

# FLORIDA PUBLIC SERVICE COMMISSION

## COMMISSION CONFERENCE AGENDA

**CONFERENCE DATE AND TIME:** Thursday, September 8, 2022, 9:30 a.m.

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

**DATE ISSUED:** August 26, 2022

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### NOTICE

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

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

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

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

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**ITEM NO.**

**CASE**

1

**Docket No. 20200176-EI** – Petition for a limited proceeding to approve clean energy connection program and tariff and stipulation, by Duke Energy Florida, LLC.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** La Rosa

**Staff:** GCL: Stiller, Harper

AFD: Higgins, Mouring, Richards

ENG: Ellis, King, Wooten

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

**Issue 1:** Should the record be reopened?

**Recommendation:** No.

**Issue 2:** Should the Commission accept LULAC’s characterization of the CEC program’s bill credit feature as a “subsidy,” and if so, should the Commission nonetheless consider the program to have established rates that are fair, reasonable, and not unduly preferential?

**Recommendation:** Staff recommends that the Commission not accept LULAC’s characterization of the CEC program’s bill credit feature as a “subsidy.” Staff further recommends that Commission find that the program has established rates that that are fair, reasonable, and not unduly preferential.

**Issue 3:** Should this docket be closed?

**Recommendation:** No. This docket should remain open pending resolution of the appeal by the Florida Supreme Court. Once the Court has disposed of the appeal, the docket should be closed administratively.

**ITEM NO.**

**CASE**

2\*\*

**Docket No. 20220074-TP** – 2023 State certification under 47 C.F.R. §54.313 and §54.314, annual reporting requirements for high-cost recipients and certification of support for eligible telecommunications carriers.

**Critical Date(s):** 10/01/22 (Filing deadline with the Federal Communications Commission and the Universal Administrative Company)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Graham

**Staff:** IDM: Wooten, Long

GCL: Jones

**Issue 1:** Should the Commission certify to USAC and the FCC that Embarq Florida, Inc. d/b/a CenturyLink; Frontier Florida LLC; Frontier Communications of the South, LLC; Consolidated Communications of Florida Company; ITS Telecommunications Systems, Inc. d/b/a ITS Fiber; Knology of Florida, Inc. d/b/a WOW! Internet, Cable and Phone; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom; Smart City Telecommunications LLC d/b/a Smart City Telecom; and Windstream Florida, LLC are eligible to receive federal high-cost support, that they have used the federal high-cost support in the preceding calendar year, and they will use the federal high-cost support they receive in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended?

**Recommendation:** Yes. The Commission should certify to USAC and the FCC that Embarq Florida, Inc. d/b/a CenturyLink; Frontier Florida LLC; Frontier Communications of the South, LLC; Consolidated Communications of Florida Company; ITS Telecommunications Systems, Inc. d/b/a ITS Fiber; Knology of Florida, Inc. d/b/a WOW! Internet, Cable and Phone; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom; Smart City Telecommunications LLC d/b/a Smart City Telecom; and Windstream Florida, LLC are eligible to receive federal high-cost support, that they have used the federal high-cost support in the preceding calendar year, and they will use the federal high-cost support they receive in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

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

**Recommendation:** Yes. This docket should be closed upon issuance of a Final Order.

**ITEM NO.**

**CASE**

3\*\*PAA

**Docket No. 20220066-WS** – Application for increase in water rates in Washington County, by Sunny Hills Utility Company.

**Critical Date(s):** 10/6/22 (5-Month Effective Date (PAA Rate Case))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** La Rosa

**Staff:** AFD: Richards

ECO: Bethea, Hudson

ENG: Ellis, Phillips

GCL: J. Crawford, Rubottom

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

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

**Recommendation:** Yes. Sunny Hills is meeting all Department of Environmental Protection (DEP) primary and secondary standards with the exception of the secondary standard for iron at a backup well, Well No. 1. The Utility is taking measures to address the iron levels at Well No. 1 and has been responsive to customer complaints. Therefore, the quality of service provided by Sunny Hills should be considered satisfactory.

**Issue 2:** Are the infrastructure and operating conditions of Sunny Hills' water system in compliance with DEP regulations?

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

**Issue 3:** Should the audit adjustments to rate base be made?

**Recommendation:** Yes. Plant in service should be decreased by \$5,627 and accumulated depreciation should be increased by \$8,916.

**Issue 4:** What are the used and useful (U&U) percentages of Sunny Hills' water treatment plant (WTP), storage, and water distribution system?

**Recommendation:** Staff recommends that Sunny Hills' water treatment system is 91 percent U&U, the water storage 100 percent U&U, and the water distribution system 10 percent U&U. Additionally, staff recommends that the Utility has 4.2 percent excessive unaccounted for water (EUW).

**Issue 5:** Should adjustments be made to the Utility's non-U&U balance?

**Recommendation:** Yes. The Utility's non-U&U balance should be decreased by \$27,613.

**Issue 6:** Should further adjustments be made to the Utility's rate base?

**Recommendation:** Yes. The Utility's test year rate base should further be reduced by \$97,414.

ITEM NO.

