

FLORIDA PUBLIC SERVICE COMMISSION

Item 3

VOTE SHEET

August 3, 2021

FILED 8/3/2021
DOCUMENT NO. 08678-2021
FPSC - COMMISSION CLERK

Docket No. 20200230-WU – Application for staff-assisted rate case in Manatee County by Sunny Shores Utilities, LLC.

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

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

APPROVED

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

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

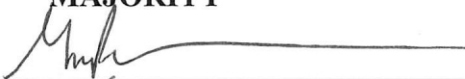
APPROVED

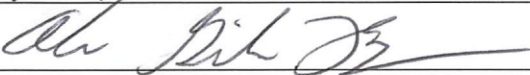
COMMISSIONERS ASSIGNED: All Commissioners


COMMISSIONERS' SIGNATURES


MAJORITY


DISSENTING











REMARKS/DISSENTING COMMENTS:

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Issue 3: What are the used and useful (U&U) percentages of Sunny Shores' water distribution system?

Recommendation: Sunny Shores' water distribution system should be considered 100 percent U&U. Additionally, staff recommends no adjustment to purchased water expense be made for excessive unaccounted for water (EUW).

APPROVED

Issue 4: What is the appropriate average test year rate base for Sunny Shores?

Recommendation: The appropriate average test year rate base for Sunny Shores is \$46,813.

APPROVED

Issue 5: What is the appropriate return on equity (ROE) and overall rate of return for Sunny Shores?

Recommendation: The appropriate ROE is 10.55 percent with a range of 9.55 percent to 11.55 percent. The traditional rate of return does not apply in this case due to rate base being less than 125 percent of O&M expenses. As such, the Operating Ratio Methodology is being used in this case.

APPROVED

Issue 6: Should the Commission approve an Allowance for Funds Used During Construction (AFUDC) rate for Sunny Shores?

Recommendation: Yes. The appropriate AFUDC rate for Sunny Shores is 7.83 percent. The appropriate monthly compounding rate to achieve an annual rate of 7.83 percent is 0.630192 percent.

APPROVED

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Issue 7: What are the appropriate test year revenues for Sunny Shores' water system?

Recommendation: The appropriate test year revenues for Sunny Shores' water system are \$93,505.

APPROVED

Issue 8: What is the appropriate test year operating expense for Sunny Shores?

Recommendation: The appropriate amount of operating expense for Sunny Shores is \$102,210.

APPROVED

Issue 9: Does Sunny Shores meet the criteria for the application of the Operating Ratio Methodology?

Recommendation: Yes. Sunny Shores meets the requirement for application of the Operating Ratio Methodology for calculating revenue requirement. The margin should be 12 percent of O&M expenses less the amount for purchased water expense.

APPROVED

Issue 10: What is the appropriate revenue requirement for Sunny Shores?

Recommendation: The appropriate revenue requirement for Sunny Shores is \$109,216, resulting in an annual increase of \$15,711 (16.80 percent).

APPROVED

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Issue 11: What is the appropriate rate structure and rates for Sunny Shores' water system?

Recommendation: The recommended rate structure and quarterly water rates are shown on Schedule No. 4 in staff's memorandum dated July 22, 2021 . 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 sheet 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 this notice.

APPROVED

Issue 12: Should the requested initial customer deposits for Sunny Shores be approved?

Recommendation: The appropriate initial customer deposits should be \$194 for the single family residential 5/8 inch x 3/4 inch meter size for water. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

Issue 13: Should the Commission approve the Utility's request to remove the tariff charge for maintenance of the customers' backflow prevention devices?

Recommendation: Yes. The Utility's request to remove the tariff charge for maintenance of customers' backflow prevention devices should be approved. The Utility should require customers to provide documentation of the annual inspection by a date specified by the Utility.

APPROVED

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Issue 14: Should the Commission approve the Utility's request to implement a meter tampering charge and, if so, what is the appropriate charge?

Recommendation: Yes. The Utility's request to implement a \$178 meter tampering charge should be approved. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(2), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

APPROVED

Issue 15: What is the appropriate amount by which rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.081(8), F.S.?

Recommendation: The rates should be reduced as shown on Schedule No. 4 in staff's memorandum dated July 22, 2021, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the rate case expense recovery period, pursuant to Section 367.081(8), F.S. Sunny Shores 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.

APPROVED

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Issue 16: Should the recommended rates be approved for Sunny Shores on a temporary basis, subject to refund the interest, in the event of a protest filed by a party other than the Utility?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. Sunny Shores should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the Utility should provide appropriate financial security.

If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed in staff's memorandum dated July 22, 2021. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission's Office of Commission Clerk no later than the 20th of each month indicating both the current monthly and total amount subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

APPROVED

Issue 17: Should Sunny Shores be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) associated with the Commission approved adjustments?

Recommendation: Yes. Sunny Shores should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Sunny Shores should submit a letter within 90 days of the Commission's final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause should be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days.

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Issue 18: Should this docket be closed?

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

APPROVED