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Commission Conference Agenda
May 3, 2022

Item 1

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FPSC - COMMISSION CLERK

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 21, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Office of the General Counsel (Rubottom, DuVal) SMC
Division of Economics (Coston, Draper) JGH

RE: Docket No. 20220012-EI – Petition for temporary waiver of Rule 25-6.078(3), F.A.C. by Florida Power & Light Company.

AGENDA: 05/03/22 – Regular Agenda – Motion to Dismiss – Oral Argument Not Requested; Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On January 7, 2022, Florida Power & Light Company (FPL) filed a petition for a temporary waiver of Rule 25-6.078(3), Florida Administrative Code (F.A.C.).[1] FPL's requested waiver would allow deferred filing of certain information related to installation of underground facilities in new subdivisions due to be filed by April 1, 2022.

On February 17, 2022, the Commission issued a Notice of Proposed Agency Action, Order Granting Petition for Temporary Rule Waiver[2] (PAA Order) that would become final upon issuance of a Consummating Order unless, within 21 days of issuance of the PAA Order, a

[1] Document No. 00115-2022.
[2] Order No. PSC-2022-0062-PAA-EI, issued Feb. 17, 2022, in Docket No. 20220012-EI, *In re: Petition for temporary waiver of Rule 25-6.078(3), F.A.C. by Florida Power & Light Company*.

person whose interests would be substantially affected filed a petition for a formal proceeding in conformity with the requirements of Rule 28-106.201, F.A.C.

In its PAA Order, the Commission granted FPL's Petition for a Temporary Waiver of Rule 25-6.078(3), F.A.C., to allow FPL to defer filing its written policy, along with supporting data and analyses, for installation of underground facilities in new subdivisions until April 1, 2023, effectively resetting FPL's three-year filing cycle such that its next filing would be due by April 1, 2026, instead of by April 1, 2025.[3] The Commission found that granting the temporary waiver would serve to achieve the purpose of the underlying statutes[4] and determined that "strict application of Rule 25-6.078(3), F.A.C., would create a substantial hardship for FPL based on the expenditure of resources needed to determine the supporting underlying costs for a time period prior to the consolidation of FPL and Gulf for cost and ratemaking purposes." Additionally, because FPL would still be required to file Form PSC 1031 (08/20)[5] to report its cost differential on underground facilities by October 15, 2022, the Commission found that "there should be no adverse impacts to FPL's customers by granting the request[ed]" waiver.

During the 21-day protest period that expired on March 10, 2022, the Commission received 103 Letters of Protest (Protest Petitions) purporting to challenge the PAA Order and requesting a formal hearing pursuant to Rule 28-106.201, F.A.C.

On March 11, 2022, FPL filed a Motion to Dismiss Petitions (FPL Motion to Dismiss), requesting that the Commission dismiss all 103 Protest Petitions.[6] No responses were filed to FPL's motion, and the deadline for filing a response has passed.

This recommendation addresses whether FPL's Motion to Dismiss should be granted. The Commission has jurisdiction over this matter pursuant to Sections 366.04 and 120.542, Florida Statutes (F.S.).

[3] Rule 25-6.078(1), (4)-(5), F.A.C., prescribes the written policy and supporting data and analyses to be reported, and Rule 25-6.078(3), F.A.C., requires each utility to file such information "at least once every 3 years."
[4] Sections 366.03, 366.04, and 366.06, Florida Statutes, were identified as the underlying statutes for Rule 25-6.078(3), F.A.C.
[5] Rule 25-6.078(3), F.A.C., requires each utility to file Form PSC 1031 (08/20), entitled "Overhead/Underground Residential Differential Cost Data," by October 15 of each year.
[6] Document No. 01806-2022.

Discussion of Issues

Issue 1: Should the Commission grant FPL's Motion to Dismiss?

Recommendation: Yes. The Commission should grant FPL's Motion and dismiss the Protest Petitions with prejudice. (Rubottom, DuVal)

Staff Analysis:

The Protest Petitions

Each of the 103 Protest Petitions received by the Commission were entitled "Letter of Protest" and consisted of three paragraphs requesting an evidentiary hearing and a denial of FPL's petition for rule waiver, and each Protest Petition included one additional paragraph in which the filer could provide a "personal example of undue and substantial hardship."[7]

The first three paragraphs, identical in each letter, allege that FPL's requested base rate increase in Docket No. 20210015-EI[8] was approved in part based on proposed tariffs that included an updated written policy regarding the installation of underground facilities in new subdivisions but that "the data and analyses for [the tariffs]" were omitted from the filing. The letters argue that because "the supporting data and analyses were not included" in the FPL Rate Case, "yet rates were changed that enriched the public utility and caused undue and substantial financial hardship on the people," FPL's Petition for Temporary Waiver of Rule 25-6.078(3), F.A.C., should be denied.

The fourth paragraph of each letter provides blank lines for individual petitioners to relate a personal example of undue and substantial hardship. Most petitioners provide some information in paragraph four, all of whom complain of the increased rates and other difficulties resulting from the FPL Rate Case and request in various ways that the Commission review its decision in that case or otherwise reduce rates.

FPL's Motion to Dismiss

FPL makes three arguments in support of its Motion to Dismiss.

First, FPL argues that petitioners lack standing to challenge the Commission's PAA Order. Specifically, FPL cites Rule 28-106.201(2)(b), F.A.C., that requires a petition for an evidentiary hearing to include "an explanation of how the petitioner's substantial interests will be affected by the agency determination." Additionally, FPL cites the two-prong test for standing, originating in *Agrico Chemical Company v. Department of Environmental Regulation*,[9] and argues that the petitioners' protests do not raise any substantial interests relating to the Commission's PAA Order granting FPL a temporary rule waiver. FPL states that, instead, the substantial interests identified in the Protest Petitions relate to the rate increase approved by the Commission in

[7] *See, e.g.*, Document No. 01542-2022.
[8] *See* Order No. PSC-2021-0446-S-EI, issued Dec. 2, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increase by Florida Power & Light Company*; and Amendatory Order No. PSC-2021-0446A-S-EI, issued Dec. 9, 2021 (FPL Rate Case). This order is on appeal before the Florida Supreme Court in Case Nos. SC21-1761 and SC22-12.
[9] 406 So. 2d 478, 482 (Fla. 2d DCA 1981).

Docket No. 20210015-EI and the petitioners' interests as customers of FPL affected by the increased rates.[10] FPL argues that the Protest Petitions fail to meet Florida's two-prong test for standing and should therefore be dismissed because the petitioners' interests are "wholly outside the scope of the Commission's" PAA Order.

Second, FPL argues that the Protest Petitions are an improper collateral attack on the Commission's order in Docket No. 20210015-EI, in which the Commission approved a stipulation and settlement agreement granting FPL a base rate increase.[11] FPL points out that paragraphs 1-3 of the Protest Petitions focus on actions that occurred in the 2021 ratemaking docket. However, because appeals to the Commission's order in that docket were filed with the Florida Supreme Court, FPL argues that jurisdiction to settle complaints of the electric rates approved in that ratemaking case properly resides with the Florida Supreme Court, not with the Commission.

Third, FPL argues that the Protest Petitions fail to comply with the pleading requirements of Rule 28-106.201, F.A.C. Specifically, FPL asserts the following deficiencies related to Rule 28-106.201(2), F.A.C.:

- Failure "to properly state how [petitioners'] substantial interests will be affected" by the PAA Order as required by subsection (b);
- Failure "to provide a statement of all disputed issues of material fact or if there are none" as required by subsection (d);
- Failure "to provide a concise statement of the ultimate facts alleged" and to "state which specific facts warrant reversal or modification" of the PAA Order as required by subsection (e); and
- Failure to "state the specific rules or statutes that they contend require the reversal or modification" of the PAA Order and to "provide an explanation of how the alleged facts relate to a specific rule or statute," as required by subsection (f).

Standard of Review for Motion to Dismiss

The Commission evaluates a motion to dismiss under the legal standard of whether the facts alleged in a petition are sufficient to state a cause of action, taking all material factual allegations from the petition as true and not looking beyond the four corners of the petition.[12] A petition should be dismissed with prejudice where, after resolving every reasonable inference in favor of the petitioner, it "conclusively appears that there is no possible way to amend the complaint to state a cause of action."[13]

Discussion

Where a petitioner requests an evidentiary hearing, Section 120.569(2)(c), F.S., provides, in part, that the Commission shall dismiss a petition that fails to substantially comply with the procedural requirements in the uniform rules of Chapter 28, F.A.C. Under Section 120.569(2)(c), F.S., the dismissal of a petition should, at least once, be without prejudice to the petitioner to allow the

[10] *See*, FPL Rate Case.
[11] *Id.*
[12] *See*, *Varnes v. Dawkins*, 624 So. 2d 349, 350 (Fla. 1st DCA 1993).
[13] *Meyers v. City of Jacksonville*, 754 So. 2d 198, 202 (Fla. 1st DCA 2000).

filing of a timely amended petition curing the defect, unless it conclusively appears from the face of the petition that the defect cannot be cured.[14]

Sufficiency of the Protest Petitions: Failure to State a Cause of Action, and the Technical Pleading Standard of Rule 28-106.201, F.A.C.

Each petition for a formal hearing must conform to the pleading requirements of Rule 28-106.201, F.A.C. Rule 28-106.201(2), F.A.C., requires that all petitions requesting an evidentiary hearing and asserting the existence of a disputed issue of material fact shall contain:

(a) The name and address of each agency affected and each agency's file or identification number, if known;
(b) The name, address, any e-mail address, any facsimile number, and telephone number of the petitioner, if the petitioner is not represented by an attorney or a qualified representative; the name, address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination;
(c) A statement of when and how the petitioner received notice of the agency decision;
(d) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;
(e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;
(f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action, including an explanation of how the alleged facts relate to the specific rules or statutes; and
(g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.[15]

Specifically, staff recommends that the Protest Petitions lack information required in subsections (b), (c), (d), (e), and (f) of that rule, warranting dismissal. Furthermore, in staff's opinion, it appears conclusively on the face of the Protest Petitions that the following defects cannot be cured and thus warrant dismissal of the petitions with prejudice:

- Subsection (b) - Because petitioners fail to explain how their substantial interests will be affected by the PAA Order and FPL's deferred filing of the information required by Rule 25-6.078(3), F.A.C., staff is unable to identify any information in the Protest Petitions sufficient to reasonably infer a causal connection between petitioners' interests and the Commission's proposed action in this docket; and

- Subsection (f) - Because petitioners fail to state the specific rules or statutes the petitioners contend require reversal or modification of the PAA Order, staff is unable to identify any relationship between the facts alleged and any rules or statutes that could warrant such reversal or modification in this case.

[14] Section 120.569(2)(c), F.S.
[15] Rule 28-106.201(2), F.A.C.

Petitioners have failed to state a cause of action for which relief can be granted in the present docket. As discussed above, the nature of the present docket is whether to grant FPL's requested waiver of Rule 25-6.078(3), F.A.C. To promote the interest of fairness, the Commission has previously held pro se litigants such as the petitioners to a relaxed pleading standard.[16] However, the Protest Petitions allege no material facts related to the Commission's PAA Order granting the waiver and thus fail to state a cause of action for which relief can be granted. Because "it conclusively appears from the face of the petition that the defect[s] cannot be cured," staff recommends that the Commission dismiss the Protest Petitions with prejudice pursuant to Section 120.569(2)(c), F.S.

