

STATE OF FLORIDA



COMMISSIONERS:  
ART GRAHAM, CHAIRMAN  
JULIE I. BROWN  
DONALD J. POLMANN  
GARY F. CLARK  
ANDREW GILES FAY

DIVISION OF ENGINEERING  
TOM BALLINGER  
DIRECTOR  
(850) 413-6910

# Public Service Commission

April 24, 2019

Mr. Martin S. Friedman  
Aquarina Utilities, Inc.  
420 S. Orange Ave., Suite 700  
Orlando, FL 32801  
mfriedman@deanmead.com

VIA EMAIL & US MAIL

**Re: Docket No. 20190080-WS - Application for limited proceeding rate increase in Brevard County, by Aquarina Utilities, Inc.**

Dear Mr. Friedman:

We have reviewed the minimum filing requirements (MFRs) submitted on April 1, 2019, on behalf of Aquarina Utilities, Inc. (Aquarina or Utility). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

1. Rule 25-30.445(4)(c), Florida Administrative Code (F.A.C.), requires the utility to provide a schedule that provides the specific rate base components for which the utility seeks recovery. Supporting detail shall be provided for each item requested. Please provide: (1) the date the item will be or is projected to be placed in service; and (2) any corresponding adjustments that are required as a result of adding or removing the requested components(s) from rate base, which may include retirement entries.
2. Rule 25-30.445(4)(d), F.A.C., requires the utility to include supporting detail of a request for recovery of plant in service, accumulated depreciation, and depreciation expense. Please provide supporting detail for the effect of the requested projects on accumulated depreciation and depreciation expense.
3. Rule 25-30.445(4)(e), F.A.C., requires the utility to provide a calculation of the weighted average cost of capital for the most recent 12-month period, using the midpoint of the range of the last authorized rate of return on equity, the current embedded cost of fixed-rate capital, the actual cost of other short-term debt, the actual cost of variable-cost debt, and the actual cost of other sources of capital which were used in the last individual rate proceeding. The Utility referenced the weighted cost of capital set forth in Order No. PSC-2016-0583-PAA-WS, however, the rule requires the weighted average cost of capital calculation to be based on the most recent 12-month period. Please provide a calculation of the weighted average cost of capital based on the most recent 12-month period.

Mr. Martin S. Friedman

Page 2


April 24, 2019

4. Rule 25-30.445(4)(j), F.A.C., requires the utility to provide annualized revenues for the most recent 12-month period using the rates in effect at the time the utility files its application for limited proceeding and a schedule reflecting this calculation by customer class and meter size. The Utility stated the aforementioned was attached with the application as Exhibit "E", however, the attachment was not found. Please provide annualized revenues for the most recent 12-month period.
5. Rule 25-30.445(4)(k), F.A.C., requires the utility to provide a schedule of current and proposed rates for all classes of customers. Please provide a schedule of current and proposed rates for all classes of customers.
6. Rule 25-30.445(4)(l), F.A.C., requires the utility to provide schedules for the most recent 12-month period showing that, without any increased rates, the utility will earn below its authorized rate of return. The schedules shall consist of a rate base, net operating income and cost of capital schedule with adjustments to reflect those consistent with the utility's last rate proceeding. Please provide a schedule showing the Utility will earn below its authorized rate of return.
7. Rule 25-30.445(4)(m), F.A.C., requires the utility to provide a copy of all workpapers and calculations used to calculate requested rates and allocations between each customer class. The test year shall be the most recent 12-month period. In addition, the following schedules shall be provided:
  - a. Schedule E-2, entitled "Revenue Schedule at Present and Proposed Rates," is available at <http://www.flrules.org/Gateway/reference.asp?No=Ref-08251>.
  - b. Schedule E-14, entitled "Billing Analysis Schedules," is available at <http://www.flrules.org/Gateway/reference.asp?No=Ref-08252>. Only two copies are required.

Please provide a copy of all workpapers and calculations used to calculate the change in current rate structure, as well as the aforementioned schedules.

Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than May 14, 2019.

Sincerely,



Jefferson Doehling  
Engineering Specialist

JD/jp

cc: Office of Commission Clerk (Docket No. 20190080-WS)