

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, March 3, 2020, 9:30 a.m.

LOCATION: Betty Easley Conference Center, Joseph P. Cresse Hearing Room 148

DATE ISSUED: February 24, 2020*

NOTICE

Persons affected by Commission action on certain items on this agenda may be allowed to address the Commission, either informally or by oral argument, when those items are taken up for discussion at this conference. These items are designated by double asterisks (**) next to the item number.

To participate informally, affected persons need only appear at the conference and request the opportunity to address the Commission on an item listed on the agenda. Informal participation is not permitted: (1) on dispositive motions and motions for reconsideration; (2) when a recommended order is taken up by the Commission; (3) in a rulemaking proceeding after the record has been closed; or (4) when the Commission considers a post-hearing recommendation on the merits of a case after the close of the record. The Commission allows informal participation at its discretion in certain types of cases (such as declaratory statements and interim rate orders) in which an order is issued based on a given set of facts without hearing. See Florida Administrative Code Rules 25-22.0021 (agenda conference participation) and 25-22.0022 (oral argument).

Conference agendas, staff recommendations, vote sheets, and transcripts are available online at <http://www.floridapsc.com>, by selecting *Conferences & Meeting Agendas* and *Commission Conferences of the FPSC*. An official vote of "move staff" denotes that the Item's recommendations were approved.

In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate at this proceeding should contact the Office of Commission Clerk no later than five days prior to the conference at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 or 850-413-6770 (Florida Relay Service, 1-800-955-8770 Voice or 1-800-955-8771 TDD). Assistive Listening Devices are available upon request from the Office of Commission Clerk, Gerald L. Gunter Building, Room 152.

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If you have any questions, contact the Office of Commission Clerk at 850-413-6770 or Clerk@psc.state.fl.us.

*Revised to insert the late-filed Item 6.

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ITEM NO.

CASE

1** **Consent Agenda**

PAA A) Application for Certificate of Authority to Provide Telecommunications Service.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>CERT. NO.</u>
20200025-TX	JEA	8945

Recommendation: The Commission should approve the action requested in the docket referenced above and close this docket.

ITEM NO.

CASE

2**

Docket No. 20200047-TP – Appointment of Jane E. Johnson to the Telecommunications Access System Act of 1991 (TASA) Advisory Committee.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: IDM: Williams

GCL: Murphy

Issue 1: Should the Commission approve the appointment of Jane E. Johnson to the TASA advisory committee effective immediately?

Recommendation: Yes. Staff recommends that the Commission approve the appointment of Jane E. Johnson to the TASA advisory committee effective immediately.

Issue 2: Should this docket be closed?

Recommendation: Yes. The docket should be closed upon the issuance of a final order in this docket.

ITEM NO.

CASE

3**PAA

Docket No. 2020033-EI – Joint motion for approval of Amendment No. 1 to stipulation and settlement, by Florida Public Utilities Company and Office of Public Counsel.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: AFD: Richards, D. Buys, Cicchetti

GCL: Brownless

On September 12, 2019, the Florida Department of Revenue issued a Tax Information Publication (TIP) announcing that the Florida corporate income tax rate was reduced from 5.500 percent to 4.458 percent effective retroactively to January 1, 2019, and continuing through December 31, 2021. The TIP indicates that the Florida corporate income tax rate will return to 5.50 percent effective January 1, 2022.

On January 22, 2020, to address this Florida tax change, FPUC and OPC filed a Joint Motion for Approval of Amendment No. 1 to Stipulation and [2017] Settlement (Joint Motion). Amendment No. 1 is Attachment A of staff's memorandum dated February 20, 2020. Both OPC and FPUC agree that the impact of the State Tax Rate change on FPUC's NOI associated with base rates is approximately \$35,000 annually for years 2019 through 2021. Acknowledging the tax savings amounts are based upon FPUC's best estimates, the Company calculated the actual amount of the tax benefit to be flowed-through to customers. For calendar year 2019, the NOI annual tax savings impact of \$35,825 will be applied to the Company's existing fuel and purchased power cost recovery balance with interest, which will serve to reduce FPUC's Fuel Cost Recovery factors for 2021. The savings for calendar years 2020 and 2021 will be trued-up to actual and applied to the Company's existing fuel and purchased power cost recovery balances in 2020 and 2021 with interest, thereby reducing FPUC's Fuel Cost Recovery factors for 2022 and 2023.

