



February 15, 2018

**VIA E-FILING**


Carlotta S. Stauffer, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

RE: Docket No. 20170223-SU; Application for establishment of wastewater AFPI charges in Highlands, Lake, Marion, Pasco and Pinellas Counties by Utilities, Inc. of Florida

Dear Ms. Stauffer:

Enclosed is the revised schedules and tariff sheets for Labrador and UIF-Marion that shows the correct number of ERCs as well as the correct tax rates. These should replace the revised schedules that were filed earlier today. Should you or staff have any questions regarding this filing, please do not hesitate to give me a call at (850) 643-7326 or contact me via e-mail at [jdeason@uiwater.com](mailto:jdeason@uiwater.com).

Sincerely,



Jared Deason  
Senior Financial Analyst

Enclosures

**Allowance for Funds Prudently Invested  
Calculation of Carrying Costs for Each ERC:**

Cost of Qualifying Ass \$	289,404	Annual Depreciation Expense:	\$	14,181
Divided By Future ERC:	155	Future ERC's:		155
Cost/ERC:	1,870.16	Annual Depr. Cost per ERC:	\$	<u>91.64</u>
Multiply By Rate of Return:	7.09%			
Annual Return Per ER \$	<u>132.62</u>	Annual Property Tax Expense:	\$	2,180
Annual Reduction in F \$	6.50	Future ERC's:		155
(Annual Depreciation Expense per ERC Times Rate of Return)		Annual Prop. Tax per ERC:	\$	<u>14.09</u>
Federal Tax Rate:	21.00%	Weighted Cost of Equity:		4.36%
Effective State Tax Rate:	4.35%	Divided by Rate of Return:		7.09%
Total Tax Rate:	<u>25.35%</u>	% of Equity in Return:		<u>61.48%</u>
Effective Tax on Return:	<u>15.58%</u>	Other Costs:	\$	0
(Equity % Times Tax Rate)		Future ERC's:		155
Provision For Tax:	<u>20.87%</u>	Cost per ERC:	\$	<u>0.00</u>
(Tax on Return/(1-Total Tax Rate))				

**Allowance for Funds Prudently Invested**  
**Calculation of Carrying Cost Per ERC Per Year:**

	2016	2017	2018	2019	2020
Unfunded Other Costs	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Unfunded Annual Depreciation:	91.64	91.64	91.64	91.64	91.64
Unfunded Property Tax:	14.09	14.09	14.09	14.09	14.09
Subtotal Unfunded An	\$ 105.73	\$ 105.73	\$ 105.73	\$ 105.73	\$ 105.73
Unfunded Expenses Prior Year:	0.00	105.73	211.45	317.18	422.91
Total Unfunded Exper	\$ <u>105.73</u>	\$ <u>211.45</u>	\$ <u>317.18</u>	\$ <u>422.91</u>	\$ <u>528.63</u>
Return on Expenses Current Yea	7.50	7.50	7.50	7.50	7.50
Return on Expenses Prior Year:	0.00	7.50	14.99	22.49	29.99
Return on Plant Current Year:	132.62	126.12	119.62	113.12	106.62
Earnings Prior Year:	0.00	132.62	275.65	429.81	595.90
Compound Earnings from Prior Y	0.00	9.40	19.55	30.48	42.26
Total Compounded E:	\$ 132.62	\$ 275.64	429.81	595.90	774.77
Earnings Expansion Factor for Ti	1.21	1.21	1.21	1.21	1.21
Revenue Required to	\$ 160.30	\$ 333.18	\$ 519.52	\$ 720.28	\$ 936.49
Revenue Required to Fund Exper	105.73	211.45	317.18	422.91	528.63
Subtotal:	\$ 266.03	\$ 544.63	\$ 836.70	\$ 1,143.19	\$ 1,465.12
Divided by Factor for Regulatory	0.955	0.955	0.955	0.955	0.955
<b>ERC Carrying Cost f</b>	\$ <u><b>278.57</b></u>	\$ <u><b>570.29</b></u>	\$ <u><b>876.13</b></u>	\$ <u><b>1,197.06</b></u>	\$ <u><b>1,534.16</b></u>

Allowance for Funds Prudently Invested  
Calculation of Carrying Costs for Each ERC

Information Needed

1.	Cost of Qualifying Assets	\$ 289,404
2.	Capacity of Qualifying Assets	43329.6 GPD
3.	Number of Future Customers	155 ERC
4.	Annual Depreciation Expense	\$ 14,181
5.	Rate of Return	7.09%
6.	Weighted Cost of Equity	4.36%
7.	Federal Income Tax Rate	21.00%
8.	State Income Tax Rate	5.50%
9.	Annual Property Tax	\$ 2180
10.	Other Costs	\$ 0
11.	Depreciation Rate of Assets	4.90%
12.	Test Year	2015

Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:

	2016	2017	2018	2019	2020	2021
	----	----	----	----	----	----
January	23.21	302.88	595.78	902.87	1,225.15	1,534.16
February	46.43	327.19	621.27	929.61	1,253.24	1,534.16
March	69.64	351.50	646.75	956.36	1,281.33	1,534.16
April	92.86	375.81	672.24	983.10	1,309.43	1,534.16
May	116.07	400.12	697.72	1,009.85	1,337.52	1,534.16
June	139.28	424.43	723.21	1,036.59	1,365.61	1,534.16
July	162.50	448.74	748.70	1,063.34	1,393.70	1,534.16
August	185.71	473.05	774.18	1,090.08	1,421.79	1,534.16
September	208.93	497.36	799.67	1,116.83	1,449.88	1,534.16
October	232.14	521.67	825.15	1,143.57	1,477.97	1,534.16
November	255.35	545.98	850.64	1,170.32	1,506.07	1,534.16
December	278.57	570.29	876.13	1,197.06	1,534.16	1,534.16

**Allowance for Funds Prudently Invested  
Calculation of Carrying Costs for Each ERC:**

Cost of Qualifying Ass \$	16,641	Annual Depreciation Expense:	\$	2,011
Divided By Future ERC:	45	Future ERC's:		45
Cost/ERC:	371.57	Annual Depr. Cost per ERC:	\$	<u>44.90</u>
Multiply By Rate of Return:	7.09%			
Annual Return Per ER \$	<u>26.35</u>	Annual Property Tax Expense:	\$	140
Annual Reduction in F \$	<u>3.18</u>	Future ERC's:		45
(Annual Depreciation Expense per ERC Times Rate of Return)		Annual Prop. Tax per ERC:	\$	<u>3.13</u>
Federal Tax Rate:	21.00%	Weighted Cost of Equity:		4.36%
Effective State Tax Rate:	4.35%	Divided by Rate of Return:		7.09%
Total Tax Rate:	<u>25.35%</u>	% of Equity in Return:		<u>61.48%</u>
Effective Tax on Return:	<u>15.58%</u>	Other Costs:	\$	0
(Equity % Times Tax Rate)		Future ERC's:		45
Provision For Tax:	<u>20.87%</u>	Cost per ERC:	\$	<u>0.00</u>
(Tax on Return/(1-Total Tax Rate))				

**Allowance for Funds Prudently Invested**  
**Calculation of Carrying Cost Per ERC Per Year:**

	2016	2017	2018	2019	2020
Unfunded Other Costs	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Unfunded Annual Depreciation:	44.90	44.90	44.90	44.90	44.90
Unfunded Property Tax:	3.13	3.13	3.13	3.13	3.13
Subtotal Unfunded An	\$ 48.03	\$ 48.03	\$ 48.03	\$ 48.03	\$ 48.03
Unfunded Expenses Prior Year:	0.00	48.03	96.06	144.09	192.11
<b>Total Unfunded Exper</b>	<b>\$ 48.03</b>	<b>\$ 96.06</b>	<b>\$ 144.09</b>	<b>\$ 192.11</b>	<b>\$ 240.14</b>
Return on Expenses Current Yea	3.41	3.41	3.41	3.41	3.41
Return on Expenses Prior Year:	0.00	3.41	6.81	10.22	13.62
Return on Plant Current Year:	26.35	23.17	19.98	16.80	13.62
Earnings Prior Year:	0.00	26.35	54.79	85.47	118.55
Compound Earnings from Prior \	0.00	1.87	3.89	6.06	8.41
Total Compounded E:	\$ 26.35	\$ 54.79	85.47	118.55	154.20
Earnings Expansion Factor for T:	1.21	1.21	1.21	1.21	1.21
Revenue Required to	\$ 31.85	\$ 66.23	\$ 103.30	\$ 143.30	\$ 186.38
Revenue Required to Fund Exper	48.03	96.06	144.09	192.11	240.14
Subtotal:	\$ 79.88	\$ 162.29	\$ 247.39	\$ 335.41	\$ 426.52
Divided by Factor for Regulatory	0.955	0.955	0.955	0.955	0.955
<b>ERC Carrying Cost f</b>	<b>\$ 83.64</b>	<b>\$ 169.93</b>	<b>\$ 259.05</b>	<b>\$ 351.21</b>	<b>\$ 446.62</b>

Allowance for Funds Prudently Invested  
Calculation of Carrying Costs for Each ERC

Information Needed

1.	Cost of Qualifying Assets	\$ 16641
2.	Capacity of Qualifying Assets	12540 GPD
3.	Number of Future Customers	45 ERC
4.	Annual Depreciation Expense	\$ 2011
5.	Rate of Return	7.09%
6.	Weighted Cost of Equity	4.36%
7.	Federal Income Tax Rate	21.00%
8.	State Income Tax Rate	5.50%
9.	Annual Property Tax	\$ 140
10.	Other Costs	\$ 0
11.	Depreciation Rate of Assets	12.08%
12.	Test Year	2015



Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:

	2016	2017	2018	2019	2020	2021
	----	----	----	----	----	----
January	6.97	90.83	177.36	266.73	359.16	446.62
February	13.94	98.03	184.79	274.41	367.11	446.62
March	20.91	105.22	192.21	282.09	375.06	446.62
April	27.88	112.41	199.64	289.77	383.01	446.62
May	34.85	119.60	207.06	297.45	390.96	446.62
June	41.82	126.79	214.49	305.13	398.91	446.62
July	48.79	133.98	221.92	312.81	406.86	446.62
August	55.76	141.17	229.34	320.49	414.82	446.62
September	62.73	148.36	236.77	328.17	422.77	446.62
October	69.70	155.55	244.19	335.85	430.72	446.62
November	76.67	162.74	251.62	343.53	438.67	446.62
December	83.64	169.93	259.05	351.21	446.62	446.62

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

Formerly Labrador Utilities, Inc.  
Pasco County

An Allowance for Funds Prudently Invested (AFPI) charge is a mechanism which allows a utility the opportunity to earn a fair rate of return on prudently constructed plant held for future use from the future customers to be served by that plant in the form of a charge paid by those customers.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	\$ 23.21	\$ 302.88	\$ 595.78	\$ 902.87	\$ 1,225.15
February	\$ 46.43	\$ 327.19	\$ 621.27	\$ 929.61	\$ 1,253.24
March	\$ 69.64	\$ 351.50	\$ 646.75	\$ 956.36	\$ 1,281.33
April	\$ 92.86	\$ 375.81	\$ 672.24	\$ 983.10	\$ 1,309.43
May	\$ 116.07	\$ 400.12	\$ 697.72	\$ 1,009.85	\$ 1,337.52
June	\$ 139.28	\$ 424.43	\$ 723.21	\$ 1,036.59	\$ 1,365.61
July	\$ 162.50	\$ 448.74	\$ 748.70	\$ 1,063.34	\$ 1,393.70
August	\$ 185.71	\$ 473.05	\$ 774.18	\$ 1,090.08	\$ 1,421.79
September	\$ 208.93	\$ 497.36	\$ 799.67	\$ 1,116.83	\$ 1,449.88
October	\$ 232.14	\$ 521.67	\$ 825.15	\$ 1,143.57	\$ 1,477.97
November	\$ 255.35	\$ 545.98	\$ 850.64	\$ 1,170.32	\$ 1,506.07
December	\$ 278.57	\$ 570.29	\$ 876.13	\$ 1,197.06	\$ 1,534.16

The approved AFPI charges, which are based on one equivalent residential connection (ERC), will be collected from 155 additional ERCs as of December 31, 2015. The amount of the charge will be based on the month in which the connection to the utility is made. If by December 31, 2020, any number of ERCs remain unconnected, the remaining ERCs shall be charged the constant maximum charge of \$1,534.16 until all 155 additional ERCs are connected, after which the charge will cease.

EFFECTIVE DATE –

TYPE OF FILING – Limited Proceeding

WS-17-0089

JOHN P. HOY  
ISSUING OFFICER

PRESIDENT  
TITLE

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

Formerly UIF Marion  
Marion County

An Allowance for Funds Prudently Invested (AFPI) charge is a mechanism which allows a utility the opportunity to earn a fair rate of return on prudently constructed plant held for future use from the future customers to be served by that plant in the form of a charge paid by those customers.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	\$ 6.97	\$ 90.83	\$ 177.36	\$ 266.73	\$ 359.16
February	\$ 13.94	\$ 98.03	\$ 184.79	\$ 274.41	\$ 367.11
March	\$ 20.91	\$ 105.22	\$ 192.21	\$ 282.09	\$ 375.06
April	\$ 27.88	\$ 112.41	\$ 199.64	\$ 289.77	\$ 383.01
May	\$ 34.85	\$ 119.60	\$ 207.06	\$ 297.45	\$ 390.96
June	\$ 41.82	\$ 126.79	\$ 214.49	\$ 305.13	\$ 398.91
July	\$ 48.79	\$ 133.98	\$ 221.92	\$ 312.81	\$ 406.86
August	\$ 55.76	\$ 141.17	\$ 229.34	\$ 320.49	\$ 414.82
September	\$ 62.73	\$ 148.36	\$ 236.77	\$ 328.17	\$ 422.77
October	\$ 69.70	\$ 155.55	\$ 244.19	\$ 335.85	\$ 430.72
November	\$ 76.67	\$ 162.74	\$ 251.62	\$ 343.53	\$ 438.67
December	\$ 83.64	\$ 169.93	\$ 259.05	\$ 351.21	\$ 446.62

The approved AFPI charges, which are based on one equivalent residential connection (ERC), will be collected from 45 additional ERCs as of December 31, 2015. The amount of the charge will be based on the month in which the connection to the utility is made. If by December 31, 2020, any number of ERCs remain unconnected, the remaining ERCs shall be charged the constant maximum charge of \$446.62 until all 45 additional ERCs are connected, after which the charge will cease.

EFFECTIVE DATE –

TYPE OF FILING – Limited Proceeding

WS-17-0089

JOHN P. HOY  
ISSUING OFFICER

PRESIDENT  
TITLE