



FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC. – FKEC

91630 OVERSEAS HIGHWAY, P.O. BOX 377, TAVERNIER, FL 33070-0377 PHONE (305) 852-2431 FAX: (305) 852-4794

March 3, 2022

Ms. Elisabeth Draper
Bureau of Electric Rates
Division of Electric and Gas
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Dear Ms. Draper:

Florida Keys Electric Cooperative Association, Inc. (FKEC) is submitting the Formula Revenue Requirement Rider Schedule FRR-1, which details the 2022 kilowatt-hour revenue adjustment to be implemented effective April 1, 2022.

The 2022 Formula Revenue Requirement Rider Schedule FRR-1 is in accordance with FKEC's 2007 filing approved by the State of Florida Public Service Commission on May 18, 2007, Authority No.: CE-07-009.

Additionally, FKEC has enclosed documentation supporting the adjustment to revenues pursuant to the Formula Revenue Requirement Rider Schedule FRR-1.

The supporting documentation consists of:

- 1) A copy of FKEC's Revenue Adjustment to 2022 revenues based on Application of Formula Revenue Requirement Rider (Attachments A and B) and
- 2) A copy of FKEC's February Board meeting minutes approving the 2022 Formula Revenue Requirement Rider Schedule FRR-1.

FKEC will e-file the tariff via the Commission's website provided instructions.
<http://www.floridapsc.com/ClerkOffice/EFilingRequirements>

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott Newberry", written over a blue circular stamp or seal.

Scott Newberry
Chief Executive Officer

Attachments

~~Fourteenth~~ Fifteenth Revised Sheet No. 8.5
 Canceling ~~Thirteenth~~ Fourteenth Revised Sheet No. 8.5

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.
 (Continued From Sheet 8.4)

**Revenue Adjustment Based On Application
 Of Formula Revenue Requirement Rider**

Attachment A

Proposed Rate Adjustment to 2021 Revenues

		(a)	(b)	(c)	(d)
Line No.	Rate Group	Existing Revenues	Proposed Decrease	Proposed Revenues	Percent Change
1	Residential	50,120,146	-562,843	\$49,557,303	-1.12%
2	Commercial	11,386,918	-127,874	\$11,259,044	-1.12%
3	Industrial	16,751,913	-188,122	\$16,563,791	-1.12%
4	Street Lighting	140,908	-1,582	\$139,326	-1.12%
5	Public Authorities	4,367,174	-49,043	\$4,318,131	-1.12%
6	Total Metered Sales	82,767,059	-929,464	\$81,837,595	-1.12%
7	Other Misc. Revenues	3,137,172	\$0.00	\$3,137,172	
8	Total Operating Revenues	85,904,231	-929,464	84,974,767	
Notes:					
1 Proposed revenue increase for FRR-1 will be \$.011197 per kWh, based on 2020 kWh's sold.					
2 Increases/Decreases are spread to rate groups based on existing revenues.					
3 Line 8 (b) is taken from Attachment B Schedule 4 Line 7 (a).					

Issued by: Scott Newberry
 Chief Executive Officer

(Continued on Sheet No. 8.6)
 Effective: ~~April 1, 2021~~ April 1, 2022

Fifteenth Revised Sheet No. 8.5
Cancelling Fourteenth Revised Sheet No. 8.5

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.
(Continued From Sheet 8.4)

Attachment A

Proposed Rate Adjustment to 2022 Revenues

Line No.	Rate Group	(a)	(b)	(c)	(d)
		Existing Revenues	Proposed Increase	Proposed Revenues	Percent Change
1	Residential	53,274,193	356,484	\$53,630,677	0.67%
2	Commercial	12,834,569	85,882	\$12,920,451	0.67%
3	Industrial	19,287,717	129,064	\$19,416,781	0.67%
4	Street Lighting	143,383	959	\$144,342	0.67%
5	Public Authorities	5,458,324	36,524	\$5,494,848	0.67%
6	Total Metered Sales	90,998,188	608,913	\$91,607,101	0.67%
7	Other Misc. Revenues	3,204,332	\$0.00	\$3,204,332	
8	Total Operating Revenues	94,202,519	608,913	94,811,432	
Notes:					
1	Proposed revenue increase for FRR-1 will be \$.012008 per kWh, based on 2021 kWh's sold.				
2	Increases/Decreases are spread to rate groups based on existing revenues.				
3	Line 8 (b) is taken from Attachment B Schedule 4 Line 7 (a).				