Factual Allegations Related to FPL Rate Case are Outside the Scope of this Docket

Additionally, based on staff's review of the filings, it appears that petitioners are attempting to reargue facts of the 2021 FPL Rate Case that are not material to the present docket. Therefore, staff recommends that the Protest Petitions should also be dismissed because the petitioners' arguments related to the FPL Rate Case are outside the scope of this docket.

Conclusion

For the reasons discussed above, staff recommends that the Commission grant FPL's Motion and dismiss the Protest Petitions with prejudice.

[16] *See, e.g.*, Order No. PSC-12-0252-FOF-EI, issued May 23, 2012, in Docket No. 110305-EI, *In re: Initiation of formal proceedings of Complaint No. 1006767E of Edward McDonald against Tampa Electric Company, for alleged improper billing*; Order No. PSC-11-0117-FOF-PU, issued Feb. 17, 2011, in Docket Nos. 100175-TL and 100312-EI, *In re: Complaint against AT&T d/b/a BellSouth for alleged violations of various sections of Florida Administrative Code, Florida Statutes, and AT&T regulations pertaining to billing of charges and collection of charges, fees, and taxes*; *In re: Complaint against Florida Power & Light Company for alleged violations of various sections of Florida Administrative Code, Florida Statutes, and FPL tariffs pertaining to billing of charges and collection of charges, fees, and taxes*; Order No. PSC-02-1344-FOF-TL, issued Oct. 3, 2002, in Docket No. 020595-TL, *In re: Complaint of J. Christopher Robbins against BellSouth Telecommunications, Inc. for violation of Rule 25-4.073(1)(c), F.A.C., Answering Time*.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission accepts staff's recommendation on Issue 1 and dismisses the Protest Petitions with prejudice, then the Commission should issue a Consummating Order finalizing the PAA Order, and the docket should be closed.

Staff Analysis: No other outstanding protests of the Commission's PAA Order remain to be resolved in this docket. Therefore, if the Commission grants FPL's Motion to Dismiss and dismisses the Protest Petitions with prejudice pursuant to Section 120.569(2)(c), F.S., the Commission should issue a Consummating Order and close the docket.

Item 2

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 21, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Deas, Fogleman) CH
Office of the General Counsel (Weisenfeld, Imig) TLT

RE: Docket No. 20220036-TP – Petition of North American Numbering Plan Administrator on behalf of the Florida telecommunications industry, in the matter of the implementation for relief of the 904 numbering plan area.

AGENDA: 05/03/22 – Regular Agenda – Interested Persons May Participate
Proposed Agency Action. AT 4/21/22

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Passidomo

CRITICAL DATES: The estimated exhaust date for the 904 area code is the third quarter of 2024.

SPECIAL INSTRUCTIONS: None

Case Background

On February 17, 2022, the North American Numbering Plan Administrator (NANPA), on behalf of Florida's telecommunications industry (Industry), filed a petition with the Florida Public Service Commission (Commission) for approval of its area code relief plan for the 904 Numbering Plan Area (NPA). The Industry reached a consensus decision to recommend an all-services distributed overlay as the form of relief for the 904 NPA. NANPA projects that the supply of central office codes in the 904 NPA will exhaust during the third quarter of 2024. Consequently, NANPA is also requesting that the Commission approve the recommended 13-month implementation schedule.

NANPA is the neutral third-party administrator of the North American Numbering Plan, which is the area code system shared by the United States, Canada, Bermuda, and 17 Caribbean countries.

The area served by NANPA is divided into NPAs, which are each identified by a three-digit NPA code, commonly called an area code. NANPA's responsibilities include assigning area codes and prefixes, and tracking numbering usage to ensure effective and efficient utilization. NANPA is also responsible for forecasting the exhaust of geographic area codes and area code relief planning. NANPA publishes its forecasted exhaust of all area codes on a semi-annual basis. This forecast is used to determine when to start the area code relief process.

The 904 area code was introduced in 1965 when the 305 area code needed relief due to substantial growth. It was the third area code assigned in Florida. Originally, the 904 area code covered the entire northern part of Florida. The first geographic split of the 904 NPA occurred in 1995, resulting in the creation of the 352 NPA. In 1997, as a result of additional growth the 904 NPA was split again creating the 850 NPA. The last geographic split of the 904 NPA was implemented in 2001, which created the 386 NPA. The 386 area code serves the only non-contiguous NPA in Florida, with one part at the western boundary of the 904 NPA and the other at the southeastern boundary. Currently, the 904 area code includes all or most of Nassau, Duval, Baker, Bradford, Clay, St Johns and Union Counties.

In January 2022, NANPA forecasted that the 904 area code would exhaust during the third quarter of 2024. NANPA convened an industry meeting on January 13, 2022, to review and approve the area code relief filing. On February 17, 2022, NANPA filed a petition with the Commission on behalf of the Industry requesting approval of an all services distributed overlay for the 904 area code (see map Attachment A). The Commission has jurisdiction to address this issue pursuant to Sections 364.16(7) and 120.80(13)(d), Florida Statutes, and 47 Code of Federal Regulations (C.F.R.) § 52.19.

Discussion of Issues

Issue 1: Should the Commission approve the Industry's consensus recommendation of an all-services distributed overlay as the area code relief plan for the 904 area code?

Primary Recommendation: Yes. The Commission should approve the Industry's consensus recommendation of an all-services distributed overlay as the area code relief plan for the 904 area code. (Deas, Weisenfeld)

Alternative Recommendation: No. Staff recommends a modified overlay of a new area code with boundary elimination as the area code relief plan for the 904 area code. Staff recommends an immediate overlay of a new area code over the 904 area code, with a boundary elimination between the 904 and 386 geographic areas once the 386 area code reaches exhaust. (Fogleman, Imig)

Staff Analysis: Area code relief responsibilities have been delegated to the states by the Federal Communication Commission (FCC) pursuant to 47 C.F.R. § 52.19. In Florida, the Commission is responsible for determining the appropriate form of area code relief when telephone numbers exhaust within an area code. There are a number of methods available to address area code exhaust issues; however, the two most commonly used methods are a geographic split or an overlay.

Geographic Split

The geographic split method divides the exhausting NPA into two, leaving the existing area code to serve one NPA and assigning a new area code to serve the other NPA. This method generally acknowledges jurisdictional or natural boundaries, but for technical reasons and number optimization considerations, the actual boundaries must conform to existing rate center boundaries. Under this method, customers on both sides of the split would retain seven digit dialing; however, it would require customers in the new NPA to change their area code. The last split implemented in Florida was 20 years ago. Industry guidelines specify that in the case of a geographic split, the difference in area code life expectancies between the split areas should be 10 years or less.[1]

Overlay

The overlay method adds a new area code to the same geographic area served by the area code requiring relief. This results in the assignment of more than one area code to the same NPA. Current customers keep their existing area code and number, while new customers or customers adding additional lines would receive the new area code. Once an overlay is implemented, the FCC requires 10-digit dialing for all local calls within the NPA. There are four potential implementation strategies for an overlay, which are as follows:

a) **All-Services Distributed Overlay** - The distributed overlay strategy may be considered in situations when growth in telephone numbers is expected to be more or less

[1] NPA Code Relief Planning & Notification Guidelines ATIS-0300061 - Section 5.0 (g).

evenly distributed throughout the existing NPA. The new area code is added to the same geographic area as the area code requiring relief and shares exactly the same geographic boundaries.

b) Concentrated Growth Overlay - A concentrated growth overlay may be considered in situations when the majority of need for the new telephone numbers is expected to be concentrated in one section of the existing NPA. For example, a fast growing metropolitan area and a sparsely populated rural area could exist within the same NPA. The overlay area code would be assigned initially to the section of the NPA experiencing the fastest growth, and new phone numbers in that section would be assigned from the new area code. As more relief is required, the geographic area served by multiple area codes could expand to the rest of the NPA.

c) Boundary Elimination Overlay - With a boundary elimination overlay, the NPA requiring relief is adjacent to an NPA with available numbering resources. The boundary between these NPAs is eliminated, and spare telephone numbers from the adjacent area code are assigned within the NPA boundary where relief is required.

During the February 17, 2022, Industry meeting hosted by NANPA, the following six relief plans were considered.

Alternative No. 1 - All-Services Distributed Overlay (see map in Attachment A)
A new area code would be assigned to the same geographic area occupied by the existing 904 area code. Customers would retain their current telephone numbers; however, 10-digit dialing would be required by all customers within the NPA. At the exhaust of the 904 area code, all future assignments will be made from the new area code. The projected life of this method would be approximately 29 years.

Alternative No. 2 - Boundary Elimination Overlay (see map in Attachment B)
The boundary between the existing 904 and 386 area codes would be eliminated and both area codes would be assigned to the combined geographic area. This alternative would allow customers assigned the 904 and 386 area codes to retain their telephone numbers and would eliminate the need for a new area code. However, it would require 10-digit dialing for all customers within the combined NPA. The projected life of this method would be approximately 9 years.

Alternative No. 3 - Overlay of a New Area Code with Boundary Elimination (see map in Attachment C)
The boundary between the 904 and 386 area codes would be eliminated and a new area code would be assigned to the combined geographic area. This alternative would allow customers assigned the 904 and 386 area codes to retain their telephone numbers. However, it would require 10-digit dialing for all customers within the NPA. At the exhaust of the 904 and 386 area codes all future assignments would be made from the new area code. The projected life of this method would be approximately 26 years.

Alternative No. 4 - Overlay of a New Area Code with Boundary Elimination (see map in Attachment D)
The boundary between the existing 904, 386, and 352 area codes would be eliminated and a new area code would be assigned to the combined geographic area. This alternative would allow customers assigned the 904, 386, and 352 area codes to retain their telephone numbers. However, it would require 10-digit dialing for all customers within the combined NPA. At the exhaust of the 904, 386, and 352 area codes all future assignments would be made from the new area code. The projected life of this method would be approximately 17 years.

Alternative No. 5 - Overlay of a New Area Code with Boundary Elimination (see map in Attachment E)
The boundary between the 904 and 352 area codes would be eliminated and a new area code would be assigned to the combined geographic area. This alternative would allow customers assigned the 904 and 352 area codes to retain their telephone numbers. However, it would require 10-digit dialing for all customers within the combined NPA. At the exhaust of the 904 and 352 area codes all future assignments would be made from the new area code. The projected life of this method would be approximately 17 years.

Alternative No. 6 – A Geographic Split (see map in Attachment F and G)
The 904 area code would be split into two geographic areas. The split boundary would separate the Jacksonville rate center which consist of the city of Jacksonville (Area A) and the remaining 18 rate centers which includes Jacksonville Beach (Area B). The 904 area code would serve one area and the new area code would serve the other. The Commission would have to determine which geographic area would retain the 904 area code. Customers on both sides of the split would retain seven digit dialing. The projected life of this method would be approximately 26 years for Area A and 33 years for Area B.

Industry Consensus

After review of the six alternatives, the Industry reached a consensus recommending alternative No. 1, an all-services distributed overlay, as the form of relief for the 904 NPA. The Industry decided against the other alternatives due to the fact that they have shorter projected exhaust dates. Also, the complicated technical and customer education issues would potentially prolong implementation.

