

FLORIDA PUBLIC SERVICE COMMISSION

Item 10

VOTE SHEET

October 3, 2019

FILED 10/3/2019
DOCUMENT NO. 09184-2019
FPSC - COMMISSION CLERK

Docket No. 20180138-SU – Application for staff-assisted rate case in Volusia County by North Peninsula Utilities Corporation.

Issue 1: Is the quality of service provided by North Peninsula Utilities Corporation satisfactory?

Recommendation: Yes. NPUC has been responsive to customer complaints, and intends to complete the pro forma plant improvements discussed in Issue 4 to be in compliance with the DEP, and to help ensure customer satisfaction. Therefore, staff recommends that the quality of service be considered satisfactory.

APPROVED

Issue 14 - North Peninsula Utilities Corporation shall submit reports to the Commission every 6 months to verify pro forma items have been completed. Docket shall be closed administratively upon verification that pro forma items have been completed.

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

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Issue 2: Are the infrastructure and operating conditions of North Peninsula Utilities Corporation's wastewater system in compliance with DEP regulations?

Recommendation: NPUC is not currently in compliance with the DEP, but is working to address the issues noted in the DEP Consent Order through the pro forma plant improvements discussed in Issue 4. The Utility also plans to address other plant improvements necessary to ensure that its facilities and equipment are in safe, efficient, and proper condition.

APPROVED

Issue 3: What are the used and useful (U&U) percentages of North Peninsula Utilities Corporation's WWTP and collection system?

Recommendation: NPUC's WWTP and collection system should both be considered 100 percent U&U. Additionally, staff recommends no adjustment to purchased power and chemicals should be made for excessive infiltration and inflow (I&I).

APPROVED

Issue 4: What is the appropriate average test year rate base for North Peninsula Utilities Corporation?

Recommendation: The appropriate average test year rate base for the Utility is \$232,047.

APPROVED

Issue 5: What is the appropriate return on equity and overall rate of return for North Peninsula Utilities Corporation?

Recommendation: The appropriate return on equity (ROE) is 10.55 percent with a range of 9.55 percent to 11.55 percent. The appropriate rate of return is 6.70 percent.

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Issue 6: What are the appropriate test year revenues for North Peninsula Utilities Corporation?

Recommendation: The appropriate test year revenues for NPUC's wastewater system are \$243,777.

APPROVED

Issue 7: What is the appropriate test year operating expense for North Peninsula Utilities Corporation?

Recommendation: The appropriate amount of operating expense for the Utility is \$254,765.

APPROVED

Issue 8: Should the Commission utilize the operating ratio methodology as an alternative method of calculating the wastewater revenue requirements for NPUC, and, if so, what is the appropriate margin?

Recommendation: Yes. As required by rule, the Commission must utilize the operating ratio methodology for calculating the revenue requirement for NPUC. The margin should be 12 percent of O&M expense, capped at \$15,000.

APPROVED

Issue 9: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$269,765, resulting in an annual increase of \$25,988 (10.66 percent).

APPROVED

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Issue 10: What is the appropriate rate structure and rates for North Peninsula Utilities Corporation's wastewater systems?

Recommendation: The recommended rate structure and monthly wastewater rates are shown on Schedule No. 4 attached to staff's memorandum dated September 20, 2019. 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

Issue 11: What is the appropriate amount by which rates should be reduced in four years after the published effective date to reflect the removal of the amortized rate case expense?

Recommendation: In four years, the wastewater rates should be reduced, as shown on Schedule No. 4 attached to staff's memorandum dated September 20, 2019, 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 four-year rate case expense recovery period, pursuant to Section 367.081(8), F.S. NPUC 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. (Bruce, Richards)

APPROVED

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Issue 12: Should the recommended rates be approved for North Peninsula Utilities Corporation 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. NPUC 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 in the analysis portion of staff's memorandum dated September 20, 2019. 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. (Richards)

APPROVED

Issue 13: Should North Peninsula Utilities Corporation 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. The Utility should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. NPUC should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts, as shown on Schedule No. 5 attached to staff's memorandum dated September 20, 2019, 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 not less than 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. (Richards)

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Issue 14: 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, 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, *as modified.*

See page 1.