If approved by the Commission, this State Tax Amendment will take effect upon Commission approval and expire on December 31, 2023, unless otherwise modified by Commission order.

The Commission should vote on whether or not to grant the Joint Motion and approve Amendment No. 1 to the 2017 Stipulation.

ITEM NO.

CASE

4**PAA

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

Critical Date(s): 10/15/20 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Clark

Staff: AFD: Wilson, T. Brown
ECO: Hudson, Sibley
ENG: Doehling, M. Watts
GCL: Dziechciarz

(Proposed Agency Action Except for Issue Nos. 10, 11 and 12.)

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.

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.

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).

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.

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.

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

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

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.

ITEM NO.

CASE

4**PAA

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

(Continued from previous page)

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).

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.

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)

ITEM NO.

CASE

4**PAA

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

(Continued from previous page)

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)

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)

ITEM NO.

CASE

4**PAA

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

(Continued from previous page)

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.

ITEM NO.

CASE

5**PAA

Docket No. 20190125-WS – Application for staff-assisted rate case in Sumter County by The Woods Utility Company.

Critical Date(s): 11/05/2020 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: AFD: Hightower, D. Buys, Cicchetti, Richards

ECO: Bethea, Hudson

ENG: Ellis, D. Phillips, Thompson

GCL: Weisenfeld

(Proposed Agency Action Except for Issue Nos. 11, 12 and 13.)

Issue 1: Is the quality of service provided by The Woods Utility Company satisfactory?

Recommendation: No. The DEP has mandated that the Utility take action to address lead and copper exceedances. Therefore, staff recommends that the quality of product is unsatisfactory. However, the Utility has been responsive to customer complaints and is working with the DEP to address product concerns; therefore, no penalty is recommended. The Utility should file status reports on the actions it has taken to meet the DEP's requirements. Staff recommends the first status report be filed six months after the Final Order is issued in this Docket and every six months thereafter until the additional monitoring is rescinded by the DEP.

Issue 2: Are the infrastructure and operating conditions of The Woods Utility Company's water system in compliance with DEP regulations?

Recommendation: Yes. The Woods' water treatment facility is currently in compliance with DEP regulations.

Issue 3: What are the used and useful (U&U) percentages of The Woods Utility Company's water treatment plant (WTP), storage, and water distribution system?

Recommendation: The Woods' WTP and water storage should be considered 100 percent U&U. The Utility's water distribution system should be considered 76 percent U&U. Additionally, staff recommends no adjustment to purchased power and chemical expenses be made for excessive unaccounted for water (EUW).

Issue 4: What is the appropriate average test year rate base for The Woods Utility Company?

Recommendation: The appropriate average test year rate base is \$165,678.

Issue 5: What is the appropriate return on equity and overall rate of return for The Woods Utility Company?

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 7.57 percent.

ITEM NO.

CASE

5**PAA

Docket No. 20190125-WS – Application for staff-assisted rate case in Sumter County by The Woods Utility Company.

(Continued from previous page)

Issue 6: What are the appropriate amounts of test year revenues for The Woods utility Company's water system?

Recommendation: The appropriate test year revenues for The Woods' water system is \$41,373.

Issue 7: What is the appropriate amount of operating expenses for The Woods Utility Company?

Recommendation: The appropriate amount of operating expenses is \$36,631.

Issue 8: What is the appropriate revenue requirement for The Woods Utility Company?

Recommendation: The appropriate revenue requirement is \$49,179, resulting in an annual increase of \$7,806 (18.87 percent).

Issue 9: What are the appropriate rate structures and rates for the water system of The Woods Utility Company?

Recommendation: The recommended rate structures and monthly water 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 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.

Issue 10: What are the appropriate initial customer deposits for The Woods Utility Company?

Recommendation: The appropriate initial customer deposit is \$102 for all residential meter sizes. The initial customer deposits for all general service meter sizes should be two times the average estimated monthly bill. The approved initial customer deposits should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved initial customer deposits until authorized to change them by the Commission in a subsequent proceeding.

