

FLORIDA PUBLIC SERVICE COMMISSION

Item 5

VOTE SHEET

August 6, 2019

FILED 8/6/2019
DOCUMENT NO. 07009-2019
FPSC - COMMISSION CLERK

Docket No. 20180218-SU – Application for staff-assisted rate case in Brevard County by TKCB, Inc.

Issue 1: Is the quality of service provided by TKCB, Inc. satisfactory?

Recommendation: Yes. The Utility is in compliance with DEP’s rules and regulations and there have been no customer comments or complaints against the Utility in the previous five-year period. Therefore, staff recommends that the overall quality of service provided by the Utility be considered satisfactory.

APPROVED

Issue 2: What are the used and useful (U&U) percentages for the Utility’s wastewater treatment plant (WWTP) and collection system?

Recommendation: Staff recommends that the WWTP and collection system be considered 100 percent U&U. There is no excessive infiltration and inflow (I&I) and no adjustment to operating expenses is necessary.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

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Issue 3: What is the appropriate average test year rate base for TKCB, Inc.?

Recommendation: The appropriate average test year rate base for TKCB for ratemaking purposes is \$58,454.

APPROVED

Issue 4: What is the appropriate return on equity and overall rate of return for TKCB, Inc.?

Recommendation: The appropriate return on equity (ROE) is 7.85 percent with a range of 6.85 percent to 8.85 percent.

APPROVED

Issue 5: What are the appropriate test year revenues for TKCB, Inc.?

Recommendation: The appropriate test year revenues for TKCB are \$83,684.

APPROVED

Issue 6: What is the appropriate amount of operating expense for TKCB, Inc.?

Recommendation: The appropriate amount of operating expense for TKCB is \$85,605.

APPROVED

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Issue 7: Should the Commission utilize the operating ratio methodology as an alternative method of calculating the wastewater revenue requirement for TKCB, Inc. and, if so, what is the appropriate margin?

Recommendation: Yes. The Commission should utilize the operating ratio methodology for calculating the revenue requirement for TKCB. The margin should be 12 percent of O&M expense.

APPROVED

Issue 8: What is the appropriate revenue requirement for TKCB, Inc.?

Recommendation: The appropriate revenue requirement is \$94,728 resulting in an annual increase of \$11,044 (13.20 percent).

APPROVED

Issue 9: What are the appropriate wastewater rates for TKCB, Inc.?

Recommendation: The recommended monthly wastewater rates, as shown on Schedule No. 4, are reasonable and should be approved. 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. The approved rates 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 within 10 days of the date of the notice.

APPROVED

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Issue 10: What is the appropriate amount by which rates should be reduced 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, 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. TKCB 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

Issue 11: Should the recommended rates be approved for TKCB, Inc. 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. TKCB 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 temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Prior to implementation of any temporary rates, the Utility should provide appropriate 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. 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 the monthly and total amount of money 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

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Issue 12: Should the Utility be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision?

Recommendation: Yes. TKCB should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. TKCB should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts (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, notice providing good cause should be filed within seven days prior to the deadline. Staff should be given administrative authority to grant such an extension for up to 60 days.

APPROVED

Issue 13: 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