

Roger Sperling
548 Grand Vista Trail
Leesburg, FL 34748

Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

April 24, 2017

Dear Sir or Madam:

As a homeowner and resident of Pennbrooke and Treasurer of the Pennbrooke Homeowners' Association, Inc. I am opposed to the rate changes proposed in Docket No. 160101-WS. I spoke at the hearing held here in February and provided written record of my remarks at that time. I will not be able to attend the hearing in Tallahassee on May 8, and submit the following in addition to my comments already on the record.

On the matter of the proposed consolidation of rates, I am in strong opposition. Rates are intended to allow utilities a fair return based on the investments they make and their operating costs. The individual water and wastewater plants operated by Utilities, Inc. each have their own specific acquisition and operating costs, and *share no infrastructure*. Setting rates that charge customers of one system for operating costs and investment in another is simply inappropriate. The comparison with electric utilities that have system-wide rates is a comparison of apples and oranges. Electric generating equipment and transmission lines serve all customers across the service area, and these customers properly share the cost. Water and wastewater utility customers benefit only from the facilities of the system that serves them and should pay a fair rate based only on that system. As I noted in my remarks at the February hearing, public water and wastewater utilities, including the City of Leesburg have rate structures that include higher rates for customers further from the plants, recognizing the cost of maintaining connecting infrastructure. Consolidation of Utilities, Inc.'s businesses does not require consolidation of rates. Homeowners at Pennbrooke are largely retired and on fixed income. Increasing their rates for the benefit customers of other systems is just wrong.

Currently at Pennbrooke, wastewater is charged for the first 6000 gallons of water usage each month, and Utilities, Inc. seeks to increase that to 8000 gallons. Results for the test year show 35,915,000 gallons of wastewater treated, which includes wastewater from community buildings and golf facilities billed to commercial customers. There are 1239 homes in the community. At 6000 gallons per month Utilities, Inc. can bill homeowners for 89,208,000 gallons of wastewater a year and in addition bill the Association and Golf Club for commercial wastewater service. The current structure allows Utilities, Inc. to bill for well more than twice the wastewater processed. The rates should be restructured to reduce the number of gallons for which wastewater is billed rather than increase it. A more reasonable number would be 2500 gallons per month which would still more than cover the wastewater in the test year, even without considering the additional commercial wastewater revenues.

An additional argument against rate consolidation is the fact that customer demographics need to be considered when setting wastewater rates. The system at Pennbrooke serves a 55+ community where the average occupancy of a home is less than two persons. Children are not allowed to live here. A community with families where the number of persons per home is greater would naturally consume more water for domestic use and create more wastewater. The monthly gallonage of water use for

which wastewater is billed can not fairly be set if rates are consolidated. This would have retirement communities subsidizing costs for communities that produce more wastewater per household.

In closing, I appreciate the work the PSC does to assure reliable and affordable utilities service for Floridians. I have looked over the filing in this rate case and understand the magnitude of the effort required to make just determinations. Whatever else you may decide, it is vital that the rates for the many individual systems serving Utilities, Inc. customers are not consolidated.

Sincerely,

Roger Sperling

Treasurer, Pennbrooke Homeowners' Association, Inc.