

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, May 7, 2024, 9:30 a.m.

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

DATE ISSUED: April 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.

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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.

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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>
20240045-TX	Frontier Tampa Bay FL Fiber 1 LLC
20240059-TX	Uniti Fiber GulfCo LLC

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

ITEM NO.

CASE

2**

Docket No. 20240001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor (DEF).

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Passidomo

Staff: AFD: Higgins, G. Kelley, Zaslou

ECO: Hampson, P. Kelley

GCL: Brownless, Sandy

Issue 1: Should the Commission modify DEF’s currently authorized fuel cost recovery factors for the purpose of incorporating its projected 2024 fuel cost reduction?

Recommendation: Yes. Staff recommends the Commission authorize adjustments to DEF’s fuel cost recovery factors for the purpose of incorporating the Company’s currently projected 2024 fuel cost reduction. Accordingly, DEF’s 2024 fuel cost recovery factors should be reduced by \$233,496,431.

Issue 2: If approved by the Commission, what is the appropriate effective date for DEF’s revised fuel cost recovery factors?

Recommendation: The fuel cost recovery factors, as shown on Appendix A of staff’s memorandum dated April 25, 2024, should become effective with the first billing cycle of June 2024.

Issue 3: Should this docket be closed?

Recommendation: No. The 20240001-EI docket is an on-going proceeding and should remain open.

ITEM NO.

CASE

3**

Docket No. 20240001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor (TECO).

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Passidomo

Staff: AFD: Higgins, Zaslów, G. Kelley

ECO: Hampson, P. Kelley

GCL: Brownless, Sandy

Issue 1: Should the Commission modify TECO’s currently authorized fuel cost recovery factors for the purpose of incorporating its projected 2024 fuel cost reduction?

Recommendation: Yes. Staff recommends the Commission authorize adjustments to TECO’s fuel cost recovery factors for the purpose of incorporating the Company’s currently projected 2024 fuel cost reduction. Accordingly, TECO’s currently authorized 2024 fuel cost recovery factors should be reduced by \$137,918,831.

Issue 2: If approved by the Commission, what is the appropriate effective date for TECO’s revised fuel cost recovery factors?

Recommendation: The fuel cost recovery factors, as shown on Appendix A of staff’s memorandum dated April 25, 2024, should become effective with the first billing cycle of June 2024.

Issue 3: Should this docket be closed?

Recommendation: No. The 20240001-EI docket is an on-going proceeding and should remain open.

ITEM NO.

CASE

4**

Docket No. 20240028-GU – Petition to implement long-term debt cost true-up mechanism, by Peoples Gas System, Inc.

Critical Date(s): 10/02/24 (8-Month Effective Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Fay

Staff: AFD: Souchik, Andrews, D. Buys, Vogel

ECO: Guffey, Hampson

GCL: M. Thompson

(Tariff Filing)

Issue 1: Should the Commission approve PGS's request to increase the cost rate for long-term debt from 5.54 percent to 5.64 percent for the test year ending December 31, 2024?

Recommendation: Yes. The Commission should approve an increase in the cost rate for long-term debt from 5.54 percent to 5.64 percent for the test year ending December 31, 2024.

Issue 2: Should the Commission approve PGS's request to increase the weighted average cost of capital from 7.02 percent to 7.05 percent for the test year ending December 31, 2024?

Recommendation: Yes. The Commission should approve an increase in the weighted average cost of capital from 7.02 percent to 7.05 percent for the test year ending December 31, 2024.

Issue 3: Should the Commission approve PGS's request to increase the incremental base rate revenue requirement approved in the 2023 Rate Case Order from \$117,839,527 to \$118,713,612 for the test year ending December 31, 2024?

Recommendation: Yes. The Commission should approve an increase in the incremental base rate revenue requirement approved in the 2023 Rate Case Order from \$117,839,527 to \$118,713,612 for the test year ending December 31, 2024.

