CORRESPONDENCE
12/8/2020
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Customer Comment In the matter of Docket # 20200139

Robert D Beaver, 12647 Valencia Drive, Clermont, FL 34711

I am opposed to the rate increase as proposed (water only – I am not a sewer customer). They are asking too much and too often. I base this position on the information provided in the notice issued 11/19/20 and reports by CSIMarket.com and S & P Global Market Intelligence on similar cases. As my family situation does not presently offer me opportunity to visit the stated locations for further information without undue risk, I used only the information available in the Utilities Inc. (UI) notice and the website notice at floridapasc.com.

My points are as follows:

- The ROE (Return on Equity) being requested is too high in comparison with similar cases. CSI Market.com (11/08/2020) lists ROE history of the water supply industry as 9.57% to 10.43% from 3rd Qtr 2019 to 2nd qtr 2020, with a sudden jump to 12.46% in 3rd qtr 2020. – a rather high jump! The comment was made to the effect that "Water Supply Industry achieved highest Return on Assets (ROA) within the utilities sector" – quite an understatement. Unfortunately, I do not see UI's information as to their present ROA nor the ROE in their 11/19/20 notice. I also question why it is necessary for UI to "Go back to the well" for more money since their recent rate increase in 2017. What is the driver?
- The present 4.22% ROR (Rate of Return) on water claimed by UI is not out of step with similar utilities, given the present pandemic, and given the information provided by the aforementioned CSI Market report.
- Further information from S&P Global Market Intelligence (SPGlobal.com) June 19, 2020 noted PSC decisions in other states are trending to the 9.9% to 10% range (e.g. Delaware as 9.5% on ROE and Pennsylvania PSC as 9.9%).
- Finally, it is my understanding the Florida PSC issued an order July 1, 2029 (PSC-2019-0267-PAA-WS) specifying how allowable rates of return are to be computed. Again, it's difficult for me to tell what it should be since UI has not stated their equity position – the computation will vary to "where they are on the equity curve". The PSC also mentions in this document the range should not be more than 7.85% at 100% equity nor more than 10.55% at 40% equity.

The question is, what is the cause? Are the customers paying for acquisitions and capital investments? Or are expenses running out of control? As a customer, I don't like paying for acquisitions nor capital improvements unless they contribute directly to quality of service or better water. And I have no knowledge as to where the money is going – UI is after all, a private utility. I do not have a small urban lot to irrigate and I resist drilling a well. As a result, my use must occasionally exceed 25,000 gallons a month in the Spring to maintain the open space on my property for – of all things – recharge.

This is well on the road to pricing me out of water and forcing me to consider other options or to abandon my open space except that needed for septic tank drainfield requirements.

Regards.

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