Industry Proposed Dialing Plan

If an all-services distributed overlay is approved by the Commission, the Industry recommends the dialing plan be set forth as follows:

Local Calls	10-digit dialing (as required by the FCC)
Toll Calls	1 + 10-digit dialing
Operator Calls	0 + 10-digit dialing

The Industry has also recommended a 13-month implementation schedule. This schedule includes six-months for network preparation, followed by a six-month permissive 10-digit dialing and customer education period. During the permissive dialing period, calls within the 904 area code can be completed using either 7-digits or 10-digits. The purpose of the permissive dialing period is to facilitate transition from 7-digit to 10-digit dialing by educating customers on the impending changes without impacting the calls. Following the six-month permissive dialing, mandatory 10-digit dialing will be required. If the required 10-digits are not dialed, the caller will receive a recorded message advising them that the area code is required to complete the call.

Staff Workshop

In an effort to educate and receive customer input, staff held a virtual customer workshop on March 23, 2022. During this workshop Commission staff and a representative from NANPA explained the area code relief process, the relief options being considered, and customer impact. Four customer comments were filed with the Commission. Two customers offered suggestions concerning what the new area code should be and the others expressed that they didn't want their area code to change.

Summary

Staff reviewed the petition and analyzed all alternatives. Staff considered which alternative would provide the longest length of time before needing relief and the impact on customers and Industry. Staff notes that except for alternative No. 6, all the alternatives would require customers to dial 10-digits for all local calls. Alternatives No. 2, 3 and 4 would impose 10-digit local dialing for customers in the 386 area code who otherwise potentially would not be affected for another 17 years. Alternative No. 6 is the geographic split option which would allow customers to continue 7-digit local dialing but would require some customers to change their area code. As a result, those customers and businesses receiving the new area code would be forced to incur costs to implement the area code change on advertisements, bill-boards, etc. Additionally, the Commission would have to determine which customers would receive the new area code. Staff notes that Industry has indicated alternative's No. 2-6 would require additional time to implement.

Primary Conclusion

Primary staff concludes that alternative No. 1 provides the longest projected exhaust date, it minimizes the number of customers impacted by 10-digit local dialing, and it would take the least amount of time to implement. Therefore, staff agrees with the Industry and recommends the Commission approve the all-services distributed overlay as the form of relief for the 904 area code. Additionally, staff recommends Commission approval of the proposed 13-month implementation schedule. Finally, staff recommends the Commission order that central office codes in the new area code be available only when all assignable prefixes in the 904 area code have been assigned.

Alternative Conclusion

Staff's alternative recommendation is to implement a modified version of alternative No. 3, which would be implemented in two parts. The first part would implement a new area code overlay over the 904 geographic area. The second part would be to eliminate the boundary between the 904 and 386 NPAs when the 386 area code reaches exhaust. NANPA projects the 386 area code will exhaust by fourth quarter 2039.

As previously mentioned, the area currently covered by the 386 area code was part of the 904 NPA prior to 2001. The area code split resulted in the assignment of the 386 area code created the only non-contiguous NPA in Florida. Nationally, there are only five other non-contiguous NPAs.[2] One of the considerations when implementing area code relief relates to the community of interest.[3] Currently, because the northwestern and southeastern portions of the 386 NPA are not connected, there is no community of interest joining them. Staff's alternative recommendation would reunite the areas covered by the 904 and 386 area codes into a single NPA. In addition, the two-part implementation approach would minimize customer impact by not prematurely requiring 10-digit local dialing for customers with the 386 area code. While this proposal has a slightly shorter projected exhaust length than the primary recommendation, the difference is only three years.

Staff recommends that the Commission approve the implementation of an all-services distributed overlay over the 904 geographic area and a boundary elimination between the 904 and 386 NPAs at the exhaust of the 386 area code. In addition, staff recommends Commission approval of the proposed 13-month implementation schedule for the new area code overlay. Staff recommends the Commission direct NANPA to reconvene the Industry to set an implementation schedule for the boundary elimination once the 386 area code reaches 36 months to exhaust. Staff recommends NANPA officially notify the Commission prior to reconvening with Industry. Finally, staff recommends the Commission order that central office codes in the new area code be available only when all assignable prefixes in the 904 area code have been assigned.

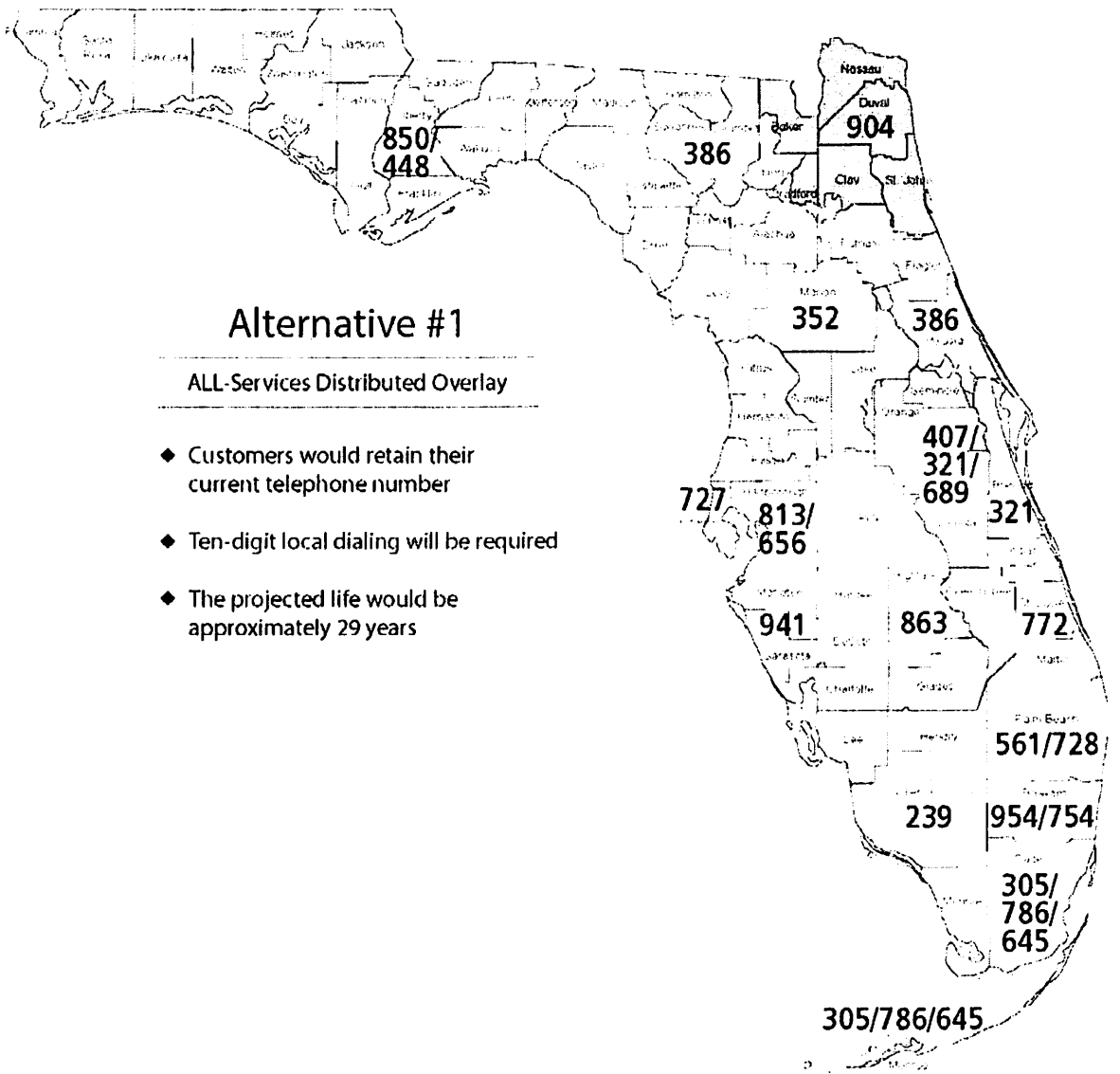
[2] NANPA has identified the following states and rea codes as non-contiguous: Florida (386), Georgia (706/762), Tennessee (423), Washington (360/564), Texas (409), and Ohio (440).

[3] According to NANPA, many things can be considered as a "Community of Interest" such as a city, closely located cities, a neighborhood, a business with multiple locations, government agencies that serve a wide area (not just one entity, i.e., county sheriff department), or other agencies/businesses with multiple locations. Basically, a Community of Interest involves common interests and common needs.

Issue 2: 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 PAA Order, a Consummating Order should be issued. The docket should remain open pending the full implementation of the all-services distributed overlay of the 904 area code. Once this action is complete the docket should be closed administratively. (Weisenfeld, Imig)

Staff Analysis: The docket should remain open pending the full implementation of the all-services distributed overlay of the 904 area code. Once this action is complete the docket should be closed administratively.


