



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 6, 2023

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 2023 kilowatt-hour revenue adjustment to be implemented effective April 1, 2023.

The 2023 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 2023 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 2023 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 faint circular stamp or watermark.

Scott Newberry
Chief Executive Officer

Attachments

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

Attachment A

Proposed Rate Adjustment to 2022 Revenues

		(a)	(b)	(c)	(d)
Line No.	Rate Group	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~~ **April 1, 2023**

~~Fifteenth~~ Sixteenth Revised Sheet No. 8.6
Canceling ~~Fourteenth~~ Fifteenth 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~~ April 1, 2023

~~Fifteenth~~ Sixteenth Revised Sheet No. 8.7
 Canceling ~~Fourteenth~~ Fifteenth 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~~ April 1, 2023

~~Fifteenth~~ **Sixteenth** Revised Sheet No. 8.8
 Canceling ~~Fourteenth~~ **Fifteenth** 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~~ **April 1, 2023**

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

Attachment A
Florida Keys Electric Cooperative Association, Inc.
Revenue Adjustment Based On Application
Of Formula Revenue Requirement Rider

Attachment A

Proposed Rate Adjustment to 2023 Revenues

Line No.	Rate Group	(a) Existing Revenues	(b) Proposed Increase	(c) Proposed Revenues	(d) Percent Change
1	Residential	65,520,364	2,057,216	\$67,577,580	3.14%
2	Commercial	15,268,525	479,403	\$15,747,928	3.14%
3	Industrial	23,756,061	745,895	\$24,501,956	3.14%
4	Street Lighting	147,365	4,627	\$151,992	3.14%
5	Public Authorities	6,525,087	204,875	\$6,729,962	3.14%
6	Total Metered Sales	111,217,402	3,492,017	\$114,709,418	3.14%
7	Other Misc. Revenues	3,119,528	\$0.00	\$3,119,528	
8	Total Operating Revenues	114,336,930	3,492,017	117,828,946	

Notes:

- Proposed revenue increase for FRR-1 will be \$.016527 per kWh, based on 2022 kWh's sold.
- Increases/Decreases are spread to rate groups based on existing revenues.
- 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, 2023

Sixteenth Revised Sheet No. 8.6
Canceling Fifteenth 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, 2022

Attachment B
Schedule 1

Line No.		(a) Actual per Books	(b) Adjustments	(c) Adjusted Results	(d) Source
1	Utility Plant	\$227,703,664		\$227,703,664	RUS Form 7
2	CWIP	\$9,107,320		\$9,107,320	RUS Form 7
3	Accumulated Depreciation	-\$55,088,416		-\$55,088,416	RUS Form 7
4	Net Plant in Service	\$181,722,568		\$181,722,568	Sum of Lines 1-3
5	Materials & Supplies	\$5,019,122		\$5,019,122	RUS Form 7
6	Prepayments	\$303,756		\$303,756	RUS Form 7
7	Cash Working Capital [See Note (b)]	\$3,141,843		\$3,141,843	See Note B
8	Deferred Debits	\$1,420,521		\$1,420,521	RUS Form 7
9	Customer Deposits	-\$6,557,752		-\$6,557,752	RUS Form 7
10	Deferred Credits	-\$89,306		-\$89,306	RUS Form 7
11	RATE BASE	\$184,960,752		\$184,960,752	Sum of Lines 4-10
12	Operating Revenues	\$114,336,933		\$114,336,933	RUS Form 7
	Operating Expenses				
13	Total Operation & Maintenance	\$98,717,495		\$98,717,495	RUS Form 7
14	Annual Depreciation	\$6,977,351		\$6,977,351	RUS Form 7
15	Property Taxes	\$1,041,243		\$1,041,243	RUS Form 7
16	Taxes - Other than Income	\$190,251		\$190,251	RUS Form 7
17	TOTAL OPERATING EXPENSES	\$106,926,340		\$106,926,340	Sum of Lines 13-16
18	RETURN	\$7,410,594		\$7,410,594	Line 12 - Line 17
19	RATE OF RETURN - OVERALL	4.01%		4.01%	Line 18 / Line 11
Notes: (a) Schedule B and Schedule C (b) As adjudicated in last rate case or as currently calculated. Adjusted amount=Line 12 less Purchased Power Cost \$73,582,749.61 *.0125					

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Issued by: Scott Newberry
Chief Executive Officer

(Continued on Sheet No. 8.7)
Effective: April 1, 2023

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

Attachment B
 Schedule 2

Florida Keys Electric Cooperative, Inc.
 Rate Base and Existing Return Calculation
 December 31, 2022

Line No.		(a) Capitalization per Books	(b) Capitalization Percentage	(c) Cost	(d) Weighted Costs
	EXISTING RETURN:				
1	Long-Term Debt	\$117,695,653	61.14%	4.47%	2.73%
2	Total Equity	\$74,800,684	38.86%	3.28%	1.27%
3	Total	\$192,496,337	100.00%		4.01%
	ADJUSTED RETURN:				
4	Long-Term Debt	\$117,695,653	61.14%	4.47%	2.73%
5	Total Equity	\$74,800,684	38.86%	8.14%	3.16%
6	Total	\$192,496,337	100.00%		5.89%
Note:	Long-Term Debt Incorporates Debt due				

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Issued by: Scott Newberry
 Chief Executive Officer

