

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, February 6, 2024, 9:30 a.m.

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

DATE ISSUED: January 25, 2024

NOTICE

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

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

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

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

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

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

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

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ITEM NO.

CASE

1**

Consent Agenda

PAA

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

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
20230138-TX	FPL Energy Services, Inc.

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

ITEM NO.

CASE

2

Docket No. 20230128-EU – Petition for declaratory statement regarding Rule 25-6.049, F.A.C., by 1150 WHG, LLC.

Critical Date(s): 2/26/24 (Final Order on Petition for Declaratory Statement Must Be Issued by this Date Pursuant to Petitioner's waiver of Section 120.565(3), Florida Statutes)

Commissioners Assigned: All Commissioners

Prehearing Officer: La Rosa

Staff: GCL: Dike, Sapoznikoff

ECO: Hampson, Kelley

(Decision on Declaratory Statement - Participation is at the Discretion of the Commission)

Issue 1: Should the Commission grant WHG's Petition for Declaratory Statement?

Recommendation: No. The Commission should deny WHG's Petition for Declaratory Statement and instead declare that WHG does not qualify for the grandfather exception under Rule 25-6.049, F.A.C., and that WHG must use individual metering on its property.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission votes to either grant or deny the Petition for Declaratory Statement, a final order will be issued and the docket should be closed.

ITEM NO.

CASE

3**PAA

Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.

Critical Date(s): 02/20/24 (5-Month Effective Date - PAA Rate Case)

Commissioners Assigned: All Commissioners

Prehearing Officer: La Rosa

Staff: ENG: P. Buys, King, Ramos

AFD: Higgins, Kelley, Richards

ECO: Bruce, Hudson

GCL: Stiller

(Proposed Agency Action All Issues, Except for Issues 18, 19, and 20.)

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

Recommendation: Yes. Royal is meeting all Department of Environmental Protection (DEP) primary and secondary standards and has been responsive to customer complaints. Therefore, the quality of service provided by Royal should be considered satisfactory.

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

Recommendation: Yes. On September 29, 2023, the DEP deemed Royal’s water facilities to be in compliance with its rules and regulations.

Issue 3: What are the used and useful (U&U) percentages of Royal’s water treatment plant (WTP), storage, water distribution system, and wastewater collection system?

Recommendation: Staff recommends that Royal’s water treatment, storage, and distribution systems, as well as its wastewater collection system, be considered 100 percent U&U. Additionally, staff recommends no adjustments to purchased power and chemical expenses be made for excessive unaccounted for water (EUW) and infiltration and inflow (I&I).

Issue 4: Should any adjustments be made to the Utility’s water and wastewater test year rate base?

Recommendation: Yes. The Utility’s test year rate base should be decreased by \$1,463 for water and \$2,420 for wastewater.

Issue 5: Should any adjustments be made to the Utility’s requested pro forma?

Recommendation: Yes. Pro forma plant should be increased by \$19,981 for water and decreased by \$28,798 for wastewater. Pro forma accumulated depreciation should be increased by \$469 for water and decreased by \$799 for wastewater. Depreciation expense should also be increased by \$469 for water and decreased by \$799 for wastewater. Additionally, property tax on pro forma plant should be decreased by \$553 for water and \$5,189 for wastewater. Pro forma O&M expenses should be decreased by \$25,443 for water and increased by \$3,086 for wastewater.

ITEM NO.

CASE

3**PAA

Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.

(Continued from previous page)

Issue 6: What is the appropriate rate base for the test year ended May 31, 2023?

Recommendation: Consistent with staff’s recommended adjustments, the appropriate rate base for the test year ended May 31, 2023, is \$1,097,810 for water and \$485,348 for wastewater.

Issue 7: What is the appropriate return on equity (ROE)?

Recommendation: Based on the Commission’s leverage formula currently in effect, the appropriate ROE for the Utility is 9.71 percent.

Issue 8: What is the appropriate weighted average cost of capital based on the proper components, amounts, and cost rates associated with the capital structure for the test year ended May 31, 2023?

Recommendation: The appropriate weighted average cost of capital for the test year ended May 31, 2023, is 6.74 percent.

Issue 9: What are the appropriate amounts of test year operating revenues for Royal’s water and wastewater systems?

Recommendation: The appropriate amount of test year operating revenues for Royal’s systems are \$770,246 for water and \$751,928 for wastewater.

Issue 10: Should any adjustments be made to the Utility’s water and wastewater O&M expenses?

Recommendation: Yes. O&M expenses should be decreased by \$37,144 for water and \$16,277 for wastewater.

Issue 11: Should further adjustments be made to the Utility’s operating expense?

