

FLORIDA PUBLIC SERVICE COMMISSION

Item 4

VOTE SHEET

March 3, 2020

FILED 3/3/2020
DOCUMENT NO. 01247-2020
FPSC - COMMISSION CLERK

Docket No. 20190116-SU – Application for staff-assisted rate case in Brevard County, and request for interim rate increase by Merritt Island Utility Company.

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

Recommendation: Yes. Merritt Island has been responsive to its customer complaints; therefore, staff recommends that the quality of service be considered satisfactory.

APPROVED

Issue 2: Are the infrastructure and operating conditions of Merritt Island's wastewater system in compliance with DEP regulations?

Recommendation: Merritt Island's wastewater system is not currently in compliance with the DEP, but the Utility is working to address the issues noted by the DEP.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY


DISSENTING











REMARKS/DISSENTING COMMENTS:

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Issue 3: What are the used and useful (U&U) percentages for the Utility’s wastewater treatment plant (WWTP) and collection system?

Recommendation: Staff recommends that the WWTP and collection system be considered 100 percent U&U. Also, staff recommends that a 5 percent adjustment to purchased power and chemical expenses be made for excessive infiltration and inflow (I&I).

APPROVED

Issue 4: Should the Commission approve a year-end rate base for Merritt Island Utility Company, Inc., and if so, what is the appropriate year-end wastewater test year rate base?

Recommendation: Yes. The Commission should approve a year-end rate base for Merritt Island. The appropriate year-end test year rate base is \$150,423.

APPROVED

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

Recommendation: The appropriate return on equity (ROE) is 7.85 percent with a range of 6.85 percent to 8.85 percent. The appropriate overall rate of return is 7.85 percent.

APPROVED

Issue 6: What are the appropriate test year revenues for Merritt Island?

Recommendation: The appropriate test year revenues are \$65,658.

APPROVED

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Issue 7: What is the appropriate amount of operating expenses for Merritt Island?

Recommendation: The appropriate amount of operating expense for Merritt Island is \$87,417.

APPROVED

Issue 8: What is the appropriate revenue requirement for Merritt Island?

Recommendation: The appropriate revenue requirement is \$99,225 resulting in an annual increase of \$33,567 (51.12 percent).

APPROVED

Issue 9: What are the appropriate rate structure and rates for Merritt Island's wastewater system?

Recommendation: The recommended rate structure and monthly wastewater rates are shown on Schedule No. 4 of staff's memorandum dated February 20, 2020. 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 this notice.

APPROVED

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Issue 10: 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 February 20, 2020, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the rate case expense recovery period, pursuant to Section 367.081(8), F.S. Merritt Island 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. (Procedural Agency Action)

APPROVED

Issue 11: Should the recommended rates be approved for Merritt Island on a temporary basis, subject to refund, 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. Merritt Island 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 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. Prior to implementation of any temporary rates, the Utility should provide appropriate 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 portion of staff’s memorandum dated February 20, 2020. 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 the monthly and total amount of money 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. (Procedural Agency Action)

APPROVED

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Issue 12: Should Merritt Island be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision?

Recommendation: Yes. Merritt Island should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Merritt Island should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts 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. Staff should be given administrative authority to grant such an extension for up to 60 days. (Procedural Agency Action)

APPROVED

Issue 13: 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