CASE

3\*\*PAA

**Docket No. 20220066-WS** – Application for increase in water rates in Washington County, by Sunny Hills Utility Company.

(Continued from previous page)

**Issue 7:** Should any adjustments be made to the Utility’s pro forma adjustments?

**Recommendation:** Yes. Pro forma accumulated depreciation should be reduced by \$6,245 and depreciation expense should be increased by \$5,767. Additionally, property taxes should be decreased by \$1,172. There is no adjustment to the Utility’s pro forma plant.

**Issue 8:** What is the appropriate rate base for the test year ended December 31, 2021?

**Recommendation:** Consistent with staff’s recommended adjustments, the appropriate rate base for the test year ended December 31, 2021, is \$665,162.

**Issue 9:** 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 7.84 percent.

**Issue 10:** 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 December 31, 2021?

**Recommendation:** The appropriate weighted average cost of capital for the test year ended December 31, 2021, is 7.68 percent.

**Issue 11:** What are the appropriate amount of test year revenues for Sunny Hills’ water system?

**Recommendation:** The appropriate test year revenues for Sunny Hills’ water system are \$361,770

**Issue 12:** Should further adjustments be made to the Utility’s O&M expense?

**Recommendation:** Yes. O&M expense should be decreased by \$4,677.

**Issue 13:** Should further adjustments be made to the Utility’s operating expense?

**Recommendation:** Yes. The Utility’s operating expenses should be further decreased by \$1,111.

**Issue 14:** What is the appropriate operating expense for the test year ended December 31, 2021?

**Recommendation:** Consistent with staff’s recommended adjustments, the appropriate operating expense for the test year ended December 31, 2021, is \$363,822.

ITEM NO.

CASE

3\*\*PAA

**Docket No. 20220066-WS** – Application for increase in water rates in Washington County, by Sunny Hills Utility Company.

(Continued from previous page)

**Issue 15:** What is the appropriate revenue requirement for the test year ended December 31, 2021?

**Recommendation:** Staff recommends a revenue requirement of \$417,416 be approved.

**Table 15-1**

**Staff's Recommended Revenue Requirement**

<b>Test Year Revenue</b>	<b>\$ Increase</b>	<b>Revenue Requirement</b>	<b>% Increase</b>
\$361,770	\$55,646	\$417,416	15.38%

Source: Staff's calculations

**Issue 16:** What are the appropriate rate structures and rates for Sunny Hills' water system?

**Recommendation:** The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's recommendation dated August 26, 2022. 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 17:** Should Sunny Hills' miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

**Recommendation:** Yes. Staff recommends the miscellaneous service charges 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. Sunny Hills 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. 20220066-WS** – Application for increase in water rates in Washington County, by Sunny Hills Utility Company.

(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?

**Recommendation:** The water rates should be reduced, as shown on Schedule No. 4 of staff's recommendation dated August 26, 2022, 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. Sunny Hills 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 revenue increase granted be refunded?

**Recommendation:** No. The Commission approved an interim revenue increase of \$21,472 to allow the Utility to earn an operating revenue of \$385,727. This amount is less than the recommended revenue requirement of \$417,416.

**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. Sunny Hills should submit a letter within 90 days of the final order in 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**

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3\*\*PAA

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**Docket No. 20220066-WS** – Application for increase in water rates in Washington County, by Sunny Hills Utility Company.

(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. 20210184-WS** – Application for limited proceeding in Highlands County by HC Waterworks, Inc.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Passidomo

**Staff:** AFD: Richards, Mouring

ENG: P. Buys, King, Ramos

GCL: Sandy, J. Crawford

**Issue 1:** Should the Office of Public Counsel’s Petition Protesting Proposed Agency Action in this docket be denied?

**Recommendation:** Yes. Staff recommends that the Petition be denied. While OPC’s Petition disputes the characterization in the Commission’s PAA Order of customer complaints, it fails to dispute an issue of material fact. Therefore, the Protest fails to meet the statutory standards required to request a hearing pursuant to Section 120.57, F.S. If the Commission approves staff’s recommendation in this Issue, Issue 2 becomes moot, and PAA Order No. PSC-2022-0192-PAA-WS should be made final.

**Issue 2:** Should the Joint Stipulation and Settlement Agreement filed on July 1, 2022, by HCWW and OPC be approved?

**Recommendation:** No. If the Commission approves staff’s recommendation in Issue 1, this Issue is moot. If a decision on this Issue is required, staff recommends that the Commission deny the Joint Stipulation and Settlement Agreement because it fails to demonstrate how approval of the Agreement is in the public interest.

**Issue 3:** Should this docket be closed?

**Recommendation:** Yes, this docket should be closed.

**ITEM NO.**

**CASE**

5\*\*

**Docket No. 20220089-EI** – Petition for approval of modifications to rate schedule tariff sheet No. 4.122 and determination under Rule 25-6.115(12), F.A.C, by Duke Energy Florida, LLC.

