

# FLORIDA PUBLIC SERVICE COMMISSION

## SPECIAL COMMISSION CONFERENCE AGENDA

**CONFERENCE DATE AND TIME:** Tuesday, January 24, 2023, Following Internal Affairs

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

**DATE ISSUED:** January 11, 2023

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### NOTICE

Conference agendas, staff recommendations, and vote sheets are available from the PSC website, <http://www.floridapsc.com>, by selecting *Conferences & Meeting Agendas* and *Commission Conferences of the FPSC*. Once filed, a verbatim transcript of the Commission Conference will be available from this page by selecting the conference date, or by selecting *Clerk's Office* and the Item's docket number (you can then advance to the *Docket Details* page and the Document Filings Index for that particular docket). If you have any questions, contact the Office of Commission Clerk at (850) 413-6770 or [Clerk@psc.state.fl.us](mailto:Clerk@psc.state.fl.us).

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, 1-800-955-8770 (Voice) or 1-800-955-8771 (TDD), Florida Relay Service. Assistive Listening Devices are available at the Office of Commission Clerk, Gerald L. Gunter Building, Room 152.

The Commission Conference has a live video broadcast the day of the conference, which is available from the PSC website. Upon completion of the conference, the archived video will be available from the website by selecting *Watch Live and Archived PSC Events*.

**ITEM NO.**

**CASE**

1

**Docket No. 20220067-GU** – Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company - Fort Meade, and Florida Public Utilities Company - Indiantown Division.

**Critical Date(s):** 6/21/23 (12-Month Effective Date)

**Commissioners Assigned:** Clark, Fay, Passidomo

**Prehearing Officer:** Passidomo

**Staff:** ECO: Guffey, Barrett, Draper, Galloway, Hampson, Kunkler, McNulty, Smith II, Ward, Wu

AFD: Andrews, D. Buys, Cicchetti, Fletcher, Gatlin, Hinson, Mouring, Norris, Snyder

ENG: Ellis, King, Knoblauch, Ramos, Wooten

GCL: Sandy, J. Crawford

**(Post-Hearing Decision - Participation is Limited to Commissioners and Staff)**

**Issue 1:** Is FPUC's projected test period of the twelve months ending December 31, 2023, appropriate?

**Recommendation:** Yes. FPUC's projected test period of the twelve months ending December 31, 2023, is appropriate.

**Issue 2:** Are FPUC's forecasts of customer and therms by rate class for the projected test year ending December 31, 2023, appropriate? If not, what adjustments should be made?

**Recommendation:** FPUC's test year customer forecasts and test year therm forecasts are reasonable with one exception: FPUC's therm forecast for the FPUC-Natural Gas Vehicle Transportation Service customer class should be adjusted (increased) in the amount of 446,798 therms.

**Issue 3:** Are FPUC's estimated revenues from sales of gas by rate class at present rates for the projected test year appropriate? If not, what adjustments should be made?

**Recommendation:** If staff's recommended adjustment in Issue 2 is approved, FPUC's estimated revenues from sales of gas by rate class at present rates should be increased by \$179,063 to reflect the adjustment (increase) to therm sales for the FPUC-Natural Gas Vehicle Transportation Service customer class for the projected test year. If staff's recommended adjustment in Issue 2 is not approved and the Commission approves FPUC's customer and therm forecasts as-filed, then no adjustment to FPUC's estimated revenues from sales of gas by rate class at present rates is necessary.

**Issue 4:** Is the quality of service provided by FPUC adequate?

**Recommendation:** Staff recommends that FPUC's quality of service is adequate.

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**Issue 5:** Based on FPUC's Revised 2023 Depreciation Study, what are the appropriate depreciation parameters (e.g., service life, remaining life, net salvage percentage, and reserve percentage) and resulting depreciation rate for each distribution and general plant account?

**Recommendation:** Staff's recommended depreciation parameters and resulting depreciation rates for each distribution and general plant account are shown on Table 5-1 of staff's memorandum dated January 11, 2023.

**Issue 6:** Based on the application of the depreciation parameters that the Commission has deemed appropriate, and a comparison of the theoretical reserves to the book reserves, what are the resulting imbalances, if any?

