

# FLORIDA PUBLIC SERVICE COMMISSION

## COMMISSION CONFERENCE AGENDA

**CONFERENCE DATE AND TIME:** Wednesday, February 8, 2023, 9:30 a.m.

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

**DATE ISSUED:** January 27, 2023

---

---

### NOTICE

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

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

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

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

The Commission Conference has a live video broadcast the day of the conference, which is available from the FPSC website. Upon completion of the conference, the archived video will be available from the website by selecting *Conferences & Meeting Agendas*, then *Audio and Video Event Coverage*.

**EMERGENCY CANCELLATION OF CONFERENCE:** If a named storm or other disaster requires cancellation of the Conference, Commission staff will attempt to give timely notice. Notice of cancellation will be provided on the Commission's website (<http://www.floridapsc.com>) under the Hot Topics link on the home page. Cancellation can also be confirmed by calling the Office of Commission Clerk at 850-413-6770.

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).

Table of Contents  
Commission Conference Agenda  
February 8, 2023

1**	<b>Consent Agenda</b> .....	1
2**	<b>Docket No. 20230011-TP</b> – Proposed amendment of Rule 25-4.0665, F.A.C., Lifeline Assistance.....	2
3**PAA	<b>Docket No. 20220210-EI</b> – Petition requesting approval of an AFUDC rate, effective January 1, 2023, by Florida Public Utilities Company.....	3
4**PAA	<b>Docket No. 20210098-WU</b> – Application for staff-assisted rate case in Pasco County by A Utility Inc. ....	4
5**PAA	<b>Docket No. 20220099-WS</b> – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc. ....	8

**ITEM NO.**

---

**CASE**

---

1\*\*

**Consent Agenda**

PAA

A) Docket No. 20220218-GU – Application for authorization to issue common stock, preferred stock and secured and/or unsecured debt, and to enter into agreements for interest rate swap products, equity products and other financial derivatives in 2023, by Chesapeake Utilities Corporation.

**Recommendation:** The Commission should approve the action requested in the docket referenced above. For monitoring purposes, this docket should remain open until May 3, 2024, to allow the Company time to file the required Consummation Report.

**ITEM NO.**

**CASE**

2\*\*

**Docket No. 20230011-TP** – Proposed amendment of Rule 25-4.0665, F.A.C., Lifeline Assistance.

**Rule Status:** Proposal May Be Deferred

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Graham

**Staff:** GCL: Sunshine

ECO: Guffey

IDM: Fogleman, Deas

**(Pursuant to Section 120.74(5), F.S., the deadline to publish the proposed rule is April 1, 2023.)**

**Issue 1:** Should the Commission propose the amendment of Rule 25-4.0665, F.A.C.?

**Recommendation:** Yes, the Commission should propose the amendment of Rule 25-4.0665, F.A.C., as set forth in Attachment A of staff's memorandum dated January 27, 2023. The Commission should also certify Rule 25-4.0665, F.S., as a minor violation rule.

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

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

**ITEM NO.**

**CASE**

3\*\*PAA

**Docket No. 20220210-EI** – Petition requesting approval of an AFUDC rate, effective January 1, 2023, by Florida Public Utilities Company.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** AFD: D. Buys, Cicchetti, Mouring

GCL: Dose

**Issue 1:** Should the Commission approve FPUC's request to establish an AFUDC rate of 6.80 percent?

**Recommendation:** Yes. The appropriate AFUDC rate for FPUC is 6.80 percent based on a 13-month average capital structure for the period ended September 30, 2022.

**Issue 2:** What is the appropriate monthly compounding rate to achieve FPUC's requested annual AFUDC of 6.80 percent?

**Recommendation:** The appropriate compounding rate to achieve an annual AFUDC rate of 6.80 percent is 0.005497.

**Issue 3:** Should the Commission approve FPUC's requested effective date of October 1, 2022, for implementing the AFUDC rate?

**Recommendation:** Yes. The AFUDC rate should be effective October 1, 2022, for all purposes.

**Issue 4:** 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**

4\*\*PAA

**Docket No. 20210098-WU** – Application for staff-assisted rate case in Pasco County by A Utility Inc.

**Critical Date(s):** 07/12/2023 (15-Month Effective Date (SARC))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Graham

**Staff:** ENG: Knoblauch, Ramos

AFD: Higgins, Mouring, Richards

ECO: Hudson

GCL: Imig, Trierweiler

**(Proposed Agency Action Except for Issue Nos. 11, 13, 14)**

**Issue 1:** Is the quality of service provided by A Utility Inc. satisfactory?

**Recommendation:** AUI 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 A Utility Inc.’s water system in compliance with DEP regulations?

**Recommendation:** Staff recommends the infrastructure and operating conditions of A Utility Inc.’s water system are in compliance with DEP regulations.

**Issue 3:** What are the used and useful (U&U) percentages of A Utility Inc.’s water treatment plant (WTP) and water distribution system?

**Recommendation:** AUI’s WTP and water distribution system should be considered 100 percent U&U. Additionally, staff recommends no adjustment to purchased power and chemicals expenses should be made for excessive unaccounted for water (EUW).

