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Commission Conference Agenda
December 5, 2023

Item 1

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER ● 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 21, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Ferrer, D. Buys) ALM
Office of the General Counsel (Sparks) AH

RE: Docket No. 20230127-GU – Application for authorization to issue and sell securities, and to enter into agreements for interest rate swap products, equity products and other financial derivatives in 2024, by Chesapeake Utilities Corporation.

AGENDA: 12/5/2023 - Consent Agenda - Final Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following application for authority to issue and sell securities on the consent agenda for approval.

Docket No. 20230127-GU – Application for authorization to issue and sell securities, and to enter into agreements for interest rate swap products, equity products and other financial derivatives in 2024, by Chesapeake Utilities Corporation.

Chesapeake Utilities Corporation (Chesapeake or Company) requests authority to issue during calendar year 2024: up to 9.8 million shares of Chesapeake common stock; up to 2 million shares of Chesapeake preferred stock; up to $950 million in secured and/or unsecured debt; short-term obligations in an amount not to exceed $800 million; and to enter into agreements up to $400 million in interest rate swap products, equity products, and other financial derivatives.

Chesapeake allocates funds to the Florida Public Utilities Company (FPUC) on an as-needed basis. Chesapeake acknowledges that in no event will such allocations to FPUC exceed 75 percent of the proposed equity securities (common stock and preferred stock), long-term debt, short-term debt, interest rate swap products, equity products, and financial derivatives issued by Chesapeake.

The amount requested by Chesapeake (1.75 billion) exceeds its expected 2024 capital expenditures of approximately $281 million for Chesapeake Utilities Corporation ($146 million for the FPUC). The additional amount requested exceeding the projected capital expenditures allows for financial flexibility for the purposes described in the Company's petition, as well as unexpected events such as hurricanes, financial market disruptions, and other unforeseen circumstances. Staff believes the requested amounts are reasonable and appropriate, and therefore recommends the Company's petition to issue the securities enumerated in its petition during the calendar year 2024 be approved.

For monitoring purposes, this docket should remain open until May 2, 2025, to allow the Utility time to file the required Consummation Report.

Item 2

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER ● 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 21, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Office of the General Counsel (Rubottom, Dike) SMC
Deputy Executive Director, Administrative (Lynn) ACL
Division of Economics (McNulty, Hampson, Kunkler) EJD

RE: Docket No. 20230115-EU – Proposed amendment of Rule 25-6.0131, F.A.C., Regulatory Assessment Fees; Investor-owned Electric Companies, Municipal Electric Utilities, Rural Electric Cooperatives.

AGENDA: 12/05/23 – Regular Agenda – Rule Proposal – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Rule 25-6.0131, Florida Administrative Code (F.A.C.), Regulatory Assessment Fees; Investor-owned Electric Companies, Municipal Electric Utilities, Rural Electric Cooperatives, implements the Commission's statutory mandate to collect a fee, known as a regulatory assessment fee (RAF), from each regulated electric company under the jurisdiction of the Commission as provided in Sections 350.113 and 366.14, Florida Statutes (F.S.). Specifically, the rule establishes filing requirements and a rate at which the RAF should be calculated for investor-owned electric utility companies (IOUs), municipal electric utilities, and rural electric cooperatives.

Statutory History

In Section 350.113, F.S., the Legislature established RAFs as the exclusive funding mechanism for the Commission. Each utility or company regulated by the Commission is required to pay a RAF, and collected RAFs are credited to the Florida Public Service Regulatory Trust Fund (PSC Trust Fund).[1] Monies from the PSC Trust Fund are to be used in the operation of the Commission and are withdrawn according to the Commission's budget that is set annually by the Legislature.[2]

Each utility or company under the Commission's jurisdiction is required to pay a RAF every six months, and the RAF must be based upon the company's gross operating revenues for the preceding six-month period.[3] The Legislature did not prescribe the rate at which the RAF must be calculated from a company's revenues, but it did provide statutory guidance the Commission must follow in establishing and managing RAF rates through rulemaking. First, the RAF for each industry must, to the extent practicable, be related to the cost of regulating that industry; the Commission must therefore endeavor to establish a RAF rate for each regulated industry that is sufficient to cover the cost of regulating the utilities or companies in that industry.[4] Second, the RAF rate may not exceed a maximum rate established by the Legislature for each industry.[5] Third, RAFs collected from one industry may not be used to subsidize the regulatory costs of another industry.[6]

History of Commission RAFs for Electric Utilities

Prior to 1980, the Legislature controlled RAFs directly by statute and set a separate RAF rate for each industry regulated by the Commission.[7] However, in 1980 the Legislature enacted a statute that provided a maximum RAF rate for each industry and left it to the Commission to establish specific RAF rates through agency rulemaking.[8] To implement this change enacted by the Legislature in the statutory scheme related to RAFs, the Commission adopted its original RAF rules, including for electric utilities, in 1980 through emergency rulemaking[9] and adopted them as permanent rules later that year.[10]

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[1] *See* Sections 350.113, 364.336, 366.14, 367.145, 368.109, F.S.
[2] Section 350.113, F.S.
[3] *Id.*
[4] Section 350.113(3), F.S.
[5] *See* Sections 364.336, 366.14, 367.145, 368.109, F.S.
[6] *See* Section 367.145(3), F.S.
[7] *See* Order No. 9438, issued on July 3, 1980, in Docket No. 800521-PU, *In Re: Proposed Rulemaking to Impose Upon Utilities and Railroads Regulatory Fees Based Upon Gross Operating Revenues for: Telephone Companies, Electric IOUs, Municipal and Rural Electric Cooperatives, Gas Companies, Water and Sewer Companies, Radio Common Carriers, Railroads.*
[8] *Id.*; *see also* Ch. 80-289, 1980 Fla. Laws 1249 (creating Section 351.51, F.S., which was later renumbered as Section 350.113, F.S., and was amended when separate RAF statutes were adopted for each industry).
[9] *See* Order No. 9438, *supra* note 7.
[10] *See* Order No. 9491, issued on August 13, 1980, in Docket No. 800521-PU, *In Re: Proposed Rulemaking to Impose Upon Utilities and Railroads Regulatory Fees Based Upon Gross Operating Revenues for: Telephone Companies, Electric IOU's, Municipal and Rural Electric Cooperatives, Gas Companies, Water and Sewer Companies, Radio Common Carriers, Railroads.* (adopting Rules 25-1.45 – 25.1.49, F.A.C., Regulatory Assessment Fees).

Rule 25-6.0131, F.A.C., was adopted by the Commission in 1983 to replace the original RAF rules for electric utilities.[11] The RAF rate for municipal electric utilities and rural electric cooperatives has not been updated since it was originally established by the Commission in 1980.[12] The RAF rate for IOUs has been amended five times since it was adopted in 1980, but has not been updated since 1999.[13]

Temporary Exemption from SERC and Legislative Ratification Requirements

In 2010, the Legislature amended Section 120.541, F.S., to require agencies to prepare a statement of estimated regulatory costs (SERC) for any rule that will have an adverse impact on small business or that is likely to directly or indirectly increase regulatory costs in excess of $200,000 in the aggregate within one year after implementation. Since the statute was amended in 2010, Section 120.541, F.S., has also required legislative ratification of all proposed agency rules that exceed $1 million in regulatory cost impact within a 5-year period after implementation.[14] During the 2023 legislative session, however, the Legislature granted the Commission a one-year exemption from the SERC and ratification requirements for rules amended to increase RAF rates.[15]

Because of the size of the industries regulated by the Commission, any meaningful increase in RAFs will trigger ratification. The lengthy time and uncertainty introduced by the legislative ratification requirement, coupled with the time required for rulemaking and the additional time required to realize the collection of RAFs, have prevented the Commission from managing RAF revenues through rulemaking in any industry since 2010.

Other Procedural Issues

A Notice of Rule Development for Rule 25-6.0131, F.A.C., appeared in the September 12, 2023, edition of the Florida Administrative Register, Vol. 49, No. 177. Staff held a rule development workshop on September 27, 2023. Participating in the workshop were the Office of Public Counsel and Tampa Electric Company. No post-workshop comments were filed.

This recommendation addresses whether the Commission should propose the amendment of Rule 25-6.0131, F.A.C., Regulatory Assessment Fees; Investor-owned Electric Companies, Municipal Electric Utilities, Rural Electric Cooperatives. The Commission has jurisdiction pursuant to Sections 120.54, 350.113, 366.05, and 366.14, F.S.

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[11] *See* Order No. 11887, issued on April 27, 1983, in Docket No. 810160-ADM(RA), *In Re: Adoption of Rules 25-4.161, 25-6.131, 25-7.131, 25-10.24, and 25-23.12, Regulatory Assessment Fees; Repeal of Rules 25-1.45 through 25-1.49, Pertaining to Regulatory Assessment Fees; and Repeal of Rules 25-6.13 and 25-7.13, Gross Intrastate Operating Revenue Report.* Rule 25-6.131, F.A.C., was later renumbered as Rule 25-6.0131, F.A.C.

[12] *See* Order No. 9438, *supra* note 7 (establishing a RAF rate of "1/64 of one percent," or 0.00015625, for municipal electrics and rural electric cooperatives).

[13] *See* Order No. PSC-98-1660-FOF-EI, issued on December 9, 1998, in Docket No. 980276-EI, *In re: Proposed Amendment of Rule 25-6.0131, F.A.C., Investor-Owned Electric Company Regulatory Assessment Fees.* (decreasing the RAF rate for investor-owned utilities from 0.000833 to 0.00072).

[14] *See* Section 120.541(3), F.S.

[15] *See* Section 120.80(13)(g)2., F.S. ("For the 2023-2024 fiscal year, rules adopted by the Florida Public Service Commission to implement ss. 350.113, 364.336, 366.14, 367.145, and 368.109 are not subject to s. 120.541. This subparagraph expires July 1, 2024."). *See also* Ch. 2023-240, § 51.

Discussion of Issues

Issue 1: Should the Commission propose the amendment of Rule 25-6.0131, F.A.C., Regulatory Assessment Fees; Investor-owned Electric Companies, Municipal Electric Utilities, Rural Electric Cooperatives?

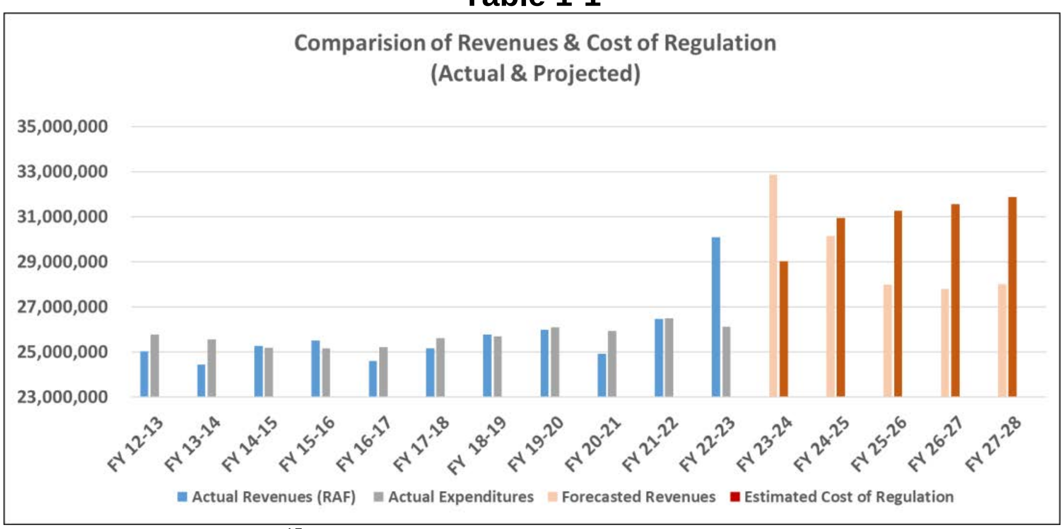
Recommendation: Yes, the Commission should propose the amendment of Rule 25-6.0131, F.A.C., as set forth in Attachment A. The Commission should also certify that Rule 25-6.0131, F.A.C., is a rule the violation of which would be a minor rule violation pursuant to Section 120.695, F.S. (Rubottom, Lynn, McNulty).

Staff Analysis: Rule 25-6.0131, F.A.C., implements the Commission's statutory mandate to establish and collect RAFs from electric utilities. The purpose of this rulemaking is to update the rate at which RAFs are calculated for electric utilities to accurately reflect the cost of regulation.

Current Situation and Future Projections

The Commission's overall cost of regulation has exceeded its collected RAF revenues in seven of the last eleven years. In recent years, Commission management has used internal cost controls to mitigate the difference in revenues and expenditures. However, recent legislative changes and mandates have increased the Commission's costs,[16] and staff projects that without any offsetting increase in revenues, the annual deficit will increase significantly over the next three to five years. (Table 1-1).

Table 1-1



Source: Commission Staff[17]

Projected deficits in the electric industry are particularly concerning. Regulation of electric IOUs accounts for the largest share of the Commission's total regulatory workload and therefore of the

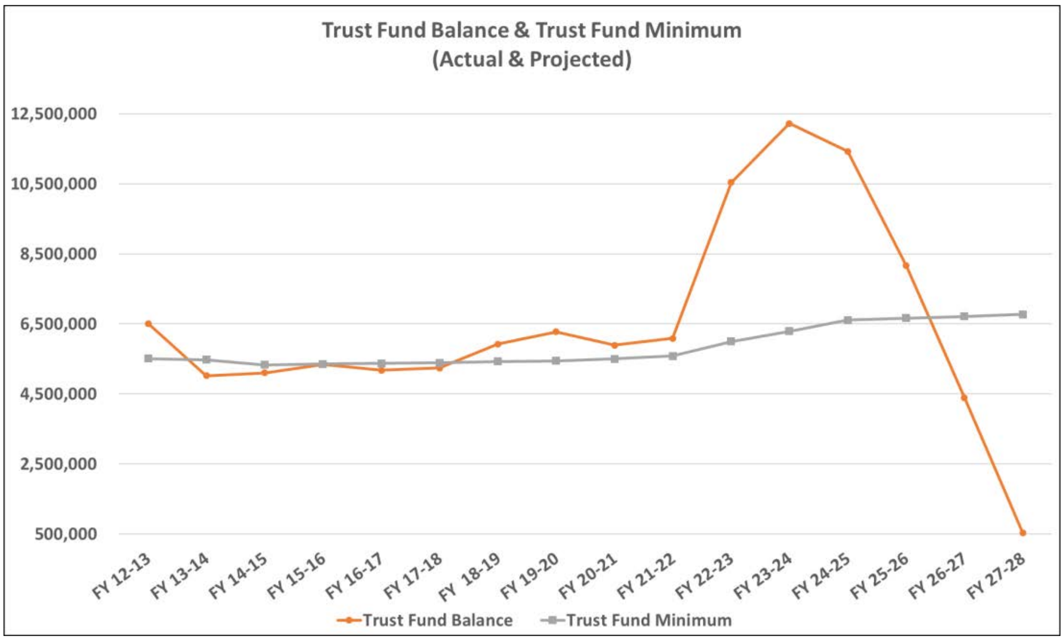
[16] Examples of recent legislative changes and mandates include multiple across-the-board agency salary increases and the creation of the Commission's Storm Protection Plan proceeding and an attending annual cost recovery clause proceeding.

[17] Staff's projection of the Commission's future cost of regulation in Table 1-1 includes, for more immediate years, the known operational costs and legislative mandates and, for the out years, assumes a growth rate of 2.6%.

Commission's total expenditures. Looking at FY 26/27, staff calculates that the projected cost of regulating IOUs will be $18,233,324 and that the projected RAF revenues from IOUs, based on the current RAF rate of 0.00072, will be $15,473,309, resulting in a projected shortfall of $2,760,015.

When the Commission's revenues consistently do not match expenditures, the PSC Trust Fund is depleted over time as deposits fail to replace the agency's annual operating budget appropriated by the Legislature. Under current RAF rates and the projected annual budget deficit described above, staff projects that the PSC Trust Fund balance will decline substantially over the next few years. (Table 1-2).

Table 1-2



Source: Commission Staff

The current status and near-term projections of the PSC Trust Fund balance and of the Commission's annual revenues and expenditures in the electric industry demonstrate a need to raise agency revenues by increasing RAF rates for IOUs.

Calculation of Recommended RAF Rates for Electric Companies

In order to calculate a new RAF rate that would address the projected shortfall in the Commission's budget for the electric industry, staff first determined how much additional revenue is needed to cover the cost of regulation. For IOUs, and separately for municipal and cooperative utilities, staff looked at projections for FY 26/27 and performed the following calculation to determine the projected revenue deficit:

Cost of Regulation – (Utility Gross Revenues x Current RAF Rate) = Revenue Deficit

For electric IOUs in FY 26/27, staff projected a cost of regulation of $18,233,324 and utilities' aggregate gross revenues of $21,490,706,756. Applying the current RAF rate of 0.00072, staff projected a deficit of $2,760,015.[18] Staff calculated that increasing the RAF rate for electric IOUs from 0.00072 to 0.000848 would result in an increase of nearly $2.8 million in Commission revenues for FY 26/27, covering the projected shortfall.[19]

For municipal and cooperative electric utilities in FY 26/27, staff projected a cost of regulation of $849,208 and utilities' aggregate gross revenues of $8,573,862,477. Applying the current RAF rate of 0.00015625, staff projected a surplus of $490,458.[20] Staff calculated that decreasing the RAF rate for municipal electric utilities and rural electric cooperatives from 0.00015625 to 0.00009905 would result in a decrease of nearly $500,000 in Commission revenues for FY 26/27, avoiding the projected surplus.[21]

Therefore, staff recommends that the RAF rate for electric IOUs be increased from 0.00072 to 0.000848. The new rate would be well below the statutory RAF cap of 0.00125,[22] and the impact of the new RAF rate on individual IOU customers, based on a residential monthly bill for 1,000 kilowatt-hours (kWh), would come to an increase of approximately $0.02. (Table 1-3 below).

Staff also recommends that the RAF rate for municipal electric utilities and rural electric cooperatives be decreased from 0.00015625 to 0.00009905. The new rate will be below the statutory RAF cap of 0.00015625,[23] and the impact of the new RAF rate on individual municipal and cooperative customers, based on a residential monthly bill for 1,000 kWh, would come to a decrease of approximately $0.01. (Table 1-3 below).

Table 1-3

	IOUs	**Munis/Coops**
Statutory RAF Cap	0.00125	0.00015625
Current RAF Rate	0.00072	0.00015625
Recommended RAF Rate	0.000848	0.00009905
Impact on Customers (Based on Residential Bill at 1,000 kWh)	$0.02	-$0.01

Source: Commission Staff

Recommended Amendments to Rule 25-6.0131, F.A.C.

Staff recommends that the Commission amend Rule 25-6.0131, F.A.C., including the forms incorporated by reference, as set forth in Attachment A. Updated RAF rates, as detailed above, are the only substantive amendments staff is recommending to Rule 25-6.0131, F.A.C. Other recommended amendments to the rule are non-substantive, designed to provide consistency and clarity to the rule language.

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18 $18,233,324 – ($21,490,706,756 x 0.00072) = $2,760,015.
19 $18,233,324 – ($21,490,706,756 x 0.000848) = $0.
20 $849,208 – ($8,573,862,477 x 0.00015625) = ($490,458).
21 $849,208 – ($8,573,862,477 x 0.00009905) = $0.
22 *See* Section 366.14(1), F.S.
23 *See* Section 366.14(4), F.S.

Minor Violation Rules Certification

Pursuant to Section 120.695, F.S., for each rule filed for adoption, the agency head shall certify whether any part of the rule is designated as a rule the violation of which would be a minor violation. Rule 25-6.0131, F.A.C., is on the Commission's minor violation rule list because violation of the rule would not result in economic or physical harm to a person or adverse effects on the public health, safety, or welfare and would not create a significant threat of such harm. The proposed amendments to the rule would not alter the likelihood or risk of such harms in the event of a violation. Thus, if the Commission proposes the amendment, staff recommends that the Commission certify that Rule 25-6.0131, F.A.C., is a rule the violation of which would be a minor violation pursuant to Section 120.695, F.S.

Statement of Estimated Regulatory Costs

As discussed above, rules adopted by the Commission during the 2023-2024 fiscal year to implement Sections 350.113 and 366.14, F.S., are not subject to the SERC requirement of Section 120.541, F.S.[24] Therefore, no SERC has been prepared.

Conclusion

Based on the foregoing, staff recommends that the Commission propose the amendment of Rule 25-6.0131, F.A.C., as set forth in Attachment A. In addition, staff recommends that the Commission certify that Rule 25-6.0131, F.A.C., is a rule the violation of which would be a minor rule violation pursuant to Section 120.695, F.S. If the Commission proposes the amendment, staff notes that each electric company's next RAF payment following the effective date of the amended rule will be calculated using the new RAF rate applied to the company's gross operating revenues for the entire six-month period in which the amended rule becomes effective.

[24] *See supra* p. 3 and note 15.

Issue 2: Should this docket be closed?

Recommendation: Yes, if no requests for hearing or JAPC comments are filed, the rule should be filed for adoption with the Department of State, and the docket should be closed. (Rubottom).

Staff Analysis: If no requests for hearing or JAPC comments are filed, the rule should be filed with the Department of State for adoption, and the docket should be closed. Staff notes that if there are no requests for hearing or JAPC comments filed, the rule will be filed for adoption on approximately January 9, 2024, and will become effective on approximately January 29, 2024.

25-6.0131 Regulatory Assessment Fees; Investor-owned Electric Companies, Municipal Electric Utilities, Rural Electric Cooperatives.

(1) As applicable and as provided in Section 350.113, F.S., and Section 366.14, F.S., each company, utility, or cooperative shall remit to the Commission a fee based upon its gross operating revenue. This fee shall be referred to as a regulatory assessment fee. Regardless of the gross operating revenue of a company, utility, or cooperative, a minimum annual regulatory assessment fee of $25 shall be imposed.

(a) Each investor-owned electric company shall pay a regulatory assessment fee in the amount of 0.000848 ~~.00072~~ of its gross operating revenues derived from intrastate business, excluding sales for resale between investor-owned electric companies ~~public utilities~~, municipal electric utilities, and rural electric cooperatives or any combination thereof.

