

**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 Utilities, Inc. of Florida.

Docket No. 160101-WS

Dated: April 18, 2017

**OPC's NOTICE OF SERVICE OF ERRATA TO THE TESTIMONY AND EXHIBIT OF WITNESS DONNA RAMAS**

Pursuant to Section 350.0611, Florida Statutes, the Citizens of the State of Florida, by and through J. R. Kelly, Public Counsel, hereby give notice that they have served the attached Errata Sheets and Replacement Pages to the Direct Testimony of Donna Ramas and selected Exhibits, filed on March 6, 2017. The schedules listed below contain corrections to formula errors in the schedules of Ms. Ramas which result in changes to pages 5 and 100 of Ms. Ramas' testimony.

Exhibit DMR-2	Page 1 of 1
Exhibit DMR-4	Pages 2 and 3
Exhibit DMR-6	Pages 3, 4, 6, and 8
Exhibit DMR-8	Pages 2 and 4
Exhibit DMR-11	Pages 2 – 6
Exhibit DMR-16	Pages 2, 4, 5, 7, and 8
Exhibit DMR-18	Pages 2 – 7, and 9

J. R. Kelly  
Public Counsel

/s/ Erik L. Sayler \_\_\_\_\_

Erik L. Sayler  
Associate Public Counsel

Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, FL 32399-1400  
(850) 488-9330

Attorneys for the Citizens  
of the State of Florida

**CERTIFICATE OF SERVICE**

**Docket No. 160101-WS**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing Citizens' Notice of Service has been furnished by electronic mail to the following parties on this 18<sup>th</sup> day of April, 2017:

Walter Trierweiler  
Kyesha Mapp  
Danijela Janjic  
Wesley Taylor  
Florida Public Service Commission  
2540 Shumard Oak Blvd., Room 110  
Tallahassee, FL 32399-0850  
Email: [wtrierwe@psc.state.fl.us](mailto:wtrierwe@psc.state.fl.us)  
Email: [kmapp@psc.state.fl.us](mailto:kmapp@psc.state.fl.us)  
Email: [djanjic@psc.state.fl.us](mailto:djanjic@psc.state.fl.us)  
Email: [wtaylor@psc.state.fl.us](mailto:wtaylor@psc.state.fl.us)

Martin S. Friedman, Esquire  
Coenson Friedman, P.A.  
766 N. Sun Drive, Suite 4030  
Lake Mary, FL 32746  
Email: [mfriedman@coensonfriedman.com](mailto:mfriedman@coensonfriedman.com)

John Hoy  
Utilities, Inc. of Florida  
200 Weathersfield Avenue  
Altamonte Springs, FL 32714-4099  
Email: [jphoy@uiwater.com](mailto:jphoy@uiwater.com)

Patrick C. Flynn  
Utilities, Inc. of Florida  
200 Weathersfield Avenue  
Altamonte Springs, FL 32714-4099  
Email: [pcflyn@uiwater.com](mailto:pcflyn@uiwater.com)

/s/ Erik L. Sayler \_\_\_\_\_

Erik L. Sayler  
Associate Public Counsel

# ERRATA SHEET

WITNESS: DONNA RAMAS – DIRECT TESTIMONY AND EXHIBITS

## Testimony Errata

<u>PAGE #</u>	<u>LINE #</u>	<u>SYSTEM</u>	<u>ORIGINAL</u>	<u>REVISION</u>
5	1	Eagle Ridge – Wastewater	(23,061)	(37,889)
		Lake Placid – Wastewater	(5,670)	(4,842)
		Lake Utility Services – Water	(147,253)	(148,906)
		Sandalhaven – Wastewater	(524,509)	(525,555)
		Pasco County – Water	159,806	157,642
		Marion County – Water	61,906	61,122
		Marion County – Wastewater	37,057	23,628
		Total	2,520,759	2,487,577
100	1		2,520,759	2,487,577
	2		4,394,695	4,427,877

System	per UIF	per OPC
Cypress Lakes - Water	(5,879)	(34,604)
Cypress Lakes - Wastewater	90,089	61,962
Eagle Ridge - Wastewater	64,787	(37,889)
Labrador - Water	67,286	33,045
Labrador - Wastewater	(21,075)	(218,380)
Lake Placid - Water	13,745	9,160
Lake Placid - Wastewater	18,926	(4,842)
Longwood - Wastewater	34,554	35,316
Lake Utility Services - Water	41,730	(148,906)
Lake Utility Services - Wastewater	542,544	197,925
Mid-County - Wastewater	472,792	117,278
Pennbrooke - Water	162,961	62,523
Pennbrooke - Wastewater	(33,600)	(53,193)
Sandalhaven - Wastewater	362,377	(525,555)
Sanlando - Water	(18,462)	(305,067)
Sanlando - Wastewater	2,391,091	1,385,149
Tierra Verde - Wastewater	107,812	94,440
Seminole County - Water	1,631,780	1,269,086
Seminole County - Wastewater	(26,532)	(85,052)
Orange County - Water	258,990	238,195
Pasco County - Water	329,885	157,642
Pasco County - Wastewater	152,640	23,245
Pinellas County - Water	170,080	131,348
Marion County - Water	68,885	61,122
Marion County - Wastewater	38,048	23,628
Total	6,915,454	2,487,577

1

2 PLANT RETIREMENT AND ACCUMULATED DEPRECIATION CONCERNS

3 **Q. BEFORE DISCUSSING SPECIFIC RECOMMENDED ADJUSTMENTS, ARE**  
4 **THERE ANY SIGNIFICANT CONCERNS WITH UIF'S ADJUSTED TEST YEAR**  
5 **RATE BASE YOU WOULD LIKE TO DISCUSS?**

6 A. Yes. This is the first case in which all of the Company's water and wastewater systems  
7 that are regulated by the Florida Public Service Commission are being presented in one  
8 large consolidated filing. Based on a review of the MFRs for each of UIF's systems, the

1       \$2,487,577. My adjustments are on a system by system basis for a total decrease to the  
2       requested revenues of \$4,427,877. Please refer to Exhibit DMR-2 and earlier in my  
3       testimony for a system by system breakdown of the total increase.

