

HC WATERWORKS, INC.

January 15, 2020

Office of Commission Clerk
Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Re: Docket No. 20190166-WU Application for increase in water rates in Highlands County by
HC Waterworks, Inc. – *Rule 25-22.0407, F.A.C. Noticing Requirements – Rate Case Synopsis*

Dear Commission Clerk,

HC Waterworks, Inc. (HCWW) hereby submits a copy its submittal letters to the following chief executive officer of the governing body of each municipality and county, as well as a copy of HCWW's Rate Case Synopsis.

HCWW requests these documents be included in the above referenced docket.

Respectfully Submitted,



Troy Rendell
Vice President
Investor Owned Utilities
// for HC Waterworks, Inc.

HC WATERWORKS, INC.

January 15, 2020

Randy Vosburg
County Administrator
Highlands County
600 S. Commerce Ave.
Sebring, FL 33870

Re: Docket No. 20190166-WU - Application for increase in water rates in Highlands County by HC Waterworks, Inc.

Dear Mr. Vosburg,

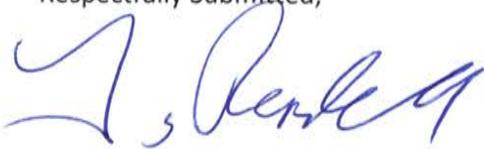
Please find attached HC Waterworks application and rate case synopsis for an increase in water rates in Highlands County which was filed with the Florida Public Service Commission.

Pursuant to Section 367.091(2), Florida Statutes,

Upon filing an application for new rates, the utility shall mail a copy of the application to the chief executive officer of the governing body of each county within the service areas included in the rate request. The governing body may petition the commission for leave to intervene in the rate change proceeding, and the commission shall grant intervenor status to any governing body that files a petition.

If you have any questions, please do not hesitate to contact me at (727) 848-8292, ext. 245.

Respectfully Submitted,



Troy Rendell
Vice President
Investor Owned Utilities
// for HC Waterworks, Inc.

Cc: Commission Clerk, Florida Public Service Commission

HC WATERWORKS, INC.

January 15, 2020

Scott Noethlich
City Administrator
City of Sebring
368 S Commerce Ave
Sebring, FL 33870

Re: Docket No. 20190166-WU - Application for increase in water rates in Highlands County by HC Waterworks, Inc.

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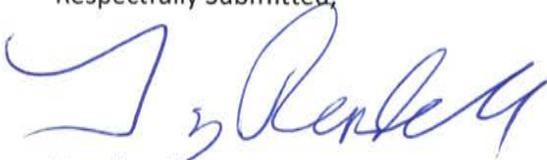
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Troy Rendell
Vice President
Investor Owned Utilities
// for HC Waterworks, Inc.

Cc: Commission Clerk, Florida Public Service Commission

HC WATERWORKS, INC.

January 15, 2020

Mayor John Holbrook
Town of Lake Placid
1069 US 27 North
Lake Placid, Fl. 33852

Re: Docket No. 20190166-WU - Application for increase in water rates in Highlands County by HC Waterworks, Inc.

Dear Mayor Holbrook,

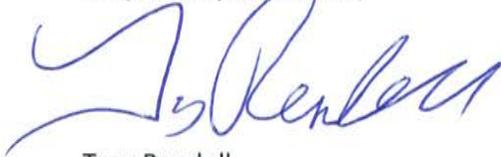
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Respectfully Submitted,



Troy Rendell
Vice President
Investor Owned Utilities
// for HC Waterworks, Inc.

Cc: Commission Clerk, Florida Public Service Commission

HC WATERWORKS, INC.

**APPLICATION FOR INCREASE IN WATER RATES
IN HIGHLANDS COUNTY, FLORIDA**

DOCKET NO. 20190166-WU

RATE CASE SYNOPSIS

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I. Purpose

In accordance with the Florida Public Service Commission's ("Commission") Rule 25-22.0407, Florida Administrative Code regarding Notice of and Public Information on General Rate Increase Requests; a synopsis of the rate request must be prepared and distributed by HC Waterworks, Inc. ("Utility"), in Highlands County, within 30 days of the official date of filing. The following information will provide the background on the rate request and the rate case process in general.

II. Comparison of the Present and Proposed Final Rates

On October 15, 2019, the Utility filed an application with the Commission for increased water and wastewater rates for its customers. The Application was assigned Docket No. 20190166-WU and December 13, 2019 has been established as the official date of filing.

The Utility has 2 water systems and 1 wastewater system which provides water and wastewater service to approximately 956 water customers. The Utility has requested a permanent revenue increase for its water systems of \$168,229, or 29.22%. The last full file and suspend rate proceeding for these water systems was in Docket No. 20140158-WS, utilizing a test year ending June 30, 2014, which culminated in Order No. PSC-15-0282-PAA-WS, issued July 8, 2015.

