



April 28, 2016

Chairman Julie Brown
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Utilities, Inc. of Florida
2016 General Rate Increase Application
Our File No. 30057.227

Dear Chairman Brown:

This letter, pursuant to Rule 25-30.430, Florida Administrative Code, requests approval of a test year for Utilities, Inc. of Florida (the "Company"). The Company intends to submit an application for general rate relief to the Florida Public Service Commission for its water and wastewater systems located in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, Florida. The Company intends to submit the minimum filing requirements ("MFRs") on or before September 30, 2016.

The Company's last rate proceedings were prior to consolidation and for each separate company, was as follows:

1. Cypress Lakes Utilities, Inc. (Polk County) in Docket No. 130212-WS, utilizing a test year ending December 31, 2012, which resulted in the issuance of Order No. PSC-14-0283-PAA-WS on May 30, 2014.
2. Labrador Utilities, Inc. (Pasco County) in Docket No. 140135-WS, utilizing a test year ending December 31, 2013, which resulted in the issuance of Order No. PSC-15-0208-PAA-WS on May 26, 2015.
3. Lake Placid Utilities, Inc. (Highlands County) a SARC in Docket No. 130243-WS, utilizing a test year ending December 31, 2012, which resulted in the issuance of Order No. PSC-14-0335-PAA-WS on June 30, 2014.
4. Lake Utility Services, Inc. (Lake County) in Docket No. 100426-WS, utilizing a test year ending June 30, 2010, which resulted in the issuance of Order No. PSC-11-0514-PAA-WS on November 3, 2011.
5. Mid-County Services, Inc. (Pinellas County) in Docket No. 080250-SU, utilizing a test year ending December 31, 2007, which resulted in the issuance of Order No. PSC-09-0373-PAA-SU on May 27, 2009 as modified by an overearnings investigation in Docket No. 120076-SU, utilizing a test year ending December 31, 2010, which resulted in the issuance of Order No. PSC-12-0389-PAA-SU on July 27, 2012.

6. Sanlando Utilities Corporation (Seminole County) in Docket No. 140060-WS, utilizing a test year ending December 31, 2013, which resulted in the issuance of Order No. PSC-15-0233-PAA-WS on June 3, 2015.
7. Tierra Verde Utilities, Inc. (Pinellas County) in Docket No. 080248-SU, utilizing a test year ending December 31, 2007, which resulted in the issuance of Order No. PSC-09-0372-PAA-SU on May 27, 2009 as modified by an overearnings investigation in Docket No. 100446-SU, utilizing a test year ending December 31, 2009, which resulted in the issuance of Order No. PSC-11-0012-PAA-SU on January 4, 2011.
8. Utilities, Inc. of Eagle Ridge (Lee County) in Docket No. 110153-SU, utilizing a test year ending December 31, 2010, which resulted in the issuance of Order No. PSC-11-0587-PAA-WS on December 21, 2011, as modified by a Settlement Agreement issued on July 5, 2012 by Order No. PSC-12-0346-FOF-SU.
9. Utilities, Inc. of Florida (Marion, Orange, Pasco, Pinellas and Seminole Counties) in Docket No. 120209-WS, utilizing a test year ending December 31, 2011, which resulted in the issuance of Order No. PSC-14-0025-PAA-WS on January 10, 2014. There is currently a limited proceeding pending in Docket No. 150269-WS.
10. Utilities, Inc. of Longwood (Seminole County) in Docket No. 090381-SU, utilizing a test year ending December 31, 2008, which resulted in the issuance of Order No. PSC-10-0407-PAA-SU on June 21, 2010.
11. Utilities, Inc. of Pennbrooke (Lake County) in Docket No. 120037-WS, utilizing a test year ending September 30, 2011, which resulted in the issuance of Order No. PSC-12-0667-PAA-WS on December 26, 2012.
12. Utilities, Inc. of Sandalhaven (Charlotte County) in Docket No. 150102-SU, utilizing a test year ending December 31, 2014, which resulted in the issuance of Order No. PSC-16-0013-PAA-SU on January 6, 2016 as modified by a Settlement Agreement approved by the Commission by Order No. PSC-16-0151-FOF-SU issued on April 18, 2016.

The Company requests an historic test year ending December 31, 2015. The requested test year is representative of a normal full year of operation. However, there will be pro forma adjustments to expenses to reflect expenses that will be incurred in the year when rates will be in effect.

