

# FLORIDA PUBLIC SERVICE COMMISSION

## COMMISSION CONFERENCE AGENDA

**CONFERENCE DATE AND TIME:** Tuesday, December 6, 2022, 9:30 a.m.

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

**DATE ISSUED:** November 22, 2022

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### 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).

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**ITEM NO.**

**CASE**

1\*\*

**Docket No. 20220171-WS** – Proposed amendments to Rule 25-30.110, F.A.C., Records and Reports; Annual Reports, and Rule 25-30.420, F.A.C., Establishment of Price Index, Adjustment of Rates; Requirement of Bond; Filings After Adjustment; Notice to Customers.

**Rule Status:** Proposed, may be deferred

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Passidomo

**Staff:** GCL: Sapoznikoff

AFD: Norris, Sowards, Andrews, Fletcher

ECO: Guffey

**Issue 1:** Should the Commission propose the amendment of Rules 25-30.110 and 25-30.420, F.A.C.?

**Recommendation:** Yes, the Commission should propose the amendment of Rules 25-30.110 and 25-30.420, F.A.C., as set forth in Attachment A of staff's memorandum dated November 22, 2022. The Commission should also certify Rule 25-30.110, F.A.C., as a minor violation rule. Rule 25-30.420, F.A.C., should remain as not a minor violation rule.

**Issue 2:** Should this docket be closed?

**Recommendation:** Yes. If no requests for hearing, information regarding the SERCs, proposals for a lower cost regulatory alternative, or the Joint Administrative Procedures Committee (JAPC) comments are filed, the rules should be filed with the Department of State, and the docket should be closed.

**ITEM NO.**

**CASE**

2\*\*PAA

**Docket No. 20220005-WS** – Annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), F.S.

**Critical Date(s):** 3/31/23 (Statutory Reestablishment Deadline)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** AFD: Przygocki, Sowards

GCL: Stiller

**Issue 1:** Which index should be used to determine price level adjustments?

**Recommendation:** The Gross Domestic Product Implicit Price Deflator Index is recommended for use in calculating price level adjustments. Staff recommends calculating the 2023 Price Index by using a fiscal year, four quarter comparison of the Implicit Price Deflator Index ending with the third quarter of 2022.

**Issue 2:** What rate should be used by water and wastewater utilities for the 2023 Price Index?

**Recommendation:** The 2023 Price Index for water and wastewater utilities should be 7.07 percent.

**Issue 3:** How should the utilities be informed of the indexing requirements?

**Recommendation:** The Division of Accounting and Finance, after the expiration of the Proposed Agency Action (PAA) protest period, should send each regulated water and wastewater utility a copy of the PAA order establishing the index containing the information presented in Attachment 1 of staff’s memorandum dated November 22, 2022. A cover letter from the Director of the Division of Accounting and Finance should be included with the order (Attachment 2 of staff’s memorandum dated November 22, 2022). The entire package should also be made available on the Commission’s website.

**Issue 4:** Should this docket be closed?

**Recommendation:** No. Upon expiration of the 14-day protest period, if a timely protest is not received, the decision should become final and effective upon the issuance of a Consummating Order. Any party filing a protest should be required to prefile testimony with the protest. However, this docket should remain open through the end of the year and be closed upon the establishment of the new docket in January, 2023.

**ITEM NO.**

**CASE**

3\*\*

**Docket No. 20220165-EI** – Petition for limited proceeding to approve refund and rate reduction resulting from implementation of Inflation Reduction Act, by Florida Power & Light Company.

**Critical Date(s):** Tariff 60-Day Suspension Date 1/13/23

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Graham

**Staff:** AFD: D. Buys, Cordell, Higgins, Mouring

ECO: Draper

GCL: Brownless

**(Tariff Filing)**

**Issue 1:** Should the Commission approve FPL’s calculation of the tax savings associated with the IRA for 2022?

**Recommendation:** Yes. The Commission should approve FPL’s calculations for the net tax savings of \$35,747,856 for 2022 resulting from the Company’s election to use PTCs instead of ITCs as allowed by the IRA.

**Issue 2:** Should the Commission approve FPL’s request to flow back to customers the full 2022 tax reform impact through a one-time reduction to its Capacity Cost Recovery Clause (CCR) factors in January 2023?