**Recommendation:** Using the life and salvage parameters that staff recommends in Issue 5, the resulting reserve imbalance is a surplus of \$19.7 million.

**Issue 7:** What, if any, corrective depreciation reserve measures should be taken with respect to any imbalances identified in Issue 6?

**Recommendation:** Staff recommends using the remaining life technique for correcting the reserve imbalance of \$19.7 million identified in Issue 6 for FPUC's Distribution and non-amortizable General Plant accounts. Staff recommends amortizing the \$1,444,096 reserve deficit associated with the amortizable accounts (vintage accounting) over a 5-year period. Starting on January 1, 2023, this results in an annual amortization expense to customers of \$288,819 associated with the vintage group accounts over a five-year period.

**Issue 8:** What should be the implementation date for revised depreciation rates, and amortization schedules?

**Approved Type II Stipulation:** The effective date should be January 1, 2023.

**Issue 9:** Has FPUC made the appropriate adjustments to reflect GRIP investments as of December 31, 2022, in rate base?

**Recommendation:** Yes. FPUC has made the appropriate adjustments for the GRIP investments. Staff recommends the \$174,713,469, net of accumulated depreciation, associated with GRIP investments be moved into FPUC's rate base. The revenue requirement associated with GRIP investments is \$19,755,931.

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**Issue 10:** Is FPUC's adjustment to move existing Area Extension Program (AEP) projects into rate base appropriate? If so, what additional adjustments, if any, should be made?

**Approved Type II Stipulation:** FPUC's Accumulated Depreciation related to the AEP shall be increased by \$85,698.

**Issue 11:** What is the appropriate amount of existing environmental costs, if any, that should be removed from rate base and recovered through the Company's proposed environmental cost recovery surcharge mechanism?

**Recommendation:** If the Commission approves staff's recommendation in Issue 63, the appropriate amounts to be removed from rate base, relating to environmental remediation costs, are \$3,545,624 from working capital and \$456,348 of amortization to be expensed. If the Commission does not approve staff's recommendation in Issue 63, the environmental remediation costs should be recovered through base rates.

**Issue 12:** Is FPUC's proposed Safety Town project reasonable? If so, what is the appropriate amount for plant in service for the project?

**Recommendation:** Yes. The local safety training provided by the Florida Safety Town to company employees offers the most cost-effective means to further enhance safety and reliability for customers. The appropriate amount of plant-in-service for the project is \$3 million.

**Issue 13:** Do FPUC's adjustments to Florida Common and Corporate Common plant and accumulated depreciation allocated appropriately reflect allocations among FPUC's gas division, FPUC's electric division, and non-regulated operations? If not, what additional adjustments, if any, should be made?

**Recommendation:** Yes, no additional adjustments are necessary.

**Issue 14:** Has FPUC made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation, and Working Capital?

**Recommendation:** Yes, no additional adjustments are necessary.

**Issue 15:** What is the appropriate level of Miscellaneous Intangible Plant for the projected test year?

**Approved Type II Stipulation:** FPUC shall continue amortizing balances related to rights granted for Wayside and Deland South natural gas stations until fully amortized and a true-up amortization entry shall lower FPUC's projected average rate base by \$85,839.

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**Issue 16:** What is the appropriate level of plant in service for the projected test year? (Fallout Issue)

**Recommendation:** The appropriate level of plant in service for FPUC, Chesapeake, Indiantown, and Ft. Meade is \$406,967,114, \$150,477,561, \$2,928,180, and \$1,483,998, respectively.

**Issue 17:** What is the appropriate level of accumulated depreciation for the projected test year? (Fallout Issue)

**Recommendation:** The appropriate level of accumulated depreciation for the projected test year is \$96,673,413, \$38,882,934, \$1,335,853, and \$302,808 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

**Issue 18:** Should any adjustments be made to the amounts included in the projected test year for acquisition adjustment and accumulated amortization of acquisition adjustment?

**Recommendation:** No adjustments should be made to the amounts included in the projected test year for the acquisition adjustment and accumulated amortization of the acquisition adjustment. Further, the actual cost savings supporting the FPUC acquisition adjustment should be subject to review in FPUC's next rate proceeding, unless it is fully amortized prior to said proceeding. However, the requirement to review the Indiantown acquisition adjustment should be removed.