Issued by: Scott Newberry
Chief Executive Officer

(Continued on Sheet No. 8.6)
Effective: April 1, 2022

~~Fourteenth~~ Fifteenth Revised Sheet No. 8.6
 Canceling ~~Thirteenth~~ Fourteenth Revised Sheet No. 8.6

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.
 (Continued From Sheet 8.5)

Attachment B
Formula Revenue Requirement
Florida Keys Electric Cooperative, Inc.
Rate Base and Existing Return Calculation
December 31, 2020

Attachment B
Schedule 1

Line No.		(a) Actual per Books	(b) Adjustments	(c) Adjusted Results	(d) Source
1	Utility Plant	\$190,599,218		\$190,599,218	RUS Form 7
2	CWIP	\$14,709,101		\$14,709,101	RUS Form 7
3	Accumulated Depreciation	-\$50,023,599		-\$50,023,599	RUS Form 7
4	Net Plant in Service	\$155,284,719		\$155,284,719	Sum of Lines 1-3
5	Materials & Supplies	\$3,876,384		\$3,876,384	RUS Form 7
6	Prepayments	\$550,658		\$550,658	RUS Form 7
7	Cash Working Capital [See Note (b)]	\$2,586,696		\$2,586,696	See Note B
8	Deferred Debits	\$2,759,405		\$2,759,405	RUS Form 7
9	Customer Deposits	-\$6,208,462		-\$6,208,462	RUS Form 7
10	Deferred Credits	-\$57,132		-\$57,132	RUS Form 7
11	RATE BASE	\$158,792,269		\$158,792,269	Sum of Lines 4-10
12	Operating Revenues	\$85,904,231		\$85,904,231	RUS Form 7
	Operating Expenses				
13	Total Operation & Maintenance	\$68,444,856		\$68,444,856	RUS Form 7
14	Annual Depreciation	\$5,736,903		\$5,736,903	RUS Form 7
15	Property Taxes	\$1,101,302		\$1,101,302	RUS Form 7
16	Taxes - Other than Income	\$40,564		\$40,564	RUS Form 7
17	TOTAL OPERATING EXPENSES	\$75,323,624		\$75,323,624	Sum of Lines 13-16
18	RETURN	\$10,580,606		\$10,580,606	Line 12 - Line 17
19	RATE OF RETURN - OVERALL	6.66%		6.66%	Line 18 / Line 11
Notes: (a) Schedule B and Schedule C (b) As adjudicated in last rate case or as currently calculated					

Issued by: Scott Newberry
 Chief Executive Officer

(Continued on Sheet No. 8.7)
 Effective: ~~April 1, 2021~~ April 1, 2022

Fifteenth Revised Sheet No. 8.6
Cancelling Fourteenth Revised Sheet No. 8.6

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.
(Continued From Sheet 8.5)

Attachment B
Formula Revenue Requirement
Florida Keys Electric Cooperative, Inc.
Rate Base and Existing Return Calculation
December 31, 2021

Attachment B
Schedule 1

Line No.		(a) Actual per Books	(b) Adjustments	(c) Adjusted Results	(d) Source
1	Utility Plant	\$200,413,403		\$200,413,403	RUS Form 7
2	CWIP	\$26,197,558		\$26,197,558	RUS Form 7
3	Accumulated Depreciation	-\$53,745,049		-\$53,745,049	RUS Form 7
4	Net Plant in Service	\$172,865,912		\$172,865,912	Sum of Lines 1-3
5	Materials & Supplies	\$4,521,565		\$4,521,565	RUS Form 7
6	Prepayments	\$258,416		\$258,416	RUS Form 7
7	Cash Working Capital [See Note (b)]	\$2,866,501		\$2,866,501	See Note B
8	Deferred Debits	\$2,098,614		\$2,098,614	RUS Form 7
9	Customer Deposits	-\$6,360,409		-\$6,360,409	RUS Form 7
10	Deferred Credits	-\$71,223		-\$71,223	RUS Form 7
11	RATE BASE	\$176,179,376		\$176,179,376	Sum of Lines 4-10
12	Operating Revenues	\$94,202,519		\$94,202,519	RUS Form 7
	Operating Expenses				
13	Total Operation & Maintenance	\$77,343,772		\$77,343,772	RUS Form 7
14	Annual Depreciation	\$6,207,144		\$6,207,144	RUS Form 7
15	Property Taxes	\$1,056,278		\$1,056,278	RUS Form 7
16	Taxes - Other than Income	\$155,937		\$155,937	RUS Form 7
17	TOTAL OPERATING EXPENSES	\$84,763,131		\$84,763,131	Sum of Lines 13-16
18	RETURN	\$9,439,389		\$9,439,389	Line 12 - Line 17
19	RATE OF RETURN - OVERALL	5.36%		5.36%	Line 18 / Line 11
Notes: (a) Schedule B and Schedule C (b) As adjudicated in last rate case or as currently calculated. Adjusted amount to Depreciation=GL Accounts 407.0 & 407.01 (Amortization Prop Loss)					

Issued by: Scott Newberry
Chief Executive Officer

(Continued on Sheet No. 8.7)
Effective: April 1, 2022

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.
 (Continued From Sheet 8.6)

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Attachment B
 Schedule 2

Florida Keys Electric Cooperative, Inc.
 Rate Base and Existing Return Calculation
 December 31, 2020

Line No.		(a) Capitalization per Books	(b) Capitalization Percentage	(c) Cost	(d) Weighted Costs
	EXISTING RETURN:				
1	Long-Term Debt	\$93,116,722	57.41%	4.89%	2.81%
2	Total Equity	\$69,086,356	42.59%	9.06%	3.86%
3	Total	\$162,203,078	100.00%		6.66%
	ADJUSTED RETURN:				
4	Long-Term Debt	\$93,116,722	57.41%	4.89%	2.81%
5	Total Equity	\$69,086,356	42.59%	7.68%	3.27%
6	Total	\$162,203,078	100.00%		6.08%
Note:	Long-Term Debt Incorporates Debt due				

Issued by: Scott Newberry
 Chief Executive Officer

(Continued on Sheet No. 8.8)
 Effective: ~~April 1, 2021~~ April 1, 2022

Fifteenth Revised Sheet No. 8.7
 Canceling Fourteenth Revised Sheet No. 8.7

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.
 (Continued From Sheet 8.6)

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Attachment B
 Schedule 2

Florida Keys Electric Cooperative, Inc.
 Rate Base and Existing Return Calculation
 December 31, 2021

Line No.		(a) Capitalization per Books	(b) Capitalization Percentage	(c) Cost	(d) Weighted Costs
	EXISTING RETURN:				
1	Long-Term Debt	\$109,653,559	60.06%	4.36%	2.62%
2	Total Equity	\$72,912,888	39.94%	6.85%	2.74%
3	Total	\$182,566,447	100.00%		5.36%
	ADJUSTED RETURN:				
4	Long-Term Debt	\$109,653,559	60.06%	4.36%	2.62%
5	Total Equity	\$72,912,888	39.94%	7.72%	3.08%
6	Total	\$182,566,447	100.00%		5.70%
Note:	Long-Term Debt incorporates Debt due				

Issued by: Scott Newberry
 Chief Executive Officer

(Continued on Sheet No. 8.8)
 Effective: April 1, 2022

~~Fourteenth~~ Fifteenth Revised Sheet No. 8.8
 Canceling ~~Thirteenth~~ Fourteenth Revised Sheet No. 8.8

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.
 (Continued From Sheet 8.7)

Attachment B
 Schedule 3

Florida Keys Electric Cooperative Association, Inc.
Return Calculation
December 31, 2020

Line No.		(a) Cost	(b) Source
	BANDWIDTH CHECK		
1	Benchmark Return on Equity	7.68%	
2	Upper Bandwidth Return On Equity	8.18%	Benchmark ROE + 1%
3	Lower Bandwidth Return On Equity	7.18%	Benchmark ROE - 1%
4	Earned Return on Equity	9.06%	Schedule 2 Line 3 (c)
5	ROE Adjustment	-1.37%	Adjustment ROE
6	Adjusted ROE	7.68%	Line 4 + Line 5
7	Adjusted Return On Rate Base	6.08%	Schedule 2 Line 7 (d)

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(Continued on Sheet No. 8.9)
 Effective: ~~April 1, 2021~~ April 1, 2022

Fifteenth Revised Sheet No. 8.8
 Cancelling Fourteenth Revised Sheet No. 8.8

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.
 (Continued From Sheet 8.7)

Attachment B
 Schedule 3

Florida Keys Electric Cooperative Association, Inc.
Return Calculation
December 31, 2021

Line No.		(a) Cost	(b) Source
	BANDWIDTH CHECK		
1	Benchmark Return on Equity	7.72%	
2	Upper Bandwidth Return On Equity	8.22%	Benchmark ROE + 1%
3	Lower Bandwidth Return On Equity	7.22%	Benchmark ROE - 1%
4	Earned Return on Equity	6.85%	Schedule 2 Line 3 (c)
5	ROE Adjustment	0.87%	Adjustment ROE
6	Adjusted ROE	7.72%	Line 4 + Line 5
7	Adjusted Return On Rate Base	5.70%	Schedule 2 Line 7 (d)

Issued by: Scott Newberry
 Chief Executive Officer

(Continued on Sheet No. 8.9)
 Effective: April 1, 2022

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.
 (Continued From Sheet 8.8)

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Attachment B
 Schedule 4

Florida Keys Electric Cooperative Association, Inc.
Rate Base and Existing Return Calculation
December 31, 2020

Line No.		(a) Cost	(b) Source
1	Rate Base	\$158,792,269	Schedule 1 Line 11 (c)
2	Adjusted Return On Rate Base	6.08%	Schedule 3 Line 7 (a)
3	Adjusted Return	\$9,651,142	Lines 1*2
4	Total Operating Expenses	\$75,323,624	Schedule 1 Line 17 (c)
5	Adjusted Revenues	\$84,974,767	Sum of Lines 3 and 4
6	Existing Operating Revenues	\$85,904,231	Schedule 1 Line 12 (c)
7	Adjustment To Operating Revenues	-\$929,464	Line 5 - Line 6
8	Percent Change	-1.08%	Line 7/Line 6

Adjustment to Operating Revenues	\$ (929,464)
2020 Actual Sales	735,663,456

Revenue Adjustment per kWh April 1, 2021 **\$ (0.001263)**

Revenue Adjustment per kWh 2016	\$ (0.000260)
Revenue Adjustment per kWh 2017	\$ 0.005430
Revenue Adjustment per kWh 2018	\$ 0.005593
Revenue Adjustment per kWh 2019	\$ 0.003240
Revenue Adjustment per kWh 2020	\$ (0.001543)
Revenue Adjustment per kWh 2021	\$ (0.001263)

Total Cumulative Adjustment per kWh Apr-Dec 2021	\$ 0.011197	\$ 11.20 Per 1000 kWh
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Issued by: Scott Newberry
 Chief Executive Officer

(Continued on Sheet No. 8.91)
 Effective: ~~April 1, 2021~~ April 1, 2022

Fifteenth Revised Sheet No. 8.9
Cancelling Fourteenth Revised Sheet No. 8.9

NAME OF UTILITY: FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.
(Continued From Sheet 8.8)

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Attachment B
Schedule 4

Florida Keys Electric Cooperative Association, Inc.
Rate Base and Existing Return Calculation
December 31, 2021