**Recommendation:** Yes. Staff recommends the Commission approve a refund of \$35,747,856 in January 2023 through a one-time reduction to FPL’s CCR factors.

**Issue 3:** Should the Commission approve FPL’s calculation of the projected tax savings associated with the IRA for 2023?

**Recommendation:** Yes. The Commission should approve FPL’s calculations of net tax savings of \$69,743,460 for 2023 resulting from the Company’s election to use PTCs instead of ITCs as allowed by the IRA.

**Issue 4:** Should the Commission approve FPL’s request to flow back to customers the projected 2023 tax savings through a reduction to base rates beginning January 1, 2023?

**Recommendation:** Yes. The Commission should approve FPL’s request to flow back to customers the projected net \$69,743,460 tax savings through a reduction to base rates beginning January 1, 2023.

**Issue 5:** Should the Commission approve FPL’s revised tariffs to implement the IRA base revenue decrease effective January 2023?

**Recommendation:** Yes. The Commission should approve FPL’s revised tariffs to implement the IRA base revenue decrease effective January 2023. The revised tariffs are shown in Attachment A of staff’s revised memorandum dated November 22, 2022.

**ITEM NO.**

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**CASE**

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3\*\*

**Docket No. 20220165-EI** – Petition for limited proceeding to approve refund and rate reduction resulting from implementation of Inflation Reduction Act, by Florida Power & Light Company.

(Continued from previous page)

**Issue 6:** Should this docket be closed?

**Recommendation:** Yes. At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, subject to adjustment, pending the resolution of the protest.

**ITEM NO.**

**CASE**

4\*\*

**Docket No. 20220172-EI** – Petition for limited proceeding to approve rate reductions associated with the Inflation Reduction Act of 2022, by Duke Energy Florida, LLC.

**Critical Date(s):** 12/17/22 (60-Day Suspension Date)  
12/16/22 (2021 Settlement Agreement Date)

**Commissioners Assigned:** All Commissioners  
**Prehearing Officer:** Passidomo

**Staff:** AFD: Cicchetti  
ECO: Guffey  
GCL: Stiller

**(Tariff Filing)**

**Issue 1:** Should the Commission approve DEF’s calculation of the tax savings associated with the IRA for 2023?

**Recommendation:** Yes. The Commission should approve DEF’s calculations of the net tax savings of \$56 million for 2023 resulting from the Company’s election to use Production Tax Credits (PTCs) instead of Investment Tax Credits (ITCs) as allowed by the IRA.

**Issue 2:** Should the Commission approve DEF’s proposed process for flowing the tax reform impacts to DEF's customers?

**Recommendation:** Yes. Staff recommends the Commission approve a base rate reduction of \$56 million starting with the first billing cycle of January 2023 and allow DEF to credit customers for the actual 2022 tax savings impact in the next Capacity Cost Recovery (CCR) Clause filing (expected in March 2023).

**Issue 3:** Should the Commission give staff approval to administratively approve DEF’s revised tariffs which reflect and implement the multi-year base rate increase, ROE trigger, SoBRA (Duette) true-up, and the IRA base revenue decrease effective January 2023?

**Recommendation:** Yes. The Commission should give staff administrative authority to approve DEF’s revised tariffs which reflect and implement the multi-year base rate increase, ROE trigger, SoBRA (Duette) true-up, and the IRA base revenue decrease effective January 2023.

**Issue 4:** Should this docket be closed?

**Recommendation:** Yes. At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a consummating order. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, subject to adjustments pending the resolution of the protest.

**ITEM NO.**

**CASE**

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5\*\*PAA

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**Docket No. 20220128-PU** – Joint petition requesting approval to establish regulatory assets, by Florida Public Utilities Company, Florida Public Utilities Company - Indiantown Division, Florida Public Utilities Company - Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** La Rosa

**Staff:** AFD: Norris, Hinson

GCL: J. Crawford, Sandy

**Issue 1:** Should the Commission approve FPUC’s request for approval to establish regulatory assets for recording and preserving costs associated with the setup and implementation of a new customer information system?