**Issue 19:** What is the appropriate level of Construction Work in Progress (CWIP) to include in the projected test year?

**Approved Type II Stipulation:** The appropriate amount related to CWIP that should be included in rate base is \$7,130,484.

**Issue 20:** Have under recoveries and over recoveries related to the Purchased Gas Adjustment and Energy Conservation Cost Recovery been appropriately reflected in the Working Capital Allowance?

**Approved Type II Stipulation:** The projection assumed over/under recoveries for 2021 would be collected in 2022 and therefore, no under or over recoveries were included in 2023's working capital.

**Issue 21:** Should an adjustment be made to remove unamortized rate case expense from working capital?

**Recommendation:** No. Unamortized rate case expense should not be removed from working capital. However, an adjustment should be made to decrease working capital for FPUC, Chesapeake, Indiantown, and Ft. Meade by \$25,819, \$9,636, \$62, and \$88, respectively, to reflect half of unamortized rate case expense.

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**Issue 22:** Should an adjustment be made to remove a portion of prepaid Directors and Officers (D&O) Liability Insurance from working capital?

**Recommendation:** Yes. Working capital should be reduced by \$13,031, \$4,907, \$62, and \$49 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, to reflect half of the D&O Liability Insurance included in the projected test year.

**Issue 23:** What is the appropriate level of working capital for the projected test year?

**Recommendation:** The appropriate level of working capital for the projected test year is \$4,735,335, \$197,346, \$250,245, and \$147,732 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

**Issue 24:** What is the appropriate level of rate base for the projected test year?

**Recommendation:** The appropriate level of rate base for the projected test year is \$339,449,538, \$112,786,995, \$1,946,193, and \$1,328,922 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

**Issue 25:** What is the appropriate amount and cost rate for short-term debt to include in the projected test year capital structure?

**Recommendation:** The appropriate amount of short-term debt in the projected test year capital structure is \$20,824,631 at a cost rate of 3.28 percent.

**Issue 26:** What is the appropriate amount and cost rate for long-term debt to include in the projected test year capital structure?

**Recommendation:** The appropriate amount and cost rate for long-term debt to include in the projected test year capital structure is \$148,749,087 at a cost rate of 3.48 percent.

**Issue 27:** What is the appropriate amount and cost rate for customer deposits to include in the projected test year capital structure?

**Recommendation:** The appropriate amount and cost rate for customer deposits to include in the projected test year capital structure is \$10,782,475 at a cost rate of 2.37 percent.

**Issue 28:** What is the appropriate amount of accumulated deferred taxes to include in the projected test year capital structure?

**Recommendation:** The appropriate amount of accumulated deferred taxes to include in the projected test year capital structure is \$42,232,204, including an additional amount of \$27,185,601 for regulatory tax liabilities.

**Issue 29:** What is the appropriate equity ratio to use in the capital structure for ratemaking purposes?

**Recommendation:** The appropriate equity ratio is 55.1 percent as a percentage of investor-supplied capital, which equates to a common equity balance of \$205,692,651 in the capital structure.

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**Issue 30:** What is the appropriate authorized return on equity (ROE) to use in establishing FPUC's projected test year revenue requirement?

**Recommendation:** The appropriate authorized ROE midpoint is 10.25 percent with a range of plus or minus 100 basis points.

**Issue 31:** What is the appropriate weighted average cost of capital to use in establishing FPUC's projected test year revenue requirement?

**Recommendation:** The appropriate capital structure consists of 55.1 percent common equity, 39.39 percent long-term debt, and 5.51 percent short-term debt as a percentage of investor sources. Based on the proper components, amounts, and cost rates associated with the projected capital structure for the 13-month average test year ending December 31, 2023, as discussed in Issues 25 through 30, the appropriate weighted average cost of capital for FPUC for purposes of setting rates in this proceeding is 5.97 percent.

**Issue 32:** Has FPUC properly removed Purchased Gas Adjustment and Natural Gas Conservation Cost Recovery Revenues, Area Extension Plan Revenues, Expenses, and Taxes Other than Income from the projected test year?

