

FLORIDA PUBLIC SERVICE COMMISSION

Item 6

VOTE SHEET

October 12, 2021

FILED 10/12/2021
DOCUMENT NO. 12080-2021
FPSC - COMMISSION CLERK

Docket No. 20210043-WU – Application to transfer facilities and water Certificate No. 652-W in Marion County from Arma Water Service, LLC to Leighton Estates Utilities, LLC.

Issue 1: Should the transfer of Certificate No. 652-W from Arma Water Service, LLC to Leighton Estates Utilities, LLC be approved?

Recommendation: Yes. The transfer of the water system and Certificate No. 652-W is in the public interest and should be approved effective the date of the Commission’s vote. The resultant order should serve as the Buyer’s certificate and should be retained by the Buyer. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). The Utility is current with respect to annual reports and Regulatory Assessment Fees (RAFs) through December 31, 2020, and the Buyer should be responsible for all future years.

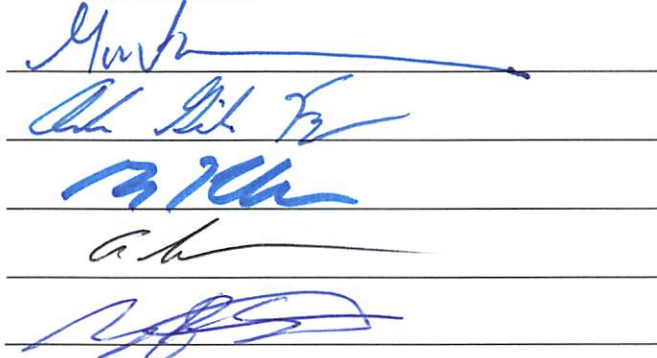
APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING



REMARKS/DISSENTING COMMENTS: *Oral Modification, assigned DN 11984-2021, is attached.*

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Issue 2: What is the appropriate net book value for the Leighton Estates Utilities, LLC water system for transfer purposes, and should an acquisition adjustment be approved?

Recommendation: The appropriate net book value (NBV) of the water system for transfer purposes is \$274,981, as of January 1, 2021. Within 90 days of the date of the final order, the Utility should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the Utility's 2021 Annual Report when filed.

APPROVED

Issue 3: Should an acquisition adjustment be recognized for ratemaking purposes?

Recommendation: Yes. Pursuant to Rule 25-30.0371(3), F.A.C., a negative acquisition adjustment of \$47,985 should be recognized for ratemaking purposes. Beginning with the date of the issuance of the order approving the transfer, half of the negative acquisition adjustment should be amortized over a 7-year period and the other half amortized over the remaining life of the Utility's assets or 20 years, in accordance with Rule 25-30.0371(4)(b)1, F.A.C.

APPROVED

Issue 4: Should the miscellaneous service charges be revised to reflect Leighton Estates Utilities, LLC's request for late payment and non-sufficient funds (NSF) charges, as well as to conform to amended Rule 25-30.460, F.A.C.?

Recommendation: Yes. The Utility's request to add a \$5.00 late payment charge and NSF charges to its miscellaneous service charges should be approved. In addition, staff recommends the miscellaneous service charges be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The recommended miscellaneous service charges are shown on Schedule No. 3 of staff's memorandum dated September 30, 2021. The Utility 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.

APPROVED

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Issue 5: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, and proof that appropriate noticing has been done pursuant to Rule 25-30.4345, F.A.C.

APPROVED

Lisa Smith

From: Asha Maharaj-Lucas
Sent: Friday, October 8, 2021 9:53 AM
To: Mark Futrell; Laura King; Marissa Ramos; Amber Norris; Clayton Lewis; Mary Anne Helton; Keith Hetrick; Shaw Stiller; Adam Teitzman; Shannon Hudson; Commissioners & Staffs; CLK - Agenda Staff; Adam Teitzman; Apryl Lynn; Terence Bethea; Jonathan Blocker; Amber Norris; Cheryl Bulecza-Banks; Cindy Muir
Cc: Braulio Baez; Tom Ballinger; Kate Hamrick; Jacqueline Moore; Nancy Harrison
Subject: RE: Request for oral modification to Item #6 on the 10/12/21 Agenda Conference

Good Morning,

Please see the Approval response to the Request for oral modification to Item 6 on the October 12, 2021 Agenda Conference.