**Recommendation:** No. The Commission should deny FPUC’s request for regulatory assets for the costs associated with the duties outlined in paragraph 10 of its petition and allow the costs to be capitalized to plant. Further, any post implementation training costs should be expensed in accordance with the Uniform System of Accounts (USOA) for Public Utilities and Licensees as found in the Code of Federal Regulations, Title 18, Subchapter C, Parts 101 and 201, Plant Instructions 3.(19).

**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, this docket should be closed upon the issuance of a consummating order.

**ITEM NO.**

**CASE**

6\*\*PAA

**Docket No. 20220033-WS** – Application for staff-assisted rate case in Polk County by CHC VII, Ltd.

**Critical Date(s):** 07/11/2023 (15-Month Effective Date (SARC))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Passidomo

**Staff:** AFD: Richards  
ECO: Bruce, Hudson  
ENG: Ellis, Wooten  
GCL: Jones

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

**Issue 1:** Is the quality of service provided by CHC VII, Ltd. satisfactory?

**Recommendation:** Yes. CHC 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.

**Issue 2:** Are the infrastructure and operating conditions of CHC VII, Ltd.’s water and wastewater systems in compliance with DEP regulations?

**Recommendation:** Yes. CHC’s water and wastewater systems are currently in compliance with the DEP.

**Issue 3:** What are the used and useful (U&U) percentages of the CHC VII, Ltd. water treatment plant (WTP), water distribution, WWTP, and wastewater collection systems?

**Recommendation:** CHC’s WTP, water distribution, WWTP, and wastewater collection system should be considered 100 percent U&U. No adjustment is recommended for excessive unaccounted for water (EUW) or excessive infiltration and inflow (I&I).

**Issue 4:** What is the appropriate average test year rate base for CHC VII, Ltd.?

**Recommendation:** The appropriate average test year rate base for CHC VII, Ltd. is \$337,885 for water and \$312,012 for wastewater.

**Issue 5:** What is the appropriate return on equity and overall rate of return for CHC VII, Ltd.?

**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 3.48 percent.

**Issue 6:** What are the appropriate test year revenues for CHC VII, Ltd.’s water and wastewater systems?

**Recommendation:** The appropriate test year revenues for CHC’s water system are \$144,466 and \$168,062 for the wastewater system.

**Issue 7:** What is the appropriate operating expense for CHC VII, Ltd.?

**Recommendation:** The appropriate amount of operating expense for CHC VII, Ltd. is \$172,805 for water and \$248,384 for wastewater.

**ITEM NO.**

**CASE**

6\*\*PAA

**Docket No. 20220033-WS** – Application for staff-assisted rate case in Polk County by CHC VII, Ltd.

(Continued from previous page)

**Issue 8:** Does CHC VII, Ltd. meet the criteria for application of the operating ratio methodology?

**Recommendation:** No. CHC VII, Ltd. does not meet the requirement for application of the operating ratio methodology for calculating the revenue requirement

**Issue 9:** What is the appropriate revenue requirement for CHC VII, Ltd.?

**Recommendation:** The appropriate revenue requirement is \$184,564 for water, resulting in an annual increase of \$40,098 (27.76 percent). The appropriate revenue requirement for wastewater is \$259,242, resulting in an annual increase of \$91,180 (54.25 percent).

**Issue 10:** What are the appropriate rate structures and rates for CHC VII, Ltd.'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.

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

**Recommendation:** The rates should be reduced as shown on Schedule No. 4 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. CHC should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting 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 and the reduction in the rates due to the amortized rate case expense.

**ITEM NO.**

**CASE**

6\*\*PAA

**Docket No. 20220033-WS** – Application for staff-assisted rate case in Polk County by CHC VII, Ltd.

(Continued from previous page)

**Issue 12:** Should the recommended rates be approved for CHC VII, Ltd. 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. CHC 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.

**Issue 13:** Should CHC VII, Ltd. 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. CHC should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. CHC 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.

**ITEM NO.**

**CASE**

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6\*\*PAA

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**Docket No. 20220033-WS** – Application for staff-assisted rate case in Polk County by CHC VII, Ltd.

(Continued from previous page)

**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. Once these actions are complete, this docket should be closed administratively.