**Approved Type II Stipulation:** Yes.

**Issue 33:** Has FPUC made the appropriate adjustments to remove all non-utility activities from operation expenses, including depreciation and amortization expense?

**Recommendation:** Yes, no additional adjustments are necessary.

**Issue 34:** Should an adjustment be made to the number of employees in the projected test year?

**Recommendation:** No. Staff recommends no adjustment to the number of employees in the projected test year.

**Issue 35:** What is the appropriate amount of salaries and benefits to include in the projected test year?

**Recommendation:** The appropriate amount of salaries to include in the projected test year is \$12,672,189, \$5,086,185, \$91,077, and \$56,535 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively. As stipulated by the parties, the appropriate amount of benefits is \$2,914,960, which reflects OPC's adjustment for the supplemental executive retirement plan (SERP). Based on the stipulated total, the appropriate amount of benefits to include in the projected test year is \$1,757,738, \$1,126,400, \$19,139, and \$11,684, for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively. The benefits expense should be decreased by \$519,024 and \$78,890 for FPUC and Chesapeake, respectively, and increased by \$597 and \$1,611 for Indiantown and Ft. Meade, respectively.

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**Issue 36:** What is the appropriate amount of pensions and post-retirement benefits expense to include in the projected test year?

**Approved Type II Stipulation:** The total revised pension expense is a \$34,320 credit, which is based on the filed amount of \$42,900 credit and increased for the self-reported corrections in response to Citizen’s Production of Documents number 56 of \$8,580.<sup>1</sup>

**Issue 37:** Should an adjustment be made to remove a portion of Directors and Officers Liability (D&O) insurance expense from projected test year cost of service?

**Recommendation:** Yes. The projected test year cost of service for FPUC, Chesapeake, Indiantown, and Ft. Meade should be decreased by \$61,524, \$23,430, \$319, and \$255, respectively, to reflect half of D&O Liability Insurance expense.

**Issue 38:** Should the projected test year O&M expenses be adjusted to reflect changes to the non-labor trend factors for inflation and customer growth?

**Recommendation:** The non-labor trend factors for inflation and customer growth, as proposed and applied by FPUC, are reasonable; and thus, no adjustment is needed to FPUC’s projected test year O&M expenses to reflect changes to such factors.

**Issue 39:** What is the appropriate annual storm damage accrual and cap?

**Recommendation:** Staff recommends the appropriate annual storm damage accrual is \$10,000 with a cap of \$1,000,000.

**Issue 40:** Is a parent debt adjustment, pursuant to Rule 25-14.004, Florida Administrative Code, appropriate, and if so, what is the appropriate amount?

**Recommendation:** No, a parent debt adjustment pursuant to Rule 25-14.004, Florida Administrative Code, is not appropriate.

**Issue 41:** Should an adjustment be made to Regulatory Commission Expense for Rate Case Expense for the projected test year, and what is the appropriate amortization period?

**Recommendation:** Yes. Rate Case Expense Amortization should be increased by \$39,911, \$9,038, and \$108 for FPUC, Chesapeake, and Indiantown, respectively, and decreased by \$32 for Ft. Meade. The appropriate amortization period for the expense is five years.

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<sup>1</sup> Pensions and pot-retirement benefits expense is recorded under Account 926 Employees Pensions & Benefits, and the stipulated total of that account is discussed in Issue 35.



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**Issue 42:** Should an adjustment be made to Uncollectible Accounts and for Bad Debt in the Revenue Expansion Factor?

**Recommendation:** Yes. The expense associated with uncollectable accounts in the projected test year should be increased by \$104,008, \$19,771, \$371, and \$1,219 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, to maintain the recovery of bad debt in base rates. The bad debt rate reflected in the Revenue Expansion Factor for each system should be adjusted to 0.2381 percent, 0.2034 percent, 1.0751 percent, and 0.6844 percent for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

**Issue 43:** Should an adjustment be made to reduce rental expense from the projected test year?

**Approved Type II Stipulation:** The rental expense shall be reduced by \$78,249 in the projected 2023 test year.

**Issue 44:** What is the appropriate amount of projected test year O&M expenses? (Fallout Issue)

**Recommendation:** The appropriate amount of projected test year O&M expenses for FPUC, Chesapeake, Indiantown, and Ft. Meade is \$29,481,239, \$12,091,454, \$185,460, and \$184,225, respectively.

