

FLORIDA PUBLIC SERVICE COMMISSION

Item 7

VOTE SHEET

March 2, 2021

FILED 3/2/2021
DOCUMENT NO. 02538-2021
FPSC - COMMISSION CLERK

Docket No. 20200168-WU – Application for staff-assisted rate case in Polk County, and request for interim rate increase, by McLeod Gardens Utilities, LLC.

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

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

APPROVED

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

Recommendation: Yes. The Utility’s water treatment facilities are currently in compliance with DEP regulations.

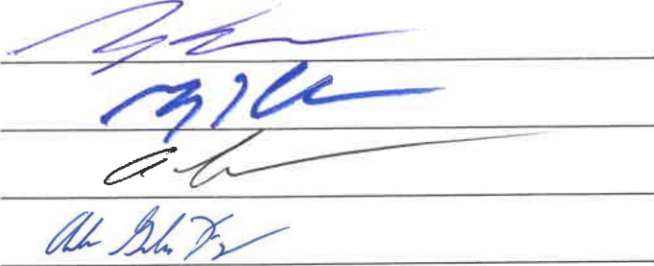
APPROVED

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 of McLeod’s WTP and water distribution system?

Recommendation: McLeod’s WTP and water distribution system should be considered 100 percent U&U. There appears to be no excessive unaccounted for water (EUW); therefore, staff recommends that no adjustment be made to operating expenses for chemicals and purchased power.

APPROVED

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

Recommendation: The appropriate average test year rate base for McLeod is \$47,179.

APPROVED

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

Recommendation: The appropriate return on equity (ROE) is 7.85 percent with a range of 6.85 percent to 8.85 percent. The traditional rate of return does not apply in this case due to rate base being less than 125 percent of O&M expenses. As such, the Operating Ratio method is being used in this case.

APPROVED

Issue 6: Should the Commission approve an Allowance for Funds Used During Construction (AFUDC) rate for McLeod?

Recommendation: Yes. The appropriate AFUDC rate for McLeod is 7.51 percent. The appropriate monthly compounding rate to achieve an annual rate of 7.51 percent is 0.605314 percent.

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Issue 7: What are the appropriate test year revenues for McLeod?

Recommendation: The appropriate test year revenues for McLeod Gardens are \$34,222.

APPROVED

Issue 8: What is the appropriate test year operating expense for McLeod?

Recommendation: The appropriate amount of operating expense for McLeod is \$46,107.

APPROVED

Issue 9: Does McLeod meet the criteria for the application of the Operating Ratio Methodology?

Recommendation: Yes. McLeod meets the requirement for application of the operating ratio methodology for calculating the revenue requirement. The margin should be 12 percent of O&M expenses.

APPROVED

Issue 10: What is the appropriate revenue requirement for McLeod?

Recommendation: The appropriate revenue requirement is \$50,784, resulting in an annual increase of \$16,562 (48.40 percent).

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Issue 11: What are the appropriate rate structure and rates for McLeod’s water systems?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4. 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 sheet 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 12: 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, to remove rate case expense grossed-up for 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. McLeod 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.

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Issue 13: Should the recommended rates be approved for McLeod 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. McLeod 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 18, 2021. 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.

APPROVED

Issue 14: Should McLeod 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) associated with the Commission approved adjustments?

Recommendation: Yes. McLeod should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. McLeod 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 and Utility Commissioners' Uniform System of Accounts (NARUC 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. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

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Issue 15: 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