**ITEM NO.**

**CASE**

7\*\*PAA

**Docket No. 20220032-WS** – Application for staff-assisted rate case in Polk County by Anglers Cove West, Ltd.

**Critical Date(s):** 07/11/23 (15-Month Effective Date (SARC))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Passidomo

**Staff:** ENG: Thompson, Ellis

AFD: D. Buys, Mouring

ECO: Bethea

GCL: Imig, Sparks

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

**Issue 1:** Is the quality of service provided by Anglers Cove West, Ltd. satisfactory?

**Recommendation:** Yes. Anglers 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.

**Issue 2:** Are the infrastructure and operating conditions of Anglers Cove West, Ltd.’s wastewater system in compliance with DEP regulations?

**Recommendation:** Yes. Anglers Cove’s wastewater treatment facility is currently in compliance with DEP regulations.

**Issue 3:** What are the used and useful (U&U) percentages of Anglers Cove West, Ltd.’s WWTP, water distribution, and wastewater collection systems?

**Recommendation:** Anglers Cove’s WWTP, water distribution, and wastewater collection systems should be considered 100 percent U&U. Additionally, staff recommends that a 9.4 percent adjustment to purchased water should be made for excessive unaccounted for water (EUW). No adjustment is recommended for excessive infiltration and inflow (I&I).

**Issue 4:** What is the appropriate average test year rate base for water and wastewater for Anglers Cove West, Ltd.?

**Recommendation:** The appropriate average rate base is \$120,505 for water and \$129,598 for wastewater.

**Issue 5:** What is the appropriate return on equity and overall rate of return for Anglers Cove West, Ltd.?

**Recommendation:** The appropriate return on equity (ROE) is 10.45 percent and overall rate of return to use for setting rates is 4.74 percent.

**Issue 6:** What are the appropriate amount of test year revenues for Anglers Cove West, Ltd.’s water and wastewater systems?

**Recommendation:** The appropriate test year revenues for Anglers Cove’s water are \$75,040 and wastewater are \$72,758.

**ITEM NO.**

**CASE**

7\*\*PAA

**Docket No. 20220032-WS** – Application for staff-assisted rate case in Polk County by Anglers Cove West, Ltd.

(Continued from previous page)

**Issue 7:** What is the appropriate amount of test year operating expense for Anglers Cove West, Ltd.?

**Recommendation:** That appropriate amount of operating expense for Anglers Cove is \$99,581 for water and \$88,126 for wastewater.

**Issue 8:** Does Anglers Cove West, Ltd. meet the criteria for application of the Operating Ratio Methodology?

**Recommendation:** No. Anglers Cove does not meet the requirement for application of the Operating Ratio Methodology for calculating the revenue requirement.

**Issue 9:** What is the appropriate revenue requirement for Anglers Cove West, Ltd.?

**Recommendation:** The appropriate revenue requirement for water is \$105,293, resulting in an annual increase of \$30,253 (40.32 percent). The appropriate revenue requirement for wastewater is \$94,268 for wastewater, resulting in an annual increase of \$21,510 (29.56 percent).

**Issue 10:** What are the appropriate rate structures and rates for the water and wastewater systems of Anglers Cove West, Ltd.?

**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. 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 this notice.

**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 No. 4 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. Anglers Cove should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting 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.

**ITEM NO.**

**CASE**

7\*\*PAA

**Docket No. 20220032-WS** – Application for staff-assisted rate case in Polk County by Anglers Cove West, Ltd.

(Continued from previous page)

**Issue 12:** Should the recommended rates be approved for Anglers Cove West, Ltd. 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. Anglers 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

**Issue 13:** Should Anglers 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. Anglers Cove should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Anglers 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.

**ITEM NO.**

**CASE**

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7\*\*PAA

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**Docket No. 20220032-WS** – Application for staff-assisted rate case in Polk County by Anglers Cove West, Ltd.