Since then, the Utility will have invested more than \$1.58 million in the systems to improve water quality, service, and reliability. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments. A schedule of the Utility's present and proposed final rates for water and wastewater are as follows:

MONTHLY WATER RATES

	Utility's Existing Rates	Requested Final Rates
<u>Residential & General Service (GS1)</u>		
Base Facility Charge by Meter Size		
5/8" X 3/4"	\$ 20.99	\$ 31.64
3/4"	\$ 31.49	\$ 47.46
1"	\$ 52.48	\$ 79.10
1-1/2"	\$ 104.97	\$ 158.20
2"	\$ 167.95	\$ 253.12
3"	\$ 335.89	\$ 506.23
4"	\$ 524.83	\$ 790.99
6"	\$1,049.66	\$ 1,581.98
8"	\$1,679.46	\$ 2,531.17
10"	\$2,414.22	\$ 3,638.56
Gallonage Charge, per 1,000 gallons		
<i>Residential</i>		
0 - 3,000 gal.	\$ 8.07	\$ 11.39

Over 3,000	\$ 10.10	\$ 17.08
General Service	\$ 8.66	\$ 12.47
General Service (GS2)		
Lake Josephine RV Resort	\$1,574.49	\$ 2,373.00
Gallongage Charge	\$ 10.10	\$ 12.47
Private Fire Protection		
2"	\$ 14.00	\$ 21.09
3"	\$ 27.99	\$ 42.19
4"	\$ 43.74	\$ 65.92
6"	\$ 87.47	\$ 131.83
8"	\$ 139.95	\$ 210.93
10"	\$ 201.19	\$ 303.21

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

- a. What is the quality of service provided?
- b. What is the test year rate base?
- c. What is the test year net operating income?
- d. What is the test year cost of capital?
- e. What is the test year revenue requirement?
- f. What are the appropriate rates to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants:

Many people are involved in a Utility rate case. The following is a list of some of the main participants:

1. The Commissioners that hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.

3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. The Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. If the PAA decision is protested, the Utility's officers and staff personnel may testify about the Utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Interveners representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervener is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervener has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements:

A test year is requested by a Utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The Utility files an application pursuant to Commission rules (minimum filing requirements or "MFRs".) This application reflects the amount of money the Utility has invested in its facilities to serve its customers. It also includes the Utility's requested rate of return on its investment and the expenses the Utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The Utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application. The Commission staff performs an audit of the Utility's books and records to see if they match the Utility's MFRs, and that the Utility is in compliance with the Commission's rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document requests of the Utility's personnel and the Utility's quality of service. This includes a physical inspection of the Utility's facilities by staff engineers and a review of records filed with other regulatory agencies regarding the Utility.

PAA Procedures

A utility may ask that its application be processed using the Commission's Proposed Agency Action ("PAA") procedure, as the Utility has done in this case.

Under this procedure, the Commission Staff holds a customer meeting in the Utility's service territory to obtain information from the customers on the Utility's service and other issues regarding the requested rate increase. After the Commission auditors have completed their audit and the Commission Staff has reviewed the information filed by the Utility and comments received from customers at the customer meeting, the Commission Staff makes a recommendation to the Commission as to the amount of rate increase that the Utility should be granted. This recommendation is presented to the Commission at a public agenda conference in Tallahassee at which the Commissioners consider the Commission Staff recommendations and vote on each issue identified by the Commission Staff.

The Commission attorneys then prepare a formal order containing the Commission's proposed action, including the new rates and when they will be effective. Substantially affected persons have 21 days after this written order is issued to decide whether to accept the Commission's decision or to request a formal hearing.

If no party protests the order, and the hearing process is not triggered, the Commission's decision becomes final, a consummating order is issued, the new rates go into effect, and the docket is closed.

Hearings

If any substantially affected party objects to the Commission's proposed rate increase and requests a formal hearing, then the Commission schedules public hearings on the rate case. These hearings are governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. At this time, customer testimony is given regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel participates in major rate cases, has access to all the information filed by the Utility, assists members of the public who wish to testify, and may even provide expert witnesses on various issues in the case.

Witnesses from the Utility, the Commission Staff, the Public Counsel and interveners present testimony and are cross-examined. There are official transcripts of all hearings. Court Reporters record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, legal briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major wastewater rate case, and it sometimes takes the Commissioners several hours to

complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the Utility or any other party may appeal the Commission's decision to the courts.

VI. HC Waterworks, Inc's. Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in HC Waterworks, Inc. rate case:

The following dates have been established to govern the key activities of this case:

1. Customer Meeting: February 20, 2020, 6 p.m.
2. Staff's Recommendation: April 23, 2020
3. Commission Agenda Conference: May 5, 2020
4. Proposed Agency Action Order: May 26, 2020
5. Protest Period Ends: June 16, 2020
6. Consummating Order in Event of No Protest: June 19, 2020

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

U.S. Water Services Corporation
4939 Cross Bayou Blvd.
New Port Richey, Florida 34652
(727) 848-8292 (Telephone)
Business Hours: 8:00 a.m. - 5:00 p.m. Monday-Friday

Sebring County Public Library
319 W. Center Avenue
Sebring, FL 33870
(863) 402-6716

Any person who wishes to comment or provide information to Commission staff may do so at the meeting, either orally or in writing. Other written comments regarding the Utility and the proposed rates, or requests to be placed on the mailing list for this case, may be directed to this address:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

A courtesy copy of written comments and complaints may be mailed to the following:

HC Waterworks, Inc.
4939 Cross Bayou Blvd.
New Port Richey, Florida 34652

All correspondence should refer to "Docket No. 140158-WS, HC Waterworks." Your letter will be placed in the correspondence file of this docket. You may also submit comments through the Florida Public Service Commission's email at clerk@psc.state.fl.us, or the Commission's website available at <http://floridapsc.com/about/contact/form.aspx>.

If you wish to contact the Florida Public Service Commission regarding complaints about service, you may call the Commission's Office of Consumer Assistance and Outreach at the following toll-free number 1-800-342-3552.