ITEM NO.

CASE

5**PAA

Docket No. 20190125-WS – Application for staff-assisted rate case in Sumter County by The Woods Utility Company.

(Continued from previous page)

Issue 11: What is the appropriate amount by which rates should be reduced in four years after the published effective date to reflect the removal of the amortized rate case expense?

Recommendation: In four years, the water 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 four-year rate case expense recovery period, pursuant to Section 367.081(8), F.S. The Woods 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)

Issue 12: Should the recommended rates be approved for The Woods Utility Company 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. The Woods 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)

ITEM NO.

CASE

5**PAA

Docket No. 20190125-WS – Application for staff-assisted rate case in Sumter County by The Woods Utility Company.

(Continued from previous page)

Issue 13: Should The Woods 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. The Utility should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission’s decision. The Woods should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable National Association of Regulatory Utility 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 should be provided 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. (Procedural Agency Action)

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. 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, and receipt of required biannual status reports on the Utility’s until additional monitoring is rescinded by the DEP. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

6

Docket No. 20190061-EI – Petition for approval of FPL SolarTogether program and tariff, by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Clark

Staff: ENG: Wright, Doehling, Ellis, King

AFD: Mouring, Fletcher

ECO: Galloway, Wu

GCL: Trierweiler, Simmons

(Post-Hearing Decision - Staff recommends addressing the Issues in the following order: Issues 2, 3, 1, 4 and 6.)

Issue 1: Is FPL's proposed SolarTogether Rider tariff an appropriate mechanism to seek approval for the construction of 1,490 MW of new solar generation facilities?

Recommendation: No. FPL has not demonstrated the public benefit to be gained by changing current regulatory policies and procedures regarding the addition of generation assets. As such, approval of generation assets should not be linked to a tariff proposal as requested by FPL.

Issue 2: Does FPL's proposed SolarTogether Rider tariff give any undue or unreasonable preference or advantage to any person or locality or subject the same to any undue or unreasonable prejudice or disadvantage in any respect, contrary to Section 366.03, Florida Statutes?

Recommendation: Yes. The SolarTogether Rider tariff grants an undue preference to participants and subjects the general body of ratepayers to an undue disadvantage.

ITEM NO.

CASE

6

Docket No. 20190061-EI – Petition for approval of FPL SolarTogether program and tariff, by Florida Power & Light Company.

(Continued from previous page)

Issue 3: Should the Commission allow recovery of all costs and expenses associated with FPL’s proposed SolarTogether Program in the manner proposed by FPL?

Recommendation: No. The Commission should not approve any cost recovery at this time. FPL’s 2019 TYSP, which includes over 1,700 MW of future solar generation by 2022, is the least-cost plan resulting in the lowest levelized system average electric rate for all of FPL’s general body of ratepayers. Projects 1, 2, and 3, approximately 900 MW of FPL’s proposed SolarTogether Program, are consistent with FPL’s 2019 TYSP. Therefore, even if the proposed tariff is not approved, it appears that constructing Projects 1, 2, and 3 would be cost-effective additions to FPL’s system that would benefit all customers. FPL may seek cost recovery of these facilities at its next base rate proceeding under current regulatory policies and procedures.

If the Commission approves the Program and rate Schedule STR, staff recommends that the participant credits be recorded as a base rate expense. Such treatment would provide participants the same benefits as proposed by FPL, but more closely reflect the current risks to the general body of ratepayers and FPL associated with traditional net metering.

Issue 4: Should the Commission approve FPL’s proposed SolarTogether Program and associated tariff, Rate Schedule STR, which is the same tariff attached as Attachment I to the Settlement Agreement filed October 9, 2019?

Recommendation: No. See discussion in Issues 1, 2, and 3.

Issue 5: DROPPED

Issue 6: Should this docket be closed?

Recommendation: The docket should be closed once the Commission has issued its final order and the time for appeal has run.

ITEM NO.

CASE

7**PAA

Docket No. 20170114-WU – Application for transfer of facilities and water Certificate No. 165-W in Pasco County from Allen LaFortune and Otis Fonder to A Utility Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: ENG: M. Watts, Doehling

AFD: Frank, Norris

ECO: Sibley

GCL: DuVal

(Proposed Agency Action for Issue 2.)