(Continued from previous page)

**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 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**

8\*\*PAA

**Docket No. 20220035-WS** – Application for staff-assisted rate case in Polk County by S. V. Utilities, Ltd.

**Critical Date(s):** 07/11/23 (15-Month Effective Date (SARC))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Passidomo

**Staff:** ENG: Thompson, Ellis

AFD: Higgins, Mouring, Richards

ECO: Bethea

GCL: Imig

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

**Issue 1:** Is the quality of service provided by S. V. Utilities, Ltd. satisfactory?

**Recommendation:** No. The Utility is in compliance with the Department of Environmental Protection (DEP) standards; however, several customer comments regarding service interruptions have been received. As such, staff recommends that SV's quality of service be considered marginal and no penalty be imposed at this time. Staff further recommends that the Utility meet with its customers within three months of issuance of the Consummating Order to discuss the service interruption issues. The Office of Public Counsel and Commission staff should be made aware of the meeting place, date, and time. Last, within one month after meeting with its customers, the Utility shall file a report with the Commission summarizing the results of the meeting.

**Issue 2:** Are the infrastructure and operating conditions of S. V. Utilities, Ltd.'s water and wastewater systems in compliance with DEP regulations?

**Recommendation:** Yes. SV's water and wastewater treatment facilities are currently in compliance with DEP regulations.

**Issue 3:** What are the used and useful (U&U) percentages of S. V. Utilities, Ltd.'s water treatment plant (WTP), WWTP, water distribution, and wastewater collection systems?

**Recommendation:** SV's WTP, WWTP, water distribution, and wastewater collection systems should be considered 100 percent U&U. Additionally, staff recommends that a 2.1 percent adjustment to purchased power and chemicals should be made for excessive unaccounted for water (EUW). No adjustment is recommended for excessive infiltration and inflow (I&I).

**Issue 4:** What is the appropriate average test year rate base for S. V. Utilities, Ltd.?

**Recommendation:** The appropriate average test year rate base for SV is \$192,696 for water and \$402,349 for wastewater.

**Issue 5:** What is the appropriate return on equity and overall rate of return for S. V. Utilities, Ltd.?

**Recommendation:** The appropriate return on equity (ROE) is 7.84 percent with a range of 6.84 percent to 8.84 percent. The appropriate overall rate of return is 7.84 percent.

**ITEM NO.**

**CASE**

8\*\*PAA

**Docket No. 20220035-WS** – Application for staff-assisted rate case in Polk County by S. V. Utilities, Ltd.

(Continued from previous page)

**Issue 6:** What are the appropriate amount of test year revenues for S. V. Utilities, Ltd.’s water and wastewater systems?

**Recommendation:** The appropriate test year revenues for SV’s water system are \$104,124 and \$137,965 for the wastewater system.

**Issue 7:** What is the appropriate operating expense for S. V. Utilities, Ltd.?

**Recommendation:** That appropriate amount of operating expense for SV is \$156,623 for water and \$179,246 for wastewater.

**Issue 8:** Does S. V. Utilities, Ltd. meet the criteria for application of the Operating Ratio Methodology?

**Recommendation:** No. SV does not meet the requirement for application of the operating ratio methodology for calculating revenue requirement.

**Issue 9:** What is the appropriate revenue requirement for S. V. Utilities, Ltd.?

**Recommendation:** The appropriate revenue requirement is \$171,731 for water, resulting in an annual increase of \$67,607 (64.93 percent). The appropriate revenue requirement is \$210,790 for wastewater, resulting in an annual increase of \$72,825 (52.79 percent).

**Issue 10:** What are the appropriate rate structures and rates for the water and wastewater systems of S. V. Utilities, Ltd.?

**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 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 this notice.

**ITEM NO.**

**CASE**

8\*\*PAA

**Docket No. 20220035-WS** – Application for staff-assisted rate case in Polk County by S. V. Utilities, Ltd.

(Continued from previous page)

**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 No. 4 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. SV should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting 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.

**Issue 12:** Should the recommended rates be approved for S. V. Utilities, Ltd. 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. SV 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.

**ITEM NO.**

**CASE**

8\*\*PAA

**Docket No. 20220035-WS** – Application for staff-assisted rate case in Polk County by S. V. Utilities, Ltd.

(Continued from previous page)

**Issue 13:** Should S. V. Utilities 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. SV should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission’s decision. SV 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.

**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 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. In addition, this docket should remain open until the report with the summary of the results of the customer meeting has been submitted by the Utility. Once these actions are complete, this docket should be closed administratively.

**ITEM NO.**

**CASE**

9\*\*PAA

**Docket No. 20220088-WS** – Application for certificates to provide water and wastewater service and approval of initial rates and charges in Sumter County, by Middleton Utility Company, LLC.

