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FCRU's Response to Staff's 7th
Interrogatories Nos. 51-52

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Original Certificate of)	DOCKET NO. 20190168-WS
Authorization and Initial Rates and Charges)	
for Water and Wastewater Service in Duval,)	FILED: December 21, 2021
Baker and Nassau Counties, Florida by)	
FIRST COAST REGIONAL UTILITIES,)	
INC.)	
_____)	

**FIRST COAST REGIONAL UTILITIES, INC.’S RESPONSES TO
STAFF’S SEVENTH SET OF INTERROGATORIES
TO FIRST COAST REGIONAL UTILITIES, INC.**

First Coast Regional Utilities, Inc. (“Applicant” or “FCRU”), pursuant to rule 1.340, Florida Rules of Civil Procedure, responds to Staff’s Seventh Set of Interrogatories to Applicant.

Interrogatory 51: Please refer to Exhibit G of the application, Schedule 4. Please explain why there are no accumulated deferred income tax included in the projected capital structure.

Response: The only deferred taxes that may be generated would be related to timing differences associated with depreciation. To our knowledge, there have not been any initial rate applications that included deferred taxes due to depreciation timing differences. In the many applications for initial rates that Milian, Swain & Associates, Inc. has filed, deferred income taxes due to depreciation have not been included in the projected capital structure, the Florida Public Service Commission has never indicated that it is an omission, and it is not specifically identified as a required component in the instructions or rules for the Accounting and Rate Information portion of the application. A search through records available online has not resulted in finding any application for Initial Rates that included Deferred Income Taxes due to depreciation. Our interpretation is that Commission policy is to not include them.

Additionally, the financial information provided in support of initial rates is significantly different than that which is provided in Minimum Filing Requirements (MFRs) for a full rate case proceeding. MFRs are filed using a combination of actual historical data, and proforma adjustments based upon supportable near-term estimates. Actual deferred taxes and deferred taxes associated with allowed proforma plant adjustments are included. However, the financial data required for an initial rate application is based entirely on estimates, often for costs not to be incurred for many years. These filings are purely and completely estimates based on professional judgment. To add ADITs into consideration is a level of detail that is burdensome, and does not significantly impact the results.

Examples of Dockets Reviewed where a capital structure was explicitly provided, excluding those filed by Milian, Swain & Associates, Inc.

- Docket No. 090459-WS – Application for original certificates for proposed water and wastewater system and request for initial rates and charges in St. Lucie County by Bluefield Utilities, LLC.
- Docket No. 110022-WU – Application for certificate to operate water utility in Pasco County by HV Utility Systems, L.L.C.
- Docket No. 110298-SU – Application for certificate to provide wastewater service in Volusia and Brevard Counties by Farmton Water Resources LLC.
- Docket No. 130180-WS – Application for original certificates to provide water and wastewater service in Lake County by Sunlake Estates Utilities, L.L.C.
- PAA Order PSC-2020-0059-PAA-WS approving initial rates, charges and customer deposits for River Grove Utilities, Inc.

Interrogatory 52: Please provide a calculation of accumulated deferred income taxes with the Utility's plant investment by primary plant account, as set forth in the National Association of Regulatory Utility Commissioners Uniform System of Accounts.

Response: After consultation with Staff, we respectfully object to providing this calculation because it is burdensome and is not required under any rules for the determination of initial rates.

Respectfully submitted this 21st day of December, 2021, by:

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For the Firm

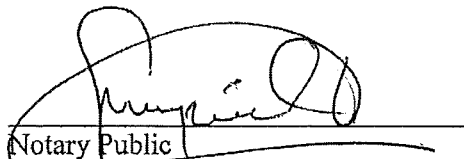
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STATE OF FLORIDA)

COUNTY OF MIAMI-DADE)

I hereby certify that on this 20 day of December, 2021, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Deborah Swain, who is personally known to me, and he/she acknowledged before me that she provided the answers to interrogatory number(s) 51-52 from STAFF'S SEVENTH SET OF INTERROGATORIES TO FIRST COAST REGIONAL UTILITIES, INC. (NOS. 51-52) in Docket No. 20190168-WS, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 20 day of December, 2021.



Notary Public
State of Florida, at Large

My Commission Expires:

