

FLORIDA PUBLIC SERVICE COMMISSION

Item 13

VOTE SHEET

December 6, 2022

FILED 12/6/2022
DOCUMENT NO. 11886-2022
FPSC - COMMISSION CLERK

Docket No. 20220034-WS – Application for staff-assisted rate case in Polk County by Hidden Cove, Ltd.

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

Recommendation: Yes. Hidden Cove 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 Hidden Cove, Ltd's water and wastewater systems in compliance with DEP regulations?

Recommendation: Yes. Hidden Cove's water and wastewater systems are currently in compliance with the DEP.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

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Issue 3: What are the used and useful (U&U) percentages for Hidden Cove water treatment plant (WTP) and water distribution, WWTP, and wastewater collection systems?

Recommendation: Hidden Cove's WTP, water distribution, WWTP, and wastewater collection system should be considered 100 percent U&U. Staff recommends that for wastewater a 13.3 percent adjustment be made to purchased power and chemicals expenses for excessive infiltration and inflow (I&I). No adjustment is recommended for excessive unaccounted for water (EUW).

APPROVED

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

Recommendation: The appropriate average test year rate base for Hidden Cove is \$66,204 for water and \$12,133 for wastewater.

APPROVED

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

Recommendation: The appropriate return on equity (ROE) is 10.45 percent with a range of 9.45 percent to 11.45 percent. The appropriate overall rate of return is 4.82 percent.

APPROVED

Issue 6: What are the appropriate test year revenues for Hidden Cove's water and wastewater systems?

Recommendation: The appropriate test year revenues for Hidden Cove's water system is \$18,751 and \$27,869 for the wastewater system.

APPROVED

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Issue 7: What are the appropriate operating expenses for Hidden Cove?

Recommendation: The appropriate amounts of operating expenses are \$32,529 for water and \$30,942 for wastewater.

APPROVED

Issue 8: Does Hidden Cove meet the criteria for the application of the Operation Ratio Methodology?

Recommendation: Hidden Cove's water system does not meet the criteria for the application of the Operating Ratio Methodology. However, Hidden Cove's wastewater system does meet the criteria for the application of the Operating Ratio Methodology for calculating revenue requirement.

APPROVED

Issue 9: What are the appropriate revenue requirements for Hidden Cove?

Recommendation: The appropriate revenue requirements are \$35,720 and \$34,095 for water and wastewater, respectively. These revenue requirements result in annual increases of \$16,969 (90.5 percent) for water and \$6,226 (22.3 percent) for wastewater

APPROVED

Issue 10: What are the appropriate rate structures and rates for Hidden Cove's water and wastewater systems?

Recommendation: The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated November 22, 2022, respectively. 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

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Issue 11: 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 Nos. 4-A and 4-B of staff's memorandum dated November 22, 2022, 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. Hidden Cove 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 12: Should the recommended rates be approved for Hidden Cove 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. Hidden Cove 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 November 22, 2022. 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

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Issue 13: Should Hidden Cove 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?

Recommendation: Yes. Hidden Cove should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission’s decision. Hidden Cove should submit a letter within 90 days of the Commission’s final order in this docket, confirming that the adjustments to all applicable 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, a notice providing good cause should be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days.

APPROVED

Issue 14: 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. This docket should remain open for staff’s verification that the revised tariff sheets and customer notices have been filed by the utility and approved by staff. Also, the docket should remain open to allow the utility to provide the recommended reporting information. Upon staff’s approval of the tariff sheets and customer notices, along with staff’s completion of its review of the recommended reporting information, this docket should be closed administratively if no adjustments are necessary.

APPROVED