Recommendation: Yes. The Utility’s operating expenses should be further increased by \$1,313 for water and further decreased by \$3,277 for wastewater.

Issue 12: What are the appropriate operating expenses for the test year ended May 31, 2023?

Recommendation: Consistent with staff’s recommended adjustments, the appropriate operating expenses for the test year ended May 31, 2023, are \$725,319 for water and \$748,979 for wastewater.

Issue 13: What are the appropriate revenue requirements for the test year ended May 31, 2023?

Recommendation: Staff recommends a revenue requirement of \$799,345 be approved for water, and \$781,706 be approved for wastewater.

ITEM NO.

CASE

3**PAA

Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.

(Continued from previous page)

Issue 14: What are the appropriate rate structures and rates for Royal’s water and wastewater systems?

Recommendation: The recommended rate structure and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B of staff’s memorandum dated January 25, 2024. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 15: What are the appropriate initial customer deposits for Royal’s water and wastewater systems?

Recommendation: The appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size should be \$76 for water and \$111 for wastewater. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved initial customer deposits should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

Issue 16: Should the Commission discontinue Royal’s guaranteed revenue charge?

Recommendation: Yes. The Commission should discontinue Royal’s guaranteed revenue charge.

Issue 17: Should Royal’s miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

Recommendation: The miscellaneous service charges should be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

ITEM NO.

CASE

3**PAA

Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.

(Continued from previous page)

Issue 18: What is the appropriate amount by which rates should be reduced to reflect the removal of amortized rate case expense for water and wastewater, as required by Section 367.081(8), F.S.?

Recommendation: The water and wastewater rates should be reduced, as shown in Schedule Nos. 4-A and 4-B of staff’s memorandum dated January 25, 2024 respectively, to remove the annual amortization of rate case expense grossed-up for RAFs. The decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Royal should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If the Utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass through increase or decrease and the reduction in the rates due to the amortized rate case expense.

Issue 19: Should any portion of the interim water or wastewater revenue increases granted be refunded?

Recommendation: No interim revenue increases were granted in this rate case; therefore, no refund of interim rates is appropriate.

Issue 20: Should the Utility be required to notify, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Commissioners Uniform System of Accounts (NARUC USOA) associated with the Commission-approved adjustments?

Recommendation: Yes. The Utility should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission’s decision. Royal should submit a letter within 90 days of the final order of this docket, confirming that the adjustments to all the applicable NARUC USOA accounts have been made to the Utility’s books and records. In the event the Utility needs additional time to complete the adjustments, notice should be provided within seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

ITEM NO.

CASE

3**PAA

Docket No. 20230081-WS – Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.

(Continued from previous page)

Issue 21: Should this docket be closed?

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

ITEM NO.

CASE

4

Docket No. 20230136-PU – Petition for approval of revisions to budget billing tariffs, by Florida Public Utilities Company.

Critical Date(s): 02/13/24 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Guffey

GCL: Stiller

(Tariff Suspension - Participation is at the Discretion of the Commission)

Issue 1: Should FPUC's proposed revisions to its optional Budget Billing Program and associated tariff sheets for its electric (Sheet Nos. 39, 40, 41, 42, 43, 44, 44.1, 45, 46, 46.1, and 46.2) and natural gas (Sheet Nos. 6.253 and 6.254) divisions be suspended?

Recommendation: Yes. Staff recommends that FPUC's proposed revisions to the Program and associated tariff sheets for its electric (Sheet Nos. 39, 40, 41, 42, 43, 44, 44.1, 45, 46, 46.1, and 46.2) and natural gas (Sheet Nos. 6.253 and 6.254) divisions be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the proposed tariff modifications.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's decision on FPUC's proposed revisions to the Program and associated revised tariffs.

ITEM NO.

CASE

5**PAA

Docket No. 20230125-GU – Joint petition for approval of amendment to territorial agreement in Pasco County, by Florida Public Utilities Company and Peoples Gas System, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: La Rosa

Staff: ECO: Kaymak, Barrett, Guffey

GCL: Dose

Issue 1: Should the Commission approve the proposed Amendment No. 1 to the Pasco Agreement between FPUC and Peoples in Pasco County?

Recommendation: Yes, the Commission should approve the proposed Amendment No. 1, which transfers a portion of FPUC’s service territory to Peoples. The proposed Amendment No. 1 would facilitate the provision of economical and reliable natural gas service by Peoples to prospective residential and business customers in the proposed transfer area identified as Service Area B in Amendment No. 1 – Exhibit A, thereby avoiding duplication of facilities and services.

Issue 2: Should this docket be closed?

Recommendation: 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.