Alternative #1
ALL-Services Distributed Overlay
◆ Customers would retain their current telephone number
◆ Ten-digit local dialing will be required
◆ The projected life would be approximately 29 years
850/
448
386
Nassau
Duval
904
Baker
Clay
St. Johns
352
386
407/
321/
689
727
813/
656
321
941
863
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239
954/754
305/
786/
645
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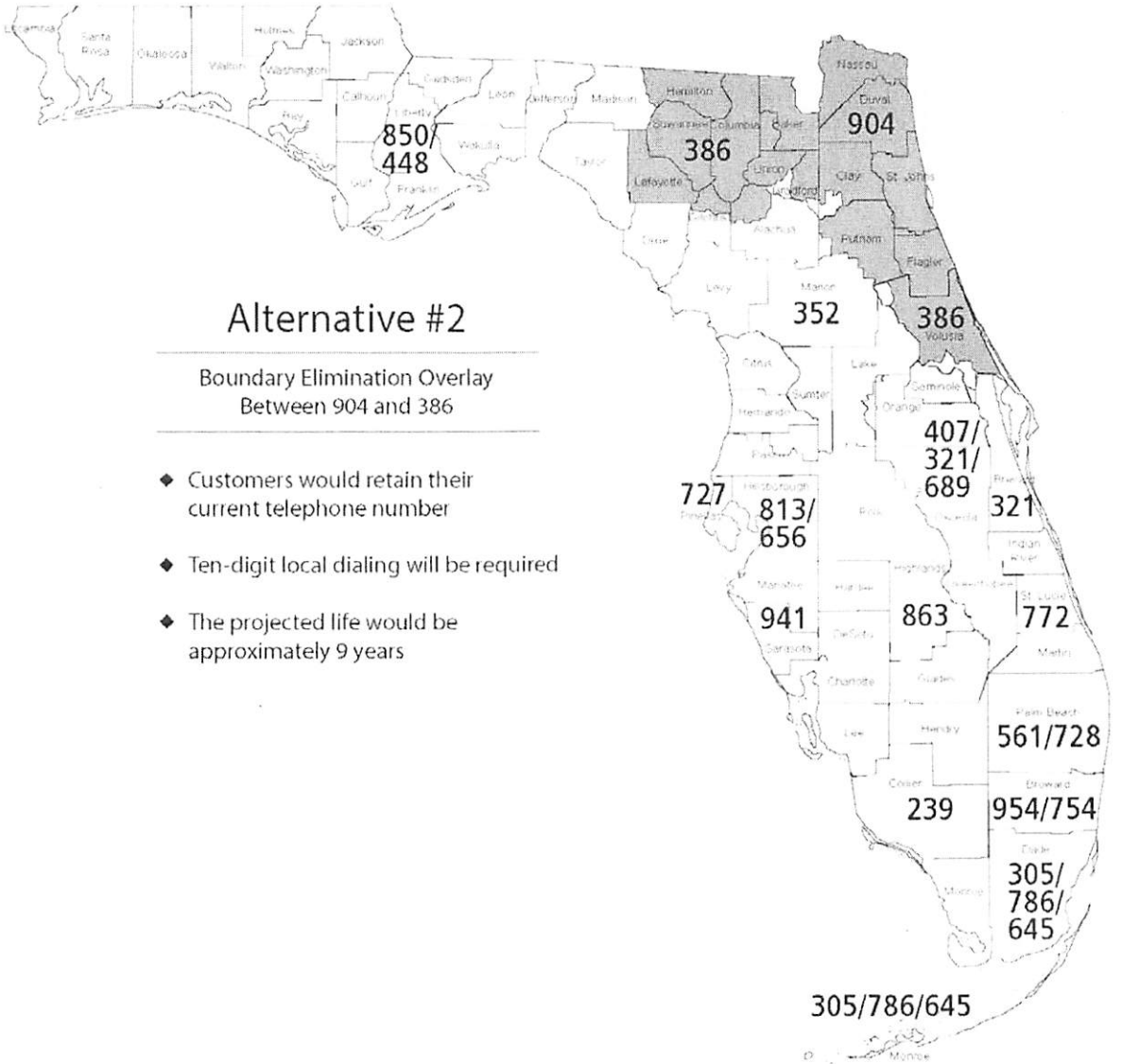
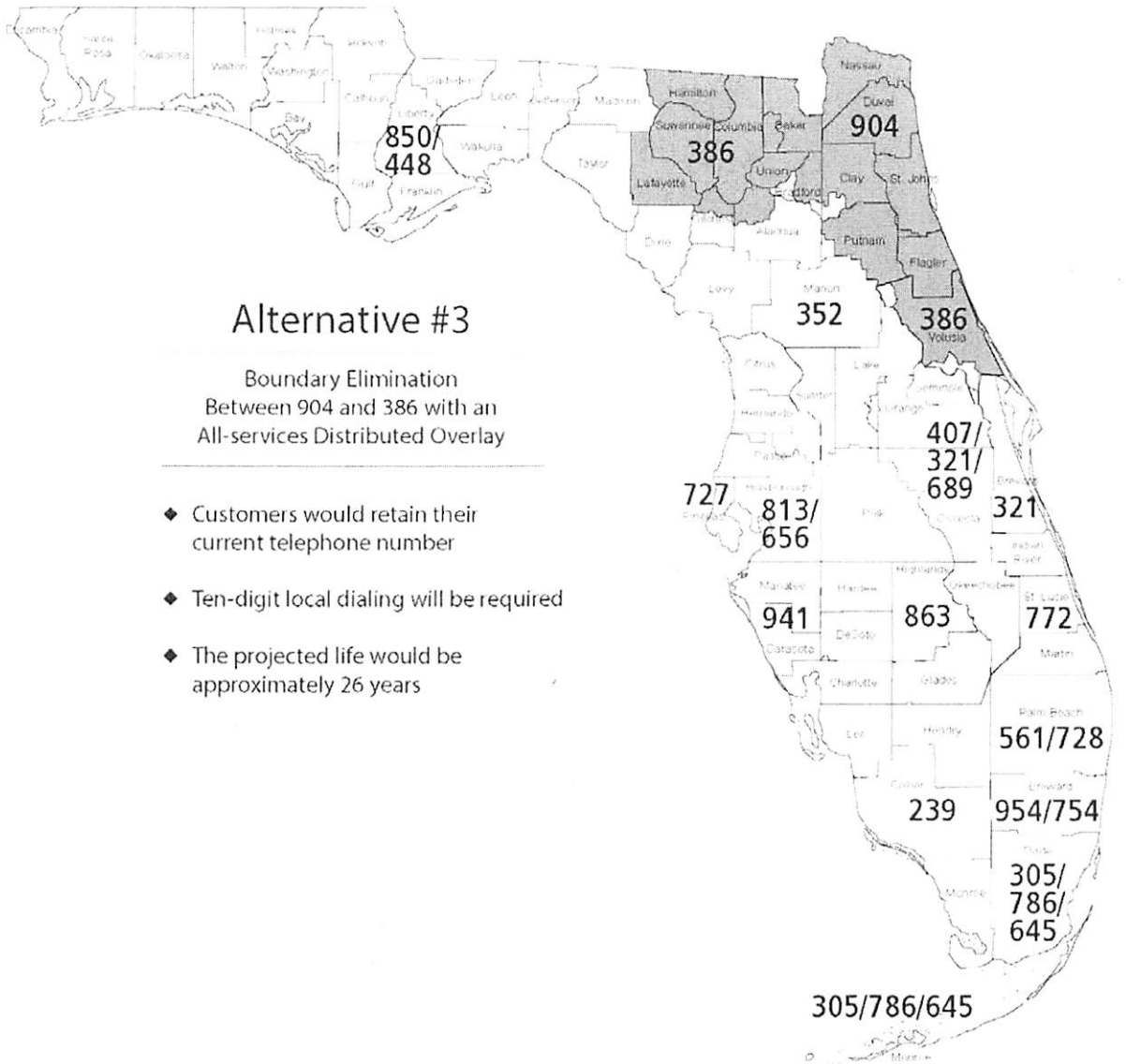
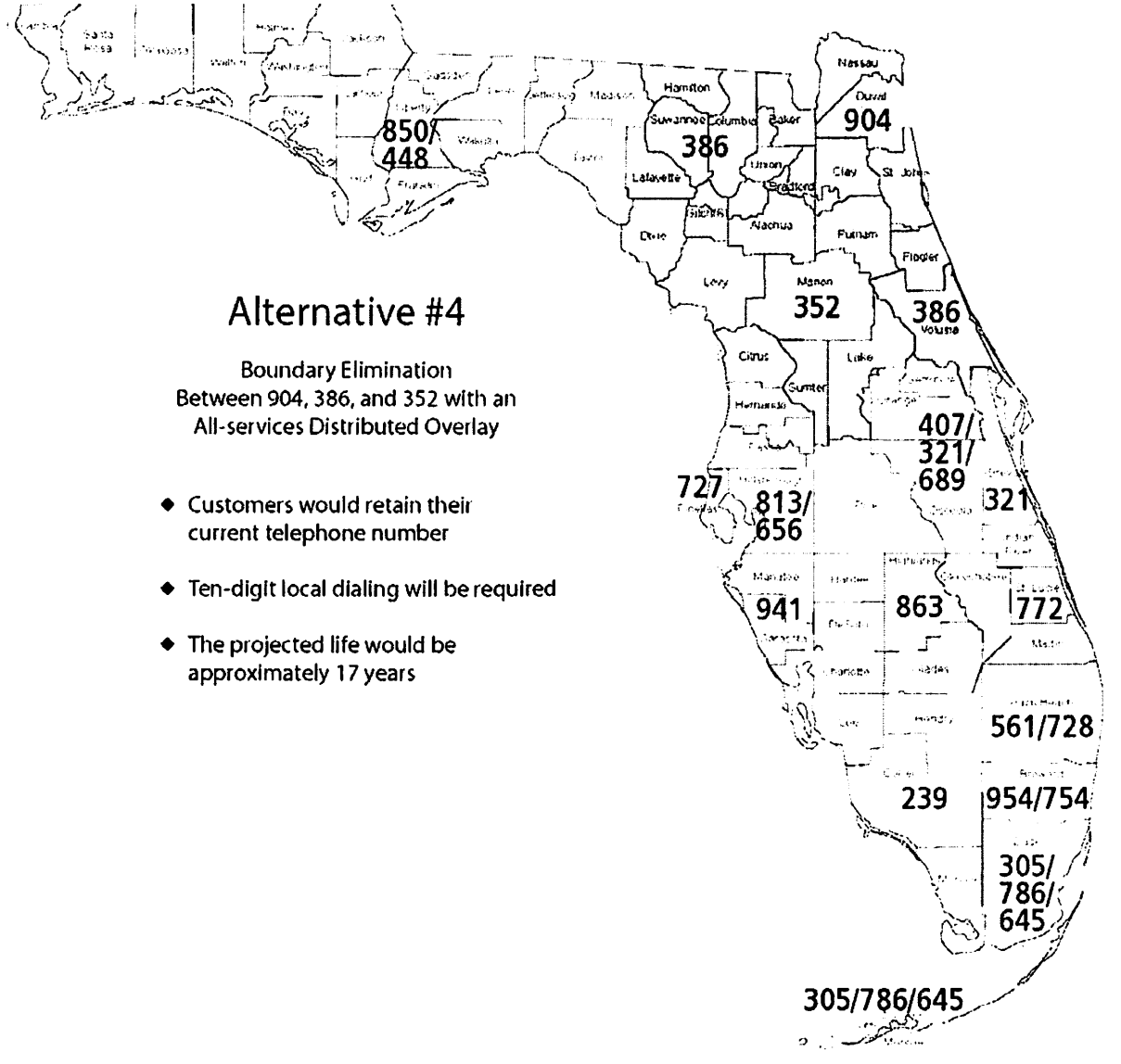

Alternative #2
Boundary Elimination Overlay
Between 904 and 386
Customers would retain their current telephone number
Ten-digit local dialing will be required
The projected life would be approximately 9 years
850/
448
386
904
352
386
407/
321/
689
727
813/
656
321
941
863
772
561/728
239
954/754
305/
786/
645
305/786/645