(b) Each municipal electric utility and rural electric cooperative shall pay a regulatory assessment fee in the amount of 0.00009905 ~~0.00015625~~ of its gross operating revenues derived from intrastate business, excluding sales for resale between investor-owned electric companies ~~public utilities~~, municipal electric utilities, and rural electric cooperatives or any combination thereof.

(2) Regulatory assessment fees are due each January 30 for the preceding period or any part of the period from July 1 until December 31, and on July 30 for the preceding period or any part of the period from January 1 until June 30.

(3) If the due date falls on a Saturday, Sunday, or a holiday, the due date is extended to the next business day. If the fees are sent by registered mail, the date of the registration is the United States Postal Service's postmark date. If the fees are sent by certified mail and the receipt is postmarked by a postal employee, the date on the receipt is the United States Postal Service's postmark date. The postmarked certified mail receipt is evidence that the fees were delivered. Regulatory assessment fees are considered paid on the date they are postmarked by

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

the United States Postal Service or received and logged in by the Commission’s Division of Administrative and Information Technology Services in Tallahassee. Fees are considered timely paid if properly addressed, with sufficient postage and postmarked no later than the due date.

(4) Commission Form PSC/ECO ~~PSC/AFD~~ 68 (12/23) ~~(01/99)~~, entitled “Investor-Owned Electric Utility Regulatory Assessment Fee Return,”~~;~~ is available at [new hyperlink] ~~http://www.flrules.org/Gateway/reference.asp?No=Ref-02610~~; Commission Form PSC/ECO ~~PSC/AFD~~ 69 (12/23) ~~(07/96)~~, entitled “Municipal Electric Utility Regulatory Assessment Fee Return,” is available at [new hyperlink] ~~http://www.flrules.org/Gateway/reference.asp?No=Ref-02611~~; and Commission Form PSC/ECO ~~PSC/AFD~~ 70 (12/23) ~~(07/96)~~, entitled “Rural Electric Cooperative Regulatory Assessment Fee Return,” is available at [new hyperlink] ~~http://www.flrules.org/Gateway/reference.asp?No=Ref-02612~~. These forms are incorporated into this rule by reference and may be also be obtained from the Commission’s Division of Administrative and Information Technology Services. The failure of a company, utility, or cooperative to receive a return form shall not excuse the company, utility, or cooperative from its obligation to timely remit the regulatory assessment fees.

(5) Each company, utility, or cooperative shall have up to and including the due date in which to:

(a) Remit the total amount of its fee; or

(b) Remit an amount which the company, utility, or cooperative estimates is its full fee.

(6) Where the company, utility, or cooperative remits less than its full fee, the remainder of the full fee shall be due on or before the 30th day from the due date and shall, where the amount remitted was less than 90 percent of the total regulatory assessment fee, include interest as provided by paragraph (8)(b) of this rule.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

(7) A company, utility, or cooperative may request either a 15-day or a 30-day extension of its due date for payment of regulatory assessment fees or for filing its return form by submitting to the Division of Administrative and Information Technology Services Commission Form PSC/AIT 124 (12/11), entitled “Regulatory Assessment Fee Extension Request,” which is incorporated into this rule by reference and is available at: http://www.flrules.org/Gateway/reference.asp?No=Ref-02620. This form may also be obtained from the Commission’s Division of Administrative and Information Technology Services.

(a) The request for extension must be received by the Division of Administrative and Information Technology Services at least two weeks before the due date.

(b) The request for extension will not be granted if the company, utility, or cooperative has any unpaid regulatory assessment fees, penalties, or interest due from a prior period.

(c) Where a company, utility, or cooperative receives an extension of its due date pursuant to this rule, the entity shall remit a charge as set out in Section 350.113(5), F.S., in addition to the regulatory assessment fee.

(8) The delinquency of any amount due to the Commission from the company, utility, or cooperative pursuant to the provisions of Section 350.113, F.S., and this rule, begins with the first calendar day after any date established as the due date either by operation of this rule or by an extension pursuant to this rule.

(a) A penalty, as set out in Section 350.113(4), F.S., shall apply to any such delinquent amounts.

(b) Interest at the rate of 12 percent per annum shall apply to any such delinquent amounts.

Rulemaking Authority 350.127(2), 366.05 FS. Law Implemented 350.113, 366.14 FS. History–New 5-18-83, Amended 2-9-84, Formerly 25-6.131, Amended 6-18-86, 10-16-86, 3-7-89, 2-19-92, 7-7-96, 1-1-99, 5-7-13, ______.

TO AVOID PENALTY AND INTEREST CHARGES, THE REGULATORY ASSESSMENT FEE RETURN MUST BE FILED ON OR BEFORE «Field1»

Investor-Owned Electric Utility Regulatory Assessment Fee Return

Florida Public Service Commission

(See Filing Instructions on Back of Form)

STATUS:

____ Actual Return
____ Estimated Return
____ Amended Return

PERIOD COVERED:
«Field3»

«Field2»

Please Complete Below If Official Mailing Address Has Changed

FOR PSC USE ONLY

Check # ____________
$ ____________ 06-02-002 003001
$ ____________ E
$ ____________ P 06-02-002 004011
$ ____________ I

Postmark Date ____________
Initials of Preparer ____________

(Name of Utility) | (Address) | (City/State) | (Zip)

LINE NO.	ACCOUNT CLASSIFICATION	INTRASTATE AMOUNTS	SALES FOR RESALE & INTERSTATE AMOUNTS	TOTAL REVENUES
1.	Sales of Electricity:			
2.	Residential Sales (440)	$	$	$
3.	Commercial Sales (442)			
	Industrial Sales (442)			
4.	Public Street and Highway Lighting (444)			
5.	Other Sales to Public Authorities (445)			
6.	Sales to Railroads and Railways (446)			
7.	Interdepartmental Sales (448)			
8.	**Total Sales to Ultimate Consumers**	$	$	$
9.	Sales for Resale (447)			
10.	**Total Sales of Electricity**	$	$	$
11.	Provision for Rate Refunds (449.1)			
12.	**Total Revenue Net of Refunds**	$	$	$
13.	OTHER OPERATING REVENUES:			
14.	Forfeited Discounts (450)			
15.	Miscellaneous Service Revenues (451)			
16.	Sales of Water and Water Power (453)			
17.	Rent from Electric Property (454)			
18.	Interdepartmental Rents (455)			
19.	Other Electric Revenues (456)			
20.	Deferred Fuel Revenues			
21.	Deferred Conservation Revenues			
22.	Unbilled Revenues			
23.	Other			
24.	**Total Other Operating Revenues**	$	$	$
25.	**Total Electric Operating Revenues**	$	$	$
26.	Adjustments: (Specify)			
27.				
28.				
29.				
30.				
31.				
32.	**Total Adjustments**	$		
33.	Revenues Subject to Regulatory Assessment Fee			
34.	**REGULATORY ASSESSMENT FEE RATE**	0.000848 ~~.00072~~		
35.	**REGULATORY ASSESSMENT FEE DUE** *(Line 33 x Line 34)*			
36.	Less: Payment for Jan. 1 – Jun. 30 Period	( )		
37.	**NET REGULATORY ASSESSMENT FEE DUE** *(see #2 on back)*			
38.	Penalty For Late Payment *(see #3 on back)*			
39.	Interest For Late Payment *(see #3 on back)*			
40.	Extension Payment Fee *(see #4 on back)*			
41.	**TOTAL AMOUNT DUE** [1]	$		

[1] As provided in Section 350.113, Florida Statutes, the **Minimum Annual Fee is $25** *(see #5 on back)*

I, the undersigned owner/officer of the above-named vendor, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

(Signature of Utility Official) | (Title) | (Date)

(Please Print Name)

Telephone Number ( ) | Fax Number ( )

F.E.I. No. ____________

PSC/ECO ~~PSC/AFD~~ 68 (12/23) ~~(01/99)~~
Rule 25-6.0131, F.A.C.

FLORIDA PUBLIC SERVICE COMMISSION

Instructions For Filing Regulatory Assessment Fee Return
(Investor-Owned Electric Utility)

1. **WHEN TO FILE:** To avoid payment of penalties and interest, the Regulatory Assessment Fee Return and payment must be filed or postmarked:

   On or before July 30 for the six-month period January 1 through June 30, **and**
   On or before January 30 for the six-month period July 1 through December 31.

   However, if July 30 or January 30 falls on a Saturday, Sunday, or holiday, the Regulatory Assessment Fee Return may be filed or postmarked on the next business day, without penalty.

2. **FEES:** Each utility shall pay the currently authorized percentage, as indicated on Line 34 on the reverse side, of its gross operating revenues derived from intrastate business. Gross Operating Revenues are defined as the total revenues before expenses. The currently authorized percentage was implemented by <u>Rule</u> ~~Section~~ 25-6.0131(1)(a), Florida Administrative Code. Annual revenue amounts are to be reported on the return for the period ended December 31.

3. **FAILURE TO FILE BY DUE DATE:** A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due. Failure to file a return by the established due date will result in a penalty being added to the amount of fee due, 5% for each 30 days or fraction thereof, not to exceed a total penalty of 25% (Line 38). In addition, interest shall be added in the amount of 1% for each 30 days or fraction thereof, not to exceed a total of 12% per year (Line 39).

4. **EXTENSION:** A utility, for good cause shown in a written request, may be granted up to a 30-day extension. A request must be made by filing the enclosed *Regulatory Assessment Fee Extension Request* form (PSC/AIT 124), two weeks prior to the filing date. If an extension is granted, a charge shall be added to the amount due:

   0.75% of the fee to be remitted for an extension of 15 days or less, *or*
   1.5% of the fee for an extension of 16 to 30 days.

   In lieu of paying the charges outlined above, a utility may file a return and remit payment based upon estimated gross operating revenues by checking the "Estimated Return" space in the top left-hand corner on the reverse side. If such return is filed by the normal due date, the utility shall be granted a 30-day extension period in which to file and remit the actual fee due without paying the above charges, provided the estimated fee payment remitted is at least 90% of the actual fee due for the period.

5. **REGULATORY ASSESSMENT FEE DUE:** Amounts are due and payable to the Commission by either January 30 or July 30 depending on the reporting period. If there are no revenues ***OR*** if revenues are insufficient to generate a minimum annual fee, remit the minimum fee. **A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due.**

6. **FEE ADJUSTMENTS:** Computational errors and/or differences in gross operating revenues reported for regulatory assessment fee purposes and those reported in the annual report may cause adjustments to amounts paid to the Commission. The utility will be notified as to the amount and reason for any adjustment. Penalty and interest charges may be applicable to additional amounts owed to the Commission by reason of the adjustment. A utility may file a written request for a refund of any overpayments. The request should be directed to Fiscal Services at the below-referenced address.

7. **MAILING INSTRUCTIONS:** Please complete this form, make a copy for your files, and return the original in the enclosed preaddressed envelope. Use of this envelope should assure a more accurate and expeditious recording of your payment. If you are unable to use the enclosed envelope, please address your remittance as follows:

   Florida Public Service Commission
   2540 Shumard Oak Boulevard
   Tallahassee, FL 32399-0850

   ATTENTION: Fiscal Services

8. **ADDITIONAL ASSISTANCE:** If any additional assistance is required in preparing the Regulatory Assessment Fee Return, please contact the Division of <u>Economics</u> ~~Accounting and Finance~~ at (850) <u>413-6410</u> ~~413-6900~~ or at the above-referenced address, directing correspondence to the attention of the division.

<u>PSC/ECO</u> ~~PSC/AFD~~ 68 <u>(12/23)</u> ~~(01/99)~~
Rule 25-6.0131, F.A.C.

TO AVOID PENALTY AND INTEREST CHARGES, THE REGULATORY ASSESSMENT FEE RETURN MUST BE FILED ON OR BEFORE «Field1»

Municipal Electric Utility Regulatory Assessment Fee Return

Florida Public Service Commission

(See Filing Instructions on Back of Form)

STATUS:

____ Actual Return
____ Estimated Return
____ Amended Return

PERIOD COVERED:
«Field3»

«Field2»

Please Complete Below If Official Mailing Address Has Changed

FOR PSC USE ONLY

Check # ____________
$ ____________ 06-02-001 003001
$ ____________ E
$ ____________ P 06-02-001 004011
$ ____________ I

Postmark Date ____________
Initials of Preparer ____________

(Name of Utility) (Address) (City/State) (Zip)

LINE NO.	ACCOUNT CLASSIFICATION	INTRASTATE AMOUNTS	SALES FOR RESALE & INTERSTATE AMOUNTS	TOTAL REVENUES
1.	Sales of Electricity:			
2.	Residential Sales (440)	$	$	$
3.	Commercial Sales (442)			
	Industrial Sales (442)			
4.	Public Street and Highway Lighting (444)			
5.	Other Sales to Public Authorities (445)			
6.	Sales to Railroads and Railways (446)			
7.	Interdepartmental Sales (448)			
8.	**Total Sales to Ultimate Consumers**	$	$	$
9.	Sales for Resale (447)			
10.	**Total Sales of Electricity**	$	$	$
11.	Provision for Rate Refunds (449.1)			
12.	**Total Revenue Net of Refunds**	$	$	$
13.	Other Operating Revenues:			
14.	Forfeited Discounts (450)			
15.	Miscellaneous Service Revenues (451)			
16.	Sales of Water and Water Power (453)			
17.	Rent from Electric Property (454)			
18.	Interdepartmental Rents (455)			
19.	Other Electric Revenues (456)			
20.	**Total Other Operating Revenues**	$	$	$
21.	**Total Electric Operating Revenues**	$	$	$
22.	Adjustments: (Specify)			
23.				
24.				
25.				
26.				
27.				
28.	**Total Adjustments**	$		
29.	Revenues Subject to Regulatory Assessment Fee			
30.	**REGULATORY ASSESSMENT FEE RATE**	<u>0.00009905</u> ~~.00015625~~		
31.	**REGULATORY ASSESSMENT FEE DUE** *(Line 29 x Line 30)*			
32.	**Less:** Payment for Jan. 1 – Jun. 30 Period	( )		
33.	**NET REGULATORY ASSESSMENT FEE DUE** *(see #2 on back)*			
34.	Penalty For Late Payment *(see #3 on back)*			
35.	Interest For Late Payment *(see #3 on back)*			
36.	Extension Payment Fee *(see #4 on back)*			
37.	**TOTAL AMOUNT DUE**	$		

(1) As provided in Section 350.113, Florida Statutes, the **Minimum Annual Fee is $25** *(see #5 on back)*

THIS FORM MUST BE COMPLETED AND RETURNED REGARDLESS OF THE AMOUNT OF REVENUES REPORTED

I, the undersigned owner/officer of the above-named vendor, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

(Signature of Utility Official) (Title) (Date)

(Please Print Name)

Telephone Number ( ) Fax Number ( )

F.E.I. No.

<u>PSC/ECO</u> ~~PSC/AFD~~ 69 <u>(12/23)</u> ~~(07/96)~~
Rule 25-6.0131, F.A.C.

FLORIDA PUBLIC SERVICE COMMISSION
Instructions For Filing Regulatory Assessment Fee Return
(Municipal Electric Utility)

1. **WHEN TO FILE:** To avoid payment of penalties and interest, the Regulatory Assessment Fee Return and payment must be filed or postmarked:

   On or before July 30 for the six-month period January 1 through June 30, **and**
   On or before January 30 for the six-month period July 1 through December 31.

   However, if July 30 or January 30 falls on a Saturday, Sunday, or holiday, the Regulatory Assessment Fee Return may be filed or postmarked on the next business day, without penalty.

2. **FEES:** Each utility shall pay the currently authorized percentage, as indicated on Line 30 on the reverse side, of its gross operating revenues derived from intrastate business. Gross Operating Revenues are defined as the total revenues before expenses. The currently authorized percentage was implemented by Rule ~~Section~~ 25-6.0131(1)(b), Florida Administrative Code. Annual revenue amounts are to be reported on the return for the period ended December 31.

3. **FAILURE TO FILE BY DUE DATE:** A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due. Failure to file a return by the established due date will result in a penalty being added to the amount of fee due, 5% for each 30 days or fraction thereof, not to exceed a total penalty of 25% (Line 34). In addition, interest shall be added in the amount of 1% for each 30 days or fraction thereof, not to exceed a total of 12% per year (Line 35).

4. **EXTENSION:** A utility, for good cause shown in a written request, may be granted up to a 30-day extension. A request must be made by filing the enclosed *Regulatory Assessment Fee Extension Request* form (PSC/AIT 124), two weeks prior to the filing date. If an extension is granted, a charge shall be added to the amount due:

   0.75% of the fee to be remitted for an extension of 15 days or less, *or*
   1.5% of the fee for an extension of 16 to 30 days.

   In lieu of paying the charges outlined above, a utility may file a return and remit payment based upon estimated gross operating revenues by checking the "Estimated Return" space in the top left-hand corner on the reverse side. If such return is filed by the normal due date, the utility shall be granted a 30-day extension period in which to file and remit the actual fee due without paying the above charges, provided the estimated fee payment remitted is at least 90% of the actual fee due for the period.

5. **REGULATORY ASSESSMENT FEE DUE:** Amounts are due and payable to the Commission by either January 30 or July 30 depending on the reporting period. If there are no revenues ***OR*** if revenues are insufficient to generate a minimum annual fee, remit the minimum fee. **A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due.**

6. **FEE ADJUSTMENTS:** The utility will be notified as to the amount and reason for any adjustment. Penalty and interest charges may be applicable to additional amounts owed to the Commission by reason of the adjustment. A utility may file a written request for a refund of any overpayments. The request should be directed to Fiscal Services at the below-referenced address.

7. **MAILING INSTRUCTIONS:** Please complete this form, make a copy for your file, and return the original in the enclosed preaddressed envelope. Use of this envelope should assure a more accurate and expeditious recording of your payment. If you are unable to use the enclosed envelope, please address your remittance as follows:

   Florida Public Service Commission
   2540 Shumard Oak Boulevard
   Tallahassee, FL 32399-0850

   ATTENTION: Fiscal Services

8. **ADDITIONAL ASSISTANCE:** If any additional assistance is required in preparing the Regulatory Assessment Fee Return, please contact the Division of Economics ~~Accounting and Finance~~ at (850) 413-6410 ~~413-6900~~ or at the above-referenced address, directing correspondence to the attention of the division.

PSC/ECO ~~PSC/AFD~~ 69 (12/23) ~~(07/96)~~
Rule 25-6.0131, F.A.C.

TO AVOID PENALTY AND INTEREST CHARGES, THE REGULATORY ASSESSMENT FEE RETURN MUST BE FILED ON OR BEFORE «Field1»

Rural Electric Cooperative Regulatory Assessment Fee Return

Florida Public Service Commission
(See Filing Instructions on Back of Form)

STATUS:
_____ Actual Return
_____ Estimated Return
_____ Amended Return

PERIOD COVERED:
«Field3»

«Field2»

Please Complete Below If Official Mailing Address Has Changed

FOR PSC USE ONLY		
Check # ______		
$ ______		06-02-001 003001
$ ______	E	
$ ______	P	06-02-001 004011
$ ______	I	
Postmark Date ______		
Initials of Preparer ______		

(Name of Utility) (Address) (City/State) (Zip)

LINE NO.	ACCOUNT CLASSIFICATION	INTRASTATE AMOUNTS	SALES FOR RESALE & INTERSTATE AMOUNTS	TOTAL REVENUES
1.	Sales of Electricity:			
2.	Residential Sales (440)	$	$	$
3.	Commercial Sales (442)			
	Industrial Sales (442)			
4.	Public Street and Highway Lighting (444)			
5.	Other Sales to Public Authorities (445)			
6.	Sales to Railroads and Railways (446)			
7.	Interdepartmental Sales (448)			
8.	**Total Sales to Ultimate Consumers**	$	$	$
9.	Sales for Resale (447)			
10.	**Total Sales of Electricity**	$	$	$
11.	Provision for Rate Refunds (449.1)			
12.	**Total Revenue Net of Refunds**	$	$	$
13.	Other Operating Revenues:			
14.	Forfeited Discounts (450)			
15.	Miscellaneous Service Revenues (451)			
16.	Sales of Water and Water Power (453)			
17.	Rent from Electric Property (454)			
18.	Interdepartmental Rents (455)			
19.	Other Electric Revenues (456)			
20.	**Total Other Operating Revenues**	$	$	$
21.	**Total Electric Operating Revenues**	$	$	$
22.	Adjustments: (Specify)			
23.		$		
24.				
25.				
26.				
27.				
28.	**Total Adjustments**	$		
29.	Revenues Subject to Regulatory Assessment Fee			
30.	**REGULATORY ASSESSMENT FEE RATE**	0.00009905 ~~.00015625~~		
31.	**REGULATORY ASSESSMENT FEE DUE** *(Line 29 x Line 30)*			
32.	**Less:** Payment for Jan. 1 – Jun. 30 Period	( )		
33.	**NET REGULATORY ASSESSMENT FEE DUE** *(see #2 on back)*			
34.	Penalty For Late Payment *(see #3 on back)*			
35.	Interest For Late Payment *(see #3 on back)*			
36.	Extension Payment Fee *(see #4 on back)*			
37.	**TOTAL AMOUNT DUE**	$		

(1)As provided in Section 350.113, Florida Statutes, the **Minimum Annual Fee is $25** *(see #5 on back)*

I, the undersigned owner/officer of the above-named vendor, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

(Signature of Utility Official) (Title) (Date)

(Please Print Name)

Telephone Number ( ) Fax Number ( )

F.E.I. No.

PSC/ECO ~~PSC/AFD~~ 70 (12/23) ~~(07/96)~~
Rule 25-6.0131, F.A.C.

FLORIDA PUBLIC SERVICE COMMISSION

Instructions For Filing Regulatory Assessment Fee Return
(Rural Electric Cooperative)

1. **WHEN TO FILE:** To avoid payment of penalties and interest, the Regulatory Assessment Fee Return and payment must be filed or postmarked:

   On or before July 30 for the six-month period January 1 through June 30, **and**
   On or before January 30 for the six-month period July 1 through December 31.

   However, if July 30 or January 30 falls on a Saturday, Sunday, or holiday, the Regulatory Assessment Fee Return may be filed or postmarked on the next business day, without penalty.

2. **FEES:** Each utility shall pay the currently authorized percentage, as indicated on Line 30 on the reverse side, of its gross operating revenues derived from intrastate business. Gross Operating Revenues are defined as the total revenues before expenses. The currently authorized percentage was implemented by Rule ~~Section~~ 25-6.0131(1)(b), Florida Administrative Code. Annual revenue amounts are to be reported on the return for the period ended December 31.