4

5       **Q. DOES THIS COMPLETE YOUR PREFILED TESTIMONY?**

6       A. Yes, it does.

Test Year Ended December 31, 2015

Revised April 18, 2017

Line No.	System	Revenue Change per UIF	Revenue Change per OPC	Reference - per OPC Amount	
1	Cypress Lakes - Water	(5,879)	(34,604)	Exhibit DMR-3	Page 2
2	Cypress Lakes - Wastewater	90,089	61,962	Exhibit DMR-3	Page 3
3	Eagle Ridge - Wastewater	64,787	(37,889)	Exhibit DMR-4	Page 2
4	Labrador - Water	67,286	33,045	Exhibit DMR-5	Page 2
5	Labrador - Wastewater	(21,075)	(218,380)	Exhibit DMR-5	Page 3
6	Lake Placid - Water	13,745	9,160	Exhibit DMR-6	Page 2
7	Lake Placid - Wastewater	18,926	(4,842)	Exhibit DMR-6	Page 3
8	Longwood - Wastewater	34,554	35,316	Exhibit DMR-7	Page 2
9	Lake Utility Services - Water	41,730	(148,906)	Exhibit DMR-8	Page 2
10	Lake Utility Services - Wastewater	542,544	197,925	Exhibit DMR-8	Page 3
11	Mid-County - Wastewater	472,792	117,278	Exhibit DMR-9	Page 2
12	Pennbrooke - Water	162,961	62,523	Exhibit DMR-10	Page 2
13	Pennbrooke - Wastewater	(33,600)	(53,193)	Exhibit DMR-10	Page 3
14	Sandalhaven - Wastewater	362,377	(525,555)	Exhibit DMR-11	Page 2
15	Sanlando - Water	(18,462)	(305,067)	Exhibit DMR-12	Page 2
16	Sanlando - Wastewater	2,391,091	1,385,149	Exhibit DMR-12	Page 3
17	Tierra Verde - Wastewater	107,812	94,440	Exhibit DMR-13	Page 2
18	Seminole County - Water	1,631,780	1,269,086	Exhibit DMR-14	Page 2
19	Seminole County - Wastewater	(26,532)	(85,052)	Exhibit DMR-14	Page 3
20	Orange County - Water	258,990	238,195	Exhibit DMR-15	Page 2
21	Pasco County - Water	329,885	157,642	Exhibit DMR-16	Page 2
22	Pasco County - Wastewater	152,640	23,245	Exhibit DMR-16	Page 3
23	Pinellas County - Water	170,080	131,348	Exhibit DMR-17	Page 2
24	Marion County - Water	68,885	61,122	Exhibit DMR-18	Page 2
25	Marion County - Wastewater	38,048	23,628	Exhibit DMR-18	Page 3
26	Total	<u>6,915,454</u>	<u>2,487,577</u>		
27	Total - Water	2,721,001	1,473,544		
28	Total - Wastewater	4,194,453	1,014,033		

Calculation of Revenue Requirement - Wastewater

Revised April 18, 2017

Line No.	(1) Description	(2) Utility Adjusted Test Year	(3) OPC Adjustments	(4) Per OPC Adjusted Balance	(5) Revenue Increase	(6) Annual Revenue Requirement	(7) OPC Adj. Reference:
1	OPERATING REVENUE	1,169,230	-	1,169,230	(37,889)	1,131,341	Page 3
2	Operation & Maintenance	662,260	(38,944)	623,316		623,316	Page 3
3	Depreciation, Net of CIAC Amort.	181,767	(13,804)	167,963		167,963	Page 3
4	Amortization, Acq. Adjustment	-		-		-	
5	Taxes Other Than Income	80,960	(4,328)	76,632	(1,705)	74,927	Page 3
6	Provision for Income Taxes	59,545	25,104	84,649	(13,616)	71,033	
7	OPERATING EXPENSES	984,532		952,560		937,239	
8	NET OPERATING INCOME	184,698		216,670		194,103	
9	RATE BASE	3,140,461	(351,629)	2,788,832		2,788,832	Page 4
10	RATE OF RETURN	5.88%				6.96%	Page 6

Source:

Col. (2): Company MFR B-2. Amount on line 6 from Company MFR C-2.

Schedule of Adjustments to Operating Income

Revised April 18, 2017

Line No.	Description	Amount	Reference:
	<u>Adjustments to O&amp;M Revenues:</u>		
1			
2	Subtotal	-	
3			
4	<u>Adjustments to O&amp;M Expense:</u>		
5	Materials & Supplies Expense Normalization	(16,517)	Testimony
6	Chemical Expense Adjustment	(7,266)	Testimony
7	Remove Prior Rate Case Expense Amortization from TY	(11,043)	Testimony, MFR B-6
8	Transportation Expense Allocation Correction	212	Testimony
9	WSC - Health Insurance Reserve Adjustment	(1,039)	Exhibit DMR-19
10	WSC - State - Depreciation Expense Adjustment	(3,291)	Exhibit DMR-20
11	Subtotal	(38,944)	
12			
13	<u>Adjustments to Depreciation:</u>		
14	Reduction to GIS Pro Forma Project	(2,666)	Exhibit DMR-21
15	EQ Tank and Headworks Project - Plant Portion	(11,495)	Page 7
16	EQ Tank and Headworks Project - Site Improvement Portion	357	Page 7
17	Subtotal	(13,804)	
18			
19	<u>Adjustments to Taxes Other Than Income</u>		
20	Impact of Net Plant Adj. on Property Tax Exp. (16.10 millage)	(4,328)	
21	Impact of Revenue Adjs. on Regulatory Assessment Fees (4.5%)	-	
22	Subtotal	(4,328)	
23			
24	<u>Adjustments to Income Taxes</u>		
25	Impact of Rate Base Adjustments on Interest Deduction (a)	3,626	
26	Impact of Adjustments on Income Taxes (37.63% composite rate)	21,478	
27	Subtotal	25,104	

(a) Calculated as total OPC rate base adjustments on page 4 x weighted cost of debt of 2.74% per Company MFR Schedule D-1 x -consolidated tax rate of 37.63%.