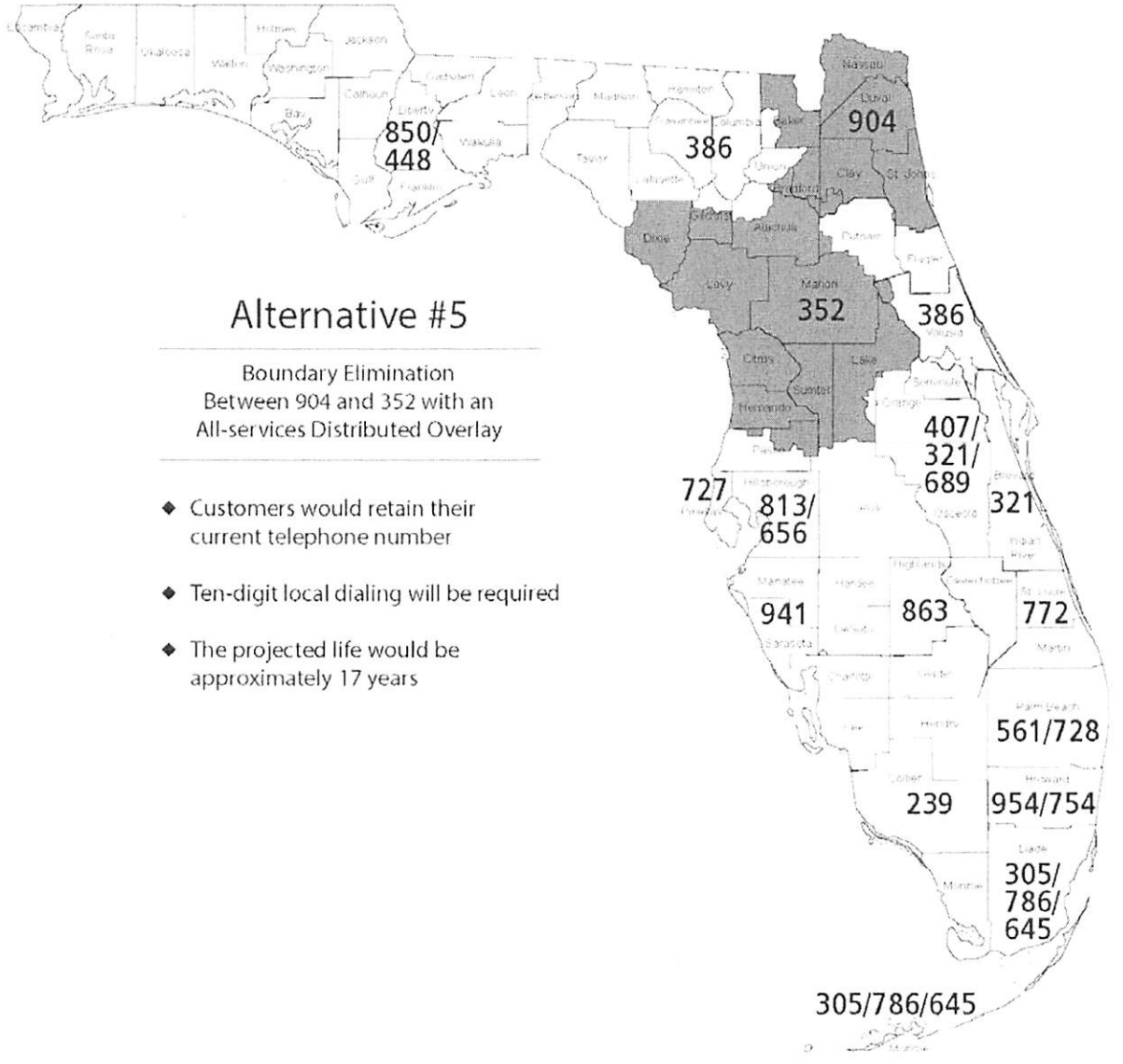

Alternative #3
Boundary Elimination
Between 904 and 386 with an
All-services Distributed Overlay
Customers would retain their current telephone number
Ten-digit local dialing will be required
The projected life would be approximately 26 years
850/
448
386
904
352
386
407/
321/
689
727
813/
656
321
941
863
772
561/728
239
954/754
305/
786/
645
305/786/645



Alternative #4

Boundary Elimination
Between 904, 386, and 352 with an
All-services Distributed Overlay

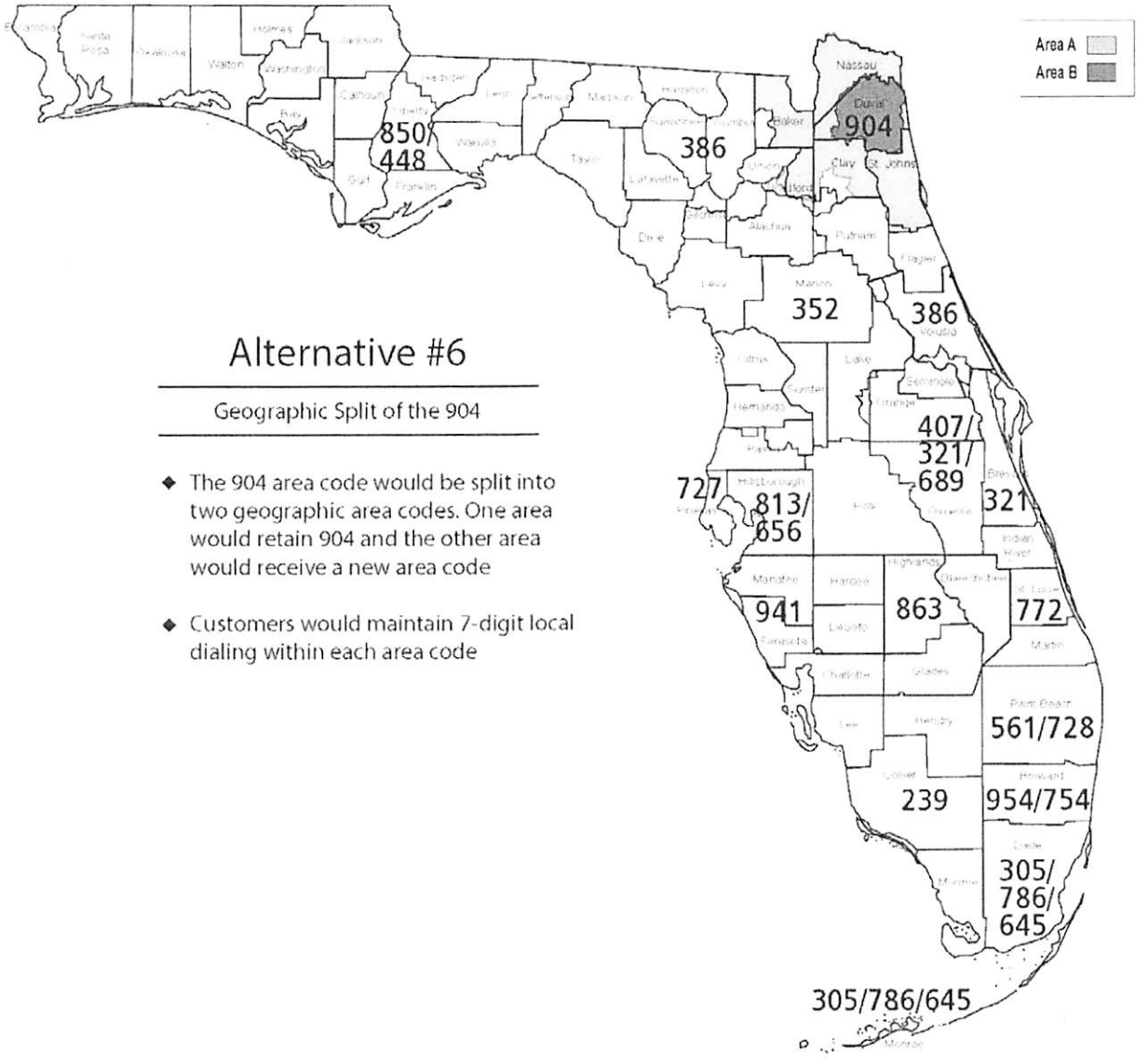
- Customers would retain their current telephone number
- Ten-digit local dialing will be required
- The projected life would be approximately 17 years



Alternative #5

Boundary Elimination
Between 904 and 352 with an
All-services Distributed Overlay

- Customers would retain their current telephone number
- Ten-digit local dialing will be required
- The projected life would be approximately 17 years



Alternative #6

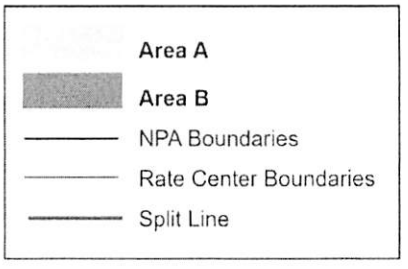
Geographic Split of the 904

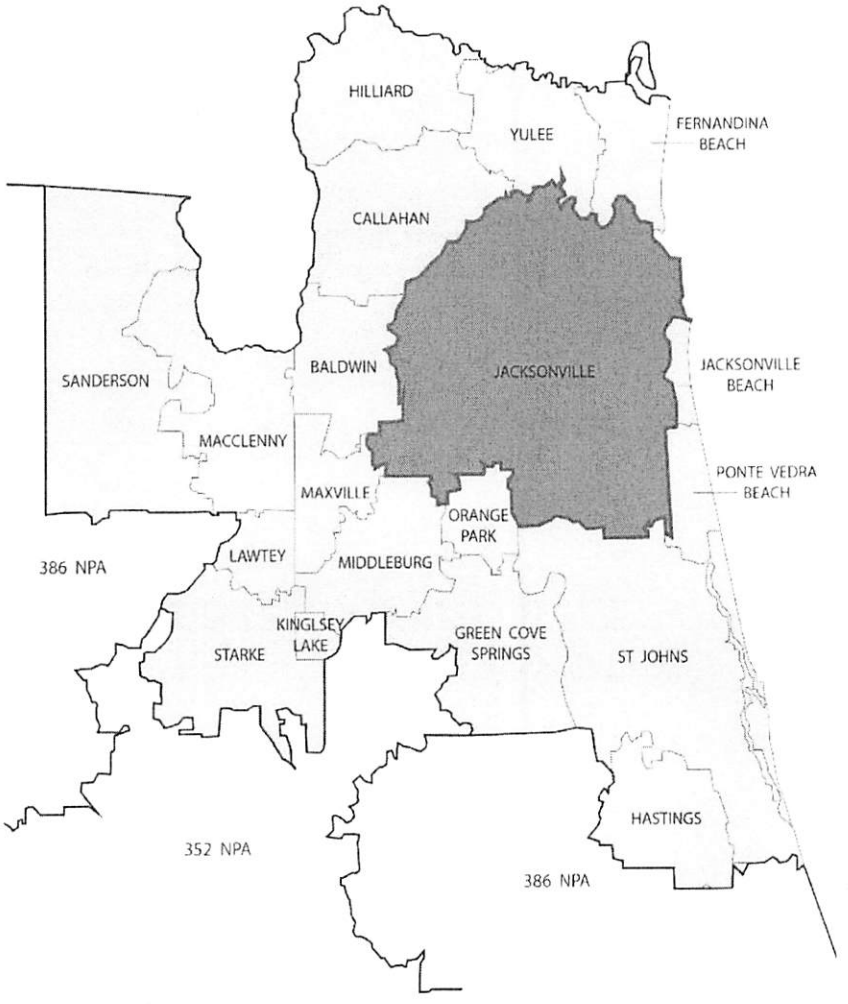
- The 904 area code would be split into two geographic area codes. One area would retain 904 and the other area would receive a new area code
- Customers would maintain 7-digit local dialing within each area code

Alternative #6 Continues

Geographic Split of the 904

- This alternative would result in Jacksonville and Jacksonville Beach having separate area codes
- The projected life would be approximately 33 years for Area A and 26 years for Area B





Item 3

FILED 4/21/2022
DOCUMENT NO. 02560-2022
FPSC - COMMISSION CLERK

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 21, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Richards, Casper) ALM
Division of Economics (Bethea, Hudson) JGH
Division of Engineering (P. Buys, Ramos) TB
Office of the General Counsel (Sandy, J. Crawford) JSC

RE: Docket No. 20210184-WS – Application for limited proceeding in Highlands County by HC Waterworks, Inc.

AGENDA: 05/03/22 – Regular Agenda – Proposed Agency Action Except for Issues 5 and 6 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Passidomo

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

HC Waterworks, Inc. (HCWW or Utility) is a Class B utility providing water service to approximately 967 residential customers, 12 general service customers, and 1 private fire protection customer in the Leisure Lakes, Lake Josephine, and Sebring Lakes subdivisions in Highlands County. The Utility also provides wastewater service to 317 residential wastewater customers in the Leisure Lakes subdivision. The service area is in the Southwest Florida Water Management District and is in a water use caution area. According to the Utility's 2021 Annual Report, operating revenues were $770,063 for water and $88,191 for wastewater. Operating expenses were $559,035 for water and $108,950 for wastewater.