3. **FAILURE TO FILE BY DUE DATE:** A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due. Failure to file a return by the established due date will result in a penalty being added to the amount of fee due, 5% for each 30 days or fraction thereof, not to exceed a total penalty of 25% (Line 34). In addition, interest shall be added in the amount of 1% for each 30 days or fraction thereof, not to exceed a total of 12% per year (Line 35).

4. **EXTENSION:** A utility, for good cause shown in a written request, may be granted up to a 30-day extension. A request must be made by filing the enclosed *Regulatory Assessment Fee Extension Request* form (PSC/AIT 124), two weeks prior to the filing date. If an extension is granted, a charge shall be added to the amount due:

   0.75% of the fee to be remitted for an extension of 15 days or less, *or*
   1.5% of the fee for an extension of 16 to 30 days.

   In lieu of paying the charges outlined above, a utility may file a return and remit payment based upon estimated gross operating revenues by checking the "Estimated Return" space in the top left-hand corner on the reverse side. If such return is filed by the normal due date, the utility shall be granted a 30-day extension period in which to file and remit the actual fee due without paying the above charges, provided the estimated fee payment remitted is at least 90% of the actual fee due for the period.

5. **REGULATORY ASSESSMENT FEE DUE:** Amounts are due and payable to the Commission by either January 30 or July 30 depending on the reporting period. If there are no revenues ***OR*** if revenues are insufficient to generate a minimum annual fee, remit the minimum fee. **A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due.**

6. **FEE ADJUSTMENTS:** The utility will be notified as to the amount and reason for any adjustment. Penalty and interest charges may be applicable to additional amounts owed to the Commission by reason of the adjustment. A utility may file a written request for a refund of any overpayments. The request should be directed to Fiscal Services at the below-referenced address.

7. **MAILING INSTRUCTIONS:** Please complete this form, make a copy for your file, and return the original in the enclosed preaddressed envelope. Use of this envelope should assure a more accurate and expeditious recording of your payment. If you are unable to use the enclosed envelope, please address your remittance as follows:

   Florida Public Service Commission
   2540 Shumard Oak Boulevard
   Tallahassee, FL 32399-0850

   ATTENTION: Fiscal Services

8. **ADDITIONAL ASSISTANCE:** If any additional assistance is required in preparing the Regulatory Assessment Fee Return, please contact the Division of Economics ~~Accounting and Finance~~ at (850) 413-6410 ~~413-6900~~ or at the above-referenced address, directing correspondence to the attention of the division.

PSC/ECO ~~PSC/AFD~~ 70 (12/23) ~~(07/96)~~
Rule 25-6.0131, F.A.C.

FLORIDA PUBLIC SERVICE COMMISSION

Select
(Type of Industry)

REGULATORY ASSESSMENT FEE EXTENSION REQUEST

(Utility/Company) (Utility/Co Code) (FEID No.)

Mailing Address:

This is to request an extension for filing the Regulatory Assessment Fee Return for the above utility/company for the period indicated below:

PERIOD – ,

☐ 15 days to ,

☐ 30 days to ,

Statement of Good Cause (Reason For Request):

(Signature) (Title)

(Date) (Telephone Number) (FAX Number)

NOTE TO UTILITY/COMPANY

- Your Regulatory Assessment Fee Extension Request form must be filed and received by the Florida Public Service Commission at the address referenced below **BY CLOSE OF BUSINESS ON** **before the payment due date of** , . Once your request is received, you will be notified by fax (or by mail when a fax number is not provided) indicating that your request was approved or denied. **THIS IS NOT AN AUTOMATIC EXTENSION, THEREFORE YOU MUST RECEIVE APPROVAL FROM THE COMMISSION IN ORDER TO RECEIVE AN EXTENSION.** **See approval criteria on the back of this form.**
- If an extension of **15 days or less is approved**, 0.75% of the fee is to be included when making payment.
- If an extension of **16 to 30 days is approved**, 1.5% of the fee is to be included when making payment.

FOR PUBLIC SERVICE COMMISSION USE ONLY

Request Approved ☐

Request Denied ☐

☐ The 20___ Regulatory Assessment Fee has not been received.

☐ The 20___ Regulatory Assessment Fee was delinquent. Prior penalty and/or interest has not been received for your 20___ Regulatory Assessment Fee.

☐ The request was received too late for processing.

APPROVED BY:
(Fiscal Services Section Supervisor) (Date)

If you have questions, please contact a staff member of the Fiscal Services Section or write to Division of Administrative & Information Technology Services, Fiscal Services Section, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399.

PSC/AIT 124 (12/11)
Rules 25-4.0161, 25-6.0131, 25-7.0131, and 25-30.120, F.A.C.

Criteria for Extension Request

- Form PSC/AIT 124, *Regulatory Assessment Fee Extension Request*, must contain a statement of good cause/reason for extension request. Examples of good cause include reasons such as financial hardship, severe illness, or acts of God; but do not include reasons such as management oversight or vacation time.

- The request for extension must be received by the Division of Administrative & IT Services at least two weeks before the Regulatory Assessment Fee due date.

- The request for extension will not be granted if the utility has any unpaid regulatory assessment fees, penalties, and/or interest due from a prior period(s).

- Please be aware that pursuant to Section 837.06, F.S., whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her official duty shall be guilty of a misdemeanor of the second degree.

PSC/AIT 124 (12/11)
Rules 25-4.0161, 25-6.0131, 25-7.0131, and 25-30.120, F.A.C.

Item 3

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 21, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Nave) CH
Office of the General Counsel (Imig) AEH

RE: Docket No. 20000121B-TP – Investigation into the establishment of operations support systems permanent performance measures for incumbent local exchange telecommunications companies. (CENTURYLINK FLORIDA TRACK)

AGENDA: 12/05/23 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: ~~Administrative~~ La Rosa 11/21/23

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On January 9, 2003, the Florida Public Service Commission (Commission) adopted wholesale permanent performance measures for Embarq Florida, Inc. d/b/a CenturyLink (CenturyLink) in Docket Number 000121B-TP.[1] CenturyLink's Performance Measurement Plan (PMP) is a monitoring device that measures the level of wholesale service performance that CenturyLink provides to competitive local exchange carriers (CLECs).

At that time, the Commission also required all changes to CenturyLink's PMP approved in other states be brought before the Commission for review, approval, and implementation in Florida. CenturyLink's Florida PMP included the adoption of the August 2002 CenturyLink Nevada PMP, as well as administrative provisions and an associated compliance methodology.

[1] Order No. PSC-03-0067-PAA-TP

On December 22, 2003, the Commission approved revisions to CenturyLink's Florida PMP to coincide with revisions to CenturyLink's Nevada PMP. The revisions were effective beginning with February 2004 data. Additional revisions to CenturyLink's Florida PMP were approved by the Commission on February 12, 2007.[2] The revisions were approved by the Public Utilities Commission of Nevada on August 2, 2006. Further revisions, also originating in Nevada, were approved by the Commission on May 22, 2013, and February 15, 2016.[3,4] The 2016 revisions changed CenturyLink's performance measure reporting from monthly to quarterly reports.

On April 26, 2023, CenturyLink provided notice that the Nevada Public Utilities Commission issued an order exempting CenturyLink from future performance obligations under its PMP and requested forbearance from continued compliance with the plan in Florida.

The Commission has jurisdiction pursuant to Section 364.16, F.S.

[2] Order No. PSC-07-0123-PAA-TP
[3] Order No. PSC-13-0216-PAA-TP
[4] Order No. PSC-2016-0072-PAA-TP

Discussion of Issues

Issue 1: Should the Commission approve CenturyLink's request seeking exemption from continued compliance with its Florida wholesale Performance Measurement Plan filed April 26, 2023?

Recommendation: Yes, the Commission should approve CenturyLink's request seeking exemption from continued compliance with its Florida wholesale Performance Measurement Plan filed April 26, 2023. (**Nave**)

Staff Analysis: In its request, CenturyLink argues that it should not have to comply with the remaining PMP obligations because it is no longer necessary to encourage competition or discourage discriminatory conduct in the provision of telecommunications service. CenturyLink describes how the telecommunications market has changed substantially in the past 20 years, citing intermodal, facilities-based competition from wireless, cable, video, and fixed wireless services entering the market. CenturyLink asserts that the widespread availability of internet-based applications that provide various means of communication have eclipsed traditional wireline service as the primary means of communication. CenturyLink also asserts that the conditions that justified the PMP measures no longer exist today. CenturyLink states that requiring it to invest the resources needed to continue to comply with the remaining PMP obligations is unnecessary in CenturyLink's service area.

CenturyLink also asserts it incurs substantial systems, labor, and administrative costs to collect and maintain data for reporting requirements. Maintaining these reporting obligations requires a constant change in management due to system upgrades and system integrations that result from technology changes and corporate mergers. Based on a history of five to seven integrations per year, each conversion costs several hundred thousand dollars, depending on the size and complexity of the system or application. In 2021, there were four system conversions, estimated at almost $1.8 million combined in Nevada. Also, the FCC forbore most UNE requirements in 2019 and 2020. Only two percent of PMP provisioning measures and only one percent of PMP repair measures apply to products CenturyLink is presently required to offer.

CenturyLink states that it has consistently performed well in the remaining measures, as reflected in its reporting to the Nevada Public Utilities Commission, and thus they believe that there is no reason to conclude that performance will change. Florida CLECs have not accessed the website that provides the PMP data since 2017, indicating that competitors are not expressing concerns about CenturyLink's performance. CenturyLink submits that the same market conditions which justified an exemption from compliance in Nevada also justify its request in Florida.

Staff agrees with CenturyLink that granting the exemption is in the public interest and will not reduce the quality of service that CenturyLink provides. As such, staff recommends that the Commission should approve CenturyLink's request seeking exemption from continued compliance with its Florida wholesale Performance Measurement Plan filed April 26, 2023.

Issue 2: Should this docket be closed?

Recommendation: Yes, 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. (Imig)

Staff Analysis: 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 4

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER ● 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 21, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Gatlin, D. Buys, Norris) ALM
Division of Economics (Draper, Hampson, Hudson, Kelley) EJD
Office of the General Counsel (Brownless, Watrous) JSC

RE: Docket No. 20230116-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Idalia, by Duke Energy Florida, LLC.

Docket No. 20230020-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred, by Duke Energy Florida, LLC.

AGENDA: 12/05/23 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham and Passidomo

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On January 23, 2023, Duke Energy Florida, LLC (DEF or Company) filed a petition for a limited proceeding seeking authority to recover $442.1 million for the incremental storm restoration costs related to Hurricanes Elsa, Eta, Ian, Isaias, and Nicole and Tropical Storm Fred (the "Storms"), as well as replenish its storm reserve.[1] This amount includes approximately $4.5 million in interest. DEF filed its petition pursuant to the provisions of the 2021 Settlement

[1]Docket No. 20230020-EI, *In re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred, by Duke Energy Florida, LLC.*

Agreement (2021 Settlement) approved by Order No. PSC-2021-0202-AS-EI. By Order No. PSC-2023-0111-PCO-EI, issued March 23, 2023, in Docket No. 20230020-EI, the Commission granted DEF's request to recover these costs through an interim storm restoration recovery surcharge. The interim surcharges, made subject to true-up, was made effective with the first billing cycle of April 2023 and ending the earlier of full recovery or with the last billing cycle of March 2024, whichever occurs first.

On September 29, 2023, DEF filed its petition for approval of actual costs related to the Storms, in the amount of $431.4 million, an approximate reduction of $10.7 million. DEF also requested to continue the storm restoration charge through the end of March 2024, as initially approved in Order No. PSC-2023-0111-PCO-EI. The disposition of any over- or under- recovery will be handled through the capacity cost recovery clause at a future date. Docket No. 20230020-EI has been set for hearing on May 21-22, 2023, by Order No. PSC-2023-0333-PCO-EI, issued November 2, 2023.

On October 16, 2023, the Company filed a petition for a limited proceeding in Docket No. 20230116-EI seeking authority to implement an interim storm restoration recovery surcharge to recover approximately $166.1 million in incremental storm restoration costs, replenishment of the storm reserve, and interest related to Hurricane Idalia, to begin with the first billing cycle of January 2024 through December 31, 2024, subject to final true-up. The Company requested approval to include and spread the recovery of the remaining interim incremental storm restoration costs for the Storms in the surcharge for Hurricane Idalia, thus amending the currently approved surcharge. The $166.1 million includes $73.9 million related to the uncollected restoration costs from the Storms and $91.9 million related to Hurricane Idalia. DEF's request would also modify the 12-month recovery period of incremental restoration costs to be collected for the storms.

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.06, and 366.076, Florida Statutes

Discussion of Issues

Issue 1: Should the Commission authorize DEF to implement an amended interim storm restoration recovery charge?

Recommendation: Yes. The Commission should authorize DEF to implement an amended interim storm restoration recovery charge, subject to refund, and a modified recovery period. After the actual costs are reviewed for prudence and reasonableness, and are compared to the actual amount recovered through the interim storm restoration recovery charge, a determination will be made whether any over/under recovery has occurred. The disposition of any over or under recovery, and associated interest, will be considered by the Commission at a later date. (Gatlin)

Staff Analysis: As stated in the Case Background, DEF filed a petition requesting an amended interim storm surcharge in Docket No. 20230116-EI to reflect an estimated total of $166.1 million in incremental storm restoration costs from the Storms and Hurricane Idalia, including interest, and replenishment of the storm reserve, beginning with the first billing cycle of January 2024 through December 2024, subject to true-up. DEF's request would also modify the 12-month recovery period of the remaining incremental restoration costs previously approved for the Storms, as approved in Docket No. 20230020-EI.

The interim petition for Docket No. 20230116-EI was filed pursuant to the provisions of the 2021 Settlement approved by Commission Order No. PSC-2021-0202-AS-EI.[2] Pursuant to Paragraph 30c of the 2021 Settlement, DEF can begin recovery of storm costs, without a cap, 60 days following the filing of a petition for recovery. DEF has requested an amended interim storm recovery charge of $5.09 per 1,000 kilowatt-hours (kWh) on a residential customer bill over a 12-month recovery period beginning with the first billing cycle of January 2024.

The Company requested to combine the estimated recovery amount of $91.9 million from Hurricane Idalia with the remaining uncollected amount of $73.9 million from the Storms, for a total recovery amount of approximately $166.1 million. DEF also requested a modified recovery period to spread cost recovery for the remaining uncollected incremental storms costs over an additional nine months to reduce the impact of the increase due to the recovery of Hurricane Idalia storm costs. The Company stated that this will result in a rate reduction and will assist in rate stability.

The approval of an interim storm restoration recovery charge is preliminary in nature and is subject to refund pending further review once the total actual storm restoration costs are known. Staff recommends amending the interim storm surcharge to reflect the known and measurable changes by the Company and modifying the recovery period to spread the cost recovery over a longer period.

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[2]Order No. PSC-2021-0202-AS-EI, issued June 4, 2021, in Docket No. 20210016-EI, *In re: Petition for limited proceeding to approve 2021 settlement agreement, including general base rate increases, by Duke Energy Florida, LLC.*

Issue 2: What is the appropriate security to guarantee the amount collected subject to refund through the amended interim storm restoration recovery charge?

Recommendation: The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking. (Ferrer)

Staff Analysis: Staff recommends that all funds collected subject to refund be secured by a corporate undertaking. The criteria for a corporate undertaking include sufficient liquidity, equity ownership, profitability, and interest coverage to guarantee any potential refund. DEF requested a 12-month collection period from January 2024 to December 2024 for Interim Storm Cost Recovery Charges of $166.1 million related to Hurricanes Idalia, Elsa, Eta, Ian, Isaias, Nicole, and Tropical Storm Fred. Staff reviewed DEF's three most recent Annual Reports filed with the Commission (2022, 2021, and 2020) to determine if the Company can support a corporate undertaking to guarantee the funds collected for recovery of incremental storm restoration costs related to all the weather events. DEF's financial information indicates the Company's liquidity is deficient, that is, current assets are less than current liabilities. However, the Company participates in Duke Energy Corporation's (DEF's parent company) money pool and has access to additional funds if needed. In addition, DEF's equity ownership, profitability, and interest coverage are sufficient to support a potential refund of $166.1 million. DEF's net income is 4.65 times the requested amount held subject to refund and it is improbable DEF will be required to refund the entire requested amount.

Accordingly, staff believes DEF has adequate resources to support a corporate undertaking in the amount requested. Based on this analysis, staff recommends that a corporate undertaking of $166.1 million is acceptable. This brief financial analysis is only appropriate for deciding if the Company can support a corporate undertaking in the amount proposed and should not be considered a finding regarding staff's position on other issues in this proceeding.

Issue 3: Should the Commission approve DEF's proposed amended interim storm restoration recovery charge tariff as shown in Attachment A to the recommendation?

Recommendation: Yes. The Commission should approve DEF's proposal to revise the interim storm restoration surcharges. Furthermore, the Commission should give staff administrative authority to approve DEF's revised tariff sheet No. 6.105, which would provide the Commission-approved storm surcharges and other cost recovery factors. The tariff should become effective the first billing cycle of January 2024. The interim storm restoration surcharges should be subject to final true-up once the final total actual storm-related costs are known and filed. (Hampson)

Staff Analysis: DEF has proposed to decrease the currently effective interim storm restoration surcharges as approved in Docket No. 20230020-EI, based on the Company's recalculation of storm costs to include Hurricane Idalia and modify its recovery period through December 31, 2024, as discussed in Issue 1. In paragraph 18 of the petition, DEF states that the estimated storm recovery amount was allocated to the rate classes consistent with the rate design method approved in the 2021 Settlement.[3] Staff has reviewed the allocation to rate classes and believes that the allocations provided in Appendix A, pages 5 and 6 to the petition are consistent with those approved in DEF's 2021 Settlement. Furthermore, staff has reviewed the derivation of the surcharges provided in Appendix A to the petition. Staff agrees that the surcharges have been calculated correctly, using projected kilowatt hour (kWh) sales for January through December 2024. The proposed interim storm restoration recovery factors should remain in effect until a final true-up is approved by the Commission.

The proposed interim storm restoration surcharges are shown on page 6 of Appendix A to the petition. For residential customers, the proposed surcharge would be 0.509 cents per kWh, which equates to a total surcharge of $5.09 for a 1,000 kWh monthly bill. The current surcharge is 1.314 cents per kWh, which equates to a total surcharge of $13.14 for a 1,000 kWh monthly bill. The storm cost recovery surcharge would be included in the non-fuel energy charge on customer bills.

Staff recommends that the Commission should approve DEF's proposal to revise the interim storm restoration surcharges. Furthermore, the Commission should give staff administrative authority to approve DEF's revised tariff sheet No. 6.105, which would provide the Commission-approved storm surcharges and other cost recovery factors. The tariff should become effective the first billing cycle of January 2024. The interim storm restoration surcharges should be subject to final true-up once the final total actual storm-related costs are known and filed

[3]Order No. PSC-2021-0202-AS-EI.

Issue 4: Should these dockets be closed?

Recommendation: No. Docket No. 20230020-EI should remain open to conduct the administrative hearing scheduled for that docket. Docket No. 20230116-EI should remain open pending final reconciliation of actual recoverable storm costs with the amount collected pursuant to the interim storm restoration recovery charge and the calculation of a refund or additional charge if warranted. (Brownless)

Staff Analysis: No. Docket No. 20230020 should remain open to conduct the administrative hearing scheduled for that docket. Docket No. 20230116-EI should remain open pending final reconciliation of actual recoverable storm costs with the amount collected pursuant to the interim storm restoration recovery charge and the calculation of a refund or additional charge if warranted.

Item 5

FILED 11/21/2023
DOCUMENT NO. 06141-2023
FPSC - COMMISSION CLERK

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER ● 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 21, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Ferrer, D. Buys) ALM
Office of the General Counsel (Sandy) JSC

RE: Docket No. 20230108-GU – Request for approval to establish allowance for funds used during construction (AFUDC) rate of 5.85%, effective July 1, 2023, by Florida City Gas.

AGENDA: 12/05/23 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Florida City Gas (FCG or Company) does not currently have an authorized rate for an Allowance for Funds Used During Construction (AFUDC). On September 19, 2023, FCG filed its petition requesting approval of an AFUDC rate of 5.85 percent, effective on July 1, 2023. As required by Rule 25-7.0141(5), Florida Administrative Code (F.A.C.), FCG included Schedules A, B, and C identifying the capital structure, capital structure adjustments, and the methodology used to calculate the monthly AFUDC rate. The Commission has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

Discussion of Issues

Issue 1: Should the Commission approve FCG's request to establish an AFUDC rate of 5.85 percent?

Recommendation: Yes. The appropriate AFUDC rate for FCG is 5.85 percent based on a 13-month average capital structure for the period ended June 30, 2023. (Elfouly)

Staff Analysis: FCG filed a petition requesting approval of an AFUDC rate of 5.85 percent. Rule 25-7.0141(3), F.A.C., Allowance for Funds Used During Construction, provides the following guidance:

> (3) The applicable AFUDC rate will be determined as follows:
>
> (a) The most recent 13-month average embedded cost of capital, except as noted below, will be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the utility's last rate case.
>
> (b) The cost rates for the components in the capital structure will be the midpoint of the last allowed return on common equity, the most recent 13-month average cost of short-term debt and customer deposits, and a zero cost rate for deferred taxes and all investment tax credits. The cost of long-term debt and preferred stock will be based on end of period cost. The annual percentage rate must be calculated to two decimal places.

In support of its requested AFUDC rate of 5.85 percent, FCG provided its calculations and capital structure in Schedules A and B attached to its request. Staff reviewed the schedules and determined that the proposed rate was calculated in accordance with Rule 25-7.0141(3), F.A.C. In Schedule A, the Company appropriately used the mid-point return on equity of 9.50 percent, which was approved by Order No. PSC-2023-0177-FOF-GU.[1] The AFUDC rate calculation and capital structure are presented in Attachment 1.

Based on its review, staff believes that the requested AFUDC rate of 5.85 percent is appropriate and should be approved.

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[1]Order No. PSC-2023-0177-FOF-GU, issued June 9, 2023, in Docket No. 20220069-GU, *In re: Petition for rate increase by Florida City Gas.*

Issue 2: What is the appropriate monthly compounding rate to achieve FCG's requested annual AFUDC of 5.85 percent?

