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January 25, 2017

Bianca Lherisson, Esq.
Florida Public Service Commission
Office of the General Counsel
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 160145-WU – Application for Limited Revenue Proceeding in St. Johns County, by
Camachee Island Company, Inc. d/b/a Camachee Cove Yacht Harbor Utility

Dear Ms. Lherisson:

I am writing on behalf of the Citizens of Florida who are customers of Camachee Cove Yacht Harbor Utility (CCYH) to request that the Commission conduct a full Staff Assisted Rate Case (SARC), in lieu of the limited revenue proceeding requested by the Utility in the above referenced docket.

In its June 3, 2016 letter requesting the limited revenue proceeding, CCYH alleged it has been unable to achieve its authorized revenues, due in part to a decrease in usage from 9,142,000 gallons in 2008 to 7,505,000 gallons in 2015. The Utility's last rate case was filed in 2009 and was based on 2008 test year data. As it has been almost a decade since the last complete data analysis was performed, many factors and circumstances have changed; therefore, the Citizens request that a full rate case analysis be undertaken before any rates are changed.

In our review of the calculations included in the June 3 filing, we found an error in the calculation of the revenue increase requested. Page 2 of the Schedules (Schedule of Water Revenue at Existing and Proposed Rates Summary) includes a total of \$15,564 for "approved 2010-2015 indices." However, a report prepared by the Commission showing all revenue increases and decreases since January 1, 1986 indicates that the total index and pass-through increases for this utility since its last rate case were \$9,565. The utility appears to have based its

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adjustment on a calculation performed on Page 3 (Schedule of Water Tariff Indexes) instead of the actual dollar amounts of the increases/decreases approved.

In addition, the customers of CCYH have expressed a number of concerns with the Utility's pending request for a rate increase, as follows:

- The current rates are based on gallonage usage in 2008, before the 2009 Recession. The Camachee Cove Yacht Harbor (the Marina), which is CCYH's largest customer and an affiliated entity, was doing well in 2008; however, it suffered a large drop in usage from 2009-2011. It appears the Marina's usage has recently recovered, which would render a rate increase inappropriate, because an increase could potentially lead to overearnings.
- The link in the ownership between the Utility and the Marina, and the sharing of personnel between the two, could potentially result in an incentive to shift costs to CCYH in a manner which compromises the interests of the Utility's customers.
- The schedules produced by the Utility indicate that a substantial amount of gallons are unaccounted for, and potentially are not being properly billed.
- There are apparent irregularities in the meter allocation. For example in some cases, it appears that one meter is assigned to several villas, rather than one meter per villa.

Notwithstanding the above concerns, in response to Staff's December 6, 2016 data request, CCYH produced updated customer usage data covering 2016. On the face of the documents produced by CCYH, it is unclear whether this updated usage data supports the claims raised by CCYH in its application for the limited revenue proceeding. Thus, it may not be necessary to go forward with this proceeding, as the Commission may have grounds to close this docket without conducting either a limited proceeding or a SARC.

If the Commission opts to go forward with this docket, rather than closing it as unsupported, the customers in CCYH's service area request a complete review of gallons billed, expenses and revenues. The Commission has considered at least one other case in which a company perceived a need for a rate increase during a volatile economic environment, but in fact, other cost decreasing measures might have been more appropriate. *See, In re: Petition for Increase in Rates by Florida Power & Light Company*, Order No. PSC-10-0153-FOF-EI. In that case, the Commission expressed concern that the use of historic data in the midst of economic uncertainty was not the most effective or accurate practice. Rather than granting the Company's request for a subsequent year adjustment based on outdated information, the Commission advised that, if the Company found it could not earn within its allowed range of return, the option was to file a rate case. The Commission stated, "[t]he Company's ratepayers deserve a full investigation into the cause of FPL's claimed deterioration of its earnings." *Id.* at 10. The same is true for the CCYH ratepayers, should this docket go forward.

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In summary, the customers of CCYH request a SARC rather than a limited revenue proceeding.
Thank you for your consideration of this matter.

Sincerely,



Stephanie A. Morse
Associate Public Counsel

cc: Charles Johnson, Division of Economics
Cheryl Bulecza-Banks, Division of Accounting & Finance
Moniaishi Mtenga, Division of Engineering