

FLORIDA PUBLIC SERVICE COMMISSION

Item 3

VOTE SHEET

FILED 2/6/2024
DOCUMENT NO. 00588-2024
FPSC - COMMISSION CLERK

February 6, 2024

Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.

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

Recommendation: Yes. Royal is meeting all Department of Environmental Protection (DEP) primary and secondary standards and has been responsive to customer complaints. Therefore, the quality of service provided by Royal should be considered satisfactory.

APPROVED

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

Recommendation: Yes. On September 29, 2023, the DEP deemed Royal’s water facilities to be in compliance with its rules and regulations.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in blue ink]

REMARKS/DISSENTING COMMENTS:

Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.

(Continued from previous page)

Issue 3: What are the used and useful (U&U) percentages of Royal’s water treatment plant (WTP), storage, water distribution system, and wastewater collection system?

Recommendation: Staff recommends that Royal’s water treatment, storage, and distribution systems, as well as its wastewater collection system, be considered 100 percent U&U. Additionally, staff recommends no adjustments to purchased power and chemical expenses be made for excessive unaccounted for water (EUW) and infiltration and inflow (I&I).

APPROVED

Issue 4: Should any adjustments be made to the Utility’s water and wastewater test year rate base?

Recommendation: Yes. The Utility’s test year rate base should be decreased by \$1,463 for water and \$2,420 for wastewater.

APPROVED

Issue 5: Should any adjustments be made to the Utility’s requested pro forma?

Recommendation: Yes. Pro forma plant should be increased by \$19,981 for water and decreased by \$28,798 for wastewater. Pro forma accumulated depreciation should be increased by \$469 for water and decreased by \$799 for wastewater. Depreciation expense should also be increased by \$469 for water and decreased by \$799 for wastewater. Additionally, property tax on pro forma plant should be decreased by \$553 for water and \$5,189 for wastewater. Pro forma O&M expenses should be decreased by \$25,443 for water and increased by \$3,086 for wastewater.

APPROVED

Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.

(Continued from previous page)

Issue 6: What is the appropriate rate base for the test year ended May 31, 2023?

Recommendation: Consistent with staff's recommended adjustments, the appropriate rate base for the test year ended May 31, 2023, is \$1,097,810 for water and \$485,348 for wastewater.

APPROVED

Issue 7: What is the appropriate return on equity (ROE)?

Recommendation: Based on the Commission's leverage formula currently in effect, the appropriate ROE for the Utility is 9.71 percent.

APPROVED

Issue 8: What is the appropriate weighted average cost of capital based on the proper components, amounts, and cost rates associated with the capital structure for the test year ended May 31, 2023?

Recommendation: The appropriate weighted average cost of capital for the test year ended May 31, 2023, is 6.74 percent.

APPROVED

Issue 9: What are the appropriate amounts of test year operating revenues for Royal's water and wastewater systems?

Recommendation: The appropriate amount of test year operating revenues for Royal's systems are \$770,246 for water and \$751,928 for wastewater.

APPROVED

Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.

(Continued from previous page)

Issue 10: Should any adjustments be made to the Utility’s water and wastewater O&M expenses?

Recommendation: Yes. O&M expenses should be decreased by \$37,144 for water and \$16,277 for wastewater.

APPROVED

Issue 11: Should further adjustments be made to the Utility’s operating expense?

Recommendation: Yes. The Utility’s operating expenses should be further increased by \$1,313 for water and further decreased by \$3,277 for wastewater.

APPROVED

Issue 12: What are the appropriate operating expenses for the test year ended May 31, 2023?

Recommendation: Consistent with staff’s recommended adjustments, the appropriate operating expenses for the test year ended May 31, 2023, are \$725,319 for water and \$748,979 for wastewater.

APPROVED

Issue 13: What are the appropriate revenue requirements for the test year ended May 31, 2023?

Recommendation: Staff recommends a revenue requirement of \$799,345 be approved for water, and \$781,706 be approved for wastewater.

APPROVED

Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.

(Continued from previous page)

Issue 14: What are the appropriate rate structures and rates for Royal’s water and wastewater systems?

Recommendation: The recommended rate structure and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B of staff’s memorandum dated January 25, 2024. 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

Issue 15: What are the appropriate initial customer deposits for Royal’s water and wastewater systems?

Recommendation: The appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size should be \$76 for water and \$111 for wastewater. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved initial customer deposits should be effective for services rendered or 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

Issue 16: Should the Commission discontinue Royal’s guaranteed revenue charge?

Recommendation: Yes. The Commission should discontinue Royal’s guaranteed revenue charge.

APPROVED

Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.

(Continued from previous page)

Issue 17: Should Royal’s miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

Recommendation: The miscellaneous service charges should 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. The Utility 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 18: What is the appropriate amount by which rates should be reduced to reflect the removal of amortized rate case expense for water and wastewater, as required by Section 367.081(8), F.S.?

Recommendation: The water and wastewater rates should be reduced, as shown in Schedule Nos. 4-A and 4-B of staff’s memorandum dated January 25, 2024 respectively, to remove the annual amortization of rate case expense grossed-up for RAFs. The decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Royal 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, separate data should be filed 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 19: Should any portion of the interim water or wastewater revenue increases granted be refunded?

Recommendation: No interim revenue increases were granted in this rate case; therefore, no refund of interim rates is appropriate.

APPROVED

(Continued from previous page)

Issue 20: Should the Utility be required to notify, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Commissioners Uniform System of Accounts (NARUC USOA) associated with the Commission-approved adjustments?

Recommendation: Yes. The Utility should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission’s decision. Royal should submit a letter within 90 days of the final order of this docket, confirming that the adjustments to all the applicable NARUC USOA accounts have been made to the Utility’s books and records. In the event the Utility needs additional time to complete the adjustments, notice should be provided within 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 21: 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, and the Utility has provided staff with proof that the adjustments for all applicable NARUC USOA accounts have been made. Once these actions are complete, this docket should be closed administratively.

APPROVED