By Order No. PSC-2014-0314-PAA-WS, the Commission approved the transfer of Certificate Nos. 422-W and 359-S from Aqua Utilities Florida, Inc. to HCWW.[1] As part of the transfer, the Commission approved a negative acquisition adjustment, recognizing that HCWW's purchase of the system was less than 80 percent of the system's net book value. Per the transfer order, 50 percent of the negative acquisition adjustment ($424,720 for the water system and $10,539 for the wastewater system) was to be amortized over a seven-year period, and the remaining 50 percent amortized over the remaining life of the assets. At the time of the transfer, HCWW estimated the remaining life of the applicable water assets as 24 years, and 12 years for the wastewater assets. Water rates were last established for the Utility in 2020.[2] Subsequently, water rates were increased by a price index rate adjustment in 2021. Wastewater rates were last established in 2015 and had subsequent price index rate adjustments in 2018 and 2021.[3] On November 18, 2021, HCWW filed its application for a limited proceeding to increase its water and wastewater rates.[4] Accompanying the Utility's application were minimum filing requirement (MFR) schedules required by Section 367.081, Florida Statutes (F.S.), and Rule 25-30.445, Florida Administrative Code (F.A.C.). The Utility was notified of deficiencies in the MFRs on December 14, 2021.[5] The deficiencies were cured on December 22, 2021, which was established as the official filing date.[6]

The Utility is requesting an increase due to the significant financial impact of HCWW's earning levels beginning in April 2021, when the amortization period for 50 percent of the acquisition adjustment approved in the transfer order ended.[7] Based on the Utility's filing, the negative offset of amortization will cause increases to net depreciation expense that will not be recovered through current rates, causing existing rates to no longer be compensatory.

A solicitation of customer comments was mailed to HCWW's customers on February 14, 2022.[8] Twenty comments were received.

The Commission has jurisdiction pursuant to Sections 367.081 and 367.0822, F.S.

[1]Order No. PSC-2014-0314-PAA-WS, issued June 13, 2014, in Docket No. 20130175-WS, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 422-W and 359-S of Aqua Utilities Florida, Inc. to HC Waterworks, Inc. in Highlands County.*
[2]Order No. PSC-2020-0168-PAA-WS, issued May 22, 2020, in Docket No. 20190166-WS, *In re: Application for increase in water rates in Highlands County by HC Waterworks, Inc.*
[3]Order No. PSC-2015-0282-PAA-WS, issued July 8, 2015, in Docket No. 20140158-WS, *In re: Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.*
[4]Document No. 12849-2021, filed on November 18, 2021.
[5]Document No. 13057-2021, filed on December 14, 2021.
[6]Document No. 13148-2021, filed on December 22, 2021.
[7]Order No. PSC-2014-0314-PAA-WS.
[8]Document No. 01139-2022, filed on February 9, 2022.

Discussion of Issues

Issue 1: Should the Commission approve HC Waterworks, Inc.'s request for a limited proceeding?

Recommendation: The Commission should approve the Utility's request for a limited proceeding rate increase as modified by staff. HCWW should be allowed an annual increase of $17,879 or 2.36 percent for water, and $15,883 or 18.74 percent for wastewater. The adjusted revenues are reflected on Schedule Nos. 1-A and 1-B. (Richards, Casper, P. Buys)

Staff Analysis: Limited proceedings generally address specific or significant changes that would adversely affect the normal operating income of the Utility and are usually narrow in scope. Staff believes that HCWW's case as filed is sufficiently narrow in scope to qualify for a limited proceeding. Staff also believes that HCWW has met all the minimum filing requirements as set forth in Rule 25-30.445, F.A.C.

Secondary Water Quality Standards

Pursuant to Rule 25-30.445(4)(o), F.A.C., HCWW provided a copy of all customer complaints received during the past five years regarding Florida Department of Environmental Protection (DEP) secondary water quality standards, as well as a copy of the Utility's most recent secondary water quality standards test results. The test results dated October 2018, indicate that the Utility is currently passing DEP secondary water quality standards.

In its last rate case, the Commission found the Utility's quality of service unsatisfactory due to the number of customer complaints and reduced the Utility's return on equity by 50 basis points.[9] The Commission also directed the Utility to engage with its customers and the Office of Public Counsel (OPC) to address the customer service issues. OPC protested the Commission's decision and later entered into a settlement agreement with the Utility. Pursuant to Order No. PSC-2021-0089-S-WS, the Commission approved the settlement agreement, which required the Utility to file quarterly reports regarding customer complaints and correspondence.[10] The quarterly reports indicate a declining trend in overall customer complaints as well as complaints regarding secondary water quality issues.[11]

As part of the instant Docket, the Commission received 20 customer comments opposing the rate increase. Of the 20 customer comments, 16 of the customers also commented on poor water quality; specifically, chlorine smell, cloudy water, discolored clothes from water, unacceptable water pressure, and bad taste.

As previously discussed, the Utility has provided the necessary information to comply with Rule 25-30.445(4)(o), F.A.C., and Order No. PSC-2021-0089-S-WS. Therefore, based on a review of

[9]Order No. PSC-2020-0168-PAA-WS.
[10]Order No. PSC-2021-0089-S-WS, issued February 22, 2021, in Docket No. 20190166-WS, *In re: Application for increase in water rates in Highlands County by HC Waterworks, Inc*.
[11]With its application, HCWW included copies of three quarterly reports, detailing customer complaints and all other communications following its last rate case as required by the Commission for one year after the Final Order was issued. The Utility met the requirements set forth in Order No. PSC-2021-0089-S-WS; therefore, the docket was closed.

the information provided by the Utility, as well as supplemental information gathered throughout the course of this docket, staff does not believe any actions need to be taken at this time with respect to secondary water quality standards.

Rate Base

In its application, the Utility recorded total rate base of $3,392,108 for water and $17,235 for wastewater. When calculating working capital allowance, the Utility included anticipated rate case expense for the current docket. Pursuant to Section 367.081(9), F.S., staff removed the unamortized balance of rate case expense when calculating working capital. The removal of rate case expense resulted in a decrease of $47 for water and $94 for wastewater. Therefore, staff recommends total rate base of $3,392,061 ($3,392,108 – $47) for water and $17,141 ($17,235 – $94) for wastewater.

Rate of Return

Rule 25-30.445(4)(e), F.A.C., requires that the weighted average cost of capital be calculated based on the most recent 12-month period and include all of the appropriate capital structure components. In its filing, HCWW provided a weighted average cost of capital (rate of return) of 6.87 percent, based on a capital structure consisting of long-term debt, common equity and customer deposits.

The Utility's capital structure has been reconciled with staff's recommended rate base. In its application, the Utility reported a return on equity (ROE) of 9.72 percent. However, in its last rate case, the Commission set the ROE for HCWW at 9.17 percent, with a range of 8.17 percent to 10.17 percent.[12] With ROE set at the Commission-ordered 9.17 percent, staff recommends an overall rate of return of 6.61 percent.

Operating Expense

In its application, HCWW requested an increase to operating expenses of $35,056 for water and $1,114 for wastewater. The components for the operating expense were operations and maintenance (O&M) expense, depreciation, net amortization expense and taxes other than income (TOTI). Staff's adjustments to operating expenses are detailed below.

Operations and Maintenance Expense

In its application, the Utility recorded O&M expense of $374,550 and $92,729 for water and wastewater, respectively. These amounts included $375 for amortization of rate case expense for both water and wastewater. Staff believes it is more appropriate to follow Commission practice and allocate noticing costs based on the number of customers for water (980), or 75.56 percent; and wastewater (317), or 24.44 percent. In its application, the Utility is requesting recovery of the required filing fee, required noticing costs, and travel expense to attend the May 3, 2022 Commission Conference. Staff has recalculated rate case expense as shown in Table 1-1.

[12]Order No. PSC-2020-0168-PAA-WS.

Table 1-1
Calculation of Rate Case Expense

Expense	Water Allocation	Wastewater Allocation
Filing Fee	$1,000	$200
Noticing Costs	2,214	716
Travel Expense	189	61
Total Rate Case Expense	$3,403	$977
Amortized Amount	$851	$244

Source: Staff calculations.

Based on the above, staff has determined the appropriate amount of rate case expense amortized over four years is $851 (($1,000 + $2,214 + $189) ÷ 4) for water, and $244 (($200 + $716 + $61) ÷ 4) for wastewater. These amounts represent an increase of $476 ($851 – $375) for water and a decrease of $131 ($244 – $375) for wastewater. Therefore, staff recommends total O&M expense of $375,026 ($374,550 + $476) for water and $92,598 ($92,729 – $131) for wastewater.

Net Amortization Expense

In its application, the Utility recorded net amortization expense of $39,346 for water and $6,146 for wastewater. In HCWW's 2014 Transfer Order, the Commission found:

> Pursuant to Rule 25-30.0371, F.A.C., a negative acquisition adjustment of $849,440 for the water system and $21,078 for the wastewater system shall be recognized for rate-making purposes as of March 28, 2013. Beginning with the date of the issuance of this Order, 50 percent of the negative acquisition adjustment, which is $424,720 for the water system and $10,539 for the wastewater system, shall be amortized over a seven-year period and the remaining 50 percent shall be amortized over the remaining life of the assets as discussed above.[13]

In the Utility's application, the remaining life of the assets were calculated at 12 years for both water and wastewater. At 12 years, the amortized amount of the remaining negative acquisition adjustment is $35,393 ($424,720 ÷ 12 years) for water and $878 ($10,539 ÷ 12 years) for wastewater. In response to staff's data request, the Utility corrected these amounts to $404,520 with a remaining life of 23.59 years for water and $7,497 with a remaining life of 11.63 years for wastewater.[14]

Using the updated amounts, staff calculated the appropriate amortization of the negative acquisition adjustment to be $17,148 ($404,520 ÷ 23.59 years) for water and $645 ($7,497 ÷

[13]Order No. PSC-2014-0314-PAA-WS.
[14]Document No. 01553-2022, filed on March 2, 2022.

11.63 years) for wastewater. This represents a decrease of $18,245 ($35,393 – $17,148) for water and a decrease of $234 ($878 – $645) for wastewater.

Taxes Other Than Income

In its application, the Utility recorded TOTI of $35,033 for water and $4,010 for wastewater. These amounts included $329 in property taxes and $34,705 in regulatory assessment fees (RAFs) for water, and $197 in property taxes and $3,813 in RAFs for wastewater.

Staff calculated annualized revenues of $758,659 for water and $84,737 for wastewater. Based on these amounts, staff determined RAFs of $34,140 ($758,659 x 4.5 percent) for water and $3,813 ($84,737 x 4.5 percent) for wastewater. Based on these calculations, staff reduced RAFs by $564 ($34,705 – $34,140) for water and made no adjustment to RAFs for wastewater. Staff made no adjustments to property taxes. Therefore, staff recommends TOTI of $34,469 ($35,033 – $564) for water and $4,010 for wastewater.

Operating Expense Summary

Based on the above, staff is recommending a decrease to operating expense of $18,334 for water and a decrease of $364 for wastewater. A summary of staff's adjustments are shown in Tables 1-2 and 1-3 for water and wastewater, respectively.

Table 1-2
Adjustments to Water Operating Expense

Expense	Per Utility	Staff Adjustment	Per Staff
Operating and Maintenance	$374,550	$476	$375,026
Depreciation	199,770	0	199,770
Net Amortization Expense	(39,346)	(18,245)	(57,591)
Taxes Other than Income	35,033	(564)	34,469
Total	$570,007	($18,334)	$551,673

Source: Utility's application and staff calculations.

Table 1-3
Adjustments to Wastewater Operating Expense

Expense	Per Utility	Staff Adjustment	Per Staff
Operating and Maintenance	$92,729	($131)	$92,598
Depreciation	8,544	0	8,544
Net Amortization Expense	(6,146)	(234)	(6,380)
Taxes Other than Income	4,010	0	4,010
Total	$99,137	($364)	$98,773

Source: Utility's application and staff calculations.