Since the Company's last rate proceedings, the Company has experienced increases in O&M expense such as salaries and wages, insurance, purchased power, and chemicals that were not completely offset by reductions in other annual operating expenses or annual indexing rate increases. Additionally, the Company has made or will be making major investments to plant and equipment at various locations as noted below. The pro forma adjustments listed below are non-growth-related other than a water main extension to serve the Myrtle Lake Hills subdivision in the former Sanlando service area, which is an existing single family neighborhood experiencing failing private wells and inferior water quality. Within this same period of time, one significant change in its operational methods was the failure of the Crystal Lake water supply well that necessitated the interconnection of its distribution system with the Ravenna Park water system.

The Company anticipates including the following pro forma plant additions, with estimated costs thereof, all of which will be completed and placed into service within 24 months of the proposed test year end of December 31, 2015:

1. C4500 Kodiak Truck Upgrade: Modify an existing 10-year old service truck by removing the existing service body, its Venturo Model 12 crane, pipe rack and welding unit; install a properly sized utility body, Venturo Model 25 crane with 20' extension and 25,000 ft-lb moment rating, outriggers, work lights, safety strobe lights, rooftop beacon, power inverter, and 120V outlet; reinstall welding unit; \$40,000.
2. Cypress Lakes WTP Hydro Tank #1: Remove and replace a 10,000-gallon hydro pneumatic pressure tank that is at the end of its service life, not repairable, and recommended for replacement per its last internal inspection; \$50,000.
3. Eagle Ridge WWTP EQ Tank, Headworks, Splitter Box and Buildings: Replace two carbon steel flow equalization tanks and bar screen that are at the end of their service life with a single, adequately sized glass-fused steel tank and static screen; remove existing odor control equipment; install new odor control materials sufficient to capture and treat off gasses from the new EQ tank; fabricate and replace the splitter box; remove and replace the modular field office trailer with an office trailer sized and configured to meet current operations staff needs; purchase and replace the chemical storage building; and modify the plant entrance per HOA request; \$350,000.
4. GIS Mapping Services: Develop a standard asset database template and a record drawing specification that will be applied to all Florida systems and asset types; convert all water and sewer facility and system maps to a uniform GIS mapping system format; provide quality control of data throughout the conversion to GIS; \$350,000.
5. Lake Groves Sludge Dewatering Equipment: purchase and install a sludge drying and odor control system that uses solar energy to reduce the water content of biosolids and thus reduce sludge hauling expense; purchase one FloTrend sludge dewatering box to support the operation of the SolarOrganite sludge drying unit that reflects an increase in monthly biosolids production beyond the capacity of the one existing box; \$245,000.
6. Longwood – Church Avenue Utility Relocations: Design, obtain permits and relocate two sewer force mains situated within the Church Avenue right-of-way in coordination with a City of Longwood road and drainage improvement project; \$85,000.
7. Longwood – I&I Study and Remediation: Clean and video inspect 30,000 LF of gravity sewer main to identify the locations of significant deficiencies in the collection system. Then install pipe liners or make open cut repairs to fix the deficiencies found. This will reduce the base influent flow to the Wekiva Hunt Club WWTP. The \$50,000 study and \$450,000 in remediation activities totals \$500,000.
8. LUSI - Oswalt Road Utility Relocations: Relocate distribution system facilities on Oswalt Road in advance of a Lake County road and drainage improvement project; \$50,000.
9. LUSI - SCADA System: Design, fabricate and install hardware and software required to allow remote monitoring and control of all production, storage and pumping facilities