**Critical Date(s):** 12/06/22 (Statutory Deadline for original certificate pursuant to Section 367.031, Florida Statutes, waived by applicant until December 6, 2022)

**Commissioners Assigned:** All Commissioners  
**Prehearing Officer:** Graham

**Staff:** ENG: Wooten, Ellis, King  
AFD: Swards  
ECO: Bruce  
GCL: Brownless

**(Proposed Agency Action Except for Issue 1)**

**Issue 1:** Should the application for water and wastewater certificates by Middleton Utility Company, LLC be approved?

**Recommendation:** Yes. The Commission should grant Middleton Certificate Nos. 681-W and 581-S to serve the territory described in Attachment A of staff’s memorandum dated November 22, 2022, effective the date of the Commission’s vote. The resultant order should serve as Middleton’s water and wastewater certificates and it should be retained by the Utility.

**Issue 2:** What are the appropriate water and wastewater rates and return on investment for Middleton Utility Company, LLC?

**Recommendation:** Staff’s recommended water and wastewater rates, shown on Schedule Nos. 4-A and 4-B of staff’s memorandum dated November 22, 2022, are reasonable and should be approved. The overall cost of capital should be set at 7.77 percent. A return on equity (ROE) of 7.84 percent with a range of plus or minus 100 basis points should also be approved. The approved rates 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 charge the approved rates until authorized to change them by the Commission in a subsequent proceeding.

**ITEM NO.**

**CASE**

9\*\*PAA

**Docket No. 20220088-WS** – Application for certificates to provide water and wastewater service and approval of initial rates and charges in Sumter County, by Middleton Utility Company, LLC.

(Continued from previous page)

**Issue 3:** Should Middleton Utility Company, LLC’s requested initial customer deposits be approved?

**Recommendation:** No. The appropriate initial customer deposits are \$78 for water and \$207 for wastewater service for the residential 5/8" x 3/4" 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. The approved customer deposits should be effective for service rendered on or after the stamped approval date on the tariff 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.

**Issue 4:** Should the temporary meter deposit requested by Middleton Utility Company, LLC be approved?

**Recommendation:** Yes. The Utility’s requested temporary meter deposit for general service customers at actual cost pursuant to Rules 25-30.315 and 25-30.345, F.A.C., is reasonable and should be approved. The approved deposit should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Middleton should be required to collect the approved deposit, which covers the anticipated costs of installing and removing facilities and materials for temporary service, until authorized to change it by the Commission in a subsequent proceeding.

**Issue 5:** Should the collection device cleaning charge requested by Middleton Utility Company, LLC be approved?

**Recommendation:** Yes. The Utility’s requested collection device cleaning charge at actual cost for general service customers should be approved. The approved charge should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Middleton should be required to charge the approved charge until authorized to change it by the Commission in a subsequent proceeding.

**Issue 6:** What are the appropriate miscellaneous service charges for Middleton Utility Company, LLC?

**Recommendation:** The appropriate miscellaneous service charges are shown on Table 6-4 of staff’s memorandum dated November 22, 2022 and should be approved. The Utility should file revised tariff sheets to reflect the Commission-approved charges. The approved charges 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. Middleton should be required to charge the approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding.

**ITEM NO.**

**CASE**

9\*\*PAA

**Docket No. 20220088-WS** – Application for certificates to provide water and wastewater service and approval of initial rates and charges in Sumter County, by Middleton Utility Company, LLC.

(Continued from previous page)

**Issue 7:** Should the meter tampering charge requested by Middleton Utility Company, LLC be approved?

**Recommendation:** Yes. The Utility’s requested meter tampering charge of actual cost should be approved. The approved charge should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Middleton should be required to charge the approved charge until authorized to change it by the Commission in a subsequent proceeding.

**Issue 8:** Should Middleton Utility Company, LLC’s request to implement a backflow prevention assembly testing charge be approved?

**Recommendation:** Yes. The Utility’s requested backflow prevention assembly testing charge for general service customers at actual cost should be approved. The approved charge should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Middleton should be required to charge the approved charge until authorized to change it by the Commission in a subsequent proceeding.