Recommendation: The appropriate monthly compounding rate to achieve an annual AFUDC rate of 5.85 percent is 0.004749. (Elfouly)

Staff Analysis: FCG requested a monthly compounding rate of 0.004749 to achieve an annual AFUDC rate of 5.85 percent. In support of the requested monthly compounding rate of 0.004749, the Company provided its calculations in Schedule C attached with its request. Rule 25-7.0141(4)(a), F.A.C., provides the following formula for discounting the annual AFUDC rate to reflect monthly compounding.

M = [((1 + A/100)1/12)-1] x 100

Where: M = discounted monthly AFUDC rate

A = annual AFUDC rate

The rule also requires that the monthly compounding rate be calculated to six decimal places.

Staff reviewed the Company's calculation and determined it was derived in accordance with Rule 25-7.0141(4), F.A.C., as presented in Attachment 2. Therefore, staff recommends that a monthly compounding AFUDC rate of 0.004749 be approved.

Issue 3: Should the Commission approve FCG's requested effective date of July 1, 2023, for implementing the AFUDC rate?

Recommendation: Yes. The AFUDC rate should be effective July 1, 2023, for all purposes. (Elfouly)

Staff Analysis: FCG's requested AFUDC rate was calculated using the most recent 13-month average capital structure for the period ended June 30, 2023. Rule 25-7.0141(6), F.A.C., provides that:

> No utility may charge or change its AFUDC rate without prior Commission approval. The new AFUDC rate will be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission.

The Company's requested effective date of July 1, 2023, complies with the requirement that the effective date does not precede the period used to calculate the rate, and therefore, should be approved.

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. (Sandy)

Staff Analysis: 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.

FLORIDA CITY GAS
CAPITAL STRUCTURE USED FOR THE REQUESTED AFUDC RATE
AS OF JUNE 30, 2023

STAFF RECOMMENDED

CAPITAL COMPONENTS	JURISDICTIONAL AVERAGE	CAPITAL RATIO	COST OF CAPITAL	WEIGHTED COST OF CAPITAL
COMMON EQUITY	$186,247,430	45.04%	9.50%	4.28%
LONG-TERM DEBT	155,152,376	37.52%	3.88%	1.45%
SHORT-TERM DEBT	20,071,697	4.85%	1.92%*	0.09%
CUSTOMER DEPOSITS	3,980,696	0.96%	2.67%*	0.03%
DEFERRED INCOME TAXES	48,041,042	11.63%	0.00%	0.00%
TOTAL	**$413,493,241**	**100.00%**		**5.85%**

* 13-MONTH AVERAGE

FLORIDA CITY GAS
METHODOLOGY FOR COMPOUNDING AFUDC RATE
AS OF JUNE 30, 2023

STAFF RECOMMENDED

MONTHS	AFUDC BASE	MONTHLY AFUDC RATE	CUMULATIVE AFUDC RATE
1	1.000000	0.004749	0.004749
2	1.004749	0.004772	0.009521
3	1.009521	0.004794	0.014315
4	1.014315	0.004817	0.019132
5	1.019132	0.004840	0.023972
6	1.023972	0.004863	0.028834
7	1.028834	0.004886	0.033720
8	1.033720	0.004909	0.038630
9	1.038630	0.004932	0.043562
10	1.043562	0.004956	0.048518
11	1.048518	0.004979	0.053497
12	1.053497	0.005003	**0.058500**

Annual Rate (R) = 0.0585
Monthly Rate = ((1+R)^(1/12))-1 = 0.004749

Item 6

5State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER ● 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 21, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Veaughn, Sewards) ALM
Office of the General Counsel (Dose) JSC

RE: Docket No. 20230005-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.

AGENDA: 12/5/23 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 03/31/24 (Statutory Reestablishment Deadline)

SPECIAL INSTRUCTIONS: None

Case Background

Since March 31, 1981, pursuant to the guidelines established by Section 367.081(4)(a), Florida Statutes (F.S.), and Rule 25-30.420, Florida Administrative Code (F.A.C.), the Commission has established a price increase or decrease index for major categories of operating costs on or before March 31 of each year. This process allows water and wastewater utilities to adjust rates based on current specific expenses without applying for a rate case.

Staff calculated its proposed 2024 price index by comparing the Gross Domestic Product Implicit Price Deflator Index for the fiscal year ended September 30, 2023. This same procedure has been used each year since 1995 to calculate the price index. The U.S. Department of Commerce, Bureau of Economic Analysis, released its most recent third quarter figures on October 26, 2023.

Since March 31, 1981, the Commission has received and processed approximately 4,025 index and pass through applications. The Commission has jurisdiction over this matter pursuant to Section 367.081, F.S.

Discussion of Issues

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 2024 Price Index by using a fiscal year, four quarter comparison of the Implicit Price Deflator Index ending with the third quarter of 2023. (Veaughn)

Staff Analysis: In 1993, the Gross Domestic Product Implicit Price Deflator Index (GDPDEF) was established as the appropriate measure for determining the water and wastewater price index. At the same time, the convention of using a four quarter fiscal year comparison was also established and this practice has been used every year since then.[1] The GDPDEF is prepared by the U.S. Department of Commerce. Prior to that time, the Gross National Product Implicit Price Deflator Index (GNPDEF) was used as the indexing factor for water and wastewater utilities. The Department of Commerce switched its emphasis from the GNPDEF to the GDPDEF as the primary measure of U.S. production.

Pursuant to Section 367.081(4)(a), F.S., the Commission, by order, shall establish a price increase or decrease index for major categories of operating costs incurred by utilities subject to its jurisdiction reflecting the percentage of increase or decrease in such costs from the most recent 12-month historical data available. Since 1995, the price index adjustment has been determined by comparing the change in the average GDPDEF for the year ending September 30, instead of the original December 31, in order to more easily meet the statutory deadline.[2]

In Order No. PSC-2022-0438-PAA-WS, issued December 27, 2022, in Docket No. 20220005-WS, the Commission, in keeping with the practice started in 1993, reiterated the alternatives which could be used to calculate the indexing of utility revenues. Past concerns expressed by utilities, as summarized from utility input in previous hearings, are:

1) Inflation should be a major factor in determining the index;

2) Nationally published indices should be vital to this determination;

3) Major categories of expenses are labor, chemicals, materials and supplies, maintenance, transportation, and treatment expense;

4) An area wage survey, Dodge Building Cost Index, Consumer Price Index, and the GDP should be considered;

5) A broad measure index should be used; and

---

[1]Order No. PSC-1993-0195-FOF-WS, issued February 9, 1993, in Docket No. 19930005-WS, *In re: 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.*
[2]Order No. PSC-1995-0202-FOF-WS, issued February 10, 1995, in Docket No. 19950005-WS, *In re: 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.*

6) The index procedure should be easy to administer.

Based upon these concerns, the Commission has previously explored the following alternatives:

1) Survey of Regulated Water and Wastewater Utilities;

2) Consumer Price Index;

3) Florida Price Level Index;

4) Producer Price Index – previously the Wholesale Price Index; and

5) GDPDEF (replacing the GNP).

Over the years, the Commission found that the Survey of Regulated Water and Wastewater Utilities should be rejected because using the results of a survey would allow utilities to pass on to customers all cost increases, thereby reducing the incentives of promoting efficiency and productivity. The Commission also found that the Consumer Price Index and the Florida Price Level Index should be rejected because of their limited degree of applicability to the water and wastewater industry. Both of these price indices are based upon comparing the advance in prices of a limited number of general goods and, therefore, appear to have limited application to water and wastewater utilities.

The Commission further found that the Producer Price Index (PPI) is a family of indices that measure the average change over time in selling prices received by domestic producers of goods and services. PPI measures price change from the perspective of the seller, not the purchaser, and therefore should be rejected. The bases for these indices have not changed, and staff believes that the conclusions reached in Order No. PSC-2022-0438-PAA-WS should continue to apply in this case. Since 1993, the Commission has found that the GDPDEF has a greater degree of applicability to the water and wastewater industry. Therefore, staff recommends that the Commission continue to use the GDPDEF to calculate water and wastewater price level adjustments. Staff recommends calculating the 2024 Price Index by using a fiscal year, four quarter comparison of the GDPDEF ending with the third quarter of 2023.

The following information provides a historical perspective of the annual price index:

Table 1-1
Historical Analysis of the Annual Price Index for Water and Wastewater Utilities

Year	Commission Approved Index	Year	Commission Approved Index
2013	1.63%	2019	2.36%
2014	1.41%	2020	1.79%
2015	1.57%	2021	1.17%
2016	1.29%	2022	4.53%
2017	1.51%	2023	7.07%
2018	1.79%	2024	3.24%

The table below shows the historical participation in the index and/or pass-through programs:

Table 1-2
Percentage of Jurisdictional Water and Wastewater Utilities Filing for Indexes and Pass-Throughs

Year	Percentage	Year	Percentage
2012	30%	2018	42%
2013	41%	2019	60%
2014	39%	2020	43%
2015	49%	2021	52%
2016	38%	2022	57%
2017	37%	2023	53%

Issue 2: What rate should be used by water and wastewater utilities for the 2024 Price Index?

Recommendation: The 2024 Price Index for water and wastewater utilities should be 3.24 percent. (Veaughn)

Staff Analysis: The U.S. Department of Commerce, Bureau of Economic Analysis, released the most recent third quarter 2023 figures on October 26, 2023. Consistent with the Commission's establishment of the 2023 Price Index last year, staff is using the third quarter amounts to calculate staff's recommended 2024 Price Index. Using the third quarter amounts allows time for the Commission to establish the 2024 Price Index by March 31, 2024, in accordance with Section 367.081(4)(a), F.S. The percentage change in the GDPDEF using the fiscal year comparison ending with the third quarter is 3.24 percent. This number was calculated as follows.

GDPDEF Index for the fiscal year ended 9/30/23	122.817
GDPDEF Index for the fiscal year ended 9/30/22	118.962
Difference	3.855
Divided by 9/30/22 GDPDEF Index	118.962
2024 Price Index	3.24%

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

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

Staff Analysis: Staff recommends that the package presented in Attachment 1 be sent to every regulated water and wastewater utility after the expiration of the PAA protest period, along with a copy of the PAA Order once final. The entire package should also be made available on the Commission's website.

In an effort to increase the number of water and wastewater utilities taking advantage of the annual price index and pass-through programs, staff is recommending that the attached cover letter (Attachment 2) from the Director of the Division of Accounting and Finance be included with the PAA Order in order to explain the purpose of the index and pass-through applications and to communicate that Commission staff is available to assist them.

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 2024. (Dose)

Staff Analysis: Uniform Rule 25-22.029(1), F.A.C., contains an exception to the procedural requirements set forth in Uniform Rule 28-106.111, F.A.C., providing that "[t]he time for requesting a Section 120.569 or 120.57 hearing shall be 14 days from issuance of the notice for PAA orders establishing a price index pursuant to Section 367.081(4)(a), F.S." Staff therefore recommends that the Commission require any protest to the PAA Order in this docket be filed within 14 days of the issuance of the PAA Order, and that any party filing the protest should be required to prefile testimony with the protest. Upon expiration of the protest period, if a timely protest is not received, the decision should become final and effective upon the issuance of a Consummating Order. However, this docket should remain open through the end of the year and be closed upon the establishment of the new docket in January 2024.

FLORIDA PUBLIC SERVICE COMMISSION
PRICE INDEX APPLICATION
APPLICABLE TEST YEAR _____________

Department of Environmental Protection Public Water System ID NO. ___________________
Department of Environmental Protection Wastewater Treatment Plant ID NO. _______________

	WATER	WASTEWATER
Operation & Maintenance Expenses[1]	$_______	$_______
LESS:		
(a) Pass-through Items:		
(1) Purchased Power	_______	_______
(2) Purchased Water	_______	_______
(3) Purchased Wastewater Treatment	_______	_______
(4) Sludge Removal	_______	_______
(5) Other[2]	_______	_______
(b) Rate Case Expense Included in Expenses	_______	_______
(c) Adjustments to Operation & Maintenance Expenses from last rate case, if applicable:[3]		
(1)_________________	_______	_______
(2)_________________	_______	_______
Costs to be Indexed	$_______	$_______
Multiply by Annual Commission-Approved Price Index	**3.24**%	**3.24**%
Total Indexed Costs	$_______	$_______
Add Change in Pass-Through Items:[4]		
(1)_________________	_______	_______
(2)_________________	_______	_______
Divide Index and Pass-Through Sum by Expansion Factor for Regulatory Assessment Fees	**.955**	**.955**
Increase in Revenue	_______	_______
Divide by Applicable Test Year Revenue[5]	$_______	$_______
Percentage Increase in Rates	% =======	% =======

FOOTNOTES APPEAR ON THE FOLLOWING PAGE

PAGE 1 FOOTNOTES

[1]This amount must match last year's annual report.

[2]Other expense items may include increases in required Department of Environmental Protection testing, ad valorem taxes, permit fees charged by the Department of Environmental Protection or a local government authority, National Pollutant Discharge Elimination System fees, and regulatory assessment fees. These items should not be currently embedded in the utility's rates.

[3]This may include adjustments that follow a methodology referenced in the Order from a utility's last rate case (i.e. averaged bad debt expense or excessive unaccounted for water percentage applied to chemicals expense).

[4]This may include an increase in purchased power, purchased water, purchased wastewater treatment, sludge hauling, required Department of Environmental Protection testing, ad valorem taxes, and permit fees charged by the Department of Environmental Protection or a local government authority providing that those increases have been incurred within the 12-month period prior to the submission of the pass-through application. Pass-through National Pollutant Discharge Elimination System fees and increases in regulatory assessment fees are eligible as pass-through costs but not subject to the twelve month rule. All pass-through items require invoices. See Rule 25-30.425, F.A.C. for more information.

[5]If rates changed after January 1 of the applicable test year, the book revenues must be adjusted to show the changes and an explanation of the calculation should be attached to this form. See Annualized Revenue Worksheet for instructions and a sample format.

ANNUALIZED REVENUE WORKSHEET

Have the rates charged for customer services changed since January 1, of the applicable test year?

( ) If no, the utility should use actual revenues. This form may be disregarded.

( ) If yes, the utility must annualize its revenues. Read the remainder of this form.

Annualizing calculates the revenues the utility would have earned based upon the previous year's customer consumption at the most current rates in effect. To complete this calculation, the utility will need consumption data for the previous year to apply to the existing rate schedule. Below is a sample format which may be used.

CALCULATION OF ANNUALIZED REVENUES*
Consumption Data for Applicable Test Year

	Number of Bill/Gal. Sold	X	Current Rates	Annualized Revenues
Residential Service:				
Bills:				
5/8"x3/4" meters	______		______	______
1" meters	______		______	______
1 2" meters	______		______	______
2" meters	______		______	______
Gallons Sold	______		______	______
General Service:				
Bills:				
5/8"x3/4" meters	______		______	______
1" meters	______		______	______
1 2" meters	______		______	______
2" meters	______		______	______
3" meters	______		______	______
4" meters	______		______	______
6" meters	______		______	______
Gallons Sold	______		______	______

Total Annualized Revenues for the Applicable Test Year $ __________

*Annualized revenues must be calculated separately if the utility consists of both a water system and a wastewater system. This form is designed specifically for utilities using a base facility charge rate structure. If annualized revenues must be calculated and further assistance is needed, contact the Commission Staff at (850) 413-6900.

AFFIRMATION

I, ___________________________________, hereby affirm that the figures and calculations upon which the change in rates is based are accurate and that the change will not cause ______________________________ to exceed the range of its last authorized rate of return on
(name of utility)

equity, which is ___________________.

I, the undersigned/officer of the above-named utility, have read the foregoing and declare that, to the best of my knowledge and belief, the information contained in this application is true and correct.

This affirmation is made pursuant to my request for a price index and/or pass-through rate increase, in conformance with Section 367.081(4), Florida Statutes.

Further, I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

Signature: ________________________
Title: ____________________________
Telephone Number: ________________
Fax Number: ______________________

Sworn to and subscribed before me this _____________________ day of ____________________, 20__.

My Commission expires:

(SEAL)

____
Notary Public
State of Florida

STATEMENT OF QUALITY OF SERVICE

Pursuant to paragraphs 25-30.420(2)(h) and (i), Florida Administrative Code,

____
(name of utility)

[ ] does not have any active written complaints, corrective orders, consent orders, or outstanding citations with the Department of Environmental Protection (DEP) or the County Health Departments.

[ ] does have the attached active written complaint(s), corrective order(s), consent order(s), or outstanding citation(s) with the DEP or the County Health Department(s). The attachment(s) includes the specific system(s) involved with DEP permit number and the nature of the active complaint, corrective order, consent order, or outstanding citation.

This statement is intended such that the Florida Public Service Commission can make a determination of quality of service pursuant to Section 367.081(4)(a), Florida Statutes, and Rule 25-30.420(4)(a), Florida Administrative Code.

Name: ______________________________
Title: ______________________________
Telephone Number: ___________________
Fax Number: ________________________
Date: ______________________________

Exception

____ hereby waives the right to implement
(name of utility)

a pass-through rate increase within 45 days of filing, as provided by Section 367.081(4)(b), Florida Statutes, in order that the pass-through and index rate increase may both be implemented together 60 days after the official filing date of this notice of intention.

Signature: ___________________________

Title: _______________________________

(To be used if an index and pass-through rate increase are requested jointly.)

NOTICE TO CUSTOMERS

Pursuant to Section 367.081(4)(a), Florida Statutes, water and wastewater utilities are permitted to adjust the rates and charges to its customers without those customers bearing the additional expense of a public hearing. These adjustments in rates would depend on increases or decreases in non-controllable expenses subject to inflationary pressures such as chemicals, and other general operation and maintenance costs.

On ______________________, __________________________________filed its notice of
(date) (name of utility)
intention with the Florida Public Service Commission to increase water and wastewater rates in _____________ County pursuant to this Statute. The filing is subject to review by the Commission Staff for accuracy and completeness. Water rates will increase by approximately ______% and wastewater rates by ______%. These rates should be reflected for service rendered on or after ______________________.
(date)

NOTICE TO CUSTOMERS

Pursuant to Section 367.081(4)(b), Florida Statutes, water and wastewater utilities are permitted to pass through, without a public hearing, a change in rates resulting from: an increase or decrease in rates charged for utility services received from a governmental agency or another regulated utility and which services were redistributed by the utility to its customers; an increase or decrease in the rates that it is charged for electric power, the amount of ad valorem taxes assessed against its used and useful property, the fees charged by the Department of Environmental Protection in connection with the National Pollutant Discharge Elimination System Program, or the regulatory assessment fees imposed upon it by the Commission; costs incurred for water quality or wastewater quality testing required by the Department of Environmental Protection; the fees charged for wastewater bio solids disposal; costs incurred for any tank inspection required by the Department of Environmental Protection or a local governmental authority; treatment plant and water distribution system operator license fees required by the Department of Environmental Protection or a local governmental authority; water or wastewater operating permit fees charged by the Department of Environmental Protection or a local governmental authority; and consumptive or water use permit fees charged by a water management district.

On ______________________, _______________________________ filed its notice of
(date) (name of utility)
intention with the Florida Public Service Commission to increase water and wastewater rates in ______________ County pursuant to this Statute. The filing is subject to review by the Commission Staff for accuracy and completeness. Water rates will increase by approximately ______% and wastewater rates by ______%. These rates should be reflected on your bill for service rendered on or after ______________________.
(date)

If you should have any questions, please contact your local utility office. Be sure to have account number handy for quick reference.

Commissioners:
Andrew Giles Fay, Chairman
Art Graham
Gary F. Clark
Mike La Rosa
Gabriella Passidomo

STATE OF FLORIDA

DIVISION OF
ACCOUNTING AND FINANCE
ANDREW L. MAUREY
DIRECTOR
(850) 413-6900

Public Service Commission

Month Day, 2023

All Florida Public Service Commission
Regulated Water & Wastewater Utilities

Re: Docket No. 20230005-WS - 2024 Price Index

Dear Utility Owner:

Since March 31, 1981, pursuant to the guidelines established by Section 367.081(4)(a), Florida Statutes (F.S.), and Rule 25-30.420, Florida Administrative Code (F.A.C.), the Commission has established a price increase or decrease index for major categories of operating costs. This process allows water and wastewater utilities to adjust rates based on current specific expenses without applying for a rate case. The intent of this rule is to ensure that inflationary pressures are not detrimental to utility owners, and that any possible deflationary pressures are not adverse to customers. By keeping up with index and pass-through adjustments, utility operations can be maintained at a level sufficient to ensure quality of service for the customers.

Pursuant to Rule 25-30.420(1)(a), F.A.C., all operation and maintenance expenses shall be indexed with the exception of:

a) Pass-through items pursuant to Section 367.081(4)(b), F.S.;

b) Any amortization of rate case expense; and

c) Disallowances or adjustments made in an applicant's most recent rate proceeding.

Please note that all sludge removal expense should now be removed from operation and maintenance expenses for the purpose of indexing. Incremental increases in this category of expense may now be recovered using a pass-through request.

All Florida Public Service Commission
Regulated Water & Wastewater Utilities
Page 2
Month Day, 2023

Upon the filing of a request for an index and/or pass-through increase, staff will review the application and modify existing rates accordingly. If for no other reason than to keep up with escalating costs, utilities throughout Florida should file for this rate relief on an annual basis. Utilities may apply for a 2024 Price Index anytime between April 1, 2024, through March 31, 2025 by mail or by emailing Applications@psc.state.fl.us. The attached package will answer questions regarding what the index and pass-through rate adjustments are, how to apply for an adjustment, and what needs to be filed in order to meet the filing requirements. For your convenience, the Commission-approved Price Index is reflected on Form PSC 1022, attached. While the increase for any given year may be minor, (see chart below), the long-run effect of keeping current with rising costs can be substantial.

Year	Annual Commission Approved Index	Year	Annual Commission Approved Index
1999	1.21%	2012	2.41%
2000	1.36%	2013	1.63%
2001	2.50%	2014	1.41%
2002	2.33%	2015	1.57%
2003	1.31%	2016	1.29%
2004	1.60%	2017	1.51%
2005	2.17%	2018	1.76%
2006	2.74%	2019	2.36%
2007	3.09%	2020	1.79%
2008	2.39%	2021	1.17%
2009	2.55%	2022	4.53%
2010	0.56%	2023	7.07%
2011	1.18%	2023	3.24%

Please be aware that pursuant to Section 837.06, F.S., whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her official duty shall be guilty of a misdemeanor of the second degree. Our staff is available at (850) 413-6900 should you need assistance with your filing. If you have any questions, please do not hesitate to call.