- within the combined LUSI water system, at the Lake Groves Reuse Plant, and at 16 lift stations; \$470,000.
10. LUSI - TTHM & HAA5 Study: Investigate the cause of elevated total trihalomethane and haloacetic acid concentrations at various locations within the combined distribution system; develop TTHM/HAA5 formation potential curves at each water source; develop operational strategies that will provide a short-term solution; develop conclusions and recommendations to resolve the problem; and provide estimates of probable capital and annual operating costs for each option; \$80,000.
 11. LUSI - TTHM & HAA5 Remediation: Provide engineering design, permitting, construction, and construction management services that will comprehensively address elevated TTHM & HAA5 values at multiple locations throughout the combined LUSI water system as recommended by the TTHM/HAA5 Study; \$5,300,000.
 12. LUSI – US 27 North Utility Relocations: In coordination with an FDOT highway and stormwater improvement project, design and relocate water, sewer and reuse facilities in conflict with proposed FDOT facilities; \$50,000 in engineering services plus \$1,700,000 in construction costs = \$1,750,000.
 13. Mid-County South Plant Blower Replacement: Design, purchase and install process air blower equipment to replace existing equipment that has reached the end of its service life, is prone to mechanical failure, is unable to provide adequate oxygen transfer to the aerobic organisms that are integral to the wastewater treatment process, and operate at a high decibel level to the detriment of the nearby customers; \$400,000.
 14. Mid-County Electrical Improvements and Generator Replacement: Replace the main power feeder, transformers, transfer switches, distribution panels, motor control centers and main disconnects at the Mid-County WWTP that are not in conformance with current NEC requirements and at the end of their service life; convert incoming power and all loads to 480VAC; remove and replace a 500-Kw emergency generator, fuel cell and transfer switchgear that is not reliable, requires frequent repairs, and is at the end of its service life; \$750,000.
 15. Mid-County Field Office: Remove and replace the existing field office trailer and furnishings that are at the end of their service life after approximately 30 years of use; \$65,000.
 16. Mid-County Flow Study & Remediation: Conduct a comprehensive, three-month investigation of raw wastewater flow patterns by collecting data across the collection system using 16 flow meters positioned at key locations. Analyze the data to determine the source/s of excess inflow and infiltration entering the system, \$60,000. Address the collection system deficiencies found in the flow study, \$600,000, for a total of \$660,000.
 17. Mid-County Methanol Pumps and Continuous Nutrient Analyzers: Replace two explosion-proof flow paced methanol feed pumps that require frequent repairs, are critical in the performance of the treatment process and are at the end of their service life. Install an in-line nutrient analyzer to monitor TN and TP concentration within the treatment process to optimize the use of ferric sulfide, methanol, chlorine, and sodium bisulfite and to reduce the risk of noncompliance with plant effluent permit limits; \$75,000.

18. Mid-County US Highway 19 Utility Relocation: Design, obtain permits, replace and/or relocate collection system facilities in conflict with an FDOT highway and drainage improvement project within the US Highway 19 corridor; \$250,000.
19. Pennbrooke WTP Electrical Improvements: Design, obtain permits and construct electrical improvements to meet current NEC requirements including: upsizing the main feeder to 300 amps; installing VFD units on three high service pumps and two well pumps; constructing a climate controlled room to house the equipment; demolishing the existing electric service, control panel and feeder; upgrading the electric service to the emergency generator; and replacing the lighting in the pump room; \$270,000.
20. Sandalhaven – Placida Road Utility Relocation: Design, obtain permits, and relocate sewer force main facilities in advance of a Charlotte County road and drainage improvement project on CR 775, Placida Road; \$250,000.
21. Sanlando – Autumn Drive WM Replacement: Replace 1,000 LF of 6-inch PVC water main, associated isolation valves and water services in The Springs subdivision after experiencing three pipe failures within eight months that caused significant property damage as well as temporary loss of service to approximately 45 customers; \$100,000.
22. Sanlando – Lift Station RTU Installation: Design, purchase and install RTUs at 55 lift stations in order to add those facilities to the existing Wekiva Plant SCADA system, \$420,000.
23. Sanlando – Markham Wood Utility Relocates: Relocate water mains and valves in advance of a Seminole County road improvement project at the intersection of Markham Woods Drive and SR 434; \$70,000.
24. Sanlando – Myrtle Lake Hills Water Mains: Design, obtain permits and construct water facilities to serve as many as 116 homes in Myrtle Lake Hills subdivision whose homeowners are experiencing failing wells and inferior water quality. The net project cost of \$700,000 will be reduced by main extension and plant capacity charges collected from the future customers as they request service and are connected to the new facilities.
25. Sanlando – Phase 2 Inflow & Infiltration Study and Remediation: Clean and video inspect 84,000 LF of gravity sewer main to identify the locations of significant deficiencies in the collection system in order to reduce the base influent flow to the Wekiva Hunt Club WWTP, \$150,000. The deficiencies will then be fixed using various technologies, estimated at \$1,000,000, for a total of \$1,150,000.
26. Sanlando – Shadow Hills Flow Diversion: Design, obtain permits and construct facilities that will allow flow to be diverted from the Shadow Hills WWTP to the Wekiva WWTP including construction of: an 800,000-gallon equalization tank and re-pumping station at the Des Pinar site; 4-inch, 6-inch, 8-inch, and 12-inch force main improvements that will address hydraulic bottlenecks; demolition of the Shadow Hills WWTP; and upgrades and downgrades to multiple lift stations to optimize pumping capacity so as to prevent sanitary sewer overflows. The project will also include the construction of a field office and an equipment storage shed at the Des Pinar Plant site that will replace buildings that are undersized, inadequate to support the current workforce, and at the end of their service life; \$4,000,000.