**Critical Date(s):** 12/29/22 (8-Month Effective Date)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** ECO: Ward, Draper

GCL: Brownless

**(Tariff Filing)**

**Issue 1:** Should the Commission grant Duke’s petition for a determination under Rule 25-6.115(12), F.A.C., to waive certain costs and approve the associated revised Tariff Sheet No. 4.122?

**Recommendation:** Yes. The Commission should grant Duke’s petition for a determination under Rule 25-6.115(12), F.A.C., to waive certain costs and approve the associated revised Tariff Sheet No. 4.122. As required by Rule 25-6.115(12), F.A.C., Duke has provided an analysis quantifying the benefits of waiving certain costs from the CIAC calculation for customers choosing to underground non-hardened overhead distribution facilities. Staff believes Duke’s analysis showing the expected storm restoration savings as a result of undergrounding is reasonable. In addition, encouraging the undergrounding of non-hardened facilities provides benefits to the general body of ratepayers through future reductions in Storm Protection Plan costs.

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

**Recommendation:** If a protest is filed within 21 days of the issuance of the order approving the proposed tariffs, the current tariffs should remain in effect pending resolution of the protest. If no timely protest is filed, the approved tariffs should go into effect, and the docket be closed, upon the issuance of a consummating order.

**ITEM NO.**

**CASE**

6\*\*

**Docket No. 20220003-GU** – Purchased gas adjustment (PGA) true-up.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** La Rosa

**Staff:** ECO: Iturralde, Barrett, Guffey

GCL: Sandy

**Issue 1:** Should the Commission approve the Petition for Mid-Course Correction filed by SJNG?

**Recommendation:** Yes. Staff recommends the Commission approve the Petition for Mid-Course Correction filed by SJNG. Adjusting the PGA cap to \$1.60 per therm as proposed by the Company would allow SJNG the opportunity to timely recover a portion of the recent market-driven escalation in the Company's actual and forecasted costs for natural gas that are expected to be much higher than originally forecasted.

**Issue 2:** If approved by the Commission, what is the appropriate effective date for SJNG's revised levelized PGA cap?

**Recommendation:** The appropriate revised levelized PGA cap shown on Attachment A of staff's recommendation dated August 26, 2022 (Fifteenth Revised Sheet No. 103), should become effective with the first billing cycle of October 2022.

**Issue 3:** Should this docket be closed?

**Recommendation:** No. Docket No. 20220003-GU is an on-going proceeding and should remain open.

**ITEM NO.**

**CASE**

7\*\*

**Docket No. 20220112-WS** – Application for approval to establish a service availability charge for new radio frequency meter installations, by Southlake Utilities, Inc.

**Critical Date(s):** 3/15/2023 (8-Month Effective Date)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** ECO: Bethea, Hudson

GCL: Sandy

**(Tariff Filing)**

**Issue 1:** Should Southlake’s request to revise its meter installation charges be approved?

**Recommendation:** Yes. Southlake’s request to revise its meter installation charges should be approved. The appropriate meter installation charges should be \$402.31 for the 5/8 x 3/4 inch meter, \$556.49 for the 1-inch meter, and at actual cost for all other meter sizes. The utility should file a revised tariff sheet and a proposed notice to reflect the Commission-approved meter installation charges. Southlake should provide notice to property owners who have requested service beginning 12 months prior to the establishment of this docket. The approved charge should be effective for connections made on or after the stamped approval date on the tariff sheet. The utility should provide proof of noticing within 10 days of rendering the approved notice.

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

**Recommendation:** The docket should remain open pending staff’s verification that the revised tariff sheet and notice have been filed by Southlake and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with the charge held subject to refund pending resolution of the protest. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charge has been given to property owners, the docket should be administratively closed.

**ITEM NO.**

**CASE**

8

**Docket No. 20200226-SU** – Application for certificate to provide wastewater service in Charlotte County, by Environmental Utilities, LLC.

**Critical Date(s):** None

**Commissioners Assigned:** Clark, Passidomo, La Rosa

**Prehearing Officer:** La Rosa

**Staff:** ENG: Phillips, Ellis, King

AFD: Norris, Thurmond

ECO: Bruce, Hudson

GCL: J. Crawford, Sandy

**(Oral Argument Requested - Participation is at Discretion of the Commissioners)**

**Issue 1:** Should the Commission grant Environmental Utilities, LLC’s Request for Oral Argument?

**Recommendation:** No. Staff recommends that the pleadings are sufficient on their face for the Commission to evaluate and decide EU’s motion for reconsideration. However, if the Commission wishes to hear oral argument, staff recommends that 10 minutes per side is sufficient.

**Issue 2:** Should EU’s Motion for Reconsideration of Order No. PSC-2022-0267-FOF-SU be granted?

**Recommendation:** No. Staff believes that EU’s motion fails to raise a point of fact or law that the Commission overlooked or failed to consider in rendering its decision.

**Issue 3:** Should this docket be closed?

**Recommendation:** Yes, the docket should be closed.