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DIVISION OF
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Public Service Commission

March 4, 2016

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2016 MAR -4 AM 9:03
COMMISSION
CLERK

Ms. Leanne Loeffel
633 Dunn Drive
Altamonte Springs, FL 32714

Re: Docket No. 150269-WS - Application for limited proceeding water rate increase in Marion, Pasco and Seminole Counties, by Utilities, Inc. of Florida.

Dear Ms. Loeffel:

Thank you for your letter expressing your concerns about the rate increase petition filed by Utilities, Inc. of Florida (UIF or Utility). To ensure that the Commission staff and the Commissioners have knowledge of your concerns, your letter has been placed on the correspondence side of the docket file for all to review.

Many factors affect the rate adjustment or cost of providing water service. These factors can include the following: the size and age of a utility system, the number of customers, and the geographic spread of the service area. Rates are increased relative to a utility's revenue requirement and are designed in order to allow a utility the opportunity to recover its reasonable and prudent costs for providing service and a reasonable rate of return on its investment in facilities necessary to provide such water service.

In the instant case, UIF is requesting to recover the cost of the Crystal Lake/Ravenna Park water system interconnection. Commission staff conducts a thorough analysis of these factors in order to write a recommendation, regarding the proposed rate increase, for the Commissioners to consider. Inherently, any utility rates have some level of subsidization. UIF's Seminole County water systems have uniform rates. As a result, all of UIF's customers in Seminole County have shared in compensating the Utility for recovery of its cost to provide water service, including a return on plant investments, over the years for all its water systems in Seminole County.

We appreciate your letter and understand your concerns regarding the proposed rate increase. The Commission also understands that these are difficult economic times for so many people. I hope the above information is helpful.

Ms. Loeffel
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If you have any additional questions, or require further assistance, please call me at (850) 413-6420 or email me at Jslemkew@psc.state.fl.us.

Sincerely,



John Slemkewicz
Public Utility Analyst

cc: Division of Accounting and Finance (Bulecza-Banks, Fletcher, Mouring)
Division of Engineering (King, Mtenga)
Division of Economics (Hudson)
Office of the General Counsel (Barrera)
Office of Commission Clerk (Docket No. 150269-WS)