Issue 4: Should the Commission approve PGS's request to update its base rates, charges, and tariffs reflected in Attachment A of staff's memorandum dated April 25, 2024, with an effective date of July 1, 2024?

Recommendation: Yes. If the Commission approves Issue 3, PGS's request to update its base rates, charges, and tariffs reflected in Attachment A of staff's memorandum dated April 25, 2024, should go into effect with the first billing cycle in July 1, 2024.

ITEM NO.

CASE

4**

Docket No. 20240028-GU – Petition to implement long-term debt cost true-up mechanism, by Peoples Gas System, Inc.

(Continued from previous page)

Issue 5: Should the Commission approve PGS’s request to defer recovery of the incremental revenue requirement for the six-month period from January 1, 2024, through June 30, 2024, through the Cast Iron/Bare Steel Replacement Rider for 2025?

Recommendation: Yes. Pursuant to the 2023 Rate Case Order, the Commission should approve PGS’s request to defer recovery of the incremental revenue increase for the six-month period from January 1, 2024, through June 30, 2024, to the Cast Iron/Bare Steel Replacement Rider for 2025. The Company should include the actual incremental amount for recovery in the 2024 Cast Iron/Bare Steel Replacement Rider docket.

Issue 6: Should this docket be closed?

Recommendation: Yes. If Issues 1 through 5 are approved and a protest is filed within 21 days of the issuance order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

ITEM NO.

CASE

5**PAA

Docket No. 20240035-GU – Petition for approval of change in rate used to capitalize allowance for funds used during construction from 6.00% to 7.08%, effective January 1, 2024, by Peoples Gas System, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: AFD: Ferrer, D. Buys

GCL: M. Thompson

Issue 1: Should the Commission approve PGS's request to change its AFUDC rate from 6.00 percent to 7.08 percent?

Recommendation: Yes. The appropriate AFUDC rate for PGS is 7.08 percent based on a 13-month average capital structure for the period ended December 31, 2023.

Issue 2: What is the appropriate monthly compounding rate to achieve PGS's requested annual AFUDC of 7.08 percent?

Recommendation: The appropriate compounding rate to achieve an annual AFUDC rate of 7.08 percent is 0.005717.

Issue 3: Should the Commission approve PGS's requested effective date of January 1, 2024, for implementing the AFUDC rate?

Recommendation: Yes. The AFUDC rate should be effective January 1, 2024, for all purposes.

Issue 4: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

ITEM NO.

CASE

6**PAA

Docket No. 20240006-WS – Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Fay

Staff: AFD: McGowan, D. Buys, Ferrer

GCL: Dose

Issue 1: What is the appropriate range of returns on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.?

Recommendation: The appropriate range of returns on common equity is 8.66 percent at 100 percent equity to 11.24 percent at 40 percent equity. This range was determined using the leverage formula methodology approved in Order No. PSC-2018-0327-PAA-WS using a proxy group comprised of natural gas and WAW utilities and updated financial data. Accordingly, the following leverage formula should be used until the leverage formula is addressed again in 2025:

$$\text{ROE} = 6.94 + (1.719 \div \text{Equity Ratio})$$

Where the Equity Ratio = Common Equity \div (Common Equity + Preferred Equity + Long-Term and Short-Term Debt)

Range: 8.66% at 100% equity to 11.24% at 40% equity

The Commission should cap returns on common equity at 11.24 percent for all WAW utilities with equity ratios less than 40 percent. Imposing a cap serves to discourage imprudent financial risk. This cap is consistent with the methodology approved in Order No. PSC-2018-0327-PAA-WS.

Issue 2: Should this docket be closed?

Recommendation: No. Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, the decision should become final and effective upon the issuance of a Consummating Order. However, this docket should remain open to allow staff to monitor changes in capital market conditions and to readdress the reasonableness of the leverage formula as conditions warrant.

ITEM NO.

CASE

7

Docket No. 20240026-EI – Petition for rate increase by Tampa Electric Company.

