

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: July 2, 2021

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Walter Trierweiler, Senior Attorney, Office of the General Counsel *WLT*

RE: Docket No. 20200139-WS - 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.

Please place the attached Motion for Reconsideration by Utilities, Inc. of Florida into the above referenced docket.

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. 20200139-WS

**UTILITIES, INC. OF FLORIDA’S MOTION
FOR RECONSIDERATION OF ORDER NO. PSC-2021-0206-FOF-WS**

Utilities, Inc. of Florida (“UIF” or the “Company”), by and through its undersigned counsel, and pursuant to Rule 25-22.060, Florida Administrative Code, respectfully files this motion (the “Motion”) requesting that the Florida Public Service Commission (“Commission”) reconsider its denial of a repression adjustment in the revenue requirement, and in support states:

1. On June 30, 2020, UIF filed its Application for Rate Increase (“Application”).

2. In paragraph 1(e) of the Application, UIF requested the application of the Commission’s standard repression adjustment if applicable: “The revenue which the Company requests should be adjusted to incorporate the repression in the customer usage as a result of the rates established in this case, in accordance with the standard methodology as utilized by the Staff.”

3. The standard of review for reconsideration of a Commission order is whether the motion identifies a point of fact or law that the Commission overlooked or failed to consider in rendering the order. *See, Stewart Bonded Warehouse, Inc. v. Bevis*, 294 So. 2d 315 (Fla. 1974); *Diamond Cab Co. of Miami v. King*, 146 So. 2d 889 (Fla. 1962); and *Pingree v. Quaintance*, 394 So. 2d 162 (Fla. 1st DCA 1981). In a motion for reconsideration, it is not appropriate to reargue matters that have already been considered. *Sherwood v. State*, 111 So. 2d 96, 98 (Fla. 3d DCA 1959) (citing *State ex. rel. Jaytex Realty Co. v. Green*, 105 So. 2d 817 (Fla. 1st DCA 1958)). Furthermore, a motion for reconsideration should not be granted “based upon an arbitrary feeling that a mistake may have been made but should be based upon specific factual matters set forth in the record and susceptible to review.” *Stewart Bonded Warehouse*, 294 So. 2d at 317.

4. Neither the Staff Recommendation nor the Final Order mention the repression adjustment requested by UIF in its Application. Likewise, the Commission did not discuss the repression adjustment during the Commission Conference. Thus, this Motion clearly meets the strict standard for reconsideration of a point of fact being overlooked.

5. A water repression adjustment quantifies changes in consumption in response to an increase in price. The Commission has historically estimated that the rate by which residential customers will reduce their water consumption in response to an increase in price - elasticity of demand - is four percent of discretionary usage for every ten percent increase in price. Inclusion of a repression adjustment is a long-standing Commission practice. In the current rate case, the Commission has approved a 10.20 percent increase in water rates and a 22.82 percent increase in wastewater rates, thus necessitating a repression adjustment in order for UIF to have a fair opportunity to achieve its authorized rate of return consistent with the Commission's practice of applying a repression adjustment.

6. UIF did not present evidence on repression as it and other utilities have done in the past since UIF accepted and requested the use of the Commission's traditional methodology. Although the Commission in Order No. PSC-2011-0010-SC-WU, determined that the amount of the rate increase did not support a repression adjustment the Commission was prepared to do so had the revenue increase been sufficient to justify it:

In the Utility's original filing, WMSI proposed that a repression adjustment be made to the test year billing determinants. This adjustment was based on the Utility's proposed increase in its revenue requirement of approximately 50 percent. We agree with WMSI that such a large increase in revenue, and customer bills, would result in a material reduction in the number of gallons sold. However, because we are approving an increase of just a little over one percent, we find that a repression adjustment is not appropriate at this time. Page 43.

In cases where it was justified, the Commission has a long history of making a repression adjustment to reflect anticipated material reductions in the number of gallons sold. This has been done in several previous UIF rate cases. See Orders:

- PSC-2017-0361-FOF-WS
- PSC-2011-0514-PAA-WS
- PSC-2009-0101-PAA-WS
- PSC-2014-0025-PAA-WS
- PSC-2010-0585-PAA-WS
- PSC-2015-0233-PAA-WS
- PSC-2013-0085-PAA-WS
- PSC-2010-0423-PAA-WS
- PSC-2007-0205-PAA-WS
- PSC-2010-6400-PAA-WS

7. Failure to apply a repression adjustment results deprives UIF of a fair opportunity to earn its authorized rate of return. In this case it is estimated that the repression adjustment revenues are approximately \$250,000 for water and \$250,000 for wastewater, for a total annual revenue shortfall of approximately \$500,000. The result is a reduction in the rate of return of closer to the lower end of the authorized rate of return, or 8.75%, almost assuring the necessity of another rate case in less than 4 years.

WHEREFORE, Utilities, Inc. of Florida respectfully requests the Commission to reconsider the lack of a repression adjustment, and to increase UIF's revenue requirement to incorporate the expected repression in usage, as is done by Commission practice, so UIF can have an opportunity to earn its authorized return.

Respectfully submitted this 18th day of June, 2021, by:

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by E-mail to the following parties this 18th day of June, 2021:

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