Moreover, additional rate relief mechanisms are available to water and wastewater utilities as alternatives to full rate cases. Water and wastewater utilities whose total gross annual operating revenues are $335,000 or less for water service or $335,000 or less for wastewater service, or $670,000 or less on a combined basis, may petition the Commission for staff assistance in

Florida Public Service Commission
Regulated Water & Wastewater Utilities
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alternative rate setting. Please refer to Rule 25-30.456, F.A.C., for additional details. Furthermore, water utilities whose total gross annual operating revenues are $335,000 or less and wastewater utilities whose total gross annual operating revenues are $335,000 or less may file an application for a limited alternative rate increase of up to 20 percent applied to metered or flat recurring rates of all classes of service. Please refer to Rule 25-30.457, F.A.C., for additional details.

Finally, the Commission reminds water and wastewater utilities that the Utility Reserve Fund exists to help address concerns over deferred maintenance of critical infrastructure and delays in necessary repairs. The availability of the reserve funds may allow a utility to avoid or defer the need for a future rate case, the expenses of which are ultimately borne by customers. Please refer to Rule 25-30.444, F.A.C., for additional details.

Sincerely,

Andrew L. Maurey
Director

Enclosures

Item 7

FILED 11/21/2023
DOCUMENT NO. 06144-2023
FPSC - COMMISSION CLERK

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER ● 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 21, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Thurmond, Sewards) ALM
Division of Economics (Bethea) EJD
Division of Engineering (Davis, Ellis) TB
Office of the General Counsel (Watrous, Crawford) JSC

RE: Docket No. 20230083-WS – Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, LLC.

AGENDA: 12/5/23 – Regular Agenda – Decision on Suspension of Rates and Interim Rates – Participation is at the Discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: 12/05/23 (60-day Suspension and Decision on Interim Rates waived by the Utility)

SPECIAL INSTRUCTIONS: None

Case Background

Pluris Wedgefield, LLC. (Pluris or Utility) is a Class A utility providing water and wastewater service to approximately 1,743 water customers and 1,711 wastewater customers in Orange County. Rates were last established for this Utility in its 2017 limited proceeding.[1] The Utility's last comprehensive base rate proceeding was in 2012.[2] In 2022, Pluris recorded total company

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[1]Order No. PSC-2018-0311-PAA-WS, issued June 13, 2018, in Docket No. 20170166-WS, *In re: Application for limited proceeding rate increase in Orange County by Pluris Wedgefield, Inc.*
[2]Order No. PSC-13-0187-PAA-WS, issued May 2, 2013, in Docket No. 20120152-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, Inc.*

operating revenues of $1,627,619 for water and $1,051,949 for wastewater and operating expenses of $1,749,162 for water and $924,958 for wastewater.

On September 22, 2023, Pluris filed its application for approval of interim and final water and wastewater rate increases. In its application, the Utility requested that the Commission process the Utility's rate case using the proposed agency action procedure as provided in Section 367.081(10), Florida Statutes (F.S.). On October 19, 2023, staff sent the Utility a letter indicating deficiencies in the filing of its minimum filing requirements (MFRs). The Utility filed a deficiency response letter that cured its deficiencies on October 26, 2023. Thus, the official filing date is October 26, 2023.

The Utility's application for increased interim and final water and wastewater rates is based on the historical 13-month average period ended December 31, 2022. Pluris is requesting an increase to recover all expenses it will incur in order to generate a fair rate of return on its investment and pro forma plant additions.

The Utility requested interim rates designed to generate revenues of $2,370,815 for water and $1,608,064 for wastewater. This results in a revenue increase of $743,196, or 45.66 percent, for water and $541,637, or 51.49 percent, for wastewater. The Utility requested final rates designed to generate annual revenues of $2,713,189 for water and $1,608,064 for wastewater. This represents revenue increases of $1,085,570, or 66.7 percent, for water and $556,115, or 52.87 percent, for wastewater.

The original 60-day statutory deadline for the Commission to suspend Pluris' requested final rates and address its interim rate request was November 21, 2023. However, by letter dated September 26, 2023, the Utility agreed to extend the statutory time frame by which the Commission is required to address the suspension of Pluris' final rates and its interim rate request to December 5, 2023. This recommendation addresses the suspension of the Utility's requested final rates and its requested interim rates. The Commission has jurisdiction pursuant to Sections 367.081, 367.082, and 367.101, F.S.

Discussion of Issues

Issue 1: Should the Utility's proposed final water and wastewater rates be suspended?

Recommendation: Yes, Pluris' proposed final water and wastewater rates should be suspended. (Thurmond)

Staff Analysis: Section 367.081(6), F.S., provides that the rates proposed by the utility shall become effective within 60 days after filing unless the Commission votes to withhold consent to the implementation of the requested rates. Further, the above referenced statute permits the proposed final rates to go into effect, under bond, escrow, or corporate undertaking, eight months after filing, unless final action has been taken by the Commission.

Staff has reviewed the filing and has considered the proposed rates and charges, the revenues thereby generated, and the information filed in support of the rate application. Staff believes that it is reasonable and necessary to require further elaboration and explanation regarding this data and to require the production of additional and/or corroborative data. To date, staff has initiated an audit of Pluris' books and records. The audit report is tentatively due on December 21, 2023. In addition, staff sent its first set of discovery on October 30, 2023. Further, staff believes additional requests will be necessary to process this case. Finally, a customer meeting will be scheduled in the Utility's service area to permit staff to hear comments from customers regarding the Utility's quality of service and requested rate increase. Based on the foregoing, staff recommends that the Utility's proposed final rates and charges should be suspended.

Issue 2: Should any interim revenue increases be approved?

Recommendation: Yes, the Utility should be authorized to collect annual water and wastewater revenues as indicated below.

	Adjusted Test Year Revenues	$ Increase	Revenue Requirement	% Increase
Water	$1,630,450	$410,299	$2,040,748	25.16%
Wastewater	$1,056,927	$244,186	$1,301,112	23.10%

(Thurmond, Davis)

Staff Analysis: Pursuant to Section 367.082(1), F.S., the Commission may authorize the collection of interim rates during any proceeding for a change of rates upon petition from any party or on its own motion. In order to establish a prima facie entitlement for interim relief, the utility shall demonstrate that it is earning outside the range of reasonableness on its rate of return. Pursuant to Section 367.082(2)(a), F.S., in a proceeding for an interim increase in rates, the Commission shall authorize, within 60 days of the filing for such relief, the collection of rates sufficient to earn the minimum of the range of return on equity (ROE) approved in the last rate proceeding.

On September 22, 2023, Pluris filed rate base, cost of capital, and operating income schedules to support its requested interim increase. Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the utility's most recent rate proceeding and annualizing any rate changes. Staff reviewed Pluris' interim request and Order No. PSC-2013-187-PAA-WS, its last rate case. Staff also reviewed Order No. PSC-2018-0311-PAA-WS, a limited proceeding setting Pluris' current rates. Staff has attached accounting schedules to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. The rate base schedules are labeled as Schedule Nos. 1-A, 1-B, and 1-C. The capital structure schedule is labeled Schedule No. 2. The operating income schedules are labeled as Schedule Nos. 3-A, 3-B, and 3-C. Staff's recommended adjustments are discussed below.

Interim Rate Base

In its filing, the Utility made adjustments to used and useful (U&U) amounts based on non-used and useful percentages and working capital adjustments based on corresponding adjustments to operation and maintenance (O&M) expense. However, staff believes additional adjustments to rate base are necessary for interim purposes.

Used & Useful

Pursuant to Section 367.082, F.S., the method used to calculate U&U in Pluris' last rate case must be used for interim purposes. In Order No. PSC-2013-0187-PAA-WS, the Commission found that Pluris' water treatment plant and storage were 100 percent U&U, the water distribution system and wastewater collection system were 85.1 percent U&U, and the wastewater treatment plant was

72.1 percent U&U. In its filing, the Utility did not calculate any U&U adjustments to the water treatment plant, water storage, water distribution and wastewater collection, and calculated an 87.3 percent U&U for the wastewater treatment plant. Based on its review, staff recommends that the water treatment plant and storage be considered 100 percent U&U, the water distribution system and wastewater collection system be considered 92.2 percent U&U, and the wastewater treatment plant be considered 81.8 percent U&U.

In its filing, the Utility did not make a non-U&U adjustment for the water system. Based on staff's recommended adjustments to U&U above, staff believes a net non-U&U adjustment of $39,751 to reduce plant in service for the water system is necessary. Pluris made a net non-U&U adjustment to the wastewater system of $19,387 to reduce plant in service and to recognize its calculation of U&U for the wastewater treatment plant. Staff recommends the non-U&U adjustment to the wastewater system be increased by $77,332 to further reduce plant in service. As such, staff recommends a decrease of $39,751 to the water system and a decrease of $96,719 to the wastewater system.

Working Capital Allowance

Rule 25-30.433(2), F.A.C., requires that Class A utilities use the balance sheet method to calculate the working capital allowance. Based on the balance sheet method, working capital is calculated as current assets less current liabilities. In its filing, Pluris reflected a total working capital allowance balance of $389,416 for the water system and $386,942 for the wastewater system. Staff has recalculated working capital allowance as $420,559 for the water system and $355,800 for the wastewater system. Therefore, staff recommends a working capital allowance balance of $420,559 for the water system and $355,800 for the wastewater system.

Based on the above, staff recommends that Pluris' interim rate base should be $4,844,521 for water and $1,198,373 for wastewater. The schedules for rate base are attached as Schedules 1-A, 1-B, and 1-C.

Interim Cost of Capital

In its filing, the Utility reflected an ROE of 9.00 percent. The Utility's requested return on equity was calculated using the current leverage formula in effect. However, pursuant to Section 367.082, F.S., an interim increase should be calculated using the minimum ROE limit authorized in the utility's last rate case. According to Order No. PSC-2013-0187-PAA-WS, the minimum of the Utility's authorized range of return on equity is 9.88 percent. The Utility also proposed a cost rate for customer deposits of 6.00 percent. However, based on Rule 25-30.311(4)(a), staff recommends a cost rate of 2.00 percent.

The Utility's capital structure was derived from its 13-month average balance sheet shown on MFR Schedules A-18 and A-19. In 2021 and 2022, an investment of approximately $7.9 million was made to recapitalize the Utility. This investment was originally recorded in other accounts and was reclassified and recorded to common equity in December, 2022. The resulting capital structure was reconciled to rate base consistent with the Utility's last rate case, Docket No. 20230152-WS.

Therefore, based on an analysis of the MFRs and Order No. PSC-2013-0187-PAA-WS, and adjustments to rate base discussed above, staff recommends an overall rate of return of 8.83 percent. The schedule for cost of capital is attached as Schedule 2.

Interim Net Operating Income

In its filing, Pluris calculated test year revenues of $1,627,619 for water and $1,051,949 for wastewater. To calculate the appropriate amount of interim test year operating revenues, staff removed the Utility's requested interim revenue increase of $718,997 from water and $513,161 from wastewater. Based on staff's recalculation of revenues, staff is recommending an increase to test year revenues of $2,831 and $4,978 for water and wastewater, respectively. Based on the above, staff recommends that the appropriate interim test year revenues, before any increase, be $1,630,450 for water and $1,056,927 for wastewater. In addition, staff also recommends a corresponding adjustment to reduce regulatory assessment fees (RAFs) by $33,316 for water and $24,150 for wastewater.

Operating Expenses

In its filing, the Utility included adjustments to O&M expense, depreciation expense, Taxes Other Than Income expense (TOTI), and income tax expense. Staff believes additional adjustments to Operating Expenses are necessary for interim purposes.

O&M Expense

Pluris proposed increases of $237,010 to Contractual Services – Management Fees for both the water and wastewater systems to reflect corporate restructuring costs. Pluris also proposed an adjustment of $655,854 to Contractual Services – Legal for the water system to remove legal fees associated with a water quality lawsuit.[3] This adjustment is proposed by the Utility due to a promise the Utility previously made to customers that the legal costs associated with that case would not be reflected in rates. Upon review, the adjustments proposed for corporate restructuring are pro forma in nature, which is not allowed for interim rates pursuant to Section 367.083, F.S. Therefore, staff recommends O&M expense be decreased by $237,010 for both water and wastewater. As such, staff recommends O&M expense of $1,093,307 for water and $924,958 for wastewater.

Depreciation

In its filing, the Utility reflected an adjustment to decrease wastewater depreciation expense by $845 due to a corresponding non-U&U adjustment. However, due to staff's recommended U&U adjustments as discussed above, staff is also recommending further corresponding adjustments to depreciation expense. Staff recommends decreases to depreciation expense of $2,768 and $7,707 for water and wastewater, respectively, based on the corresponding non-U&U adjustments discussed above. This results in a total depreciation expense of $360,261 and $121,268 for water and wastewater, respectively.

TOTI

In its filing, Pluris calculated TOTI balances of $174,816 for water and $166,178 for wastewater. As discussed above, staff is recommending RAF adjustments to decrease water and wastewater TOTI by $33,316 and $24,150, respectively, based on staff's adjustment to test year revenues. Staff also recommends decreasing TOTI by $559 and $3,947 for water and wastewater, respectively, to remove property taxes associated with staff's recommended non-U&U

[3] *Kohl et al., v. Pluris Wedgefield, LLC, et al., No. 2020-CA-004390 (Fla. 9th Cir. Ct. 2023).*

adjustments. Additionally, staff recommends a corresponding adjustment to increase TOTI by $18,463 and $10,988 for water and wastewater, respectively, to recognize staff's recommended interim revenue increases, as discussed further below. As such, staff recommends TOTI balances of $159,404 ($174,816 - $33,316 - $559 + $18,463) and $149,069 ($166,178 - $24,150 - $3,947 + $10,988) for water and wastewater, respectively.

Income Tax

In its filing, the Utility requested income tax expense of $108,578 and $29,478 for water and wastewater, respectively. The Internal Revenue Service (IRS) defines a partnership as "the relationship between two or more people to do trade or business" and adds that a partnership "does not pay income tax, instead, it 'passes through' profits or losses to its partners. Each partner reports their share of the partnership's income or loss on their tax return."[4] In its last rate case, Pluris was a registered corporation and thus had to pay income taxes directly. Hhowever, according to its annual report, the Utility is now a limited liability corporation, classified as a partnership. Commission practice has been to remove income tax expense for partnerships as they do not pay income taxes directly.[5] Further, in its filing, the Utility reported no income taxes paid in the test year but requested an adjustment to include income tax expense in the amounts stated above. These amounts are pro forma in nature and are thus not allowed for interim rates pursuant to Section 367.083, F.S. Therefore, staff recommends decreases to income tax of $108,578 and $29,478 for water and wastewater, respectively, resulting in a $0 balance in both accounts.

Summary

Based on the above, staff recommends a total decrease of $382,232 (-$237,010 - $2,768 - $33,875 - $108,578) to water Operating Expenses and $302,292 (-$237,010 - $7,707 - $28,097 - $29,478) to wastewater Operating Expenses. As such, staff recommends total Operating Expenses of $1,594,508 for water and $1,184,307 for wastewater, resulting in a net Operating Income of $427,776 for water and $105,818 for wastewater.

Interim Revenue Requirement

In its filing, the Utility requested interim revenue requirements to generate annual revenue of $2,370,815 for water and $1,593,586 for wastewater. Consistent with staff's recommended rate base, cost of capital, and operating income, staff recommends an interim revenue requirement of $2,040,748 for water and $1,301,113 for wastewater. This represents interim increases in annual revenues of $410,299, or 25.16 percent, for water and $244,186, or 23.10 percent, for wastewater. The schedules for operating income are attached as Schedules 3-A, 3-B, and 3-C.

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[4] https://www.irs.gov/businesses/partnerships

[5] Order No. PSC-04-1270-PAA-WS, issued December 22, 2004, in Docket No. 20041141-WS, *In re: Application for certificates to provide water and wastewater service in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake;* Order No. PSC-07-0068-PAA-WS, issued August 20, 2007, in Docket No. 20060747-WS, *In re: Application for staff-assisted rate case in Highlands County by Mink Associated II, LLC d/b/a Crystal Lake Club Utilities;* Order No. PSC-08-0262-PAA-WS, issued April 28, 2008, in Docket No. 20070414-WS, *In re: Application for staff-assisted rate case in Polk County by Hidden Cove, Ltd.*

Issue 3: What are the appropriate interim water and wastewater rates?

Recommendation: The interim rate increase of 25.61 percent for water and 23.10 percent for wastewater should be applied as an across-the-board increase to the water and wastewater rates, respectively. The rates, as shown on Schedule Nos. 4-A and 4-B should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30-475(1), Florida Administrative Code (F.A.C.). The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, 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. (Bethea)

Staff Analysis: Staff recommends that interim service rates for Pluris be designed to allow the Utility the opportunity to generate annual operating revenues of $2,040,748 for water and $1,301,113 for wastewater. Before removal of miscellaneous revenues, this would result in an increase of $410,299 (or 25.16 percent) for water and $244,186 (or 23.10 percent) for wastewater. To determine the appropriate percentage increase to apply to the service rates, miscellaneous revenues should be removed from test year operating revenues. The calculation is as follows:

Table 3-1
Percentage Service Rate Increase

	Water	Wastewater
1 Total Test Year Operating Revenues	$1,630,450	$1,056,927
2 Less: Miscellaneous Revenues	$28,875	$0
3 Test Year Revenues from Service Rates	$1,601,575	$1,056,927
4 Revenue Increase	$410,299	$244,186
5 Percentage Service Rate Increase (Line 4/ Line 3)	25.61%	23.10%

Source: Staff's Interim Recommended Revenue Requirement

The interim rate increase of 25.61 percent for water and 23.10 percent for wastewater should be applied as an across-the-board increase to the water and wastewater rates, respectively. The rates, as shown on Schedule Nos. 4-A and 4-B 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. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, 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 4: What is the appropriate security to guarantee the interim increase?

Recommendation: The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking by Pluris Capital Group, LLC, on behalf of its subsidiary, Pluris Wedgefield, LLC. Pluris Capital Group, LLC should be required to provide a written guarantee that it will support a corporate undertaking on behalf of its subsidiary, Pluris Wedgefield, LLC, in the amount of $444,181. (D. Buys)

Staff Analysis: Pursuant to Section 367.082, F.S., revenues collected under interim rates should be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. As recommended in Issue 2, the total annual interim revenue increase should be $654,485. Staff calculated the potential refund of revenues and interest collected under interim conditions in accordance with Rule 25-30.360, F.A.C., and determined the amount to be $444,181. This amount is based on an estimated eight months of revenue being collected from staff's recommended interim rates over the Utility's current authorized rates.

The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff reviewed Pluris' Annual Reports filed with the Commission for 2022, 2021, and 2020. In 2022, Pluris had sufficient liquidity and ownership equity but insufficient interest coverage and negative net income. In 2021, Pluris incurred an extraordinary reduction to net income of $3,300,000 due to a legal settlement. Based on Pluris' reported financial condition for the three-year period, staff does not believe the Utility has the financial capability to support a corporate undertaking in the amount requested. Staff also evaluated the confidential financial statements for Pluris' parent company, Pluris Capital Group, LLC, f.k.a. Pluris Holdings, LLC, for the same three-year period. The financial statements show that Pluris Capital Group, LLC, has sufficient liquidity, equity ownership, interest coverage, and net income to support a corporate undertaking of $444,181 to guarantee any potential refunds of interim water and wastewater revenues. Therefore, staff recommends that Pluris Capital Group, LLC provide a written guarantee that it will support a corporate undertaking on behalf of its subsidiary, Pluris Wedgefield, LLC.

The brief financial analysis is only appropriate for deciding if Pluris can support a corporate undertaking in the amount requested and should not be considered a finding regarding staff's position on other issues in this proceeding.

Issue 5: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's final action on the Utility's requested rate increase. (Watrous)

Staff Analysis: This docket should remain open pending the Commission's final action on the Utility's requested rate increase.