Issue 1: Should the application for transfer of Certificate No. 165-W in Pasco County, from Allen LaFortune and Otis Fonder to A Utility Inc. be approved?

Recommendation: Yes, the transfer of Certificate No. 165-W in Pasco County is in the public interest and should be approved effective the date of the Commission's vote. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). The Buyer should be responsible for filing annual reports and paying Regulatory Assessment Fees (RAFs) for 2019 and all future years.

Issue 2: What is the appropriate net book value for A Utility Inc.'s water system for transfer purposes and should an acquisition adjustment be approved?

Recommendation: The NBV of the water system for transfer purposes is \$9,367 as of January 1, 2017. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, A Utility Inc. should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in A Utility Inc.'s 2019 Annual Report when filed.

Issue 3: Should this docket be closed?

Recommendation: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed and the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision.

ITEM NO.

CASE

8**PAA

Docket No. 20190122-WU – Request for cancellation of Certificate No. 626-W by B & C Water Resources, L.L.C.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: M. Watts

GCL: Schrader

Issue 1: Should Certificate No. 626-W, held by B&C Water Resources, L.L.C. be canceled?

Recommendation: Yes. Certificate No. 626-W should be canceled effective the date the order becomes final.

Issue 2: Should this docket be closed?

Recommendation: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed.

ITEM NO.

CASE

9**PAA

Docket No. 20200010-WS – Request for cancellation of Certificate No. 388-S by Sun Communities Finance, LLC. d/b/a Water Oak Utility.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Doehling, Johnson

GCL: Simmons

Issue 1: Should the Commission cancel Water Oak Utility’s Certificate No. 388-S?

Recommendation: Yes. Water Oak Utility is operating its wastewater system as a reseller exempt from the Commission’s jurisdiction pursuant to Section 367.022(8), F.S. Therefore, the Commission should cancel Certificate No. 388-S effective the date the consummating order is issued. Regulatory assessment fees (RAFs) for 2020, the 2019 Annual Report, and billing data are due to the Commission within 30 days of the Commission vote. The water system will continue to be operated as a regulated utility.

Issue 2: 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 this order, a consummating order should be issued. The docket should remain open until Water Oak has paid its 2020 RAFs, submitted its 2019 Annual Report, and provided staff billing data demonstrating customers are not being charged at a rate that exceeds the actual purchase price of the wastewater service. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

10**

Docket No. 20190223-EI – Petition for approval of a permanent optional LED streetlight tariff, by Florida Power & Light Company.

Critical Date(s): 60-Day Suspension Date waived by FPL until 03/03/2020.

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Guffey

GCL: Brownless

(Tariff Filing)

Issue 1: Should the Commission approve FPL's proposed LED tariff?

Recommendation: Yes. The Commission should approve FPL's LED tariff as shown in Attachment A of staff's memorandum dated February 20, 2020. The LED tariff and associated agreement should become effective with the Commission vote on March 3, 2020.

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

ITEM NO.

CASE

11**PAA

Docket No. 20190114-WU – Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.

Critical Date(s): 10/12/20 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Clark

Staff: ECO: Bruce, Hudson
AFD: Wilson, T. Brown
ENG: Knoblauch, Lewis
GCL: DuVal

(Proposed Agency Action Except Issue Nos. 14, 15 and 16.)

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

Recommendation: Yes. The utility is in-compliance with the Department of Environmental Protection (DEP) and has been responsive to its customer complaints. Therefore, the quality of service provided by Gator should be considered satisfactory.

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

Recommendation: Yes. The utility's water treatment facility is currently in-compliance with DEP regulations.

Issue 3: What are the used and useful (U&U) percentages of Gator's water treatment plant (WTP) and water distribution system?

Recommendation: Staff recommends that Gator's WTP and water distribution system 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.

Issue 4: Should the Commission approve a year-end rate base for Gator and if so, what is the appropriate year-end rate base?

Recommendation: Yes. The Commission should approve a year-end rate base for Gator. The appropriate year-end test year rate base is \$548,722.

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

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.

Issue 6: What are the appropriate amounts of test year revenues for Gator's water system?

Recommendation: The appropriate test year revenues for Gator's water system are \$56,781.

Issue 7: What is the appropriate amount of operating expense for Gator?

Recommendation: The appropriate amount of operating expense for Gator is \$112,971.

ITEM NO.

CASE

11**PAA

Docket No. 20190114-WU – Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.

(Continued from previous page)

Issue 8: What is the appropriate revenue requirement for Gator?

Recommendation: The appropriate revenue requirement is \$156,046 resulting in an annual increase of \$99,265 (174.82 percent).

Issue 9: What are the appropriate rate structures and rates for Gator's water system?

Recommendation: The recommended rate structures and monthly water 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 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.

Furthermore, due to the magnitude of the revenue requirement increase, staff believes it is important to monitor whether the customers reduce consumption as expected. Therefore, staff recommends the utility should be ordered to prepare monthly reports detailing the number of bills rendered, the consumption billed, and the revenues billed. The utility should also provide the corresponding purchased power invoices. The reports should be filed in the docket file, on a quarterly basis, for a period of twelve months beginning the first billing period after the approved rates go into effect. To the extent the utility makes adjustment to consumption in any month during the reporting period, the utility should be ordered to file a revised monthly report for that month within 30 days of any revision. Staff will monitor and evaluate whether any adjustments to rates are necessary.

Issue 10: What are the appropriate initial customer deposits for Gator's water system?

Recommendation: The appropriate initial customer deposit should be \$66 for the residential 5/8 inch x 3/4 inch meter size. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water. The approved initial customer deposits should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

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Docket No. 20190114-WU – Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.

(Continued from previous page)

Issue 11: Should Gator be authorized to collect Non-Sufficient Funds (NSF) charges?

Recommendation: Yes. Gator should be authorized to collect NSF charges. Staff recommends that Gator revise its tariffs to reflect the NSF charges currently set forth in Section 68.065, F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date the notice was given within 10 days of the date of the notice.

Issue 12: Should Gator's request to implement a \$6.50 late payment charge be approved?

Recommendation: Yes. The utility's request to implement a \$6.50 late payment charge should be approved. Gator should be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge should be effective 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 charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

Issue 13: Should Gator's miscellaneous service charges be revised?

Recommendation: Yes. The miscellaneous service charges identified in Table 13-5 are appropriate and should be approved. The charges should be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved charges 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.

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CASE

11**PAA

Docket No. 20190114-WU – Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.

(Continued from previous page)

Issue 14: What is the appropriate amount by which the 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. Gator 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. (Bruce, Wilson, T. Brown)

Issue 15: Should the recommended rates be approved for Gator 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. Gator 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. (Wilson, T. Brown)

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CASE

11**PAA

Docket No. 20190114-WU – Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.

(Continued from previous page)

Issue 16: Should Gator be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision?

Recommendation: Yes. Gator should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Gator 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. (Wilson)

Issue 17: 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.

ITEM NO.

CASE

12**

Docket No. 20190189-WS – Application for establishment of wastewater allowance for funds prudently invested (AFPI) charges in Lake County, by Utilities, Inc. of Florida.

Critical Date(s): 06/05/20 (8-month Effective Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Ramos, Hudson

GCL: Trierweiler

(Tariff Filing)

Issue 1: Should UIF’s request to revise its existing AFPI charges for LUSI’s wastewater system be approved, and if so, what are the appropriate AFPI charges?

Recommendation: Yes, UIF’s request to revise its existing AFPI charges for LUSI’s wastewater system should be approved and the appropriate AFPI charges are shown on Table 1-1. The AFPI charges should apply until all 1,658 ERCs included in the calculation have connected to LUSI’s wastewater system. After December 31, 2020, the AFPI charge should cease accruing and the utility should be allowed to collect the constant charge of \$1,171.57 until the ERCs included in the calculation of the charge (1,658) have been added, upon which the charges should be discontinued. UIF should provide notice to property owners who have requested service during the 12 months prior to the month this application was filed. The approved charges should be effective for connections made on or after the stamped approval date on the tariff sheets. The utility should provide proof of noticing within 10 days of providing its approved notice.

Issue 2: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff’s verification that the revised tariff sheet and customer notice have been filed by the utility and approved by staff. Once these actions are complete, this docket should be closed administratively.