

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

May 7, 2024

FILED 5/7/2024  
DOCUMENT NO. 02819-2024  
FPSC - COMMISSION CLERK

Item 6

Docket No. 20240006-WS – Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

**Issue 1:** What is the appropriate range of returns on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.?

**Recommendation:** The appropriate range of returns on common equity is 8.66 percent at 100 percent equity to 11.24 percent at 40 percent equity. This range was determined using the leverage formula methodology approved in Order No. PSC-2018-0327-PAA-WS using a proxy group comprised of natural gas and WAW utilities and updated financial data. Accordingly, the following leverage formula should be used until the leverage formula is addressed again in 2025:

$$ROE = 6.94 + (1.719 \div \text{Equity Ratio})$$

Where the Equity Ratio = Common Equity  $\div$  (Common Equity + Preferred Equity + Long-Term and Short-Term Debt)

Range: 8.66% at 100% equity to 11.24% at 40% equity

The Commission should cap returns on common equity at 11.24 percent for all WAW utilities with equity ratios less than 40 percent. Imposing a cap serves to discourage imprudent financial risk. This cap is consistent with the methodology approved in Order No. PSC-2018-0327-PAA-WS.

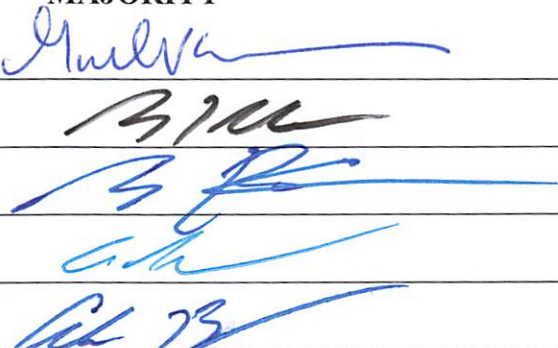
**APPROVED**

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING



\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**REMARKS/DISSENTING COMMENTS:**

Vote Sheet  
May 7, 2024

Item 6

**Docket No. 20240006-WS** – Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

(Continued from previous page)

**Issue 2:** Should this docket be closed?

**Recommendation:** No. Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, the decision should become final and effective upon the issuance of a Consummating Order. However, this docket should remain open to allow staff to monitor changes in capital market conditions and to readdress the reasonableness of the leverage formula as conditions warrant.

**APPROVED**