications of Witnesses

While UIF does not object to the qualifications of the witnesses, it reserves the right to object to any opinions rendered that are beyond the expertise of such witness.

K. Reasons For Non-Compliance With Order (if any)

None known at this time.

Respectfully submitted this 10th day of April, 2017,
by:

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by E-mail to the following parties this 10th day of April, 2017:

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