Critical Date(s): 06/03/2024 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners
Prehearing Officer: Clark

Staff: ENG: P. Buys, King, Ramos
ECO: Hampson
GCL: Sparks, Harper, Marquez

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

Issue 1: Should Tampa Electric Company's proposed tariffs to implement the request for a permanent increase in rates and charges be suspended?

Recommendation: Yes. Staff recommends that TECO's proposed tariffs be suspended to allow staff and the parties time to analyze the request and for the Commission to conduct an administrative hearing.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open to process the Company's revenue increase request.

ITEM NO.

CASE

8

Docket No. 20240025-EI – Petition for rate increase by Duke Energy Florida, LLC.

Critical Date(s): 06/03/24 (60-day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Passidomo

Staff: ECO: Smith II, Hampson

GCL: Stiller, M. Thompson

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

Issue 1: Should Duke Energy Florida, LLC's (DEF) request for a \$593 million permanent rate increase effective January 1, 2025; a \$98 million permanent rate increase effective January 1, 2026, a \$129 million permanent rate increase effective January 1, 2027; and the associated tariff revisions be suspended pending a final decision in this docket?

Recommendation: Yes. DEF's requested \$593 million permanent rate increase effective January 1, 2025; \$98 million permanent rate increase effective January 1, 2026; \$129 million permanent rate increase effective January 1, 2027; and associated tariff revisions should be suspended pending a final decision in this docket.

Issue 2: Should this docket be closed?

Recommendation: No, this docket should remain open pending the Commission's final resolution of the Company's requested permanent base rate increase.

ITEM NO.

CASE

9**PAA

Docket No. 20240031-GU – Petition for approval of transportation service agreement with Florida Public Utilities Company by Peninsula Pipeline Company, Inc.

Critical Date(s): None

Commissioners Assigned:

Prehearing Officer: Passidomo

Staff: ECO: McClelland, Hampson

GCL: Brownless

Issue 1: Should the Commission approve the proposed Plant City transportation service agreement and expansion project?

Recommendation: Yes, the Commission should approve the Plant City transportation service agreement between Peninsula and FPUC, dated January 30, 2024, included as Attachment A of staff’s memorandum dated April 25, 2024. The proposed agreement is reasonable and meets the requirements of Section 368.105, F.S. Furthermore, the proposed agreement benefits FPUC’s current and potential future customers by extending to new delivery points that would permit FPUC to serve both existing residents and planned developments.

Issue 2: Should the Commission approve the proposed Lake Mattie transportation service agreement and expansion project?

Recommendation: Yes, the Commission should approve the Lake Mattie transportation service agreement between Peninsula and FPUC, dated April 18, 2024, including the second revised Exhibit A, included as Attachment B of staff’s memorandum dated April 25, 2024. The proposed agreement is reasonable and meets the requirements of Section 368.105, F.S. Furthermore, the proposed agreement would benefit FPUC’s current and potential future customers by interconnecting the Lake Mattie system with the Florida Southeast Connection pipeline, and ensuring FPUC would be able to meet the demands of projected future growth.

Issue 3: Should this docket be closed?

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

ITEM NO.

CASE

10**PAA

Docket No. 20240038-GU – Petition for approval of Amendment No. 1 to transportation service agreement between Peninsula Pipeline Company, Inc. and Florida Public Utilities Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Fay

Staff: ECO: P. Kelley

GCL: Stiller

Issue 1: Should the Commission approve the proposed amendment No. 1 to the firm transportation service agreement dated February 26, 2024, between FPUC and Peninsula?

Recommendation: Yes, the Commission should approve the proposed amendment No. 1 to the firm transportation service agreement dated February 26, 2024, between FPUC and Peninsula. The proposed amendment to the firm transportation service agreement is reasonable and meets the requirements of Section 368.105, F.S. Furthermore, the proposed amendment to the firm transportation service agreement benefits FPUC's current and potential future customers by having an additional source of gas for the growing areas in Osceola County.

Issue 2: Should this docket be closed?

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