**Issue 9:** What are the appropriate service availability charges for Middleton Utility Company, LLC?

**Recommendation:** The appropriate service availability charges are a meter installation charge of \$571.50 for the residential 5/8” x 3/4” meter size and actual cost for all other residential and general service meter sizes. The main extension charge of \$2,222 per equivalent residential connection (ERC) and plant capacity charge of \$1,224 per ERC for the Utility’s water system should be approved. Additionally, a main extension charge of \$2,298 per ERC and a plant capacity charge of \$2,530 per ERC for the Utility’s wastewater system should be approved. The recommended main extension and plant capacity charges should be based on 225 gallons per day (gpd). The approved charges should be effective for connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

**ITEM NO.**

**CASE**

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9\*\*PAA

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**Docket No. 20220088-WS** – Application for certificates to provide water and wastewater service and approval of initial rates and charges in Sumter County, by Middleton Utility Company, LLC.

(Continued from previous page)

**Issue 10:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency actions in Issues 2 through 9 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 sheets have been filed by the Utility and approved by staff. Once these actions are complete, this docket should be closed administratively.

**ITEM NO.**

**CASE**

10\*\*

**Docket No. 20220106-EI** – Petition for approval of new my energy bill+ program with income qualified component, by Duke Energy Florida, LLC.

**Critical Date(s):** 02/03/23 (8-Month Effective Date)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** ECO: Ward, Draper, Hampson

GCL: Brownless

**(Tariff Filing)**

**Issue 1:** Should the Commission approve Duke’s proposed My Energy Bill+ program and the associated tariffs?

**Recommendation:** Yes, the Commission should approve Duke’s proposed My Energy Bill+ program and the associated tariff sheet Nos. 6.415-6.417 effective on the date of the Commission vote. The proposed program will allow Duke to achieve peak demand reductions. Participating customers will benefit by receiving a fixed bill with a reduced risk adder and the general body of ratepayers will benefit by any demand reductions realized. Furthermore, the program’s regulatory treatment is designed to hold the general body of ratepayers harmless.

**Issue 2:** Should this docket be closed?

**Recommendation:** Yes. 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\*\*

**Docket No. 20220148-EI** – Petition to implement 2023 generation base rate adjustment provisions in 2021 agreement, by Tampa Electric Company.

**Critical Date(s):** 04/26/23 (8-Month Effective Date)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** ECO: Draper

AFD: Gatlin, Norris

ENG: Ellis, Phillips

GCL: Stiller, J. Crawford

**(Tariff Filing)**

**Issue 1:** Should the Commission approve the updated GBRA amount of \$91,011,994?

**Recommendation:** Yes, the updated 2023 GBRA amount of \$91,011,994 should be approved.

**Issue 2:** Should the Commission approve TECO's revised tariffs to implement the GBRA increase effective January 2023?

**Recommendation:** Yes, the Commission should approve TECO's revised tariffs to implement the GBRA increase effective with the first billing cycle of January 2023 as approved in the settlement order.

**Issue 3:** Should this docket be closed?

**Recommendation:** If Issues 1 and 2 are approved and a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, 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**

12\*\*PAA

**Docket No. 20220026-WU** – Application for staff-assisted rate case in Marion County, and request for interim rate increase, by Leighton Estates Utilities, LLC.

**Critical Date(s):** 06/28/2023 (15-Month Effective Date (SARC))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Graham

**Staff:** ECO: Bethea, Hudson

AFD: Richards

ENG: Lewis, Ramos

GCL: Trierweiler

**(Proposed agency Action Except for Issues 13, 14 and 15)**

**Issue 1:** Is the quality of service provided by Leighton Estates Utilities, LLC. satisfactory?

**Recommendation:** Yes. The utility is passing all Department of Environmental Protection (DEP) primary and secondary standards and no customer complaints or comments have been received. Therefore, the quality of service provided by Leighton should be considered satisfactory.

**Issue 2:** Are the infrastructure and operating condition of Leighton’s water system in compliance with the DEP regulations?

**Recommendation:** Yes. Leighton’s water system is currently in compliance with DEP regulations.

**Issue 3:** What are the used and useful percentages for Leighton Estates Utilities, LLC.’s WTP and water distribution system?