Calculation of Revenue Requirement - Wastewater

Revised April 18, 2017

Line No.	(1) Description	(2) Utility Adjusted Test Year	(3) OPC Adjustments	(4) Per OPC Adjusted Balance	(5) Revenue Increase	(6) Annual Revenue Requirement	(7) Column (3) Reference:
1	OPERATING REVENUE	72,690	-	72,690	(4,842)	67,848	Page 4
2	Operation & Maintenance	50,489	(3,856)	46,633		46,633	Page 4
3	Depreciation, Net of CIAC Amort.	17,393	(8,525)	8,868		8,868	Page 4
4	Amortization, Acq. Adjustment	-		-		-	
5	Taxes Other Than Income	7,324	-	7,324	(218)	7,106	Page 4
6	Provision for Income Taxes	(2,667)	5,745	3,078	(1,740)	1,339	Page 4
7	OPERATING EXPENSES	72,539		65,903		63,945	
8	NET OPERATING INCOME	151		6,787		3,903	
9	RATE BASE	137,478	(90,512)	46,967		46,967	Page 6
10	RATE OF RETURN	0.11%				8.31%	Page 8

Source:

Col. (2): Company MFR B-2. Amount on line 6 from Company MFR C-2.

Schedule of Adjustments to Operating Income

Line No.	Description	Water Amount	Wastewater Amount	Reference
<u>Adjustments to O&amp;M Revenues:</u>				
1				
2	Subtotal	-	-	
3				
<u>Adjustments to O&amp;M Expense:</u>				
5	Remove Excessive Unaccount for Water Expense	(108)		(c)
6	Remove Prior Rate Case Amortization Expense	(2,586)	(2,606)	Testimony, (b)
7	Remove Prior Rate Case Costs from Current Rate Case Amort. Exp.	(1,011)	(1,025)	Testimony, MFR Sch. B-10
8	Transportation Expense Allocation Correction	12	12	Testimony
9	WSC - Health Insurance Reserve Adjustment	(57)	(57)	Exhibit DMR-19
10	WSC - State - Depreciation Expense Adjustment	(178)	(180)	Exhibit DMR-20
11	Subtotal	(3,928)	(3,856)	
12				
<u>Adjustments to Depreciation:</u>				
14	Reduction to GIS Pro Forma Project	(149)	(151)	Exhibit DMR-21
15	Remove Depreciation Expense on Assets Fully Depreciated at Start of TY	(525)	(956)	Testimony
16	Non-Used & Useful Plant - Depreciation Expense		(7,418)	Page 9
17	Subtotal	(674)	(8,525)	
18				
<u>Adjustments to Taxes Other Than Income</u>				
21	Impact of Revenue Adjs. on Regulatory Assessment Fees (4.5%)	-	-	
22	Subtotal	-	-	
23				
<u>Adjustments to Income Taxes</u>				
25	Impact of Rate Base Adjustments on Interest Deduction (a)	(23)	1,086	
26	Impact of Adjustments on Income Taxes (37.63% composite rate)	1,732	4,659	
27	Subtotal	1,709	5,745	

(a) Calculated as total OPC rate base adjustments on pages 5 and 6 x weighted cost of debt of 3.19% per Company MFR Schedule D-1 x -consolidated tax rate of 37.63%.

(b) Amounts from Company MFR Schedules B-5 and B-6

(c) Calculated as test year purchase power expense of \$3,117 plus Company adjusted test year chemical expense of \$399 times the UAW water percentage recommended by Citizens' witness Woodcock of 3.06%.  
 $((\$3,117 + \$399) \times 3.06\%)$

Utilities, Inc. of Florida  
 - Lake Placid  
 Test Year Ended December 31, 2015

Docket No. 160101-WS  
 Exhibit DMR-6  
 Lake Placid Revenue Requirement  
 Page 6 of 9  
 Revised April 18, 2017

Rate Base - Wastewater

Line No.	Description	Utility Adjusted Balance (1)	OPC Adjustments (2)	Adjusted Rate Base (3)
1	Utility Plant in Service	806,546	(4,096)	802,450
2	Utility Land & Land Rights	21,665		21,665
3	Less: Non-Used & Useful Plant	-	(89,885)	(89,885)
4	Construction Work in Progress	-		-
5	Less: Accumulated Depreciation	(543,007)	3,470	(539,538)
6	Less: CIAC	(335,881)		(335,881)
7	Accumulated Amortization CIAC	180,809		180,809
8	Acquisition Adjustments	-		-
9	Accum. Amort. Of Acq. Adjustments	-		-
10	Working Capital Allowance	7,346	-	7,346
11	Total Rate Base	137,478	(90,512)	46,967

Source/Notes:

Col. (1): Company MFR A-2

Col. (2): See Page 7

Cost of Capital

Line No.	Class of Capital	Per UIF Amounts (a)	Per UIF Ratio (b)	OPC Adjustments (c)	Per OPC Adjusted (d)	Per OPC Ratio (e)	Per OPC Cost Rate (f)	Per OPC Weighted Cost (g)
1	Long Term Debt	130,743	46.22%	(41,037)	89,706	46.16%	6.70%	3.09%
2	Short Term Debt	12,417	4.39%	(3,897)	8,520	4.38%	2.32%	0.10%
3	Common Equity	139,039	49.15%	(43,641)	95,398	49.09%	10.40%	5.11%
4	Customer Deposits	696	0.25%		696	0.36%	2.00%	0.01%
5	Tax Credits - Zero Cost	-	0.00%		-	0.00%	0.00%	0.00%
6	ADIT	-	0.00%		-	0.00%	0.00%	0.00%
7	Total	282,895	100.00%		194,319	100.00%		8.31%

Source/Notes:

Col. (a), (b) and (f): See Company MFR Sch. D-1

Col. (d), line 7: See page 4

Col. (f), Line 3: Corrected amount per Company response to Staff ROG 110.