Conclusion

As outlined in Table 1-4, staff recommends a revenue requirement increase of $17,879 for water and an increase of $15,883 for wastewater. These amounts represent a 2.36 percent increase for water and an 18.74 percent increase for wastewater. Staff's revenue requirement calculations are shown on Schedule Nos. 1-A and 1-B.

Table 1-4
Staff' Recommended Increases

	Water	Wastewater
Rate Base	$3,392,061	$17,141
Rate of Return	6.61%	6.61%
Return on Rate Base	$224,061	$1,132
Add Total Operating Expenses	551,673	98,773
Recommended Revenues	$775,734	$99,905
Less Annualized Revenues	758,659	84,737
Recommended Increase	$17,075	$15,168
4.5% RAFs on Increase	805	715
Total Recommended Increase	$17,879	$15,883
Percent Increase	2.36%	18.74%

Source: Staff calculations.

Issue 2: What are the appropriate water and wastewater rates for HC Waterworks, Inc.?

Recommendation: The recommended monthly water and wastewater rates are shown on Schedule Nos. 2-A and 2-B. The recommended rates should be designed to produce additional revenues of $17,879 (2.36 percent increase) for water and $15,883 (18.74 percent increase) for wastewater. The percent increases should be applied as an across-the-board increase to the existing service rates. 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. (Bethea)

Staff Analysis: As discussed in Issue 1, staff recommends that HCWW be allowed to generate additional annual service revenues of $17,879 for water and $15,883 for wastewater. This represents a 2.36 percent increase for the Utility's water service revenues and an 18.74 percent increase for the Utility's wastewater service revenues. The corresponding percentage increases should be applied as an across-the-board increase to the existing water and wastewater rates.

Based on the above, the recommended monthly water and wastewater rates are shown on Schedule Nos. 2-A and 2-B. The recommended rates should be designed to produce additional revenues of $17,879 (2.36 percent increase) for water and $15,883 (18.74 percent increase) for wastewater. The percent increases should be applied as an across-the-board increase to the existing service rates. 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.

Issue 3: Should the initial customer deposits for HC Waterworks, Inc. be approved?

Recommendation: The appropriate initial customer deposits should be $122 for the single family residential 5/8 inch x 3/4 inch meter size for water and $84 for the single family residential 5/8 inch x 3/4 inch meter size for wastewater. 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 and wastewater. The approved initial customer deposits should be effective for 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. (Bethea)

Staff Analysis: Rule 25-30.311, F.A.C., provides the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of ratepayers. An initial customer deposit ensures that the cost of providing service is recovered from the cost causer. Historically, the Commission has set initial customer deposits equal to two times the average estimated bill.[15] Currently, the Utility's initial customer deposit for single family residential water customers is $108 for the 5/8 inch x 3/4 inch meter size. For wastewater, the Utility's initial customer deposit for single family residential service is $50 for the 5/8 inch x 3/4 inch meter size. However, these amounts do not cover two months' average bill based on staff's recommended rates. The average monthly bills based on staff's recommended rates are $60.93 for water and $42.17 for wastewater.[16]

Based on the above, the appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size are $122 for water and $84 for wastewater. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated monthly bill for water and wastewater. The approved initial customer deposits should be effective for 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 initial customer deposits until authorized to change them by the Commission in a subsequent proceeding.

[15]Order No. PSC-2022-0043-PAA-WU, issued January 26, 2022, in Docket No. 20210055-WU, *In re: Application for staff-assisted rate case in Lake County by Brendenwood Waterworks, Inc.*
[16]The average consumption from the 2020 Annual Report is 2,850 gallons.

Issue 4: Should HC Waterworks, Inc.'s miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

Recommendation: Yes. Staff recommends the miscellaneous service charges be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. 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. (Bethea)

Staff Analysis: Effective June 24, 2021, Rule 25-30.460, F.A.C., was amended to remove initial connection and normal reconnection charges.[17] The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge. It was envisioned that utility tariffs would be reviewed by staff on a prospective basis to ensure conformance with the amended rule. The Utility's miscellaneous service charges consist of initial connection and normal reconnection charges. These charges are the same as the premises visit charge. Therefore, staff believes it is appropriate at this time to remove the initial connection and normal reconnection charges and update the definition for the premises visit charge to comply with amended Rule 25-30.460, F.A.C. The existing and staff recommended miscellaneous service charges are reflected in Tables 4-1 and 4-2.

Table 4-1
Existing Miscellaneous Service Charges

Miscellaneous Service Charge	Normal Hours	After Hours
Initial Connection Charge	$22.84	$34.25
Normal Reconnection Charge	$22.84	$34.25
Violation Reconnection Charge (Water)	$36.33	$57.09
Violation Reconnection Charge (Wastewater)	Actual Cost	Actual Cost
Premises Visit Charge (in lieu of disconnection)	$22.84	$34.25
Late Payment Charge	$5.19	$5.19
NSF Charges	Pursuant to Section 68.065, F.S.	
Convenience Charge	$2.70	$2.70

Source: Utility tariffs.

[17]Order No. PSC-2021-0201-FOF-WS, issued June 4, 2020, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges.*

Table 4-2
Staff Recommended Miscellaneous Service Charges

Miscellaneous Service Charge	Normal Hours	After Hours
Premises Visit Charge	$22.84	$34.25
Violation Reconnection Charge (Water)	$36.33	$57.09
Violation Reconnection Charge (Wastewater)	Actual Cost	Actual Cost
Late Payment Charge	$5.19	$5.19
NSF Charges	Pursuant to Section 68.065, F.S.	
Convenience Charge	$2.70	$2.70

Source: Utility tariff and Rule 25-30.460, F.A.C.

Conclusion

Staff recommends the miscellaneous service charges be revised to conform to the recent revision to Rule 25-30.460, F.A.C. 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.

Issue 5: 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 as required by Section 367.081(8), F.S.?

Recommendation: The water and wastewater rates should be reduced, as shown in Schedule Nos. 2-A and 2-B, 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. HCWW 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. (Casper, Richards, Bethea)

Staff Analysis: Section 367.081(8), F.S., requires that the rates be reduced immediately following the expiration of the four-year period by the amount of the rate case expense previously included in rates. The reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. This results in a reduction of $891 for water and $256 for wastewater.

The water and wastewater rates should be reduced as shown in Schedule Nos. 2-A and 2-B, 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. HCWW 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.

Issue 6: Should the recommended rates be approved for HC Waterworks, Inc. on a temporary basis, subject to refund, in the event of a protest filed by a substantially affected person or party?

Recommendation: Yes. The recommended rates should be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a substantially affected person or party other than the Utility. 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 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 Clerk's office no later than the 20th of every 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. (Casper, Richards)

Staff Analysis: This recommendation proposes an increase in rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, staff recommends that the recommended rates be approved as temporary rates. 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 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. The recommended rates collected by the Utility should be subject to the refund provisions discussed below.

The Utility should be authorized to collect the temporary rates upon staff's approval of an appropriate security for the potential refund and the proposed customer notice. Security should be in the form of a bond or letter of credit in the amount of $22,560. Alternatively, the Utility could establish an escrow agreement with an independent financial institution.

If the Utility chooses a bond as security, the bond should contain wording to the effect that it will be terminated only under the following conditions:

1. The Commission approves the rate increase; or,
2. If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit as a security, it should contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect.
2. The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions should be part of the agreement:

1. The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement.
2. No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee.
3. The escrow account shall be an interest bearing account.
4. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
5. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility.
6. All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
7. The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
8. The escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to *Cosentino v. Elson,* 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
9. The account must specify by whom and on whose behalf such monies were paid.

In no instance should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should be borne by, the Utility. Irrespective of the form of security chosen by the Utility, an account of all monies received as a result of the rate increase should be maintained by the Utility. If a refund is ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The Utility should maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. 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 Office of Commission Clerk no later than the 20th day of every 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.

Issue 7: 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. (Sandy)

Staff Analysis: 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.

HC WATERWORKS, INC. WATER REVENUE REQUIREMENT			SCHEDULE NO. 1-A DOCKET NO. 20210184-WS
	Per Utility	**Staff Adjustment**	**Staff Recommended**
UPIS	$5,706,971	$0	$5,706,971
Land and Land Rights	25,450	0	25,450
Accumulated Depreciation	(1,811,851)	0	(1,811,851)
CIAC	(998,242)	0	(998,242)
Amortization of CIAC	715,511	0	715,511
Acquisition Adjustment	(809,041)	0	(809,041)
Accumulated Amortization – Acquisition Adj.	516,491	0	516,491
Working Capital Allowance	46,819	(47)	46,772
Total Rate Base	$3,392,108	($47)	$3,392,061
Weighted Cost of Capital	6.87%		6.61%
Return on Rate Base	$233,038		$224,061
Operation and Maintenance	$374,550	$476	$375,026
Depreciation	199,770	0	199,770
Net Amortization Expense	(39,346)	(18,245)	(57,591)
TOTI	35,033	(564)	34,469
Total Operating Expense	$570,007	($18,334)	$551,673
Revenue Increase Requested / Recommended	$42,242		$17,075
4.5% RAFs on Increase	$1,506		$805
Total Increase	$43,748		$17,879
Annualized Revenue	$760,803		$758,659
Percent Increase	5.75%		2.36%

HC WATERWORKS, INC. WASTEWATER REVENUE REQUIREMENT			SCHEDULE NO. 1-B DOCKET NO. 20210184-WS
	Per Utility	**Staff Adjustment**	**Staff Recommended**
UPIS	$459,712	$0	$459,712
Land and Land Rights	2,200	0	2,200
Accumulated Depreciation	(350,029)	0	(350,029)
CIAC	(400,810)	0	(400,810)
Amortization of CIAC	297,590	0	297,590
Acquisition Adjustment	(14,994)	0	(14,994)
Accumulated Amortization – Acquisition Adj.	11,928	0	11,928
Working Capital Allowance	11,638	(94)	11,544
Total Rate Base	$17,235	($94)	$17,141
Weighted Cost of Capital	6.87%		6.61%
Return on Rate Base	$1,184		$1,132
Operation and Maintenance	$92,729	($131)	$92,598
Depreciation	8,544	0	8,544
Net Amortization Expense	(6,146)	(234)	(6,380)
TOTI	4,010)	0	4,010
Total Operating Expense	$99,137	($364)	$98,773
Revenue Increase Requested / Recommended	$15,584		$15,168
4.5% RAFs on Increase	$752		$715
Total Increase	$16,336		$15,883
Annualized Revenue	$84,737		$84,737
Percent Increase	19.28%		18.74%