(Continued on Sheet No. 8.8)
 Effective: April 1, 2023

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, 2022

Line No.		(a) Cost	(b) Source
	BANDWIDTH CHECK		
1	Benchmark Return on Equity	8.14%	
2	Upper Bandwidth Return On Equity	8.64%	Benchmark ROE + 1%
3	Lower Bandwidth Return On Equity	7.64%	Benchmark ROE - 1%
4	Earned Return on Equity	3.28%	Schedule 2 Line 3 (c)
5	ROE Adjustment	4.86%	Adjustment ROE
6	Adjusted ROE	8.14%	Line 4 + Line 5
7	Adjusted Return On Rate Base	5.89%	Schedule 2 Line 6 (d)

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Issued by: Scott Newberry
 Chief Executive Officer

(Continued on Sheet No. 8.9)
 Effective: April 1, 2023

Sixteenth Revised Sheet No. 8.9
Cancelling Fifteenth Revised Sheet No. 8.9

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

Attachment B
Schedule 4

Florida Keys Electric Cooperative Association, Inc.
Rate Base and Existing Return Calculation
December 31, 2022

Line No.		(a) Cost	(b) Source
1	Rate Base	\$184,960,752	Schedule 1 Line 11 (c)
2	Adjusted Return On Rate Base	5.89%	Schedule 3 Line 7 (a)
3	Adjusted Return	\$10,902,610	Lines 1*2
4	Total Operating Expenses	\$106,926,340	Schedule 1 Line 17 (c)
5	Adjusted Revenues	\$117,828,950	Sum of Lines 3 and 4
6	Existing Operating Revenues	\$114,336,933	Schedule 1 Line 12 (c)
7	Adjustment To Operating Revenues	\$3,492,017	Line 5 - Line 6
8	Percent Change	3.05%	Line 7/Line 6

Adjustment to Operating Revenues	\$ 3,492,017
2022 Actual Sales	771,871,210

Revenue Adjustment per kWh April 1, 2023 \$ 0.004524

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

Revenue Adjustment per kWh 2023 \$ 0.004524

Total Cumulative Adjustment per kWh Apr-Dec 2023 \$ 0.016532 \$ 16.53 Per 1000 kWh

Issued by: Scott Newberry
Chief Executive Officer

(Continued on Sheet No. 8.91)
Effective: April 1, 2023

- 1 7. On the Service Order Report, FKEC completed 1,038 disconnects, reconnects, and transfer
- 2 service orders for January.
- 3
- 4 8. Reported that FKEC’s Safety Meetings for February were conducted in Marathon on February
- 5 16th respectively, and in Tavernier on February 17th. R. Turner introduced Warren Long of the
- 6 Islamorada Fire Department. Mr. Long came to discuss and demonstrate the correct use of
- 7 fire extinguishers. Next, employees reviewed a battery fire occurrence at the Marathon Fire
- 8 Station and Mr. Long noted to remember that fires can occur at home, work, or anywhere.
- 9 Employees then reviewed a handout of Classes of Fires: A - F and also reviewed a handout
- 10 of How to Use a Fire Extinguisher: Pull, Aim, Squeeze, Sweep (PASS). Mr. Long then
- 11 demonstrated the correct method of starting at the bottom of the fire and moving upwards.
- 12 Next, R. Turner reminded employees that the Outside Training Day for all crews will be held
- 13 on Wednesday, March 15th, and will replace the March Safety Meeting.
- 14
- 15 9. The Workers’ Compensation report indicates zero doctor-treated injuries in January.
- 16
- 17 10. A copy of the Consumer Price Index for January was provided to the directors for their
- 18 reference and information.
- 19
- 20 11. A copy of the E.I.A. Natural Gas Weekly Update (overview for the weeks ending February 15,
- 21 February 8, February 1, and, January 25) was provided to the directors for their information.
- 22
- 23 12. The approved January minutes from the FKEC Members Charitable Trust (Operation Round-
- 24 Up®) were provided to the directors along with a copy of the accompanying financial reports.
- 25
- 26

27 **ITEMS FOR ACTION**

- 28 1. Approval of 2023 Rate Rider Adjustment:
- 29 The Board of Directors reviewed the calculation of the proposed 2023 Rate Rider and its effect on
- 30 rates, revenue, and margins. ***D. Ritz made the motion; seconded by M. Puto, that the Board approve***
- 31 ***the filing of the 2023 Rate Rider Adjustment as presented. Motion carried without objection.***
- 32
- 33 2. Determine the Date for May Board Meeting:
- 34 Due to the Memorial Day Holiday, the Board of Directors determined to schedule the May Regular
- 35 Board Meeting for Thursday, June 1, 2023, at 9:00 a.m. Should Committee Meetings be scheduled, they
- 36 will commence first followed by the Regular Board Meeting. ***Hearing no objections, so ordered.***

37

38 **REPORT OF BOARD COUNSEL**

39 J. Haswell prefaced his remarks with the caveat that he would not discuss matters of legal advice

40 with the Board that would be privileged and confidential.

41 J. Haswell’s update included: (1) Provided an update on the current status of the Boot Key Harbor

42 litigation and reported on his review of the drafted settlement agreement; (2) Update on the territorial

43 agreement for the island of Pigeon Key and exhibit that will show the amendment to the revised boundary