Calculation of Revenue Requirement - Water

Revised April 18, 2017

Line No.	(1) Description	(2) Utility Adjusted Test Year	(3) OPC Adjustments	(4) Per OPC Adjusted Balance	(5) Revenue Increase	(6) Annual Revenue Requirement	(7) Column (3) Reference:
1	OPERATING REVENUE	5,484,612	-	5,484,612	(148,906)	5,335,706	Page 4
2	Operation & Maintenance	2,244,087	(60,410)	2,183,677		2,183,677	Page 4
3	Depreciation, Net of CIAC Amort.	968,146	(12,819)	955,327		955,327	Page 4
4	Amortization, Acq. Adjustment	-		-		-	
5	Taxes Other Than Income	564,874	(1,279)	563,595	(6,701)	556,895	Page 4
6	Provision for Income Taxes	457,475	28,037	485,512	(53,512)	432,000	
7	OPERATING EXPENSES	4,234,582		4,188,111		4,127,899	
8	NET OPERATING INCOME	1,250,030		1,296,501		1,207,807	
9	RATE BASE	16,953,271	(430,602)	16,522,669		16,522,669	Page 5
10	RATE OF RETURN	7.37%				7.31%	Page 8

Source:

Col. (2): Company MFR B-1

Schedule of Adjustments to Operating Income

Line No.	Description	Water Amount	Wastewater Amount	Reference
<u>Adjustments to O&amp;M Revenues:</u>				
1				
2	Subtotal	-	-	
3				
<u>Adjustments to O&amp;M Expense:</u>				
5	Remove Unsupported Additional Employee - Salary & Wages	(20,623)	(6,377)	Testimony
6	Remove Unsupported Additional Employee - Benefits	(6,187)	(1,913)	Testimony
7	Sludge Dewatering Equipment Cost Savings		(42,000)	Testimony
8	Remove Pro Forma Purchase Power Expense Adjustment	(14,209)	(7,657)	Testimony
9	Transportation Expense Allocation Correction	986	305	Testimony
10	WSC - Health Insurance Reserve Adjustment	(4,768)	(1,475)	Exhibit DMR-19
11	WSC - State - Depreciation Expense Adjustment	(15,609)	(4,827)	Exhibit DMR-20
12	Subtotal	(60,410)	(63,944)	
13				
<u>Adjustments to Depreciation:</u>				
15	Reduction to GIS Pro Forma Project	(12,381)	(3,829)	Exhibit DMR-21
16	Revise Non-Used & Useful Percentage, Depreciation Expense		(19,037)	Page 12
17	Remove Application of Non-Used & Useful to Amortization of CIAC		(48,890)	Testimony, MFR B-14
18	Reduction to Sludge Dewatering Equipment Project (18 year life)		(278)	
19	Recommended Reduction in SCADA System Project Costs	(999)	(111)	Page 9
20	Recommended Reduction in Splitter Box Replacement Project Cost		(84)	Page 10
21	Recommended Reduction to US 27 North Relocation Project Costs	561	(1,725)	Page 11
22	Recommended Reduction to US 27 North Relocation (Reuse Mains)		841	Page 11
23	Subtotal	(12,819)	(73,113)	
24				
<u>Adjustments to Taxes Other Than Income</u>				
26	Impact of Net Plant Adj. on Property Tax Exp. (15.4121 millage)	299	(2,705)	
27	Remove Unsupported Additional Employee - Payroll Taxes	(1,578)	(488)	Testimony
28	Impact of Revenue Adjs. on Regulatory Assessment Fees (4.5%)	-	-	
29	Subtotal	(1,279)	(3,193)	
30				
<u>Adjustments to Income Taxes</u>				
32	Impact of Rate Base Adjustments on Interest Deduction (a)	-	17,058	
	Impact of Adjustments on Income Taxes (37.63% composite rate)	28,037	52,776	
	Subtotal	28,037	69,834	

(a) Calculated as total OPC rate base adjustments on pages 5 and 6 x weighted cost of debt of 2.90% per Company MFR Schedule D-1 x consolidated tax rate of 37.63%.

Calculation of Revenue Requirement - Wastewater

Revised April 18, 2017

Line No.	(1) Description	(2) Utility Adjusted Test Year	(3) OPC Adjustments	(4) Per OPC Adjusted Balance	(5) Revenue Increase	(6) Annual Revenue Requirement	(7) Column (3) Reference:
1	OPERATING REVENUE	1,196,788	-	1,196,788	(525,555)	671,233	Page 3
2	Operation & Maintenance	747,392	(212,339)	535,054		535,054	Page 3
3	Depreciation, Net of CIAC Amort.	216,389	(158,976)	57,413		57,413	Page 3
4	Amortization, Acq. Adjustment	-		-		-	
5	Taxes Other Than Income	150,181	(55,578)	94,603	(23,650)	70,953	Page 3
6	Provision for Income Taxes	(14,158)	202,636	188,478	(188,867)	(389)	
7	OPERATING EXPENSES	1,099,804		875,547		663,030	
8	NET OPERATING INCOME	96,984		321,241		8,202	
9	RATE BASE	3,944,850	(3,659,081)	285,770		285,770	Page 4
10	RATE OF RETURN	2.46%				2.87%	Page 6

Source:

Col. (2): Company MFR B-2

Schedule of Adjustments to Operating Income

Line No.	Description	Amount	Reference
<u>Adjustments to O&amp;M Revenues:</u>			
1			
2	Subtotal	-	
3			
<u>Adjustments to O&amp;M Expense:</u>			
4			
5	WWTP Plant Decommissioning Impacts:		
6	- Reduction to Salary and Wages Expense (\$45,778 * 1.0375)	(47,495)	Testimony
7	- Reduction to Pensions & Benefits Expense (\$13,284 * 1.0375)	(13,782)	Testimony
8	- Remove Sludge Removal Expense	(13,455)	Testimony
9	- Remove Chemical Expense	(3,145)	Testimony
10	Remove 2014 Purchase Sewage Treatment Expense	(27,125)	Testimony
11	Remove Prior Rate Case Amortization Expense	(37,384)	Testimony, MFR B-6
12	Remove Prior Rate Case Costs from Current Rate Case Amort. Exp	(39,479)	Testimony, MFR B-10
13	Excess Inflow & Infiltration Expense	(28,486)	Page 7
14	Transportation Expense Allocation Correction	103	Testimony
15	WSC - Health Insurance Reserve Adjustment	(502)	Exhibit DMR-19
16	WSC - State - Depreciation Expense Adjustment	(1,589)	Exhibit DMR-20
17	Subtotal	(212,339)	
18			
<u>Adjustments to Depreciation:</u>			
19			
20	Reduction to GIS Pro Forma Project	(1,297)	Exhibit DMR-21
21	Reduction to Pro forma Road Relocation Project	(316)	Page 9
22	Non-Used & Useful Plant	(157,363)	Page 8
23	Subtotal	(158,976)	
24			
<u>Adjustments to Taxes Other Than Income</u>			
25			
26	Impact of Net Plant Adjustments on Property Taxes	(51,945)	16.10 millage
27	Reduction to Payroll Tax Expense - WWTP Decommissioning (7.65%)	(3,633)	
28	Impact of Revenue Adjs. on Regulatory Assessment Fees (4.5%)	-	
29	Subtotal	(55,578)	
30			
<u>Adjustments to Income Taxes</u>			
31			
32	Impact of Rate Base Adjustments on Interest Deduction (a)	41,996	
33	Impact of Adjustments on Income Taxes (37.63% composite rate)	160,640	
	Subtotal	202,636	

(a) Calculated as total OPC rate base adjustments on page 4 x weighted cost of debt of 3.05% per Company MFR Schedule D-1 x -consolidated tax rate of 37.63%.

Rate Base - Wastewater

Line No.	Description	Utility Adjusted Balance (1)	OPC Adjustments (2)	Adjusted Rate Base (3)
1	Utility Plant in Service	7,720,449	(17,510)	7,702,940
2	Utility Land & Land Rights	167,477		167,477
3	Less: Non-Used & Useful Plant	-	(3,013,376)	(3,013,376)
4	Construction Work in Progress	-		-
5	Less: Accumulated Depreciation	(2,825,235)	(195,495)	(3,020,730)
6	Less: CIAC	(2,230,624)		(2,230,624)
7	Accumulated Amortization CIAC	636,102		636,102
8	Acquisition Adjustments	-		-
9	Accum. Amort. Of Acq. Adjustments	-		-
10	Working Capital Allowance	476,681	(432,700)	43,981
11	Total Rate Base	3,944,850	(3,659,081)	285,770

Source/Notes:

Col. (1): Company MFR A-2  
 Col. (2): See Page 5

Utilities, Inc. of Florida  
 - Sandalhaven  
 Test Year Ended December 31, 2015  
 Schedule of Adjustments to Rate Base

Docket No. 160101-WS  
 Exhibit DMR-11  
 Sandalhaven Revenue Requirement  
 Page 5 of 9  
 Revised April 18, 2017

Line No.	Description	Amount	Reference:
	<u>Adjustments to Plant in Service</u>		
1	Reduction to GIS Pro Forma Project	(7,779)	Exhibit DMR-21
2	Reduction to Pro forma Road Relocation Project	(9,492)	Page 9
3	Remove Treatment & Disposal Plant, Acct 380.4, Balance	(239)	Testimony
4	Total Adjustments to Plant in Service	<u>(17,510)</u>	
5			
6	<u>Adjustments to Non-Used and Useful Plant</u>		
7	Non-Used & Useful Net Plant	(3,013,376)	Page 8
8	Total Net Non-Used and Useful Adjustment	<u>(3,013,376)</u>	
9			
10	<u>Adjustments to Accumulated Depreciation:</u>		
11	Reduction to GIS Pro Forma Project	(649)	
12	Reduction to Pro forma Road Relocation Project	26,602	Page 9
13	Remove Negative Accumulated Depreciation on Retired Plant	169,542	Testimony
14	Total Adjustments to Accumulated Depreciation	<u>195,495</u>	
15			
16	<u>Adjustments to Working Capital:</u>		
17	Remove Accrued Income Taxes From WC	(432,700)	Testimony
18			
19	Total Adjustments to Working Capital	<u>(432,700)</u>	

Cost of Capital

Revised April 18, 2017

Line No.	Class of Capital	Per UIF Amounts (a)	Per UIF Ratio (b)	OPC Adjustments (c)	Per OPC Adjusted (d)	Per OPC Ratio (e)	Per OPC Cost Rate (f)	Per OPC Weighted Cost (g)
1	Long Term Debt	1,739,914	44.11%	(1,694,982)	44,932	15.72%	6.70%	1.05%
2	Short Term Debt	165,241	4.19%	(160,974)	4,267	1.49%	2.32%	0.03%
3	Common Equity	1,850,325	46.90%	(1,802,542)	47,783	16.72%	10.40%	1.74%
4	Customer Deposits	5,426	0.14%		5,426	1.90%	2.00%	0.04%
5	Tax Credits - Zero Cost	-	0.00%		-	0.00%	0.00%	0.00%
6	ADIT	183,944	4.66%	(583)	183,361	64.16%	0.00%	0.00%
7	Total	3,944,850	100.00%		285,770	100.00%		2.87%

Source/Notes:

Col. (a), (b) and (f): See Company MFR Sch. D-1

Col. (d), line 7: See page 4

Col. (c), line 6: Reflects impact on Company ADIT adjustment from pro forma plant addition adjustment.

Calculation of Revenue Requirement - Water

Revised April 18, 2017

Line No.	(1) Description	(2) Utility Adjusted Test Year	(3) OPC Adjustments	(4) Per OPC Adjusted Balance	(5) Revenue Increase	(6) Annual Revenue Requirement	(7) Column (3) Reference:
1	OPERATING REVENUE	902,832	-	902,832	157,642	1,060,474	Page 4
2	Operation & Maintenance	506,667	69,677	576,344		576,344	Page 4
3	Depreciation, Net of CIAC Amort.	128,341	29,094	157,435		157,435	Page 4
4	Amortization, Acq. Adjustment	-		-		-	
5	Taxes Other Than Income	117,615	(25,654)	91,961	7,094	99,055	Page 4
6	Provision for Income Taxes	7,254	(5,288)	1,966	56,651	58,618	
7	OPERATING EXPENSES	759,877		827,706		891,451	
8	NET OPERATING INCOME	142,955		75,126		169,023	
9	RATE BASE	4,525,758	(2,043,774)	2,481,984		2,481,984	Page 5
10	RATE OF RETURN	3.16%				6.81%	Page 8

Source:

Col. (2): Company MFR B-1. Amount on line 6 from Company MFR C-2.