Pluris Wedgefield, LLC.
Schedule of Water Rate Base
Test Year Ended 12/31/22

Schedule No. 1-A
Docket No. 20230083-WS

	Description	Test Year Per Utility	Utility Adjust-ments	Adjusted Test Year Per Utility	Staff Adjust-ments	Staff Adjusted Test Year
1	Plant in Service	$11,966,333	$0	$11,966,333	$0	$11,966,333
2	Land and Land Rights	1,443	0	1,443	0	1,443
3	Non-used and Useful Components	0	0	0	(39,751)	(39,751)
4	Accumulated Depreciation	(5,893,414)	0	(5,893,414)	0	(5,893,414)
5	CIAC	(3,001,852)	0	(3,001,852)	0	(3,001,852)
6	Amortization of CIAC	1,391,204	0	1,391,204	0	1,391,204
7	Working Capital Allowance	(3,037,636)	3,427,052	389,416	31,143	420,559
8	**Rate Base**	$1,426,078	$3,427,052	$4,853,130	($69,377)	$4,844,521

Pluris Wedgefield, LLC.
Schedule of Wastewater Rate Base
Test Year Ended 12/31/22

Schedule No. 1-B
Docket No. 20230083-WS

	Description	Test Year Per Utility	Utility Adjust-ments	Adjusted Test Year Per Utility	Staff Adjust-ments	Staff Adjusted Test Year
1	Plant in Service	$9,152,109	$0	$9,152,109	$0	$9,152,109
2	Land and Land Rights	97,402	0	97,402	0	97,402
3	Non-used and Useful Components	0	(19,387)	(19,387)	(77,332)	(96,719)
4	Accumulated Depreciation	(7,119,861)	0	(7,119,861)	0	(7,119,861)
5	CIAC	(4,344,556)	0	(4,344,556)	0	(4,344,556)
6	Amortization of CIAC	3,154,198	0	3,154,198	0	3,154,198
7	Working Capital Allowance	(3,018,344)	3,405,286	386,942	(31,142)	355,800
8	**Rate Base**	($2,079,052)	$3,385,899	$1,306,847	($108,474)	$1,198,373

Pluris Wedgefield, LLC. Adjustments to Rate Base Test Year Ended 12/31/22	Schedule No. 1-C Docket No. 20230083-WS	
Explanation	**Water**	**Wastewater**
Non-used and Useful		
To reflect net non-used and useful adjustment.	($39,751)	($77,332)
Working Capital		
To reflect corresponding O&M adjustment	$31,143	($31,412)

Pluris Wedgefield, LLC.
Capital Structure
Test Year Ended 12/31/22

Schedule No. 2
Docket No. 20230083-WS

	Description	Total Capital	Specific Adjust-ments	Subtotal Adjusted Capital	Pro rata Adjust-ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility									
1	Long-term Debt	$1,911,528	$0	$1,911,528	$0	$1,911,528	26,50%	5.70%	1.51%
2	Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	5,277,952	0	5,277,952	0	5,277,952	73.18%	9.00%	6.59%
5	Customer Deposits	23,168	0	23,168	0	23,168	0.32%	6.00%	0.02%
6	Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
7	**Total Capital**	$7,212,648	$0	$7,212,648	$0	$7,212,648	100.00%		8.12%
Per Staff									
8	Long-term Debt	$1,911,528	$0	$1,911,528	($473,405)	$1,474,123	24.39%	5.70%	1.39%
9	Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%
10	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11	Common Equity	5,894,387	0	5,894,387	(1,348,783)	4,545,604	75.22%	9.88%	7.43%
12	Customer Deposits	23,168	0	23,168	0	23,168	0.38%	2.00%	0.01%
13	Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
14	Total Capital	$7,829,083	$0	$7,829,083	($1,786,189)	$6,042,894	100.00%		8.83%

	LOW	HIGH
RETURN ON EQUITY	9.88%	11.88%
OVERALL RATE OF RETURN	8.83%	10.33%

Pluris Wedgefield, LLC
Statement of Water Operations
Test Year Ended 12/31/22

Schedule No. 3-A
Docket No. 20230083-WS

	Description	Test Year Per Utility	Utility Adjust-ments	Adjusted Test Year Per Utility	Staff Adjust-ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1	**Operating Revenues:**	$1,627,619	$743,196	$2,370,815	($740,365)	$1,630,450	$410,299 25.16%	$2,040,748
	Operating Expenses							
2	Operation & Maintenance	$1,749,162	($418,845)	$1,330,317	($237,010)	$1,093,307		$1,093,307
3	Depreciation	363,029	0	363,029	(2,768)	360,261		360,261
4	Amortization	0	0	0	0	0		0
5	Taxes Other Than Income	141,262	33,554	174,816	(33,875)	140,941	18,463	159,404
6	Income Taxes	0	108,578	108,578	(108,578)	0	0	0
7	**Total Operating Expense**	2,253,453	(276,713)	1,976,740	(382,232)	1,594,508	18,463	1,612,972
8	**Operating Income**	($625,834)	$1,019,909	$394,075	($358,134)	$35,941	$391,835	$427,776
9	**Rate Base**	$1,426,078		$4,853,130		$4,844,521		$4,844,521
10	**Rate of Return**	(43.88%)		8.12%		0.74%		8.83%

Pluris Wedgefield, LLC.
Statement of Wastewater Operations
Test Year Ended 12/31/22

Schedule No. 3-B
Docket No. 20230083-WS U

	Description	Test Year Per Utility	Utility Adjust-ments	Adjusted Test Year Per Utility	Staff Adjust-ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1	**Operating Revenues:**	$1,051,949	$541,637	$1,593,586	($536,659)	$1,056,927	$244,186 23.10%	$1,301,113
	Operating Expenses							
2	Operation & Maintenance	$924,958	$237,010	$1,161,968	($237,010)	$924,958		$924,958
3	Depreciation	129,820	(845)	128,975	(7,707)	121,268		121,268
4	Amortization	0	0	0	0	0		0
5	Taxes Other Than Income	141,804	24,374	166,178	(28,097)	138,081	10,988	149,069
6	Income Taxes	0	29,478	29,478	(29,478)	0	0	0
7	**Total Operating Expense**	1,196,582	290,017	1,486,599	(302,292)	1,184,307	10,988	1,195,295
8	**Operating Income**	($144,633)	$251,620	$106,987	($234,367)	($127,380)	$233,198	$105,818
9	**Rate Base**	($2,079,052)		$1,306,847		$1,198,373		$1,198,373
10	**Rate of Return**	(6.96%)		8.19%		(10.63%)		8.83%

Pluris Wedgefield, LLC.
Adjustments to Operating Income
Test Year Ended 12/31/22

Schedule No. 3-C
Docket No. 20230083-WS

	Explanation	Water	Wastewater
	Operating Revenues		
1	To remove requested interim revenue increase.	($743,196)	($541,637)
2	To reflect the appropriate amount of test year revenues	2,831	4,978
	Total	($740,365)	($536,659)
	Operation and Maintenance Expense		
1	To remove pro-forma expense	($237,010)	($237,010)
	Total	($237,010)	($237,010)
	Depreciation Expense - Net		
1	To remove depreciation expense on non-U&U adjustment.	($2,768)	($7,707)
	Total	($2,768)	($7,707)
	Taxes Other Than Income		
1	To remove RAFs on revenue increase.	($33,316)	($24,150)
2	To remove property taxes on non-U&U adjustments.	(559)	(3,947)
	Total	($33,875)	($28,097)
	Income Taxes		
1	To remove income tax provision.	($108,578)	($29,478)
	Total	($108,578)	($29,478)

PLURIS WEDGEFIELD, LLC
TEST YEAR ENDED DECEMBER 31, 2022
MONTHLY WATER RATES

SCHEDULE NO. 4-A
DOCKET NO. 20230083-WS

	Utility Current Rate	Utility Requested Interim Rates	Utility Requested Final Rates	Staff Recommended Interim Rates
Residential Service				
Base Facility Charge by Meter Size				
5/8"X3/4"	$28.10	$41.03	$47.12	$35.30
3/4"	$42.16	$61.55	$70.68	$52.95
1"	$70.26	$102.58	$117.80	$88.25
1-1/2"	$140.52	$205.16	$235.60	$176.50
2"	$224.84	$328.27	$376.96	$282.40
3"	$449.68	$656.53	$753.92	$564.80
4"	$702.62	$1,025.83	$1,178.00	$882.50
6"	$1,405.25	$2,051.67	$2,356.00	$1,765.00
Gallonage Charge - Residential Service				
0 - 5,000 Gallons	$8.86	$12.94	$14.86	$11.13
5,001 - 10,000 Gallons	$11.01	$16.07	$18.46	$13.83
Over 10,000 Gallons	$16.52	$24.12	$27.70	$20.75
General and Irrigation Service				
Base Facility Charge by Meter Size				
5/8"X3/4"	$28.10	$41.03	$47.12	$35.30
3/4"	$42.16	$61.55	$70.68	$52.95
1"	$70.26	$102.58	$117.80	$88.25
1-1/2"	$140.52	$205.16	$235.60	$176.50
2"	$224.84	$328.27	$376.96	$282.40
3"	$449.68	$656.53	$753.92	$564.80
4"	$702.62	$1,025.83	$1,178.00	$882.50
6"	$1,405.25	$2,051.67	$2,356.00	$1,765.00
8"	$2,528.88	$3,692.16	$4,240.80	$3,177.00
Charge per 1,000 gallons - General Service and Irrigation	$10.00	$14.60	$16.77	$12.56
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>				
2,000 Gallons	$45.82	$66.91	$76.84	$57.56
4,000 Gallons	$63.54	$92.79	$106.56	$79.82
8,000 Gallons	$105.43	$153.94	$176.80	$132.44

PLURIS WEDGEFIELD, LLC — **SCHEDULE NO. 4-B**
TEST YEAR ENDED DECEMBER 31, 2022 — **DOCKET NO. 20230083-WS**
MONTHLY WASTEWATER RATES

	Utility Current Rate	Utility Requested Interim Rates	Utility Requested Final Rates	Staff Recommended Interim Rates
Residential Service				
Base Facility Charge - All Meter Sizes	$31.21	$45.57	$46.19	$38.42
Charge Per 1,000 gallons 8,000 gallon cap	$4.57	$6.67	$6.76	$5.63
General Service				
Base Facility Charge by Meter Size				
5/8" x 3/4"	$31.21	$45.57	$46.19	$38.42
3/4"	$46.81	$68.34	$69.29	$57.63
1"	$78.01	$113.89	$115.48	$96.05
1-1/2"	$156.03	$227.80	$230.95	$192.10
2"	$249.64	$364.47	$369.25	$307.36
3"	$499.29	$728.96	$692.85	$614.72
4"	$780.14	$1,139.00	$1,154.75	$960.50
6"	$1,560.28	$2,278.01	$2,309.50	$1,921.00
8"	$2,808.69	$4,100.69	$4,157.10	$3,457.80
Charge per 1,000 gallons	$5.46	$7.97	$8.08	$6.72
Typical Residential 5/8" x 3/4" Meter Bill Comparison				
2,000 Gallons	$40.35	$58.91	$59.71	$49.68
4,000 Gallons	$49.49	$72.25	$73.23	$60.94
8,000 Gallons	$67.77	$98.93	$100.27	$83.46

Item 8

FILED 11/21/2023
DOCUMENT NO. 06146-2023
FPSC - COMMISSION CLERK

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER ● 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 21, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Smith II, Wu) EJD
Division of Accounting and Finance (D. Buys, Mouring) ALM
Office of the General Counsel (Stiller, Crawford) JSC

RE: Docket No. 20230079-EI – Petition for approval of 2023 depreciation study by Florida Public Utilities Company.

AGENDA: 12/05/23 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Rule 25-6.0436(4)(a), Florida Administrative Code (F.A.C.), requires electric public utilities to file a comprehensive depreciation study with the Florida Public Service Commission (Commission) for review at least once every four years from the submission date of the previous study. Florida Public Utilities Company (FPUC or Company) filed its 2023 Depreciation Study (2023 Study) on June 26, 2023. FPUC's last depreciation study was filed on September 3, 2019 (2019 Study). FPUC serves approximately 32,855 customers, and reported 2022 operating revenues of approximately $87,479,279.[1] Staff has completed its review of FPUC's current 2023 Study and presents its recommendations to the Commission herein.

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[1] FPUC's Annual Report of Major Electric Utilities, FERC Form No. 1, at December 31, 2022, filed with the Florida Public Service Commission on April 28, 2023.

The Commission is vested with jurisdiction over these matters through several provisions of the Florida Statutes (F.S.), including Sections 350.115, 366.05, and 366.06, F.S.

Discussion of Issues

Issue 1: Should currently prescribed depreciation rates for Florida Public Utilities Company be revised?

Recommendation: Yes. The review of FPUC's plant and depreciation-related information indicates a need to revise the Company's currently prescribed depreciation rates. (Smith)

Staff Analysis: FPUC's last depreciation filing was made on September 3, 2019. By Order No. PSC-2020-0347-AS-EI, the Commission approved revised depreciation rates that became effective January 1, 2020.[2]

Rule 25-6.0436, F.A.C., requires electric utility companies to file a comprehensive depreciation study at least once every four years from the submission date of the previously filed study or pursuant to Commission order. A review of the Company's plant activity and data indicates the need for revising depreciation rates. Staff's recommended depreciation components and rates are discussed in Issue 3 and shown on Attachments A, B, and C.

[2] Order No. PSC-2020-0347-AS-EI, issued October 8, 2020, in Docket Nos. 20190155-EI, *In re: Petition for establishment of regulatory assets for expenses not recovered during restoration for Hurricane Michael, by Florida Public Utilities* Company; 20190156-EI, *In re: Petition for a limited proceeding to recover incremental storm restoration costs, capital costs, revenue reduction for permanently lost customers, and regulatory assets related to Hurricane Michael, by Florida Public Utilities* Company; and 20190174-EI, *In re: Petition for approval of 2019 Depreciation Study by Florida Public Utilities Company*.

Issue 2: What should be the implementation date for newly proposed depreciation rates?

Recommendation: Staff recommends January 1, 2023, for implementing newly proposed depreciation rates as shown on Attachments A, B, and C to this recommendation. (Smith)

Staff Analysis: Rule 25-6.0436, F.A.C., requires that the data submitted in a depreciation study, including plant and reserve balances or Company estimates, "shall be brought to the effective date of the proposed rates." The supporting data and calculations provided by FPUC match an implementation date of January 1, 2023.

Issue 3: What are the appropriate depreciation parameters and resulting rates?

Recommendation: Staff recommends the Commission approve the lives, reserve percentages, net salvage percentages, and resulting remaining life depreciation rates for FPUC that are shown on Attachments A and C. As shown on Attachment B, the corresponding depreciation and amortization expense effect of staff's rate recommendations is a decrease of $868,148 annually, or 18.3 percent, based on December 31, 2022 investments. (Smith)

Staff Analysis: Staff's recommendations are the result of a comprehensive review of FPUC's plant depreciation data filed in this docket. The Company provided plant addition, retirement, and net salvage (NS) data spanning 2019-2022. FPUC's electric distribution and general plant accounts grew by approximately seven percent over the 2023 Study's timeframe.

2023 Depreciation Study Approach

FPUC explained that it used a similar approach to the 2023 Study that the Company has used for its depreciation studies for more than 20 years. FPUC calculated the average ages for each account using its continuing property record. To determine if a change to the average service life (ASL) for each account was warranted, FPUC utilized the aged retirement data and average ages for each account, along with the ASLs of other Florida based electric utilities. Due to the low level of retirements, FPUC was not able to statistically generate Iowa curves for any of its accounts. However, the currently-approved curves were analyzed using retirement data and average ages of each account.

Based on FPUC's 2023 Study, for its depreciable accounts, the Company is proposing an increase to the ASLs for 18 accounts and changes to the Iowa curves for two accounts. FPUC is also proposing to establish two new amortizable accounts, as well as extending the amortization periods for two existing accounts.

Average Service Lives

As mentioned above, FPUC is proposing extending the ASLs for 18 of its Transmission, Distribution, and General Plant accounts. No reductions to any ASLs are being put forward by the Company. FPUC states that the reason for no ASL reductions is the result of extremely low level of retirements experienced by the Company since its last depreciation study. Staff is in agreement with FPUC's need to extend the ASLs for these 18 accounts. However staff has concerns with the magnitude of the ASL increase proposed by FPUC for three of the 18 accounts. Although the proposed ASLs for these three accounts are within the range approved for other Florida electric utilities, staff believes a more gradual increase is appropriate at this time.

For Account 352 – Structures & Improvements, FPUC is proposing extending the ASL for this account from 60 years to 75 years. This represents an increase of 25 percent. Staff believes that a more modest increase is appropriate at this time. Therefore, staff is recommending an ASL of 70 years for this account.

With regard to Account 360.1 – Land Rights, FPUC is proposing extending the ASL for this account from 60 years to 75 years. This represents an increase of 25 percent. Staff believes that a more modest increase is appropriate at this time. Therefore, staff is recommending an ASL of 70 years for this account.

For Account 373 – Street Lighting and Signal Systems, FPUC is proposing extending the ASL for this account from 22 years to 37 years. This represents an increase of 59 percent. Staff believes that a more gradual increase is appropriate at this time. Therefore, staff is recommending an ASL of 30 years for this account.

Iowa Curves

FPUC states that it did not have sufficient retirement activity to generate useful statistical analysis of the retirement patterns for each account. Therefore the Company reviewed each currently-approved Iowa curve for each account by using the average age of the account along with the retirement activity since the last depreciation study to see if a change in the curve was warranted. Based on FPUC's analysis, the Company has put forward changes to the Iowa curves for two accounts. FPUC is proposing a change from the currently-approved S2 curve to an R2 curve for Account 356 – Overheard Conductors. For Account 369 – Services, FPUC is proposing a change from the currently-approved R5 curve to an R3 curve. Due to the low level of retirements experienced in these accounts, staff agrees with the Company that a change in these curves is reasonable.

Net Salvage

As discussed, FPUC has experienced very few retirements since its last depreciation study. As a result, the Company has very little salvage and cost of removal data to analyze as well. Consequently, FPUC did not put forward any changes to its currently-approved net salvage percentages. Given the lack of data justifying a change in FPUC's currently-approved NS percentages, staff agrees with the Company's proposal. Therefore, staff is recommending retaining all of FPUC's net salvage values.

Extended Amortization Periods and New Accounts

FPUC currently has four software systems that it records in Account 391.4 – Software. These systems include Outage Management System (OMS), PowerPlan, Utilities International (UI Ph3), and Power Analytics. The current amortization period for this account is five years. FPUC is proposing moving the plant and associated reserve amounts for OMS, PowerPlan, and UI Ph3 to Account 303.1 – Miscellaneous Intangible Plant. The Company states that this transfer is appropriate due to the large amount of customization to FPUC's operations that is incorporated into these systems.

FPUC also points out that this treatment is similar to that which has been approved for other Florida utilities for their customized software. Further, FPUC believes extending the amortization period for Account 303.1 from 5 years to 15 years is appropriate. This change is due to the Company's experience with its previous software systems which lasted from 10 years to 13 years. Given the range of 15 to 20 years that has been approved for similar software for other Florida utilities,[3] staff recommends that the Commission approve FPUC's request to move

[3] Order Nos. PSC-2021-0446-S-EI, issued December 2, 2021, and PSC-2021-0446A-S-EI, issued December 9, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increase by Florida Power & Light;* Order No. PSC-2021-0202A-AS-EI, issued June 28, 2021, in Docket No. 20210016-EI, *In re: Petition for limited proceeding to*

the plant and associated reserve amounts for OMS, PowerPlan, and UI Ph3 software systems to Account 303.1 – Miscellaneous Intangible Plant and that the amortization period for this account be extended to 15 years.

FPUC's Power Analytics software, the fourth of the four software systems, is an out-of-the-box software package which lacks customization specifically for FPUC. For that reason, FPUC proposes leaving the Power Analytics software in Account 394.1 – Software. FPUC stated that additional licensing and fees were paid for this software in 2020. FPUC believes an extension of the amortization period from the currently-approved 5-year period to 10 years is warranted. Staff agrees with FPUC and recommends the Commission approve FPUC's request to extend the amortization period for Account 391.4 – Software be extended from 5 years to 10 years.

Customer Information System

To consolidate the different billing systems for all of its divisions in Florida, Delaware, and Maryland, Chesapeake Utility Corporation is planning to implement a new Customer Information System (CIS) for its regulated electric and natural gas businesses in 2025. FPUC stated that $6M of the new CIS system will be allocated to its electric division. In preparation for this implementation, FPUC is requesting the Commission approve a new subaccount, 303.2 – Miscellaneous Intangible Plant – CIS, with an amortization period of 20 years.

FPUC's current CIS system has been in service since 2000, but was fully amortized in 2005 given the 5-year amortization period for this account. Since FPUC's current CIS system has been in service for more than 22 years, and the new CIS system will be cloud-based and continuously updated, staff believes establishing a new subaccount with a 20-year amortization period is appropriate. This amortization period is also in line with other Florida based electric utility companies.[4]

AMI Meter Account

Despite the fact that FPUC does not currently have plans to begin installing AMI meters, FPUC is proposing to establish a new subaccount for the possibility of such installations.. FPUC proposed an ASL of 20 years with a negative 10 percent NS which results in a whole life rate of 5.5 percent. These depreciation parameters are similar to those of other Florida based electric utilities. Staff believes this proposal is efficient and appropriate. Therefore, staff is recommending the Commission approve Account 370.1 – Meters – AMI, and the Company's proposed ASL and NS.

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approve 2021 settlement agreement, including general base rate increases, by Duke Energy Florida, LLC.; Order No. PSC-2021-0423-S-EI, in Docket No. 20210034-EI, issued November 10, 2021, *In re: Petition for rate increase by Tampa Electric Company.*

[4] Order Nos. PSC-2021-0446-S-EI, issued December 2, 2021, and PSC-2021-0446A-S-EI, issued December 9, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increase by Florida Power & Light;* Order No. PSC-2021-0202A-AS-EI, issued June 28, 2021, in Docket No. 20210016-EI, *In re: Petition for limited proceeding to approve 2021 settlement agreement, including general base rate increases, by Duke Energy Florida, LLC.;* Order No. PSC-2021-0423-S-EI, in Docket No. 20210034-EI, issued November 10, 2021, *In re: Petition for rate increase by Tampa Electric Company*, Order No. PSC-2020-0210-PAA-EI, issued June 25, 2020, in Docket No. 20200059-EI, *In re: Petition for approval of amortization rate for customer account management system, by Gulf Power Company.*

Reserve Transfer

As part of reviewing FPUC's 2023 depreciation study, staff verified the book reserve balance of each plant account. Staff also calculated the associated theoretical reserve balance of each plant account using the current recommended life and net salvage parameters. The difference between an account's book and theoretical reserve amounts may be described as an imbalance, either positive or negative, or as a surplus or deficiency. When imbalances are present, corrective transfers among accounts should be considered, and if warranted, should be performed.

Table 3-1
Accumulated Depreciation Transfers

Acct. No.	Account Title	Staff Recommended Transfer Amount
392.1	Transportation – Cars	(10,373)
392.2	Transportation – Light Trucks & Vans	135,660
392.3	Transportation – Heavy Trucks	(125,287)

Source: Staff's Calculations

As shown in Table 3-1, staff is recommending a reserve transfer for Account 392.1 – Transportation – Cars due to this account having a reserve balance but no plant balance. This resulted from the Company identifying necessary reclassifications and transfers to affiliates, and net salvage adjustments related to FPUC's transportation accounts. FPUC also calculated a reserve surplus associated with Account 392.3 – Transportation – Heavy Trucks and a reserve deficit associated with Account 392.2 – Transportation – Light Trucks & Vans. Therefore, staff recommends transferring $10,373 from Account 392.1 – Transportation – Cars and $125,287 from Account 392.3 – Transportation – Heavy Trucks to Account 392.1 – Transportation – Light Trucks & Vans in order to correct the reserve balance in Account 392.1 mentioned above, and to offset the Theoretical reserve deficit associated with Account 392.2 and the surplus associated with Account 392.3.

Prior Period Adjustments

By Order No. PSC-2020-0347-AS-EI in docket 20190155-EI, the Commission approved the establishment of a regulatory asset for the recovery of the undepreciated plant and cost of removal for assets that were retired due to damage from Hurricane Michael. Exhibit G of the 2023 Study reflects the adjustments to remove those costs from FPUC's plant and reserve account.