Line No.		(a) Cost	(b) Source
1	Rate Base	\$176,179,376	Schedule 1 Line 11 (c)
2	Adjusted Return On Rate Base	5.70%	Schedule 3 Line 7 (a)
3	Adjusted Return	\$10,048,302	Lines 1*2
4	Total Operating Expenses	\$84,763,131	Schedule 1 Line 17 (c)
5	Adjusted Revenues	\$94,811,433	Sum of Lines 3 and 4
6	Existing Operating Revenues	\$94,202,519	Schedule 1 Line 12 (c)
7	Adjustment To Operating Revenues	\$608,913	Line 5 - Line 6
8	Percent Change	0.65%	Line 7/Line 6

Adjustment to Operating Revenues	\$ 608,913
2021 Actual Sales	750,422,766

Revenue Adjustment per kWh April 1, 2022 \$ 0.000811

Revenue Adjustment per kWh 2016	\$ (0.000260)
Revenue Adjustment per kWh 2017	\$ 0.005430
Revenue Adjustment per kWh 2018	\$ 0.005593
Revenue Adjustment per kWh 2019	\$ 0.003240
Revenue Adjustment per kWh 2020	\$ (0.001543)
Revenue Adjustment per kWh 2021	\$ (0.001263)
Revenue Adjustment per kWh 2022	\$ 0.000811

Total Cumulative Adjustment per kWh Apr-Dec 2022 \$ 0.012008 \$ 12.01 Per 1000 kWh

Issued by: Scott Newberry
Chief Executive Officer

(Continued on Sheet No. 8.91)
Effective: April 1, 2022

- 1 12. As another goal for the year is to meet all capital outlay projects on budget and on time, the
- 2 Major Projects Summary was presented to the Board for their review and information, along
- 3 with a graph, shown on a calendar year basis, depicting the current year work plan progress.
- 4
- 5 13. The goal of assisting the Board to become aware of disruptors that might impact our core
- 6 business was addressed in the provided NRECA article on Utility Blockchain.
- 7
- 8 14. Under the Organizational Goals Section, President Wagner commended S. Newberry and staff
- 9 for a clean and timely audit.
- 10
- 11 15. The FPL bill and billing summary for last month has been included for the director's information.
- 12 There was a positive \$736,712 adjustment true-up for January.
- 13
- 14 16. In the monthly Rate Comparison, FKEC is in the fourteenth position; FKEC came in fifth in the
- 15 twelve-month rolling average with a cost of \$115.94.
- 16
- 17 17. On the SCADA bar graph, FKEC shows a peak on January 1st at 4:00 p.m. at 123.43 MW.
- 18
- 19 18. Reported on the Marathon Solar Array Production as well as the Crawl Key Solar Array
- 20 Production for January.
- 21
- 22 19. On the Unsolicited Breaker Operation Report, FKEC had one operation for January.
- 23
- 24 20. On the Service Order Report, FKEC completed 986 disconnects, reconnects, and transfer
- 25 service orders for January.
- 26
- 27 21. Reported that Virtual Safety Meeting(s) are available to each employee via the ExecuTrain
- 28 Safety Online Web portal. Walt reported that in January, outside employees attended a two-
- 29 day Environmental Spill and Clean-Up Training Class provided in the Tavernier Assembly
- 30 Room.
- 31
- 32 22. The Workers' Compensation report indicates zero doctor treated injuries in January.
- 33
- 34 23. A copy of the Consumer Price Index for January was provided to the directors for their
- 35 reference and information.
- 36
- 37 24. A copy of the E.I.A. Natural Gas Weekly Update (overview for the weeks ending February 16,
- 38 February 9, February 2, and January 26) was provided to the directors for their information.
- 39 Also included for the Board's reference, were the Natural Gas Supply Projections going
- 40 forward.
- 41
- 42 25. The approved January minutes from the FKEC Members Charitable Trust (Operation Round-
- 43 Up®) were provided to the directors along with a copy of the accompanying financial reports.
- 44
- 45

46 **ITEMS FOR ACTION**

- 47
- 48 1. Approval of 2022 Rate Rider Adjustment:
- 49 The Board of Directors reviewed the calculation of the proposed 2022 Rate Rider and its effect on
- 50 rates, revenue, and margins. ***G. Hertel made the motion; seconded by M. Puto, that the Board approve***
- 51 ***the filing of the 2022 Rate Rider Adjustment as presented. Motion carried without objection.***
- 52