**Issue 45:** Do FPUC's adjustments to Florida Common and Corporate Common depreciation and amortization expense allocated appropriately reflect allocations among FPUC's gas division, FPUC's electric division, and non-regulated operations? If not, what additional adjustments, if any, should be made?

**Recommendation:** Yes, the adjustments are appropriately made and no additional adjustments are necessary.

**Issue 46:** What is the appropriate amount of depreciation expense to include in the projected test year for FPUC's GRIP program?

**Recommendation:** Using the life and salvage parameters that staff recommends in Issue 5, the appropriate amount of depreciation expense to include in the projected test year for FPUC's GRIP program is \$3,575,342.

**Issue 47:** What is the appropriate amount of Depreciation and Amortization Expense for the projected test year? (Fallout Issue)

**Recommendation:** The appropriate amount of Depreciation and Amortization Expense for the projected test year is \$11,125,245, \$3,389,506, \$122,815, and \$35,270 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

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**Issue 48:** What adjustments, if any, are appropriate to account for interest synchronization?

**Recommendation:** The appropriate corresponding adjustment to account for interest synchronization is a decrease of \$1,792, \$669, \$4, and \$6 to the income tax expense for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

**Issue 49:** Should any adjustments be made to the amounts included in the projected test year for amortization expense associated with the acquisition adjustment?

**Recommendation:** No. Consistent with staff's recommendation on the inclusion of the acquisition adjustments in Issue 18, no adjustments are necessary.

**Issue 50:** What is the appropriate amount of projected test year Taxes Other than Income?

**Recommendation:** The appropriate amount of Taxes Other than Income (TOTI) for the projected test year is \$5,677,631, \$1,825,683, \$37,885, and \$26,030 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

**Issue 51:** What is the appropriate amount of projected test year Income Tax Expense? (Fallout Issue)

**Recommendation:** The appropriate amount of projected test year Income Tax Expense, including current and deferred income taxes and interest synchronization, is \$2,579,727, \$445,076, (\$55,773), and (\$13,661) for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

**Issue 52:** What is the appropriate amount of Total Operation Expenses for the projected test year? (Fallout Issue)

**Recommendation:** The appropriate amount of Total Operation Expenses for the projected test year is \$48,863,842, \$17,751,719, \$290,386, and \$231,863 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

**Issue 53:** What is the appropriate amount of Net Operating Income for the projected test year? (Fallout Issue)

**Recommendation:** The appropriate amount of Net Operating Income for the projected test year is \$12,011,060, \$2,514,493, (\$147,493), and (\$31,489) for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, as shown on Attachment 3 of staff's memorandum dated January 11, 2023.

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**Issue 54:** What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPUC?

**Recommendation:** The appropriate revenue expansion factor for FPUC, Chesapeake, Indiantown, and Ft. Meade is 74.1040 percent, 74.1299 percent, 73.4791 percent, and 73.7708 percent, respectively. The appropriate net operating income multiplier for FPUC, Chesapeake, Indiantown, and Ft. Meade is 1.3495, 1.3490, 1.3609, and 1.3555, respectively.

**Issue 55:** What is the appropriate annual operating revenue increase for the projected test year? (Fallout Issue)

**Recommendation:** The appropriate annual operating revenue increase for the projected test year is \$11,144,623, \$5,693,243, \$358,887, and \$150,254 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, or \$17,347,007 on a consolidated basis. Including GRIP revenues transferred to base rates, the total appropriate annual operating revenue increase for the projected test year is \$27,212,495, \$9,371,546, \$358,887, and \$160,010 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, or \$37,102,938 on a consolidated basis.

**Issue 56:** Should FPUC’s proposal to consolidate its cost of service for Florida Public Utilities Company, Chesapeake, Fort Meade, and Indiantown be approved?

**Recommendation:** Yes. The proposed consolidated cost of service for Florida Public Utilities Company, Chesapeake, Fort Meade, and Indiantown should be approved. The consolidated cost of service is reasonable and will allow the Company to achieve its goal to combine its four natural gas business units into a single unified utility under the name Florida Public Utilities Company.