In its Study, FPUC explained that while developing its 2023 Study the Company discovered:

> …instances where prior period adjustments related to the last study were inadvertently missed and not recorded; investment and reserve entries were unintentionally recorded in the wrong account; and assets were accidentally loaded incorrectly during the implementation of the new fixed asset system PowerPlan.

The Company stated that Exhibit G of the Study reflects the corrections with explanations of each one. FPUC stated these corrections are incorporated into the plant and reserve balances in Exhibits A-E of the 2023 Study.

Attachments A and C to this recommendation show a comparison of the currently-approved depreciation parameters and rates to those that staff is recommending become effective January 1, 2023 (Issue 2). Displayed on Attachment B is a comparison of depreciation expenses between currently-approved and staff's proposed rates based on December 31, 2022 investments. Staff and the Company are in agreement on all proposed depreciation parameters and resulting rates.[5]

Account-Specific Analysis

Intangible Plant

Account 303.1 – Miscellaneous Intangible Plant – 15 Years

As reflected in Exhibit A of the 2022 Study, this account has an average age of 7.3 years. The Company proposes retaining the currently-approved ASL of 40 years and (5) percent NS. Using these parameters with the S3 curve, an Average Remaining Life (ARL) of 32.7 years is calculated. This ARL value is then used to produce a remaining life depreciation rate of 2.7 percent for this account.

Account 303.2 – Miscellaneous Intangible Plant – CIS

This account has an average age of 19.8 years. The Company proposes retaining the currently-approved 40-year ASL and NS of (30) percent. Using these parameters with the S3 curve, an ARL of 20.6 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 3.2 percent for this account.

Transmission Plant

Account 352 – Structures & Improvements

Referring to Exhibit A of the 2023 Study, this account has an average age of 6.2 years. In an effort to reflect the inclusion of a more gradual approach to increasing the account's ASL, staff proposes to increase this account's currently-approved ASL of 60 years to 70 years, rather than 75 years, while retaining the currently-approved 0 percent NS. Using these parameters with the S5 curve, an ARL of 63.8 years is calculated. This ARL value is then used to produce a remaining life depreciation rate of 1.4 percent for this account.

Account 353 – Station Equipment

This account has an average age of 10.2 years. The Company proposes retaining the currently-approved ASL of 53 years and 0 percent NS. Using these parameters with the S3 curve, an ARL of 43.0 years is calculated. A remaining life depreciation rate of 1.9 percent results from applying these parameters to this account.

[5] DN 05880-2023

Account 354 – Towers & Fixtures

The Towers and Fixtures account has an average age of 48.5 years. The Company proposes increasing the currently-approved ASL of 60 years to 70 years, while retaining the currently-approved (15) percent NS. Using these parameters with the S6 curve, an ARL of 22.0 years is calculated. Using an ARL value of 22.0 years produces a remaining life depreciation rate of 1.0 percent for this account.

Account 355 – Poles & Fixtures

Account 355 – Poles and Fixtures currently has an average age of 17.0 years. The Company proposes increasing the currently-approved ASL of 50 years to 54 years, while retaining the currently-approved (50) percent NS. Applying these parameters with the R4 curve, an Average Remaining Life of 37.0 years is calculated. This ARL value is then used to produce a remaining life depreciation rate of 3.0 percent for this account.

Account 355.1 – Poles & Fixtures – Concrete

As reflected in Exhibit A of the 2022 Study, this account has an average age of 8.8 years. The Company proposes increasing the currently-approved ASL of 56 years to 65 years, and retaining the currently-approved (30) percent NS. Using these parameters with the R4 curve, an ARL of 56.0 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 2.0 percent for this account.

Account 356 – Overhead Conductors & Devices

This account has an average age of 12.1 years. The Company proposes increasing the currently-approved ASL of 55 years to 60 years, while retaining the currently-approved (20) percent NS. FPUC is also proposing to change the currently-approved S2 curve to an R2. Given the low amount of retirements experienced in this account over the Study period, staff believes this change is reasonable. Therefore, with the above parameters and the R2 curve, an ARL of 49.0 years is calculated. A remaining life depreciation rate of 2.1 percent results for this account.

Account 359 – Roads & Trails

For the Roads & Trails account, there is an average age of 37.7 years. The Company proposes increasing the currently-approved ASL of 70 years to 75 years, and keeping the currently-approved 0 percent NS. These parameters along with the SQ curve generate an ARL of 37.0 years. An ARL of 37.0 years is then used to produce the remaining life depreciation rate of 0.2 percent for the Roads & Trails account.

Distribution Plant

Account 360.1 – Land Rights

This account has an average age of 37.5 years. Staff proposes increasing the currently-approved ASL of 60 years to 70 years, rather than 75 years, and retaining the currently-approved 0 percent NS. Using these parameters with the SQ curve, an ARL of 32.5 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 1.1 percent for this account.

Account 361 – Structures & Improvements

This account has an average age of 12.7 years. The Company proposes increasing the currently-approved ASL of 60 years to 70 years, and retaining the currently-approved (5) percent NS.

Using these parameters with the SQ curve, an ARL of 57.0 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 1.5 percent for this account.

Account 362 – Station Equipment

Station Equipment, Account 362, has an average age of 14.8 years. The Company proposes increasing the currently-approved ASL of 55 years to 60 years, while retaining the currently-approved 10 percent NS. These parameters with the S3 curve generate an ARL of 45.0 years. The ARL of 45.0 years is then used to produce a remaining life depreciation rate of 1.7 percent for this account.

Account 364 – Poles, Towers, & Fixtures

The average age for this account is 12.6 years. The Company proposes increasing the currently-approved ASL of 44 years to 50 years, and keeping the currently-approved (50) percent NS. Based on these parameters, with the R4 curve, the resulting ARL for this account is 37.0 years. This ARL is then used to produce a remaining life rate of 2.9 percent.

Account 365 – Overhead Conductors & Devices

This account has an average age of 17.3 years. The Company proposes increasing the currently-approved ASL of 45 years to 55 years, while retaining the currently-approved (35) percent NS. Based on these parameters with the R5 curve, an ARL of 38.0 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 2.1 percent for this account.

Account 366 – Underground Conduit

The average age for this account is 14.6 years. The Company proposes increasing the currently-approved ASL of 64 years to 69 years, while retaining the currently-approved (5) percent NS. Applying these parameters with the R5 curve, an ARL of 54.0 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 1.5 percent for this account.

Account 367 – Underground Conductors & Devices

The Company's "underground conductors & devices" account has an average age of 16.8 years. FPUC proposes retaining the currently-approved ASL of 47 years and (5) percent NS. Using these parameters with the R4 curve, an ARL of 30.0 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 2.0 percent for this account.

Account 368 – Line Transformers

The Line Transformers account has an average age of 17.5 years for this account. The Company proposes increasing the currently-approved ASL of 36 years to 40 years, while retaining the currently-approved (20) percent NS. Applying these parameters with the S4 curve, an ARL of 23.0 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 2.3 percent for this account.

Account 369 – Services

This account has an average age of 17.0 years for this account. The Company proposes increasing the currently-approved ASL of 48 years to 55 years, while retaining the currently-approved (40) percent NS. FPUC is also proposing to change the currently-approved R5 curve to an R3. Given the low amount of retirements experienced in this account over the Study period, staff believes this change is reasonable. Therefore, using the above parameters with the R3 curve, an ARL of 39.0 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 2.1 percent for this account.

Account 370 – Meters

The Meters account has an average age of 17.3 years for this account. The Company proposes retaining the currently-approved ASL of 30 years and NS of (10). Applying these parameters with the R5 curve, an ARL of 12.7 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 3.8 percent for this account.

Account 370.1 – AMI Meters

This is a newly-proposed account, and therefore has an average age of 0.0 years The Company proposes an ASL of 20 years, a (10) percent NS, and R5 curve. The resulting whole life rate for this account is 5.5 percent.

Account 371 – Installations on Customers Premises

This account has an average age of 12.4 years for this account. The Company proposes increasing the currently-approved ASL of 25 years to 30 years, while retaining the currently-approved 5 percent NS. Using these parameters with the S3 curve, an ARL of 17.7 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 2.9 percent for this account.

Account 373 – Street Lighting & Signal Systems

The Street Lighting & Signals account has an average age of 13.5 years. Staff proposes increasing the currently-approved ASL of 22 years to 30 years, instead of 37 years, while retaining the currently-approved (10) percent NS. Applying these parameters with the R3 curve, an ARL of 17.4 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 29 percent for this account.

General Plant

Account 390 – Structures & Improvements

This account has an average age of 15.6 years for this account. The Company proposes increasing the currently-approved ASL of 50 years to 60 years, while retaining the currently-approved 0 percent NS. Using these parameters with the R4 curve, an ARL of 44.0 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 1.6 percent for this account.

Account 391.4 – Software

FPUC proposes to increase the currently-approved 5 year amortization period to 10 years for this account. Further, staff believes the Company's proposal to transfer certain assets from this account to Account 303.1 – Miscellaneous Intangible Plant – 15 Years is appropriate.

Account 392.1 – Transportation – Cars

This account has an average age of 0 years due to there being no current investments in this account. The Company proposes retaining the currently-approved ASL of 11 years and 15 percent NS. Using these parameters with the S2 curve, an ARL of 11.0 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 7.7 percent for this account.

This account currently has no plant balance, yet there is a $10,373 balance in the reserve. As such, staff believes a reserve transfer to eliminate this reserve balance is appropriate.

Account 392.2 – Transportation – Light Trucks & Vans

The Transportation – Light Trucks & Vans account has an average age of 8.4 years. The Company proposes retaining the currently-approved ASL of 11 years and 12 percent NS. Applying these parameters with the S4 curve, an ARL of 2.9 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 8.0 percent for this account.

This account has a theoretical deficit of $135,661. Staff is in agreement with FPUC that this deficit should be offset with the reserve surplus in Account 392.3 – Transportation – Heavy Trucks.

Account 392.3 – Transportation – Heavy Trucks

This account has an average age of 7.9 years for this account. The Company proposes increasing the currently-approved ASL of 15 years to 20 years, and retaining the currently-approved 10 percent NS. Using these parameters with the S3 curve, an ARL of 12.2 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 3.3 percent for this account.

As discussed above, this account has a reserve surplus. Staff is in agreement with FPUC's proposal to transfer a portion of this surplus to Account 392.2 – Transportation – Light Truck & Vans.

Account 392.4 – Transportation – Trailers

The Transportation Equipment – Trailers account has an average age of 19.9 years. The Company proposes retaining the currently-approved ASL of 25 years and 5 percent NS. Applying these parameters with the R4 curve, an ARL of 6.8 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 3.0 percent for this account.

Account 396 – Power Operated Equipment

This account has an average age of 12.6 years for this account. The Company proposes retaining the currently-approved ASL of 25 years and 0 percent NS. Using these parameters with the S6 curve, an ARL of 12.4 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 4.1 percent for this account.

There were a number of amortizable accounts with no proposed change to the current amortization period. Staff agrees with the current amortization period for these accounts and concurs that no change is necessary. Table 3-2 below lists those accounts and the corresponding amortization period.

Table 3-2
Unchanged Amortizable Accounts

Account Number	Account Name	Current and Proposed Amortization Period
391.0	Office Furniture & Equipment	7 Years
391.1	Computers & Peripherals	5 Years
391.2	Computer Equipment	5 Years
391.3	Furniture & Fixtures	7 Years
393	Stores Equipment	7 Years
394	Tools/Shop Equipment	7 Years
395	Communications Equipment	7 Years
397	Communications Equipment	5 Years
398	Miscellaneous Equipment	7 Years
399	Misc. Tangible Assets	5 Years

Source: FPUC's 2023 Depreciation Study

Conclusion

In conclusion staff recommends the Commission approve the lives, reserve percentages, net salvage percentages, and resulting remaining life depreciation rates for FPUC that are shown on Attachments A and C. As shown on Attachment B, the corresponding depreciation and amortization expense effect of staff's rate recommendations is a decrease of $868,148 annually, or 18.3 percent, based on December 31, 2022 investments.

Issue 4: Should the current amortization of investment tax credits (ITCs) and flow back of excess deferred income taxes (EDITs) be revised to reflect the approved depreciation rates and amortization schedules?

Recommendation: Yes. The current amortization of ITCs and any flow back of EDITs should be revised to match the actual recovery periods for the related property. The Company should file detailed calculations of the revised ITC amortization and flow back of EDITs at the same time it files its earnings surveillance report covering the period ended December 31, 2023, as specified in Rule 25-6.1352, F.A.C. (D. Buys)

Staff Analysis: In Issue 3, staff has recommended approval of revised depreciation rates for the Company, which reflect changes to most accounts' remaining lives to be effective January 1, 2023. Revising a utility's book depreciation lives generally results in a change in its rate of ITC amortization and flow back of EDITs in order to comply with the normalization requirements of the Internal Revenue Code (IRC or Code) set forth in Federal Tax Regulations under the Code sections,[6] Sections 168(f)(2) and (i)(9),[7] former IRC Sections 167(l), and 46(f),[8] and Section 203(e) of the Tax Reform Act of 1986 (the Act).[9]

Staff, the Internal Revenue Service (IRS), and independent outside auditors look at a company's books and records, and the orders and rules of the jurisdictional regulatory authorities to determine if the books and records are maintained in the appropriate manner. The books are also reviewed to determine if they are in compliance with the regulatory guidelines in regard to normalization.

Former IRC Section 46(f)(6) of the Code indicated that the amortization of ITC should be determined by the period of time actually used in computing depreciation expense for ratemaking purposes and on the regulated books of the utility.[10] While Section 46(f)(6) was repealed, under IRC Section 50(d)(2), the terms of former IRC Section 46(f)(6) remain applicable to public utility property for which a regulated utility previously claimed ITCs. Because staff is recommending changes to the Company's remaining lives, it is also important to change the amortization of ITCs and EDITs to avoid violation of the provisions of IRC Section 50(d)(2) for ITCs, and IRC Section 168(i)(9), former section 167(l), and section 13001(d) of the Tax Change and Jobs Act for EDITs, and their underlying Treasury Regulations. The consequence of an ITC or EDIT normalization violation is a repayment of unamortized ITC balances to the IRS and inability to utilize accelerated depreciation. Therefore, staff recommends the current amortization of ITCs and any flow back of EDITs be revised to match the actual recovery periods for the related property. The Company should file detailed calculations of the revised ITC amortization and flow back of EDITs at the same time it files its earnings

[6] Treas. Reg. §1.168; Treas. Reg. §1.167; Treas. Reg. §1.46.
[7] 26 US Code §§168(f)(2) and (i)(9).
[8] Under IRC Section 50(d)(2), the terms of former 26 US Codes §167(l) and §46(f), which were repealed by the Revenue Reconciliation Act of 1990 (Pub. L. No. 101-508, §11812(a)(1-2)(1990)), remain applicable to public utility property for which a regulated utility previously claimed ITCs, which is the case here. (I.R.S. Priv. Ltr. Rul. 200933023, 1n.1 (May 7, 2009)).
[9] Tax Reform Act of 1986, Pub. L. No. 99-514 (100 Stat. 2085, 2146)(1986).
[10] Former 26 USC §46(f)(6) (establishing proper determination of ratable portion).

surveillance report covering the period ended December 31, 2023, as specified in Rule 25-6.1352, F.A.C.

Issue 5: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (Stiller)

Staff Analysis: If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

Comparison of Rates and Components

Acct. No.	Account Title	Current[1] Average Remaining Life (yrs)	Current[1] Future Net Salvage (%)	Current[1] Remaining Life Rate (%)		Staff Recommended Average Remaining Life (yrs)	Staff Recommended Reserve (%)	Staff Recommended Future Net Salvage (%)	Staff Recommended Remaining Life Rate (%)
Intangible Plant									
303.1	Miscellaneous Intangible Plant - 15 Yrs	5 Year Amortization				15 Year Amortization			
303.2	Miscellaneous Intangible Plant - CIS				*	20 Year Amortization			
Transmission Plant									
350.1	Land Rights	75	0	1.3		75	0.0	0	1.3
352	Structures and Improvements	57	0	1.7		63.8	9.5	0	1.4
353	Station Equipment	43	0	1.8		43	20.2	0	1.9
354	Towers and Fixtures	19.0	(15)	1.9		22	93.3	(15)	1.0
355	Poles and Fixtures	27	(50)	4.5		37	39.3	(50)	3.0
355.1	Poles and Fixtures - Concrete	50	(30)	2.3		56	20.6	(30)	2.0
356	Overhead Conductors and Devices	46	(20)	2.3		49	17.1	(20)	2.1
359	Roads and Trails	12.5	0	0.9		37	91.2	0	0.2
Distribution Plant									
360.1	Land Rights	26	0	1.5		32.5	64.3	0	1.1
361	Structures and Improvements	54	(5)	1.8		57	21.3	(5)	1.5
362	Station Equipment	43	(10)	1.9		45	34.6	(10)	1.7
364	Poles, Towers, and Fixtures	34	(50)	3.4		37	41.8	(50)	2.9
365	Overhead Conductors & Devices	30	(35)	2.8		38	54.6	(35)	2.1
366	Underground Conduit	51	(5)	1.7		54	22.7	(5)	1.5
367	Underground Conductors & Devices	33	(5)	2.0		30	45.0	(5)	2.0
368	Line Transformers	19.7	(20)	2.7		23	66.6	(20)	2.3
369	Services	32	(40)	2.6		39	59.5	(40)	2.1
370	Meters	13.0	(10)	3.8		12.7	61.5	(10)	3.8
370.1	AMI Meters				*	20	0.0	(10)	5.5
371	Installation on Customers' Premises	13.6	5	3.0		17.7	43.3	5	2.9
373	Street Lighting & Signal Systems	11.4	(10)	5.0		17.4	59.9	(10)	2.9
General Plant									
390	Structures & Improvements	38	0	2.0		44	31.0	0	1.6
391.0	Office Furniture & Equipment	7 Year Amortization				7 Year Amortization			
391.1	Computers & Peripherals	5 Year Amortization				5 Year Amortization			
391.2	Computer Equipment	5 Year Amortization				5 Year Amortization			
391.3	Furniture & Fixtures	7 Year Amortization				7 Year Amortization			
391.4	Software	5 Year Amortization				10 Year Amortization			
392.1	Transportation-Cars	5.2	15	7.7		11.0	0.0	15	7.7
392.2	Transportation-Light Trucks & Vans	4.1	12	8.0	**	2.9	64.8	12	8.0
392.3	Transportation - Heavy Trucks	6.1	10	6.0	**	12.2	49.3	10	3.3
392.4	Transportation - Trailers	9.4	5	3.2	**	6.8	74.5	5	3.0
393	Stores Equipment	7 Year Amortization				7 Year Amortization			
394	Tools/Shop Equipment	7 Year Amortization				7 Year Amortization			
395	Lab Equipment	7 Year Amortization				7 Year Amortization			
396	Power Operated Equipment	15.4	0	4.1		12.4	49.7	0	4.1
397	Communications Equipment	5 Year Amortization				5 Year Amortization			
398	Miscellaneous Equipment	7 Year Amortization				7 Year Amortization			
399	Misc. Tangible Assets	5 Year Amortization				5 Year Amortization			

[1] Order No. PSC-2020-0347-AS-EI
*Denotes newly proposed account
**Denotes Proposed Reserve Transfer

Comparison of Expenses[1]

Account No.	Account Title	Current Depreciation Rate (%)	Current Annual Expense ($)		Staff Recommended Depreciation Rate (%)	Staff Recommended Annual Expense ($)	Change In Expense ($)
Intangible Plant							
303.1	Miscellaneous Intangible Plant - 15 Yrs	20.0	192,651		6.7	64,538	(128,113)
303.2	Miscellaneous Intangible Plant - CIS			*	5.0	0	0
	TOTAL INTANGIBLE PLANT		192,651			64,538	(128,113)
Transmission Plant							
350.1	Land Rights	1.3	0		1.3	0	0
352	Structures and Improvements	1.7	33,034		1.4	27,204	(5,830)
353	Station Equipment	1.8	174,405		1.9	181,076	6,671
354	Towers and Fixtures	1.9	4,271		1.0	2,248	(2,023)
355	Poles and Fixtures	4.5	123,589		3.0	82,028	(41,561)
355.1	Poles and Fixtures - Concrete	2.3	90,331		2.0	80,295	(10,036)
356	Overhead Conductors and Devices	2.3	85,957		2.1	78,483	(7,474)
359	Roads and Trails	0.9	61		0.2	14	(47)
	TOTAL TRANSMISSION PLANT		511,648			451,348	(60,300)
Distribution Plant							
360.1	Land Rights	1.5	855		1.1	627	(228)
361	Structures and Improvements	1.8	8,025		1.5	6,687	(1,338)
362	Station Equipment	1.9	253,365		1.7	226,695	(26,670)
364	Poles, Towers, and Fixtures	3.4	933,631		2.9	796,332	(137,299)
365	Overhead Conductors & Devices	2.8	604,314		2.1	453,236	(151,078)
366	Underground Conduit	1.7	128,096		1.5	115,057	(13,039)
367	Underground Conductors & Devices	2.0	202,417		2.0	199,425	(2,992)
368	Line Transformers	2.7	674,323		2.3	578,710	(95,613)
369	Services	2.6	360,653		2.1	295,848	(64,805)
370	Meters	3.8	220,946		3.8	220,946	0
370.1	AMI Meters			*	5.5	0	0
371	Installation on Customers' Premises	3.0	112,439		2.9	108,691	(3,748)
373	Street Lighting & Signal Systems	5.0	144,339		2.9	83,717	(60,622)
	TOTAL DRISTRIBUTION PLANT		3,643,403			3,085,971	(557,432)
General Plant							
390	Structures & Improvements	38.0	80,667		1.6	64,533	(16,134)
391.0	Office Furniture & Equipment	14.3	10,365		14.3	10,365	0
391.1	Computers & Peripherals	20.0	834		20.0	834	0
391.2	Computer Equipment	20.0	0		20.0	0	0
391.3	Furniture & Fixtures	14.3	0		14.3	0	0
391.4	Software	20.0	1,147		5.0	574	(573)
392.1	Transportation-Cars	7.7	0		7.7	0	0
392.2	Transportation-Light Trucks & Vans	8.0	79,153		8.0	79,153	0
392.3	Transportation - Heavy Trucks	6.0	233,975		3.3	128,686	(105,289)
392.4	Transportation - Trailers	3.2	4,919		3.0	4,612	(307)
393	Stores Equipment	14.3	0		14.3	0	0
394	Tools/Shop Equipment	14.3	0		14.3	0	0
395	Lab Equipment	14.3	0		14.3	0	0
396	Power Operated Equipment	4.1	36,839		4.1	36,839	0
397	Communications Equipment	20.0	4,249		20	4,249	0
398	Miscellaneous Equipment	14.3	14,758		14.3	14,758	0
399	Misc. Tangible Assets	20.0	0		20	0	0
	TOTAL GENERAL PLANT		466,906			344,603	(122,303)
	TOTAL		4,814,608			3,946,460	(868,148)