**Issue 4:** What is the appropriate average test year rate base for A Utility Inc.?

**Recommendation:** The appropriate average test year rate base for AUI is \$10,026.

**Issue 5:** What is the appropriate return on equity and overall rate of return for A Utility Inc.?

**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 9.95 percent.

**Issue 6:** What are the appropriate test year revenues for A Utility Inc.’s water system?

**Recommendation:** The appropriate test year revenues for AUI are \$21,608.

**Issue 7:** What is the appropriate operating expense for A Utility Inc.?

**Recommendation:** The appropriate amount of operating expense for AUI is \$27,242.

**Issue 8:** Does A Utility Inc. meet the criteria for application of the operating ratio methodology?

**Recommendation:** Yes. AUI meets the requirement for application of the operating ratio methodology for calculating revenue requirement.

**ITEM NO.**

**CASE**

4\*\*PAA

**Docket No. 20210098-WU** – Application for staff-assisted rate case in Pasco County by A Utility Inc.

(Continued from previous page)

**Issue 9:** What is the appropriate revenue requirement for A Utility Inc.?

**Recommendation:** The appropriate revenue requirement for AUI is \$30,196, resulting in an annual increase of \$8,588 (39.75 percent).

**Issue 10:** What are the appropriate rate structure and rates for A Utility Inc.?

**Recommendation:** Staff recommends a monthly flat rate for residential service of \$21.33 per month as shown on Schedule No. 4 of staff’s memorandum dated January 27, 2023. The Utility should file a revised tariff sheet and a proposed customer notice to reflect the Commission-approved rate. The approved rate should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet provided customers have received notice pursuant to Rule 25-30.475, F.A.C. The Utility should provide proof of noticing within 10 days of rendering its approved 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 January 27, 2023, 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. AUI 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.

**Issue 12:** What are the appropriate miscellaneous service charges for A Utility Inc.?

**Recommendation:** The appropriate miscellaneous service charges are shown on Table 12-2 of staff’s memorandum dated January 27, 2023 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. AUI 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**

4\*\*PAA

**Docket No. 20210098-WU** – Application for staff-assisted rate case in Pasco County by A Utility Inc.

(Continued from previous page)

**Issue 13:** Should the recommended rates be approved for A Utility Inc., 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. AUI 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 January 27, 2023. 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 14:** Should A Utility Inc. 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. AUI should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. AUI 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**

---

4\*\*PAA

---

**Docket No. 20210098-WU** – Application for staff-assisted rate case in Pasco County by A Utility Inc.

(Continued from previous page)

**Issue 15:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Proposed Agency Action Order, a Consummating Order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. Once these actions are complete, this docket should be closed administratively.

**ITEM NO.**

**CASE**

5\*\*PAA

**Docket No. 20220099-WS** – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

**Critical Date(s):** 10/16/23 (15-Month Effective Date (SARC))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Graham

**Staff:** ECO: Bruce, Hudson

AFD: Swards

ENG: P. Buys, King

GCL: Trierweiler, Harper, Sparks

**(Proposed Agency Action Except Issue Nos. 13, 14, and 15.)**

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

**Recommendation:** Yes. LP 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 LP's water system in compliance with DEP regulations?

**Recommendation:** Yes. LP's water system is currently in compliance with the DEP regulations.

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

**Recommendation:** LP's water treatment plant (WTP) and water distribution system should be considered 100 percent U&U. Additionally, there is 12.2 percent excessive unaccounted for water (EUW); therefore, staff recommends a 12.2 percent adjustment be made to operating expenses for chemicals and purchased power.

**Issue 4:** What is the appropriate average test year rate base for LP?

**Recommendation:** The appropriate average test year rate base for LP is \$176,001 for the water system.

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

**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 7.33 percent.

**Issue 6:** What are the appropriate test year revenues for LP's water system?

**Recommendation:** The appropriate test year revenues for LP's water system are \$122,343.

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

**Recommendation:** The appropriate amount of operating expense for LP is \$151,509 for its water system.

**ITEM NO.**

**CASE**

5\*\*PAA

**Docket No. 20220099-WS** – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

(Continued from previous page)

**Issue 8:** Does LP meet the criteria for the application of the Operating Ratio Methodology?

**Recommendation:** No. LP 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 LP's water system?

**Recommendation:** The appropriate revenue requirement is \$164,414 for the water system, resulting in an annual increase of \$42,071 (34.39 percent).

**Issue 10:** What are the appropriate rate structure and rates for LP's water system?

**Recommendation:** The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated January 27, 2023. 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 LP's miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

**Recommendation:** Yes. Staff recommends the miscellaneous service charges for both water and wastewater 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. LP 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.

**Issue 12:** What are the appropriate initial customer deposits for LP's water service?

**Recommendation:** The appropriate initial customer deposits should be \$48 for the 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.

**ITEM NO.**

**CASE**

5\*\*PAA

**Docket No. 20220099-WS** – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

(Continued from previous page)

**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 January 27, 2023, to remove rate case expense grossed-up for regulatory assessment fees (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. LP 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 14:** Should the recommended rates be approved for LP 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. LP 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 January 27, 2023. 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**

---

5\*\*PAA

---

**Docket No. 20220099-WS** – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

(Continued from previous page)

**Issue 15:** Should LP be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA)?

**Recommendation:** Yes. LP should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission’s decision. LP 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 as shown on Schedule No. 5 of staff’s memorandum dated January 27, 2023 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.

**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. 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.