**Recommendation:** Leighton’s WTP and water distribution system should be considered 100 percent used and useful (U&U). Additionally, 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:** What is the appropriate average test year rate base for Leighton Estates Utilities, LLC.?

**Recommendation:** The appropriate average test year rate base for Leighton is \$236,146.

**Issue 5:** What is the appropriate return on equity and overall rate of return for Leighton Estates Utilities, LLC.?

**Recommendation:** The appropriate return on equity (ROE) is 10.45 percent with a range of 9.45 percent to 11.45 percent. The appropriate rate of return is 6.83 percent.

**Issue 6:** What are the appropriate test year revenues for Leighton Estates Utilities, LLC’s water system?

**Recommendation:** The appropriate test year revenues for Leighton’s water system are \$28,269.

**ITEM NO.**

**CASE**

12\*\*PAA

**Docket No. 20220026-WU** – Application for staff-assisted rate case in Marion County, and request for interim rate increase, by Leighton Estates Utilities, LLC.

(Continued from previous page)

**Issue 7:** What is the appropriate operating expense for Leighton Estates Utilities, LLC.?

**Recommendation:** The appropriate amount of operating expense for Leighton is \$41,981.

**Issue 8:** Does Leighton Estates Utilities, LLC. meet the criteria for application of the operating ratio methodology?

**Recommendation:** No. Leighton does not meet the requirement for application of the operating ratio methodology for calculating the revenue requirement.

**Issue 9:** What is the appropriate revenue requirement for Leighton Estates Utilities, LLC.?

**Recommendation:** The appropriate revenue requirement is \$58,098 resulting in an annual increase of \$29,829 (105.52 percent).

**Issue 10:** What are the appropriate rate structure and rates for Leighton Estates Utilities, LLC.'s water system?

**Recommendation:** The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated November 22, 2022. 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.

**Issue 11:** Should Leighton Estates Utilities, LLC.'s miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

**Recommendation:** Yes. Leighton's miscellaneous service charges should be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. Leighton should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges 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.

**ITEM NO.**

**CASE**

12\*\*PAA

**Docket No. 20220026-WU** – Application for staff-assisted rate case in Marion County, and request for interim rate increase, by Leighton Estates Utilities, LLC.

(Continued from previous page)

**Issue 12:** Should the requested initial customer deposits for Leighton Estates Utilities, LLC. be approved?

**Recommendation:** The appropriate initial customer deposits should be \$120 for the single family residential 5/8 inch x 3/4 inch meter size for water. 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 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.

**Issue 13:** 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 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. Leighton 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.

**ITEM NO.**

**CASE**

12\*\*PAA

**Docket No. 20220026-WU** – Application for staff-assisted rate case in Marion County, and request for interim rate increase, by Leighton Estates Utilities, LLC.

(Continued from previous page)

**Issue 14:** Should the recommended rates be approved for Leighton Estates Utilities, LLC. 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. Leighton 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 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 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.

**Issue 15:** Should Leighton Estates Utilities, LLC. 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 NARUC USOA associated with the Commission approved adjustments?

**Recommendation:** Yes. Leighton should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission’s decision. Leighton should submit a letter within 90 days of the 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, 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.

**ITEM NO.**

**CASE**

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12\*\*PAA

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**Docket No. 20220026-WU** – Application for staff-assisted rate case in Marion County, and request for interim rate increase, by Leighton Estates Utilities, LLC.

(Continued from previous page)

**Issue 16:** 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**

13\*\*PAA

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

**Critical Date(s):** 07/11/23 (15-Month Effective Date (SARC))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Passidomo

**Staff:** ECO: Bruce, Hudson

AFD: Higgins, Mouring, Richards

ENG: Ellis, Wooten

GCL: Trierweiler, Harper, Sparks

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

**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.

**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.

**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).

**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.

**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.

**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.

**ITEM NO.**

**CASE**

13\*\*PAA

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

(Continued from previous page)

**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.

**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.

**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

**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.

**ITEM NO.**

**CASE**

13\*\*PAA

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

(Continued from previous page)

**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.

**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.

**ITEM NO.**

**CASE**

13\*\*PAA

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

(Continued from previous page)

**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.

**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.