*Denotes newly proposed account

		Current and Proposed Depreciation Components					
		Current			Staff Recommended		
Account No.	Account Title	Curve Type	Average Service Life		Curve Type	Average Service Life	Age
Intangible Plant							
303.1	Miscellaneous Intangible Plant - 15 Yrs	SQ	5 Year Amortization		SQ	15 Year Amortization	
303.2	Miscellaneous Intangible Plant - CIS			*	SQ	20 Year Amortization	
Transmission Plant							
350.1	Land Rights	SQ	75		SQ	75	0
352	Structures and Improvements	S5	60		S5	60	6.2
353	Station Equipment	S3	53		S3	53	10.2
354	Towers and Fixtures	S6	60		S6	70	48.5
355	Poles and Fixtures	R4	50		R4	54	17.0
355.1	Poles and Fixtures - Concrete	R4	56		R4	65	8.8
356	Overhead Conductors and Devices	S2	55		R2	60	12.1
359	Roads and Trails	SQ	70		SQ	75	37.7
Distribution Plant							
360.1	Land Rights	SQ	60		SQ	70	37.5
361	Structures and Improvements	SQ	60		SQ	70	12.7
362	Station Equipment	S3	55		S3	60	14.8
364	Poles, Towers, and Fixtures	R4	44		R4	50	12.6
365	Overhead Conductors & Devices	R5	45		R5	55	17.3
366	Underground Conduit	R5	64		R5	69	14.6
367	Underground Conductors & Devices	R4	47		R4	47	16.8
368	Line Transformers	S4	36		S4	40	17.5
369	Services	R5	48		R3	55	17.0
370	Meters	R5	30		R5	30	17.3
370.1	AMI Meters			*	R5	20	0
371	Installation on Customers' Premises	S3	25		S3	30	12.4
373	Street Lighting & Signal Systems	R3	22		R3	30	13.5
General Plant							
390	Structures & Improvements	R4	50		R4	60	15.6
391.0	Office Furniture & Equipment	SQ	7 Year Amortization		SQ	7 Year Amortization	
391.1	Computers & Peripherals	SQ	5 Year Amortization		SQ	5 Year Amortization	
391.2	Computer Equipment	SQ	5 Year Amortization		SQ	5 Year Amortization	
391.3	Furniture & Fixtures	SQ	7 Year Amortization		SQ	7 Year Amortization	
391.4	Software	SQ	5 Year Amortization		SQ	10 Year Amortization	
392.1	Transportation-Cars	S2	11		S2	11	0
392.2	Transportation-Light Trucks & Vans	S4	11		S4	11	8.4
392.3	Transportation - Heavy Trucks	S3	15		S3	20	7.9
392.4	Transportation - Trailers	R4	25		R4	25	19.9
393	Stores Equipment	SQ	7 Year Amortization		SQ	7 Year Amortization	
394	Tools/Shop Equipment	SQ	7 Year Amortization		SQ	7 Year Amortization	
395	Lab Equipment	SQ	7 Year Amortization		SQ	7 Year Amortization	
396	Power Operated Equipment	S6	25		S6	25	12.6
397	Communications Equipment	SQ	5 Year Amortization		SQ	5 Year Amortization	
398	Miscellaneous Equipment	SQ	7 Year Amortization		SQ	7 Year Amortization	
399	Misc. Tangible Assets	SQ	5 Year Amortization		SQ	5 Year Amortization	

*Denotes newly proposed account

Item 9

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER ● 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 21, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Wu, Kunkler)
Office of the General Counsel (Stiller)

RE: Docket No. 20230089-EI – Petition for approval of depreciation rate for electric vehicle charging stations, by Tampa Electric Company.

AGENDA: 12/05/23 – Regular Agenda – Proposed Agency Action –Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On August 11, 2023, Tampa Electric Company (TECO or Company) filed a petition for approval of a new depreciation account and rate for electric vehicle (EV) charging stations (Petition). The Company's request is in accordance with Rules 25-6.0436(2)(a), Florida Administrative Code (F.A.C.), which provides that "[n]o utility shall change any existing depreciation rate or initiate any new depreciation rate without prior Commission approval;" and Rule 25-6.0436(3)(b), F.A.C., which requires that: "[u]pon establishing a new account or subaccount classification, each utility shall request Commission approval of a depreciation rate for the new plant category."

Pursuant to Rule 25-6.0436(3)(a), F.A.C., electric utilities are required to maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts in accordance with the

Uniform System of Accounts (USOA) for Public Utilities and Licensees, as found in the Code of Federal Regulations,[1] which is incorporated by reference in Rule 25-6.014(1), F.A.C.

On April 21, 2021, TECO received Commission authorization to implement its electric vehicle charging pilot program (Pilot).[2] Under this Pilot, TECO will purchase, install on customer premises within the Company's service territory, own, and maintain 200 Level 2 EV charging ports and 4 direct current fast charging (DCFC) ports.[3,4] The first EV chargers under the Pilot went into service on September 30, 2023.[5] As of October 6, 2023, 50 EV charging ports have been installed on customer premises.[6]

With this Petition, TECO requests the Commission's approval to establish a new depreciation account, 370.10 – Electric Vehicle Charging Stations, with an average service life (ASL) of 10 years, a net salvage (NS) of zero percent, and an annual depreciation rate of 10 percent, for recording all of its Pilot-related EV charging stations.

Currently, TECO also owns some Non-Pilot EV charging stations that are sited on the Company's property. These charging stations are not accessible to the public and are used for internal company purposes. TECO began purchasing these stations in 2019. Given the location and primary use of the stations, TECO recorded these charging stations in existing Account 394.00 – Tool Shop & Garage Equipment, which utilizes an ASL of 7 years.[7] TECO noted that it plans to add more of the Non-Pilot charging stations on Company property.[8] Through the Petition, TECO requests authority to record the costs of its Non-Pilot Company-Use EV charging station equipment in the new Account 370.10 – Electric Vehicle Charging Stations with the same 10 percent annual depreciation rate.

Staff is not aware of any public comments or concerns regarding this matter.

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

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[1] Code of Federal Regulations, Title 18, Subchapter C, Part 101, for Major Utilities, as revised April 1, 2013.
[2] Order No. PSC-2021-0144-PAA-EI, issued April 21, 2021, in Docket No. 20200220-EI, *In re: Petition for approval of electric vehicle charging pilot program, by Tampa Electric Company*.
[3] *Id*., at page 5.
[4] Level 2 Ports operate at 208 or 240 volts (V) alternating current (AC), and DCFC Ports typically require a 208/480 V AC three phase connection.
[5] Document No. 05565-2023, TECO's Response to Staff's First Data Request, No. 1(c).
[6] *Id*., No. 1(b).
[7] Document No. 04689-2023, paragraph 16.
[8] *Id*., paragraph 17.

Discussion of Issues

Issue 1: Should TECO's request to establish a new depreciation account with applicable annual depreciation rate for the Company to record its EV charging stations be approved, and if so, what is the appropriate account classification and the associated depreciation rate?

Recommendation: Yes. Staff recommends approval of TECO's petition to establish a new Account 370.10 – EV Charging Stations to record all its Company-owned EV charging stations. Staff further recommends an annual depreciation rate of 10 percent applicable to this account be approved. (Wu, Kunkler)

Staff Analysis: TECO seeks the Commission's approval to establish a new Account 370.10 – EV Charging Stations to record all its Company-owned EV charging stations. The Company proposes an ASL of 10 years, a net salvage (NS) of zero percent, and an annual depreciation rate of 10 percent for this account.

Account Classification

Regulatory guidance regarding account classification of electric vehicle charging stations and related equipment is not clearly defined, as there is currently no listing of electric vehicle charging stations under any plant account within the USOA. In its Petition, TECO references two utilities that currently record depreciation of EV charging stations. These two referenced utilities are Duke Energy Florida, LLC. (DEF) and Florida Power & Light Company (FPL).[9]

On December 2, 2021, the Commission approved FPL's request to record EV charging stations in Account 371.00 – Installations on Customer Premises.[10] On May 20, 2022, the Commission approved DEF's request to establish Account 370.70 – EV Charging Stations for recording EV DCFC assets.[11]

DEF's chargers were installed on customer premises as part of a pilot program, and the stations incorporated a meter that DEF utilized for its own purposes.[12] TECO stated that its Pilot EV charging stations also include a metering device which is used in part for the Company's own purposes.[13] TECO explained that one of the purposes of the Pilot is to collect "a variety of data points" regarding EV charging, which will provide TECO with the ability "to understand any potential system planning impacts."[14] Based on these aspects of TECO's charging stations, the Company concluded that Account 370.10 is the appropriate account for TECO's charging stations.

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[9] Document No. 04689-2023, paragraphs 12 and 18.
[10] Order No. PSC-2021-0446-S-EI, issued December 2, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increases by Florida Power & Light Company*.
[11] Order No. PSC-2022-0183-PAA-EI, issued May 20, 2022, in Docket No. 20220029-EI, *In re: Petition for approval of a plant account and depreciation rate for electric vehicle DC fast charge stations by Duke Energy Florida, LLC.*
[12] *Id*.
[13] Document No. 04689-2023, paragraph 14.
[14] *Id*.

As mentioned earlier, TECO currently books all EV charging stations, both Pilot and Non-Pilot Company-Use, in Account 394.00 – Tool Shop & Garage Equipment. As of September 30, 2023, the total plant amount for both Pilot-related Customer Premise and Non-Pilot, Company-Use EV charging stations is $663,191 and $398,747, respectively.[15] The Company additionally requests approval to transfer the plant and reserve associated with these existing EV charging stations from Account 394.00 to Account 370.10 – EV Charging Stations, if the establishment of Account 370.10 is approved. TECO claimed that this accounting treatment is more appropriate than the existing classification in Account 394.00, and will also ensure consistency across both types of charging stations owned by the company.[16]

Staff notes that Account 370.10 is a subaccount of Account 370 – Meters. To determine if this account is the most appropriate account for recording TECO's EV charging stations, staff considered the nature of the Pilot EV charging stations and their control and monitoring capabilities. Additionally, staff considered that Account 370.10 – EV Charging Stations will also be used to record TECO's Non-Pilot, Company-Use EV charging stations, which are located on company property. Staff believes that Account 370.10 – EV Charging Stations is more appropriate than Accounts 371.00 – Installations on Customer Premises or 394.00 – Tool Shop & Garage Equipment due to the service functions of data collection and consistency discussed previously.

Staff recommends approval of TECO's request to establish Account 370.10 and transfer the plant and reserve that are associated with the existing EV charging stations from Account 394.00 to Account 370.10.

Requested Depreciation Parameters and Depreciation Rate

TECO proposes an ASL of 10 years, a NS of zero percent and an annual depreciation rate of 10 percent for its petitioned Account 370.10 – EV Charging Stations. This proposal is consistent with the depreciation parameters and rate that the Commission approved for DEF's EV charging account.[17]

TECO stated that, as the Commission noted in Order No. PSC-2022-0183-PAA-EI, DEF relied on guidance from the manufacturer of the charging stations and the advice of a third-party depreciation consultant to establish that a 10-year ASL is typical for DCFC stations.[18] In its Petition, TECO acknowledged that it similarly based its proposal of the petitioned account's service life and depreciation rate on feedback from the manufacturer of the Pilot charging stations.[19]

According to the distributor/manufacturer of TECO's Pilot charging stations, the recommended minimum design life of the EV charging stations is 7 years.[20] TECO stated that the Company's

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[15] Document No. 05565-2023, No. 5(a).
[16] Document No. 04689-2023, paragraph 17.
[17] *See* Order No. PSC-2022-0183-PAA-EI.
[18] Document No. 04689-2023, paragraph 15.
[19] *Id*.
[20] Document No. 05565-2023, No. 1(f).

proposal of a 10-year ASL is based on the expectation that EV charging stations will last longer than the vendor's minimum design life of 7 years.[21]

Staff inquired of TECO about the warranty terms for its EV charging stations. The Company responded that all Pilot charging stations have a 4-year warranty which includes maintenance and labor.[22] The warranty terms of the Non-Pilot EV charging stations vary based on the manufacturer. Some existing Company-Use EV charging stations are no longer under warranty and the warranty for those stations may have varied from one to five years at the time of installation. However, the Non-Pilot charging stations that were installed more recently are warrantied to be free of defects in materials and workmanship under normal use for a period of 4 years.[23]

Staff notes that the Commission approved FPL's request to use an ASL of 15 years for its EV charging stations account;[24] and the Commission also approved DEF's request to use an ASL of 10 years for its EV charging stations account.[25] Staff believes that an ASL of 10 years is more appropriate for TECO's currently petitioned Account 370.10 – EV Charging Stations based on the design life and the warranty period of the Company's EV charging stations.

TECO proposed a NS of zero percent for the petitioned Account 370.10. The Company reported that it began installation of the Non-Pilot EV charging station in 2019, and has not had to retire or remove any assets.[26] As such, there is no TECO-specific retirement data available, at this time, to either support or oppose the Company's proposed zero present NS. Staff agrees with the Company's NS proposal which is consistent with the Commission's prior order for DEF.[27]

Using the proposed ASL of 10 years and NS of zero percent, the resulting annual remaining life depreciation rate for Account 370.10 is 10 percent. Staff notes that the appropriateness of these depreciation parameters and rate will be evaluated periodically through the Commission's review of TECO's depreciation study that will be filed at least every four years per Rule 25-6.0436(4)(a), F.A.C.

In conclusion, staff recommends approval of TECO's petition to establish a new Account 370.10 – EV Charging Stations to record all of its Company-owned EV charging stations. Staff further recommends an ASL of 10 years, a NS of zero percent, and an annual depreciation rate of 10 percent applicable to this account be approved.

[21] *Id*., No. 2(b).
[22] *Id*., No. 1(g).
[23] *Id*., No. 3(e).
[24] Document No. 04689-2023, paragraph 18.
[25] *See* Order No. PSC-2022-0183-PAA-EI.
[26] Document No. 05565-2023, No. 3(h).
[27] *See* Order No. PSC-2022-0183-PAA-EI and Document No. 04689-2023, paragraph 12.

Issue 2: If a new depreciation rate for TECO's EV charging stations is authorized in Issue 1, what should be the effective date?

Recommendation: If the Commission approves staff's recommendation in Issue 1, staff recommends that any newly-authorized depreciation rate for TECO's EV charging stations applicable to Account 370.10 – EV Charging Stations become effective October 1, 2023. (Wu)

Staff Analysis: TECO indicated that it would like its petitioned 10 percent depreciation rate to be effective October 1, 2023, as the first Pilot-related EV charging stations were placed into-service in September, 2023.[28] The Company reported that, as of September 30, 2023, all existing EV charging ports that were placed in-service are booked to the existing Account 394.00. The total plant amounts for Pilot-related customer-premise and Non-Pilot Company-Use charging ports are $663,191 and $398,747, respectively.[29] TECO noted that, if authorized, it would perform the necessary asset cost transfers and related reserve transfers for the EV charging stations from the current Account – 394.00 Tool Shop & Garage Equipment to the new Account 370.10 – EV Charging Stations.

Depreciation is the recovery of invested capital representing equipment that is providing service to the public. This recovery is designed to take place over the related period of service to the public, which begins with the equipment's in-service date. Therefore, staff recommends an implementation date of October 1, 2023, based on the aforementioned plant in-service status of the EV charging stations.

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[28] Document No. 05565-2023, Nos. 1(c) and 6.
[29] *Id*., No. 5(a).

Issue 3: Should this docket be closed?

Recommendation: Yes. 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. (Stiller)

Staff Analysis: At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a consummating order.

Item 10

FILED 11/21/2023
DOCUMENT NO. 06145-2023
FPSC - COMMISSION CLERK

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER ● 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 21, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Bruce) CJD
Office of the General Counsel (Thompson) JSC

RE: Docket No. 20230112-WU – Request for approval of new class of service in Okaloosa County by North Florida Community Water Systems.

AGENDA: 12/05/23 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 12/10/2023 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

North Florida Community Water Systems, Inc. (NFCWS or utility) provides water and wastewater service to several counties including a system in Okaloosa County. The utility's Okaloosa County system provides water service to approximately 236 residential customers.[1] The utility has never had a rate case, but recently had a price index that was approved by the Commission in 2023.[2]

On October 10, 2023, pursuant to Section 367.091(5), Florida Statutes (F.S.), NFCWS filed a request to include additional base facility charges (BFC) based on the American Water Works Association (AWWA) meter equivalents for larger meter sizes. The utility indicated in its application that it had a request to install a one-inch meter size in the Okaloosa water system. According to the utility's current tariff, the utility only has a BFC for a 5/8 x 3/4 inch meter size

[1] Number of customers as reported in 2022 Annual Report ending December 31, 2022.
[2] North Florida Community Water Systems, Inc. Water Tariff Nos. 12.4 and 13.4.

for both residential and general service classes. This recommendation addresses the utility's request to include additional BFCs up to a six-inch meter size to the residential and general service tariffs as shown in Attachment A to the recommendation. The Commission has jurisdiction pursuant to Section 367.091, F.S.

Discussion of Issues

Issue 1: Should NFCWS's proposed tariff which includes BFCs for additional meter sizes based on the AWWA meter equivalents for the residential and general service classes be approved?

Recommendation: Yes, the utility's proposed tariff which includes BFCs for additional meter sizes based on the AWWA meter equivalents for the residential and general service classes should be approved. The utility's proposed Second Revised Sheet No. 12.4 and Second Revised Sheet No. 13.4 should be approved as filed. The approved tariffs should be effective on the date of the Commission vote. Since no current customers are affected by the proposed tariff revisions, no customer notices are required. (Bruce)

Staff Analysis: In its application, the utility is requesting BFCs for meter sizes up to 6 inches for the residential and general service classes. As mentioned earlier, the utility's residential and general service tariff only has a BFC for meter size of 5/8 x 3/4 inches. The utility's proposed BFCs for the additional meter sizes are calculated by using the utility's existing residential BFC of $33.86 for the 5/8 x 3/4 inch size meter as a foundation, and then applying the AWWA's meter equivalent factor. The AWWA meter equivalent factors are contained in Rule 25-30.055, Florida Administrative Code. NFCWS's proposed BFCs for the residential and general service meters based on the AWWA meter equivalents are shown in Table 1-1

Table 1-1
Current and Proposed Residential and General Service BFC Charges

Meter Size	AWWA Meter Factor	BFC
5/8" x 3/4"	1	$33.86
3/4"	1.5	$50.79
1"	2.5	$84.65
1-1/2"	5	$169.30
2"	8	$270.88
3"	16	$541.76
4"	25	$846.50
6"	50	$1,693.00

Source: Utility's filing

Conclusion

The utility's proposed tariff which includes BFCs for additional meter sizes based on the AWWA meter equivalents for the residential and general service classes should be approved. The utility's proposed Second Revised Sheet No. 12.4 and Second Revised Sheet No. 13.4 should be approved as filed. The approved tariffs should be effective on the date of the Commission vote. Since no current customers are affected by the proposed tariff revisions, no customer notices are required.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, the tariff sheets should become effective on the date of the Commission vote. If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect with the revenues held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order. (Thompson)

Staff Analysis: If Issue 1 is approved, the tariff sheets should become effective on the date of the Commission vote. If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect with the revenues held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order.

NORTH FLORIDA COMMUNITY WATER SYSTEMS, INC. SECOND REVISED SHEET NO. 12.4
WATER TARIFF CANCELS THIRD REVISED SHEET NO. 12.4

GENERAL SERVICE

RATE SCHEDULE (GS1)

Formerly Okaloosa Waterworks, Inc.
Okaloosa County

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - For water service to all Customers for which no other schedule applies.

LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.

BILLING PERIOD - Monthly

RATE -

5/8" X 3/4"	$ 33.86
3/4"	$ 50.79
1"	$ 84.65
1-1/2"	$ 169.30
2"	$ 270.88
3"	$ 541.76
4"	$ 846.50
6"	$1,693.00
(Includes 6,000 gallons)	
Charge per 1,000 gallons	
0 - 6,000 gallons	$ Incl in base 0.00
Over 6,000 gallons	$ 9.03

MINIMUM CHARGE - Base Facility Charge

TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for water service, service may then be discontinued.

EFFECTIVE DATE - December 9, 2023

TYPE OF FILING - Tariff Filing

GARY DEREMER
ISSUING OFFICER

PRESIDENT
TITLE

NORTH FLORIDA COMMUNITY WATER SYSTEMS, INC. SECOND REVISED SHEET NO. 13.4
WATER TARIFF CANCELS THIRD REVISED SHEET NO. 13.4

RESIDENTIAL SERVICE

RATE SCHEDULE (RS)

Formerly Okaloosa Waterworks, Inc.
Okaloosa County

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - For water service for all purposes in private residences and individually metered apartment units.

LIMITATIONS - Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.

BILLING PERIOD - Monthly

RATE -

5/8" X 3/4"	$ 33.86
3/4"	$ 50.79
1"	$ 84.65
1-1/2"	$ 169.30
2"	$ 270.88
3"	$ 541.76
4"	$ 846.50
6"	$1,693.00
(Includes 1,000 gallons)	

Charge per 1,000 gallons	
0 - 1,000 gallons	$ Incl in base 0.00
1,001 - 2,000 gallons	$ 2.26
2,001 - 3,000 gallons	$ 3.39
3,001 - 4,000 gallons	$ 5.07
4,001 - 5,000 gallons	$ 9.03
5,001 - 6,000 gallons	$ 9.59
Over 6,000 gallons	$ 10.16

MINIMUM CHARGE - Base Facility Charge

TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for water service, service may then be discontinued.

EFFECTIVE DATE - December 9, 2023

TYPE OF FILING - Tariff Filing

GARY DEREMER
ISSUING OFFICER

PRESIDENT
TITLE