



January 31, 2018

**VIA E-FILING**

Carlotta S. Stauffer, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

RE: Docket No. 20180014-WS; Investigation of Allowance for Funds Prudently Invested in Lake County

Dear Ms. Stauffer:

The following is the response of Utilities, Inc. of Florida, ("Utility") to the Staff's first Data Request in this docket dated January 12, 2018:

1. Attached are the schedules that show the number of ERCs connected as well as the amount of AFPI collected for UIF's LUSI water and wastewater systems.

The only AFPI that UIF has collected for the LUSI system was last year (2017) in the amount of approximately \$165,000. The amount collected was consistent with our Commission approved tariff (18.1). The tariff gave no indication that there was an ERC cap associated with Commission approved AFPI charges. Because there was no specific ERC cap imposed by the Commission approved tariff, we relied upon PSC Rule 25-30.434(3) (d) which states, "The charges shall cease when the plant has reached its design capacity." Presently, the LUSI Wastewater Treatment Plant (also known as Lake Groves WWTP) is only 58.78% Used and Useful (U&U) as stated in PSC Order No. PSC-2017-0361-FOF-WS. Therefore, we were entitled to collect the full amount of AFPI charges collected to date.

Until Staff recently pointed it out, UIF was unaware that the wastewater AFPI originally set in 1991 per PSC Order No. 24283 was based on a design capacity of 545 ERCs. This Commission Order predated the ownership of the Lake Groves WWTP by UIF. The Tariff did not reflect any termination event as is the custom.

Over time, UIF has substantially increased the design capacity of its wastewater system in its LUSI service territories. Specifically, UIF purchased this utility in July 1998 when the Lake Groves WWTP had a permitted capacity of 0.175 mgd after being expanded by

the previous owner from the original 0.075 mgd permitted capacity in 1997. UIF increased the permitted capacity to 0.500 mgd in 2000. The treatment plant was further expanded to 0.999 mgd in 2009. These successive expansions of permitted capacity rendered the amounts in the Commission approved AFPI tariffs obsolete. Had UIF been made aware of the purported 545 ERC cap through inclusion of that reference in its Tariff as is customary, it would have filed appropriate Tariff amendments reflecting the addition of capacity over time.

Regardless of this issue, the Lake Groves WWTP in LUSI consistently has been deemed less than 100 percent U&U as determined by the Commission in prior Rate Cases. These include:

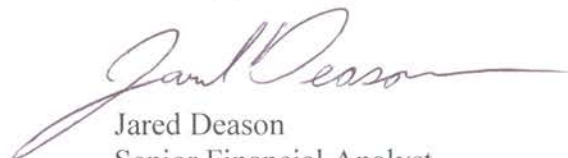
- PSC-09-0101-PAA-WS: 52.42 percent U&U
- PSC-11-0514-PAA-WS: 53.00 percent U&U

Although the Commission failed to update the AFPI charges to reflect the applicable design capacity in past rate cases, the Commission continued to leave the AFPI charges intact due to LUSI (Lake Groves WWTP) wastewater continuing to be less than 100 percent U&U. That was certainly the case in 2017 when the AFPI was collected, and it would not be equitable to require the refund of any amount of AFPI under such circumstances.

To correct obsolete AFPI charges, UIF recently initiated a limited proceeding (Docket No. 20170223-SU) to reestablish appropriate AFPI charges based upon the current design capacity of the Lake Groves WWTP.

Should you or staff have any questions regarding this filing, please do not hesitate to give me a call at (850) 643-7326 or contact me via e-mail at [jdeason@uiwater.com](mailto:jdeason@uiwater.com).

Sincerely,



Jared Deason  
Senior Financial Analyst

Enclosures