

FLORIDA PUBLIC SERVICE COMMISSION

Item 3

VOTE SHEET

FILED 7/11/2023
DOCUMENT NO. 04002-2023
FPSC - COMMISSION CLERK

July 11, 2023

Docket No. 20220157-WU – Applications for staff-assisted rate case in Polk County by Keen Sales, Rentals and Utilities, Inc.

Issue 1: Is the quality of service provided by Keen Satisfactory?

Recommendation: Yes. Keen is currently in compliance with the Department of Environmental Protection (DEP) standards; therefore, the quality of service should be considered satisfactory.

APPROVED

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

Recommendation: Yes. Staff recommends the infrastructure and operating conditions of Keen’s water systems are currently in compliance with DEP regulations.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

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Issue 3: What are the used and useful (U&U) percentages of the Keen Subdivision and Paradise Island water treatment plants (WTP) and water distribution systems?

Recommendation: Keen Subdivision and Paradise Island’s WTPs and water distribution systems should be considered 100 percent U&U. Staff recommends no adjustments to purchased power and chemical expenses should be made for excessive unaccounted for water (EUW).

APPROVED

Issue 4: What are the appropriate average test year rate base amounts for Keen Subdivision and Paradise Island?

Recommendation: The appropriate average test year rate base for Keen Subdivision is \$47,970. The appropriate average test year rate base for Paradise Island is \$37,377.

APPROVED

Issue 5: What is the appropriate return on equity and overall rate of return for Keen Subdivision and Paradise Island?

Recommendation: The appropriate return on equity (ROE) for Keen Subdivision and Paradise Island is 10.55 percent with a range of 9.55 percent to 11.55 percent. The appropriate overall rate of return for Keen Subdivision and Paradise Island is 6.12 percent.

APPROVED

Issue 6: What are the appropriate test year operating revenues for Keen's water systems?

Recommendation: The appropriate test year operating revenues for Keen are \$68,538 for the Keen Subdivision water system and \$42,888 for the Paradise Island water system.

APPROVED

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Issue 7: What are the appropriate operating expenses for Keen?

Recommendation: The appropriate amount of operating expenses are \$77,869 for Keen Subdivision and \$67,656 for Paradise Island.

APPROVED

Issue 8: Does Keen meet the criteria for application of the operating ratio methodology?

Recommendation: Yes. Keen Subdivision and Paradise Island both meet the requirement for application of the operating ratio methodology for calculating its respective revenue requirements.

APPROVED

Issue 9: What is the appropriate revenue requirement for Keen?

Recommendation: The appropriate revenue requirement for Keen Subdivision is \$86,291, resulting in an annual increase of \$17,753 (25.90 percent). The appropriate revenue requirement for Paradise Island is \$74,915, resulting in an annual increase of \$32,057 (74.67 percent).

APPROVED

Issue 10: What are the appropriate rate structures and rates for Keen's water systems?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule Nos. 4-A and 4-B as shown on staff's memorandum dated June 28, 2023. 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.

APPROVED

Docket No. 20220157-WU – Applications for staff-assisted rate case in Polk County by Keen Sales, Rentals and Utilities, Inc.

(Continued from previous page)

Issue 11: What are the appropriate initial customer deposits for Keen?

Recommendation: The appropriate initial customer deposit should be \$110 for the residential 5/8 inch x 3/4 inch meter sizes for Keen Subdivision and Paradise Island. 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 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.

APPROVED

Issue 12: What are the appropriate amounts by which rates should be reduced four years after the published effective date to reflect removal of the amortized rate case expenses?

Recommendation: The rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated June 28, 2023, to remove rate case expenses grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Keen should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustments, separate data should be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense.

APPROVED

Docket No. 20220157-WU – Applications for staff-assisted rate case in Polk County by Keen Sales, Rentals and Utilities, Inc.

(Continued from previous page)

Issue 13: Should the recommended rates be approved for Keen on a temporary basis, subject to refund with 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. Keen Sales Rental and Utilities 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 sheets, 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 below in the staff analysis of staff's memorandum dated June 29, 2023. 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 14: Should Keen 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?

Recommendation: Yes. Keen should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Keen 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.

APPROVED

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Item 3

Docket No. 20220157-WU – Applications for staff-assisted rate case in Polk County by Keen Sales, Rentals and Utilities, Inc.

(Continued from previous page)

Issue 15: 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