Thank
Asha

From: Braulio Baez <BBaez@PSC.STATE.FL.US>
Sent: Friday, October 08, 2021 9:35 AM
To: Tom Ballinger <TBallinger@PSC.STATE.FL.US>
Cc: Mark Futrell <MFutrell@PSC.STATE.FL.US>; Laura King <LKing@PSC.STATE.FL.US>; Marissa Ramos <mramos@psc.state.fl.us>; Amber Norris <amnorris@psc.state.fl.us>; Clayton Lewis <CLewis@PSC.STATE.FL.US>; Mary Anne Helton <MHelton@PSC.STATE.FL.US>; Keith Hetrick <khetrick@psc.state.fl.us>; Shaw Stiller <SStiller@psc.state.fl.us>; Asha Maharaj-Lucas <AMaharaj@psc.state.fl.us>; Kate Hamrick <KHamrick@psc.state.fl.us>; Adam Teitzman <ATEITZMA@psc.state.fl.us>; Shannon Hudson <SHudson@PSC.STATE.FL.US>
Subject: RE: Request for oral modification to Item #6 on the 10/12/21 Agenda Conference

Approved, thanks.

Sent from my T-Mobile 4G LTE Device

----- Original message -----

From: Tom Ballinger <TBalling@PSC.STATE.FL.US>
Date: 10/8/21 9:02 AM (GMT-05:00)
To: Braulio Baez <BBaez@PSC.STATE.FL.US>
Cc: Mark Futrell <MFutrell@PSC.STATE.FL.US>, Laura King <LKing@PSC.STATE.FL.US>, Marissa Ramos <mramos@psc.state.fl.us>, Amber Norris <amnorris@psc.state.fl.us>, Clayton Lewis <CLewis@PSC.STATE.FL.US>, Mary Anne Helton <MHelton@PSC.STATE.FL.US>, Keith Hetrick <khetrick@psc.state.fl.us>, Shaw Stiller <SStiller@psc.state.fl.us>, Asha Maharaj-Lucas <AMaharaj@psc.state.fl.us>, Kate Hamrick <KHamrick@psc.state.fl.us>, Adam Teitzman <ATEITZMA@psc.state.fl.us>, Shannon Hudson <SHudson@PSC.STATE.FL.US>
Subject: Request for oral modification to Item #6 on the 10/12/21 Agenda Conference

Staff requests approval to make an oral modification to Item 6 scheduled for the October 7, 2021 Commission Conference (Docket No. 20210043, Application to transfer facilities and water Certificate No. 652-W in Marion County from Arma Water Service, LLC to Leighton Estates Utilities, LLC.) Staff's proposed modifications relate to the correction of the amortization period of the negative acquisition adjustment. Modifications are necessary to the amortization period referenced in the Recommendation the Staff Analysis sections of Issue 3, on page 8. These changes do not affect staff's recommendation to approve the transfer.

Proposed Modification to the Recommendation and Staff Analysis on page 8 (Issue 3):

Issue 3:

Should an acquisition adjustment be recognized for ratemaking purposes?

Recommendation:

Yes. Pursuant to Rule 25-30.0371(3), F.A.C., a negative acquisition adjustment of \$47,985 should be recognized for ratemaking purposes. Beginning with the date of the issuance of the order approving the transfer, half of the negative acquisition adjustment should be amortized over a 7-year period and the other half amortized over the remaining life of the Utility's assets or 20 years, in accordance with Rule 25-30.0371(4)(b)1, F.A.C. (Blocker)

Staff Analysis:

An acquisition adjustment results when the purchase price differs from the original cost of the assets' NBV, adjusted to the time of the acquisition. Pursuant to Rule 25-30.0371(3), F.A.C., if the purchase price is equal to or less than 80 percent of NBV, a negative acquisition adjustment shall be included in rate base and will be equal to 80 percent of NBV, less the purchase price. Pursuant to Rule 25.30.0371(4)(b)1., F.A.C., if the purchase price is greater than 50 percent of net book value, half of the negative acquisition adjustment should be amortized over a 7-year period and the other half amortized over the remaining life of the Utility's assets. The calculation of the acquisition adjustment is shown in Table 3-1. Staff estimates the remaining life of the assets to be 20 years.

**Table 3-1
Calculation of Negative Acquisition Adjustment**

Net book value as of January 1, 2021	\$274,981
80 percent of net book value	\$219,985
Purchase price	\$172,000
Negative acquisition adjustment	\$47,985

Therefore, pursuant to Rule 25-30.0371(3), F.A.C., staff recommends a negative acquisition adjustment of \$47,985 be recognized for ratemaking purposes. Beginning with the date of issuance of the order approving the transfer, one half of the negative acquisition adjustment should be amortized over a 7-year period and the other half amortized over the remaining life of the Utility's assets, or 20 years, in accordance with Rule 25-30.0371(4)(b)1, F.A.C.