

FLORIDA PUBLIC SERVICE COMMISSION

Item 5

VOTE SHEET

February 8, 2023

Docket No. 20220099-WS – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

Issue 1: Is the quality of service provided by LP satisfactory?

Recommendation: Yes. LP has been responsive to customer complaints and is currently in compliance with the Department of Environmental Protection (DEP) standards; therefore, the quality of service should be considered satisfactory.

APPROVED

Issue 2: Are the infrastructure and operating conditions of LP's water system in compliance with DEP regulations?

Recommendation: Yes. LP's water system is currently in compliance with the DEP regulations.






APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

REMARKS/DISSENTING COMMENTS:

Vote Sheet

February 8, 2023

Item 5

Docket No. 20220099-WS – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

(Continued from previous page)

Issue 3: What are the used and useful (U&U) percentages for LP's water treatment plant (WTP) and water distribution system?

Recommendation: LP's water treatment plant (WTP) and water distribution system should be considered 100 percent U&U. Additionally, there is 12.2 percent excessive unaccounted for water (EUW); therefore, staff recommends a 12.2 percent adjustment be made to operating expenses for chemicals and purchased power.

APPROVED

Issue 4: What is the appropriate average test year rate base for LP?

Recommendation: The appropriate average test year rate base for LP is \$176,001 for the water system.

APPROVED

Issue 5: What is the appropriate return on equity and overall rate of return for LP?

Recommendation: The appropriate return on equity (ROE) is 7.84 percent with a range of 6.84 percent to 8.84 percent. The appropriate overall rate of return is 7.33 percent.

APPROVED

Issue 6: What are the appropriate test year revenues for LP's water system?

Recommendation: The appropriate test year revenues for LP's water system are \$122,343.

APPROVED

Vote Sheet

February 8, 2023

Item 5

Docket No. 20220099-WS – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

(Continued from previous page)

Issue 7: What is the appropriate amount of operating expense for LP?

Recommendation: The appropriate amount of operating expense for LP is \$151,509 for its water system.

APPROVED

Issue 8: Does LP meet the criteria for the application of the Operating Ratio Methodology?

Recommendation: No. LP does not meet the requirement for application of the Operating Ratio Methodology for calculating the revenue requirement.

APPROVED

Issue 9: What is the appropriate revenue requirement for LP's water system?

Recommendation: The appropriate revenue requirement is \$164,414 for the water system, resulting in an annual increase of \$42,071 (34.39 percent).

APPROVED

Issue 10: What are the appropriate rate structure and rates for LP's water system?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated January 27, 2023. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice.

APPROVED

Vote Sheet

February 8, 2023

Item 5

Docket No. 20220099-WS – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

(Continued from previous page)

Issue 11: Should LP's miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

Recommendation: Yes. Staff recommends the miscellaneous service charges for both water and wastewater be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. LP should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

APPROVED

Issue 12: What are the appropriate initial customer deposits for LP's water service?

Recommendation: The appropriate initial customer deposits should be \$48 for the residential 5/8 inch x 3/4 inch meter size for water. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

(Continued from previous page)

Issue 13: What is the appropriate amount by which rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense?

Recommendation: The rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated January 27, 2023, to remove rate case expense grossed-up for regulatory assessment fees (RAFs) and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. LP should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, the utility shall file separate data for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

APPROVED

Issue 14: Should the recommended rates be approved for LP on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility. LP should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the utility should provide appropriate financial security.

If the recommended rates are approved on a temporary basis, the rates collected by the utility should be subject to the refund provisions discussed in the staff analysis of staff's memorandum dated January 27, 2023. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the utility should file reports with the Commission's Office of Commission Clerk no later than the 20th of each month indicating both the current monthly and total amount subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

APPROVED

Vote Sheet

February 8, 2023

Item 5

Docket No. 20220099-WS – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

(Continued from previous page)

Issue 15: Should LP be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA)?

Recommendation: Yes. LP should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission’s decision. LP should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts as shown on Schedule No. 5 of staff’s memorandum dated January 27, 2023 have been made to the utility’s books and records. In the event the utility needs additional time to complete the adjustments, notice providing good cause should be filed not less than seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

APPROVED

Issue 16: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Proposed Agency Action Order, a consummating order should be issued. The docket should remain open for staff’s verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. Once these actions are complete, this docket should be closed administratively.

APPROVED