Schedule of Adjustments to Operating Income

Line No.	Description	Water Amount	Wastewater Amount	Reference
<u>Adjustments to O&amp;M Revenues:</u>				
1				
2	Subtotal	-	-	
3				
<u>Adjustments to O&amp;M Expense:</u>				
5	Remove Non-Recurring Expenses - Well and Plant Decommissioning	(48,609)		Testimony
6	Reflect Purchase Water Expense	117,206		Page 9
7	Remove Company Adjustment to Amortize Decommissioning Costs	(20,000)		Testimony, MFR B-3
8	Abandoned Summertree Wells Amortization Expense	43,914		Page 10
9	Excess Inflow & Infiltration Expense		(33,025)	(c)
10	Excess Unaccounted for Water	(1,234)		(d)
11	Remove Prior Rate Case Costs from Current Rate Case Amort. Exp	(16,489)	(7,154)	Testimony, MFR B-10
12	WSC - Health Insurance Reserve Adjustment	(1,178)	(511)	Exhibit DMR-19
13	WSC - State - Depreciation Expense Adjustment	(3,933)	(1,706)	Exhibit DMR-20
14	Subtotal	69,677	(42,396)	
15				
<u>Adjustments to Depreciation:</u>				
17	Remove Deprec. Exp. on Pro Forma Water Main Replacement Project	(8,737)		(b)
18	Remove Per Company Summertree Decommissioning Adjustment	61,015		MFR Sch. B-3
19	Remove Deprec. Exp. on Abandoned Summertree Assets	(21,974)		Testimony
20	Reduction to GIS Pro Forma Project	(1,210)	(525)	Exhibit DMR-21
21	Staff Audit Finding 3 - Depreciation Expense Impact - Wastewater System		(4,890)	
22	Subtotal	29,094	(5,415)	
23				
<u>Adjustments to Taxes Other Than Income</u>				
25	Remove Property Taxes on Water Main Replacement Project (17.1026 mill rat	(25,654)		
26	Impact of Revenue Adjs. on Regulatory Assessment Fees (4.5%)	-	-	
27	Subtotal	(25,654)	-	
28				
<u>Adjustments to Income Taxes</u>				
30	Impact of Rate Base Adjustments on Interest Deduction (a)	22,226	7,267	
31	Impact of Adjustments on Income Taxes (37.63% composite rate)	(27,514)	17,991	
	Subtotal	(5,288)	25,258	

(a) Calculated as total OPC rate base adjustments on pages 5 and 6 x weighted cost of debt of 2.89% per Company MFR Schedule D-1 x -consolidated tax rate of 37.63%.

(b) Adjustment recommended by Citizens' witness Woodcock.

(c) Calculated based on Orangewood/Buena Vista/Wisbar purchase sewer, purchase power and chemical expense times excessive I&I percentage recommended by Citizens witness Woodcock of 17.22%

(d) Calculated based on non-Summertree purchase power and chemical expense times excessive unaccounted for water percentage recommended by Citizens witness Woodcock of 7.66%.

Utilities, Inc. of Florida  
 - Pasco County  
 Test Year Ended December 31, 2015

Docket No. 160101-WS  
 Exhibit DMR-16  
 Pasco County Revenue Requirement  
 Page 5 of 10  
 Revised April 18, 2017

Rate Base - Water

Line No.	Description	Utility Adjusted Balance (1)	OPC Adjustments (2)	Adjusted Rate Base (3)
1	Utility Plant in Service	3,310,408	677,936	3,988,344
2	Utility Land & Land Rights	2,344		2,344
3	Less: Non-Used & Useful Plant	-		-
4	Construction Work in Progress	-		-
5	Less: Accumulated Depreciation	1,337,576	(2,618,497)	(1,280,921)
6	Less: CIAC	(564,908)	3,633	(561,275)
7	Accumulated Amortization CIAC	177,840	73,154	250,994
8	Acquisition Adjustments	-		-
9	Accum. Amort. Of Acq. Adjustments	-		-
10	Working Capital Allowance	262,498	(180,000)	82,498
11	Total Rate Base	4,525,758	(2,043,774)	2,481,984

Source/Notes:

Col. (1): Company MFR A-1  
 Col. (2): See Page 7

Schedule of Adjustments to Rate Base

Line No.	Description	Water Amount	Wastewater Amount	Reference:
	<u>Adjustments to Plant in Service</u>			
1	Staff Audit Finding 3 - PIS Impact - Wastewater System		666,675	
2	Reduction to GIS Pro Forma Project	(18,156)	(7,879)	Exhibit DMR-21
3	Remove Pro Forma Water Main Replacements, Net of Retirements	(375,000)		(a)
4	Remove Per Company Summertree Decommissioning Adjustment	1,786,610		MFR Sch. A-3
5	Remove Abandoned Summertree Water Supply Assets	(715,518)		(b)
6	Total Adjustments to Plant in Service	<u>677,936</u>	<u>658,796</u>	
7				
8	<u>Adjustments to Non-Used and Useful Plant</u>			
9				
10	Total Net Non-Used and Useful Adjustment	<u>-</u>	<u>-</u>	
11				
12	<u>Adjustments to Accumulated Depreciation:</u>			
13	Staff Audit Finding 3 - A/Dep. Impact - Wastewater System		1,393,033	
14	Reduction to GIS Pro Forma Project	(605)	(263)	
15	Remove Pro Forma Water Main Replacements, Net of Retirements	1,107,525		(a)
16	Remove Company Summertree Decommissioning Adjustments	1,786,611		MFR Sch. A-3
17	Remove Abandoned Summertree Water Supply Assets	(275,034)		(b)
18				
19	Total Adjustments to Accumulated Depreciation	<u>2,618,497</u>	<u>1,392,771</u>	
20				
21	<u>Adjustments to CIAC</u>			
22	Staff Audit Finding 3 - CIAC Impact - Wastewater System		(46,517)	
23	Remove Company Summertree Decommissioning Adjustments	156,827		MFR Sch. A-3
24	Remove Abandoned Summertree Water Supply Assets	(160,460)		(b)
25	Total Adjustments to CIAC	<u>(3,633)</u>	<u>(46,517)</u>	
26				
27	<u>Adjustments to Accumulated Amortization of CIAC</u>			
28	Staff Audit Finding 3 - Accum. Amort. CIAC Impact - Wastewater System		(19,216)	
29	Remove Company Summertree Decommissioning Adjustments	(156,827)		MFR Sch. A-3
30	Remove Abandoned Summertree Water Supply Assets	83,673		(b)
31	Total Adjustment to Accumulated Amortization of CIAC	<u>(73,154)</u>	<u>(19,216)</u>	
32				
33	<u>Adjustments to Working Capital:</u>			
34	Remove Cost to Decommission from Working Capital	(180,000)		MFR Sch. A-17
35	Total Adjustments to Working Capital	<u>(180,000)</u>	<u>-</u>	

(a) Adjustment recommended by Citizens' Witness Woodcock.  
(b) Summertree decommissioning adjustments discussed in testimony.

Cost of Capital

Line No.	Class of Capital	Per UIF Amounts (a)	Per UIF Ratio (b)	OPC Adjustments (c)	Per OPC Adjusted (d)	Per OPC Ratio (e)	Per OPC Cost Rate (f)	Per OPC Weighted Cost (g)
1	Long Term Debt	2,431,305	41.69%	(1,251,591)	1,179,714	37.81%	6.70%	2.53%
2	Short Term Debt	230,903	3.96%	(118,865)	112,038	3.59%	2.32%	0.08%
3	Common Equity	2,585,590	44.34%	(1,331,014)	1,254,576	40.21%	10.40%	4.18%
4	Customer Deposits	22,434	0.38%		22,434	0.72%	2.00%	0.01%
5	Tax Credits - Zero Cost	34,269	0.59%		34,269	1.10%	0.00%	0.00%
6	ADIT	527,274	9.04%	(10,545)	516,729	16.56%	0.00%	0.00%
7	Total	5,831,775	100.00%		3,119,761	100.00%		6.81%

Source/Notes:

Col. (a), (b) and (f): See Company MFR Sch. D-1

Col. (d), line 7: See pages 5 and 6

Col. (c), line 6: Reflects impact on Company ADIT adjustment from Citizens pro forma plant addition adjustments.

Calculation of Revenue Requirement - Water

Revised April 18, 2017

Line No.	(1) Description	(2) Utility Adjusted Test Year	(3) OPC Adjustments	(4) Per OPC Adjusted Balance	(5) Revenue Increase	(6) Annual Revenue Requirement	(7) Column (3) Reference:
1	OPERATING REVENUE	208,417	-	208,417	61,122	269,539	Page 4
2	Operation & Maintenance	130,818	(4,343)	126,475		126,475	Page 4
3	Depreciation, Net of CIAC Amort.	61,282	(3,105)	58,177		58,177	Page 4
4	Amortization, Acq. Adjustment	-		-		-	
5	Taxes Other Than Income	15,454	-	15,454	2,750	18,204	Page 4
6	Provision for Income Taxes	(6,728)	2,886	(3,842)	21,965	18,123	
7	OPERATING EXPENSES	200,826		196,264		220,980	
8	NET OPERATING INCOME	7,591		12,153		48,559	
9	RATE BASE	656,497	598	657,095		657,095	Page 5
10	RATE OF RETURN	1.16%				7.39%	Page 9

Source:

Col. (2): Company MFR B-1. Amount on line 6 from Company MFR C-2.

Calculation of Revenue Requirement - Wastewater

Revised April 18, 2017

Line No.	(1) Description	(2) Utility Adjusted Test Year	(3) OPC Adjustments	(4) Per OPC Adjusted Balance	(5) Revenue Increase	(6) Annual Revenue Requirement	(7) Column (3) Reference:
1	OPERATING REVENUE	48,279	-	48,279	23,628	71,907	Page 4
2	Operation & Maintenance	36,447	(577)	35,870		35,870	Page 4
3	Depreciation, Net of CIAC Amort.	32,406	(12,311)	20,095		20,095	Page 4
4	Amortization, Acq. Adjustment	-		-		-	
5	Taxes Other Than Income	3,516	-	3,516	1,063	4,579	Page 4
6	Provision for Income Taxes	(10,360)	4,937	(5,423)	8,491	3,068	
7	OPERATING EXPENSES	62,009		54,058		63,613	
8	NET OPERATING INCOME	(13,730)		(5,779)		8,294	
9	RATE BASE	120,537	(8,300)	112,237		112,237	Page 6
10	RATE OF RETURN	-11.39%				7.39%	Page 9

Source:

Col. (2): Company MFR B-2. Amount on line 6 from Company MFR C-2.