**Issue 57:** Is FPUC’s proposed cost of service study appropriate?

**Recommendation:** Yes. FPUC’s proposed cost of service study is reasonable and should be approved.

**Issue 58:** Are FPUC’s proposed consolidated residential and commercial rate classes appropriate?

**Recommendation:** Yes. FPUC’s proposed consolidated residential and commercial rate classes are appropriate and should be approved.

**Issue 59:** Are FPUC’s proposed customer charges for Florida Public Utilities Company, CFG, Fort Meade, and Indiantown appropriate?

**Recommendation:** This is a fall-out issue and will be decided at the February 21, 2023 Commission Conference.

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**Issue 60:** Are FPUC’s proposed per therm distribution charges for Florida Public Utilities Company, CFG, Fort Meade, and Indiantown appropriate?

**Recommendation:** This is a fall-out issue and will be decided at the February 21, 2023 Commission Conference.

**Issue 61:** Are FPUC’s proposed consolidated miscellaneous service charges appropriate?

**Recommendation:** Yes, FPUC’s proposed consolidated miscellaneous service charges, as shown on Table 61-1 of staff’s memorandum dated January 11, 2023, are appropriate.

**Issue 62:** Is FPUC’s proposal to modify its existing AEP appropriate?

**Approved Type II Stipulation:** Yes.

**Issue 63:** Is FPUC’s proposed Environmental Cost Recovery Surcharge an appropriate mechanism to recover environmental remediation costs related to FPUC’s former manufactured gas plant sites?

**Recommendation:** Yes, the proposed 10-year Environmental Cost Recovery Surcharge, as shown in Table 63-1 of staff’s memorandum dated January 11, 2023, is an appropriate mechanism to recover environmental remediation costs related to FPUC and Chesapeake’s three former manufactured gas plant (MGP) sites in West Palm Beach, Key West, and Winter Haven. Recovery through a surcharge is preferable to base rates because the surcharge would allow for annual monitoring of remediation costs recovered and would allow the Company to remove the charge outside of a rate case after costs are recovered. Additionally, the Company should provide an annual report with the Commission Clerk on the status of the clean-up efforts at the remediation sites, as well as a schedule reflecting both the clean-up costs and the amounts recovered from customers. The annual reports should be filed annually by March 15, starting in 2024, for data for the prior calendar year.

At the end of the remediation period, the Company should be required to file a petition for final true-up to dispose of any over- or under-recovery of the surcharge for Commission review and approval. If the environmental remediation costs or length of recovery period changes, the Company should petition the Commission to request a modification to the surcharge.

**Issue 64:** Are FPUC’s non-rate-related tariff changes appropriate?

**Recommendation:** Yes, FPUC’s non-rate-related tariff changes are appropriate and should be approved.

**Issue 65:** What is the appropriate effective date of FPUC’s revised rates and charges?

**Recommendation:** This is a fall-out issue and will be decided at the February 21, 2023 Commission Conference.

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**Issue 66:** Should the Commission approve a rate adjustment mechanism in the event State or Federal income tax rates change in the future?

**Recommendation:** No. If there is a change in State or Federal tax laws, FPUC or OPC has the opportunity to file a petition for a limited proceeding pursuant to Section 366.076, Florida Statutes, requesting that the Commission consider the issues and expenses affected by a potential corporate tax law change.

**Issue 67:** Should FPUC’s proposal to modify its Extension of Facilities tariff to provide the Company with the option of requiring a Minimum Volume Commitment from non-residential customers be approved?

**Approved Type II Stipulation:** Yes.

**Issue 68:** Should any portion of the interim increases granted be refunded to the customers?

**Recommendation:** No. The proper refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenues granted. Based on this calculation, no refund is required. Further, upon issuance of the final order in this docket, the corporate undertaking should be released.

**Issue 69:** Should FPUC be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission’s findings in this rate case?

**Recommendation:** Yes. FPUC should be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission’s findings in this rate case.

**Issue 70:** Should this docket be closed?

**Recommendation:** This docket should remain open for the Commission to determine the final rates at a subsequent Special Agenda.