

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 Sunshine Water
Services Company

DOCKET NO. 20240068-WS

**NOTICE OF FILING OF PREFILED REBUTTAL TESTIMONY OF STEVEN M.
LUBERTOZZI ON BEHALF OF SUNSHINE WATER SERVICE COMPANY**

Sunshine Water Service Company, by and through its undersigned counsel, hereby notices
the filing of the attached Prefiled Rebuttal Testimony of Steven M. Lubertozzi.

Respectfully submitted this 13th day of December,
2024.

/s/ Martin S. Friedman

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Filing of Rebuttal Testimony has been furnished by electronic mail to the following parties this 13th day of December, 2024:

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/s/ Martin S. Friedman
Martin S. Friedman

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Docket No. 20240068-WS

REBUTTAL TESTIMONY

OF

STEVEN M. LUBERTOZZI

on behalf of

Sunshine Water Services Company

1 **I. INTRODUCTION & PURPOSE**

2 **Q1. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.**

3 A1. My name is Steven M. Lubertozi. I am Senior Vice President of Rates, Regulatory, and
4 Legislative Affairs for Nexus Water Group, Inc. (“NWG”), a holding company that indirectly
5 controls Sunshine Water Services Company (“SWS” or “Company”). My business address is
6 500 W. Monroe, Suite 3600, Chicago, Illinois 60661.

7 **Q2. DID YOU PREFILE DIRECT TESTIMONY IN THIS PROCEEDING?**

8 A2. Yes.

9 **Q3. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
10 **PROCEEDING?**

11 A3. My rebuttal testimony will address the following topics that Office of Public Counsel (“OPC”)
12 Witness Smith discussed: (1) Lobbying Portion of Senior VP Salary Responsible for
13 Legislative Affairs, (2) Consolidation of Board of Director Fees, and (3) Merger Costs and
14 Savings.

15 **Q4. WAS YOUR REBUTTAL TESTIMONY PREPARED BY YOU OR BY SOMEONE**
16 **UNDER YOUR DIRECT SUPERVISION?**

17 A4. Yes.

18 **II. LOBBYING PORTION OF SENIOR VP SALARY RESPONSIBLE FOR**
19 **LEGISLATIVE AFFAIRS**

20 **Q5. SHOULD THE COMMISSION INCLUDE IN SWS’ REVENUE REQUIREMENT ALL**
21 **ALLOCATED COSTS ASSOCIATED WITH THE SALARY OF THE SENIOR VICE**
22 **PRESIDENT OF RATES, REGULATORY AND LEGISLATIVE AFFAIRS?**

23 A5. Yes. The Commission should reject Witness Smith’s recommendation to exclude certain costs
24 associated with this position from SWS’ revenue requirement because it is based on an
25 incorrect assumption and not supported by evidence. Witness Smith assumes that the Senior
26 Vice President of Rates, Regulatory and Legislative Affairs spends approximately one-third of

1 the individual's time engaging in lobbying or legislative activity. To the contrary, I am not
2 registered as a lobbyist in any jurisdiction. I did not spend any time during the test year
3 lobbying. Indeed, my primary responsibility involves regulation – either directly, as in this
4 case, or indirectly in supporting the efforts of business units in interacting with regulatory
5 agencies such as the Commission. I am responsible for monitoring certain legislation and
6 assessing its impact on NWG, its subsidiaries, and our customers.

7 **III. CONSOLIDATION OF BOARD OF DIRECTORS FEES**

8 **Q6. SHOULD THE COMMISSION REJECT WITNESS SMITH'S RECOMMENDATION**
9 **TO REDUCE SWS' WATER AND WASTEWATER REVENUE REQUIREMENT TO**
10 **REFLECT A LOWER AMOUNT OF ALLOCATED DIRECTOR'S FEES?**

11 A6. Yes. As stated in my direct testimony, the Merger¹ is expected to produce financial benefits,
12 and the Merger Parties have taken and will continue to take a deliberate approach to planning
13 for integration, and then executing on integration plans to mitigate potential risks to customers.
14 Witness Smith's analysis misses the mark on a deliberate and comprehensive approach to
15 identifying and capturing impacts of the Merger. First, Witness Smith splits the estimated
16 savings evenly between the CII and SouthWest customers, which is not based on any applicable
17 allocation method, which could result in insufficient benefits flowing to SWS's customers.
18 Second, Witness Smith ignores any potential cost to achieve merger savings that have been
19 incurred that would offset his estimated savings. Third and most importantly, SWS's proposed
20 deferrals are designed to protect customers and ensure that the proper amount of net benefits
21 flows to SWS's customers. SWS's proposed deferrals capture identified benefits of
22 integration, as well as any costs to achieve those benefits, which, if allowed in the current case
23 – with a historic test year and limited information on Merger benefits – would establish the

¹ As defined in Steven M. Lubertozzi's Direct Testimony, Page 2, lines 4 - 5.

1 deferrals for disposition in a future proceeding and avoid piecemeal or inconsistent reflection
2 of merger impacts.

3 **IV. MERGER COSTS AND SAVINGS**

4 **Q7. IF THE COMMISSION AUTHORIZES THE DEFERRAL OF MERGER SAVINGS**
5 **AND COST INCURRED TO ACHIEVE THOSE SAVINGS, SHOULD THE**
6 **COMMISSION AUTHORIZE THE DEFERRAL OF COST INCURRED BEFORE**
7 **APRIL 1, 2024?**

8 A7. Yes. First, proper execution requires planning. The parties to the Merger appropriately began
9 planning for post-merger integration activities before April 1, 2024. This activity was prudent.
10 Accordingly, reasonable costs incurred before April 1, 2024, that result in merger savings
11 should be deferred. Second, OPC and all stakeholders, including the Commission, will have
12 the opportunity to review the reasonableness and necessity (i.e., assess whether the parties to
13 the Merger prudently incurred such costs) in a subsequent rate setting proceeding. Therefore,
14 it is premature to determine a cutoff date before any party can review documents supporting
15 costs to achieve Merger savings incurred before April 1, 2024. OPC, Commission Staff, and
16 the Commission can review all costs SWS submits as part of future rate setting proceedings.

17 **V. CONCLUSION**

18 **Q8. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

19 A8. Yes, it does. I, however, reserve the right to update this testimony should new information
20 become available in the future.