Schedule of Adjustments to Operating Income

Line No.	Description	Water Amount	Wastewater Amount	Reference
<u>Adjustments to O&amp;M Revenues:</u>				
1				
2	Subtotal	-	-	
3				
<u>Adjustments to O&amp;M Expense:</u>				
5	Remove Prior Rate Case Costs from Current Rate Case Amort. Exp	(3,154)	(439)	Testimony, MFR B-10
6	Remove Excess Unaccounted for Water Expense	(203)		(a)
7	WSC - Health Insurance Reserve Adjustment	(220)	(31)	Exhibit DMR-19
8	WSC - State - Depreciation Expense Adjustment	(766)	(107)	Exhibit DMR-20
9	Subtotal	(4,343)	(577)	
10				
<u>Adjustments to Depreciation:</u>				
12	Non-Used & Useful Plant		(12,279)	Page 8
13	Reduction to GIS Pro Forma Project	(231)	(32)	Exhibit DMR-21
14	Remove Account 304.2 Depreciation Exp. - Assets Fully Depreciated	(1,936)		Testimony, MFR B-13
15	Remove Account 307.2 Depreciation Exp. - Assets Fully Depreciated	(938)		Testimony, MFR B-13
16	Subtotal	(3,105)	(12,311)	
17				
<u>Adjustments to Taxes Other Than Income</u>				
19				
20	Impact of Revenue Adjs. on Regulatory Assessment Fees (4.5%)	-	-	
21	Subtotal	-	-	
22				
<u>Adjustments to Income Taxes</u>				
24	Impact of Rate Base Adjustments on Interest Deduction	83	87	(b)
25	Impact of Adjustments on Income Taxes (37.63% composite rate)	2,803	4,850	
26	Subtotal	2,886	4,937	

(a) Calculated as test year purchase power expense of \$13,379 plus Company adjusted test year chemical expense of \$1,683 times the UAW water percentage recommended by Citizens' witness Woodcock of 1.35%.  $(\$13,379 + \$1,683) \times 1.35\%$

(b) Calculated as total OPC rate base adjustments on pages 5 and 6 x weighted cost of debt of 3.01% per Company MFR Schedule D-1 x -consolidated tax rate of 37.63%.

Rate Base - Water

Line No.	Description	Utility Adjusted Balance (1)	OPC Adjustments (2)	Adjusted Rate Base (3)
1	Utility Plant in Service	1,215,288	(93,860)	1,121,428
2	Utility Land & Land Rights	17,211		17,211
3	Less: Non-Used & Useful Plant	-		-
4	Construction Work in Progress	-		-
5	Less: Accumulated Depreciation	(527,830)	94,458	(433,373)
6	Less: CIAC	(184,713)		(184,713)
7	Accumulated Amortization CIAC	120,763		120,763
8	Acquisition Adjustments	-		-
9	Accum. Amort. Of Acq. Adjustments	-		-
10	Working Capital Allowance	15,778	-	15,778
11	Total Rate Base	656,497	598	657,095

Source/Notes:

Col. (1): Company MFR A-1  
 Col. (2): See Page 7

Utilities, Inc. of Florida  
 - Marion County  
 Test Year Ended December 31, 2015

Docket No. 160101-WS  
 Exhibit DMR-18  
 Marion County Revenue Requirement  
 Page 6 of 9  
 Revised April 18, 2017

Rate Base - Wastewater

Line No.	Description	Utility Adjusted Balance (1)	OPC Adjustments (2)	Adjusted Rate Base (3)
1	Utility Plant in Service	211,413	(483)	210,930
2	Utility Land & Land Rights	10,725		10,725
3	Less: Non-Used & Useful Plant	-	(7,833)	(7,833)
4	Construction Work in Progress	-		-
5	Less: Accumulated Depreciation	(98,455)	16	(98,439)
6	Less: CIAC	(7,200)		(7,200)
7	Accumulated Amortization CIAC	1,858		1,858
8	Acquisition Adjustments	-		-
9	Accum. Amort. Of Acq. Adjustments	-		-
10	Working Capital Allowance	2,196	-	2,196
11	Total Rate Base	120,537	(8,300)	112,237

Source/Notes:

Col. (1): Company MFR A-2

Col. (2): See Page 7

Schedule of Adjustments to Rate Base

Revised April 18, 2017

Line No.	Description	Water Amount	Wastewater Amount	Reference:
	<u>Adjustments to Plant in Service</u>			
1	Reduction to GIS Pro Forma Project	(3,472)	(483)	Exhibit DMR-21
2	Remove Account 304.2 - Structures & Improvements (fully depreciate	(62,271)		Testimony, MFR A-5
3	Remove Account 307.2 - Wells & Springs (fully depreciated)	(28,117)		Testimony, MFR A-5
4	Total Adjustments to Plant in Service	<u>(93,860)</u>	<u>(483)</u>	
5				
6	<u>Adjustments to Non-Used and Useful Plant</u>			
7	Non-Used & Useful Net Plant		(7,833)	Page 8
8	Total Net Non-Used and Useful Adjustment	<u>-</u>	<u>(7,833)</u>	
9				
10	<u>Adjustments to Accumulated Depreciation:</u>			
11	Reduction to GIS Pro Forma Project	(116)	(16)	
12	Remove Account 304.2 - Structures & Improvements (fully depreciate	(64,468)		Testimony, MFR A-9
13	Remove Account 307.2 - Wells & Springs (fully depreciated)	(29,874)		Testimony, MFR A-9
14	Total Adjustments to Accumulated Depreciation	<u>(94,458)</u>	<u>(16)</u>	
15				
16	<u>Adjustments to Working Capital:</u>			
17				
18	Total Adjustments to Working Capital	<u>-</u>	<u>-</u>	

Cost of Capital

Line No.	Class of Capital	Per UIF Amounts (a)	Per UIF Ratio (b)	OPC Adjustments (c)	Per OPC Adjusted (d)	Per OPC Ratio (e)	Per OPC Cost Rate (f)	Per OPC Weighted Cost (g)
1	Long Term Debt	319,566	41.13%	(3,569)	315,997	41.07%	6.70%	2.75%
2	Short Term Debt	30,349	3.91%	(339)	30,010	3.90%	2.32%	0.09%
3	Common Equity	339,845	43.74%	(3,795)	336,050	43.68%	10.40%	4.54%
4	Customer Deposits	3,411	0.44%		3,411	0.44%	2.00%	0.01%
5	Tax Credits - Zero Cost	5,208	0.67%		5,208	0.68%	0.00%	0.00%
6	ADIT	78,655	10.12%		78,655	10.22%	0.00%	0.00%
7	Total	777,034	100.00%		769,332	100.00%		7.39%

Source/Notes:

Col. (a), (b) and (f): See Company MFR Sch. D-1  
 Col. (d), line 7: See pages 5 and 6