27. Sanlando – Wekiva WWTP Blower Replacement: Design, purchase and install process blower equipment to replace three (3) each 200-Hp blower-motor assemblies to improve plant performance and maximize the production of reclaimed water; \$600,000.
28. Sanlando – Well 2A and Lift Station A-1 Electrical Improvements & Generator Install: Design and install an emergency generator sized and configured to provide backup power to Des Pinar Well 2A and Lift Station A-1. The electrical equipment will be improved to meet NEC specifications; \$250,000.
29. Sanlando – Wekiva WWTP Rehabilitation: Remove accumulated grit and debris from each of three treatment trains; replace two clarifier gear drives; replace air diffusers, drop pipe, skimmer arm, and air lift assemblies in each treatment train; replace scum troughs splash plates and guard rails; remove and replace corroded steel structures and beams to restore structural integrity; replace lighting, catwalks and toe plates. Sandblast interior surfaces and coat each train with a durable, corrosion resistant painting system; \$1,700,000.
30. Tierra Verde - 401 8th Avenue Gravity Sewer Main Replacement, Phase 2: Excavate, remove and replace 40 LF of collapsed 8-inch vitreous clay sewer main in the road right-of-way on 8th Avenue to reduce groundwater infiltration and reduce the risk of a sanitary sewer overflows caused by sewer backups; \$47,300.
31. UIF – Electrical improvements at Little Wekiva and Jansen WTPs: Remove and replace 50-year old electrical controls and equipment to meet current NEC specifications. Install RTUs at eight (8) WTP locations in order to add these sites to the existing Wekiva Plant SCADA system; \$250,000.
32. UIF – Northwestern FM Replacement: Design, permit, replace, remove and relocate 2,500 LF of 10-inch asbestos cement pipe that has reached the end of its service life; \$120,000.
33. UIF – Ravenna Park/Crystal Lake Interconnect and WTP Improvements: Interconnect two distribution systems after the failure of the Crystal Lake well itself; replace the cascade aerator and ground storage tank at Ravenna Park; and construct an emergency interconnection with the City of Sanford; \$645,000.
34. UIF – Summertree Well Abandonment: After placing an interconnection with Pasco County Utilities into service, abandon the four existing water supply wells to meet SWFWMD specifications net of any SWFWMD grant money; remove all tanks, pumps, generators, electrical equipment, buildings, fencing and other improvements from each site; \$200,000.
35. UIF – WM Replacements, Orange Co: Design, obtain permits, remove and replace asbestos cement and galvanized iron water mains, service laterals, and isolation valves in the Crescent Heights water system that have reached the end of their service life, cause loss of pressure due to tuberculated pipe, generate excessive water loss, require frequent repairs and generally degrade customer service; \$809,000.
36. UIF – WM Replacements, Pasco Co: Design, obtain permits, remove and replace 2-inch, 4-inch and 6-inch asbestos cement and galvanized iron water mains, hydrants, service laterals and isolation valves in the Orangewood and Buena Vista water systems that have reached the end of their service life, cause loss of pressure due to tuberculated pipe, generate excessive water loss, require frequent repairs and generally degrade customer service; \$1,200,000.

37. UIF – WM Replacements, Pinellas Co: Design, obtain permits, remove and replace 2-inch, 4-inch and 6-inch asbestos cement water mains, hydrants, service laterals, and isolation valves in the Lake Tarpon water system that have reached the end of their service life, cause loss of pressure due to tuberculated pipe, generate excessive water loss, require frequent repairs, and generally degrade customer service; \$725,000.
38. UIF – WM Replacements, SW Seminole Co: Design, obtain permits, remove and replace the asbestos cement and galvanized iron water mains, service laterals, and isolation valves in the Bear Lake, Oakland Shores and Little Wekiva water systems that have reached the end of their service life, cause loss of pressure due to tuberculated pipe, and degrade customer service; \$2,425,000.
39. UIF – WM Replacements, NE Seminole Co: Design, obtain permits, remove and replace the asbestos cement and galvanized iron water mains, service laterals, and isolation valves in the Ravenna Park, Crystal Lake and Phillips water systems that have reached the end of their service life, cause loss of pressure due to tuberculated pipe, and degrade customer service; design and construct a water main extension between Crystal Lake and Phillips water system to improve reliability of service; \$2,665,000.

Pursuant to Section 367.081(8), Florida Statutes, the Company requests that the Commission process this petition for rate relief using the proposed agency action procedure. The Company also will request interim rates based on the historic test year.

Should you or members of the Staff have any questions regarding this request, please do not hesitate to contact me.

Very truly yours,



Martin S. Friedman
For the Firm

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