HC WATERWORKS, INC. MONTHLY WATER RATES			SCHEDULE NO. 2-A DOCKET NO. 20210184-WS	
	Utility Current Rates	**Utility Requested Rates**	**Staff Recommended Rates**	**4-Year Rate Reduction**
Residential and General Service				
Base Facility Charge by Meter Size				
5/8"X 3/4"	$26.56	$27.71	$27.19	$0.03
3/4"	$39.84	$41.57	$40.79	$0.05
1"	$66.40	$69.28	$67.98	$0.08
1-1/2"	$132.80	$138.56	$135.95	$0.16
2"	$212.48	$221.70	$217.52	$0.24
3"	$424.96	$443.40	$435.04	$0.48
4"	$664.00	$692.82	$679.75	$0.75
6"	$1,328.00	$1,385.64	$1,359.50	$1.50
8"	$2,124.80	$2,217.02	$2,175.20	$2.40
10"	$3,054.40	$3,186.97	$3,126.85	$3.45
General Service (GS2) (127 ERCs)	$3,373.12	$3,519.52	$3,453.13	$3.81
Charge per 1,000 gallons - Residential Service				
0 - 4,000 gallons	$11.57	$12.07	$11.84	$0.01
Over 4,000 gallons	$14.46	$15.09	$14.80	$0.02
Charge per 1,000 gallons - General Service	$12.14	$12.67	$12.43	$0.01
Private Fire Protection				
2"	$17.71	$18.48	$18.13	$0.02
3"	$35.41	$36.95	$36.25	$0.04
4"	$55.33	$57.74	$56.65	$0.06
6"	$110.67	$115.47	$113.29	$0.13
8"	$177.07	$184.75	$181.27	$0.20
10"	$254.53	$265.58	$260.57	$0.29
Typical Residential 5/8" x 3/4" Meter Bill Comparison				
3,000 Gallons	$61.27	$63.92	$62.71	
5,000 Gallons	$87.30	$91.08	$89.35	
10,000 Gallons	$159.60	$166.53	$163.35	

HC WATERWORKS, INC. MONTHLY WASTEWATER RATES				SCHEDULE NO. 2-B DOCKET NO. 20210184-WS
	Utility Current Rates	**Utility Requested Rates**	**Staff Recommended Rates**	**4-Year Rate Reduction**
Residential Service	$12.23	$14.64	$14.52	$0.04
Base Facility Charge – All Meter Sizes				
Charge per 1,000 gallons				
6,000 gallon cap	$8.17	$9.78	$9.70	$0.02
Flat Rate (Wastewater only customers)	$25.01	$29.94	$29.70	$0.07
General Service				
Base Facility Charge by Meter Size				
5/8"X3/4"	$12.23	$14.64	$14.52	$0.04
3/4"	$18.35	$21.97	$21.78	$0.06
1"	$30.58	$36.61	$36.30	$0.10
1-1/2"	$61.15	$73.21	$72.60	$0.20
2"	$97.84	$117.14	$116.16	$0.32
3"	$195.68	$234.27	$232.32	$0.64
4"	$305.75	$366.05	$363.00	$1.00
6"	$611.50	$732.10	$726.00	$2.00
8"	$978.40	$1,171.37	$1,161.60	$3.20
10"	$1,406.45	$1,683.84	$1,669.80	$4.60
Charge per 1,000 gallons - General Service	$9.81	$11.74	$11.65	$0.03
Typical Residential 5/8" x 3/4" Meter Bill Comparison				
3,000 Gallons	$36.74	$43.98	$43.62	
5,000 Gallons	$53.08	$63.54	$63.02	
10,000 Gallons	$61.25	$73.32	$72.72	

Item 4

FILED 4/21/2022
DOCUMENT NO. 02561-2022
FPSC - COMMISSION CLERK

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 21, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Kunkler, Smith II)
Office of the General Counsel (Stiller)

RE: Docket No. 20220029-EI – Petition for approval of a plant account and depreciation rate for electric vehicle DC fast charge stations, by Duke Energy Florida, LLC.

AGENDA: 05/03/22 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Passidomo

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On February 4, 2022, Duke Energy Florida, LLC (DEF or Company) filed a request for approval of a plant account and depreciation rate for electric vehicle direct current fast charge (DCFC) stations (Petition). The Company's request is in accordance with Rule 25-6.0436(3)(b), Florida Administrative Code (F.A.C.), which requires that: "[u]pon establishing a new account or subaccount classification, each utility shall request Commission approval of a depreciation rate for the new plant category."

Pursuant to Rule 25-6.0436(3)(a), F.A.C., electric utilities are required to maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts in accordance with the

Uniform System of Accounts (USOA) for Public Utilities and Licensees, as found in the Code of Federal Regulations, [1] which is incorporated by reference in Rule 25-6.014(1), F.A.C.

In June 2021, pursuant to the terms of the Company's 2021 Settlement Agreement (2021 Settlement), DEF received Commission authorization to implement three new Electric Vehicle Programs (EV Programs),[2] which effectively discontinued DEF's existing 2017 EV Charging Station Pilot Program (2017 EV Pilot).

The 2017 EV Pilot was established and approved as a five-year program and recorded on DEF's books as a regulatory asset.[3] While the 2017 EV Pilot has been discontinued, in accordance with the 2021 Settlement, DEF is allowed to continue operation of the DCFC stations that were installed during the 2017 EV Pilot period and to continue to recover associated costs.[4]

As part of the three new EV Programs, DEF will install Company-owned DCFC stations similar to those that were first introduced to DEF's system under the 2017 EV Pilot. However, in order to properly account for the depreciation that is related to the new DCFC stations, DEF is requesting approval to record the costs of these charging stations and all related equipment in a subaccount of Federal Energy Regulatory Commission (FERC) Account 370 – Meters. DEF is also requesting approval of a depreciation rate of 10 percent for equipment so recorded.[5]

Currently, the Company reports that no depreciation expense related to the new EV programs has been recorded,[6] as no associated DCFC stations have been placed into service.[7] Therefore, DEF is not requesting any accounting adjustments, such as transfers of plant investments and associated book reserves, be performed as part of this docket.[8]

Staff is not aware of any public comments or concerns regarding this matter.

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

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[1]Code of Federal Regulations, Title 18, Subchapter C, Part 101, for Major Utilities, as revised April 1, 2013.
[2]Order No. PSC-2021-0202-AS-EI, issued June 4, 2021, in Docket No. 20210016-EI, *In re: Petition for limited proceeding to approve 2021 settlement agreement, including general base rate increases, by Duke Energy Florida, LLC.*
[3]Order No. PSC-2017-0451-AS-EU, issued November 20, 2017, in Docket No. 20170183-EI*, In re: Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC.*
[4]Order No. PSC-2021-0202-AS-EI, issued June 4, 2021, in Docket No. 20210016-EI, *In re: Petition for limited proceeding to approve 2021 settlement agreement, including general base rate increases, by Duke Energy Florida, LLC.*
[5]Document No. 01048-2022, Duke Energy Florida, LLC's Petition for Approval of a Plant Account and Depreciation Rate for Electric Vehicle DC Fast Charge Stations.
[6]DCFC stations placed into service as part of the Company's 2017 EV Pilot were recorded on DEF's books as a regulatory asset, and therefore, do not have any associated depreciation expense.
[7]Document No. 01660-2022, Duke Energy Florida, LLC's Response to Staff's First Data Request. No. 3(a).
[8]Document No. 01660-2022, Duke Energy Florida, LLC's Response to Staff's First Data Request. No. 3(b).

Discussion of Issues

Issue 1: Should DEF's request to establish a new sub-account and annual depreciation rate applicable to its Company-owned DCFC stations and related equipment be approved, and, if so, what is the appropriate sub-account and depreciation rate?

Recommendation: Yes. Staff recommends that the appropriate sub-account for Company-owned DCFC stations and related equipment is Account 370.7 – EV Charging Stations. Staff also recommends an annual depreciation rate of 10 percent applicable to DEF's DCFC stations and related equipment be approved. (Kunkler, Smith)

Staff Analysis: As outlined in the case background, the Company reports that no DCFC stations or related depreciation expense associated with the new EV Programs approved under the 2021 Settlement have been recorded. The Company is requesting authorization to record and depreciate DCFC stations and related equipment in proposed Account 370.7 – EV Charging Stations which, if approved, would be a newly created sub-account of FERC Account 370 – Meters.[9]

Account Classification

Regulatory guidance regarding account classification of electric vehicle charging stations and related equipment is not clearly defined, as there is currently no listing of electric vehicle charging stations under any plant account within the USOA. However, DEF references two utilities that currently record depreciation of DCFC stations. These two referenced utilities are San Diego Gas and Electric (SDG&E) and Florida Power and Light Company (FPL).[10]

With regard to the appropriate FERC account or sub-account for recording DCFC stations, DEF references FERC's Audit Report of SDG&E (Attachment Staff 1-1(e)) which was included in FERC Docket No. FA19-3-000.[11] In that report, FERC audit staff concluded that EV charging stations are more appropriately recorded to either Account 370 – Meters, or Account 371 – Installations on Customer Premises, than any other FERC account, given the nature of the assets and their control and monitoring capabilities.[12]

In addition to FERC's Audit Report of SDG&E, DEF references FPL and its current utilization of FERC Account 371.40 with a depreciable life of 15 years for its EV charging stations and equipment. This account and depreciation rate are reflected in FPL's 2021 Depreciation Study, which was included as part of the 2021 Settlement to FPL's rate case.[13]

Staff asked DEF why it considered Account 370 – Meters as the better option over other accounts, including Account 371 – Installations on Customer Premises. The Company responded

[9]Document No. 01660-2022, Duke Energy Florida, LLC's Response to Staff's First Data Request. No. 1(a).
[10]Document No. 01048-2022, Duke Energy Florida, LLC's Petition for Approval of a Plant Account and Depreciation Rate for Electric Vehicle DC Fast Charge Stations.
[11]Document No. 01660-2022, Duke Energy Florida, LLC's Response to Staff's First Data Request. No. 1(e).
[12]*Id*.
[13]Order No. PSC-2021-0446-S-EI, issued December 2, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increases, by Florida Power & Light Company.*

that recording depreciation of DCFC stations and related equipment in Account 370 – Meters or Account 371 – Installation on Customer Premises is consistent with guidance from the aforementioned FERC audit report of SDG&E. DEF further states, "although the DCFC stations are on the customers' premises, the Company will utilize the meter for its own use, versus utilization by the customer on whose premises the meter is installed."[14] Based on this information, the Company believes that Account 370 – Meters is the most appropriate account to record the DCFC stations and related equipment.[15] Staff agrees that Account 370 – Meters is the appropriate account for DEF's DCFC stations and related equipment.

DEF also states that, in the event the USOA is modified to designate a specific account or subaccount for electric vehicle chargers and related equipment, it would make any required adjustments necessary to align with USOA instructions.[16]

Requested Depreciation Parameters

The Company has requested Commission approval of a 10-year average service life (ASL) and a zero percent net salvage level (NS) for depreciating its DCFC stations and related equipment. An annual depreciation rate of 10 percent is computed by using these parameters.[17]

In support of the proposed ten-year ASL, DEF relied on guidance from the manufacturer of the DCFC stations, ABB, which indicated that the minimum design life is ten years.[18] DEF also received confirmation from the Company's third-party depreciation consultant that a 10-year ASL is typical for DCFC stations.[19]

Given that utility-scale energy storage equipment/technology is a relatively new technology, staff believes the Company's proposal of an ASL at the bottom-end of a 10- to 15-year ASL range represents a measured and reasonable approach in life estimation. Further, staff recognizes that the Commission will have future opportunities based on existing rules to evaluate DEF's depreciation data associated with useful lives and net salvage levels of this equipment and to order modifications as appropriate.[20]

For the reasons outlined in this analysis, staff recommends that the appropriate sub-account for Company-owned DCFC stations and related equipment is Account 370.7 – EV Charging Stations. Staff also recommends an annual depreciation rate of 10 percent, applicable to DEF's newly-established Account 370.7 – EV Charging Stations, be approved.

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[14]Document No. 01660-2022, Duke Energy Florida, LLC's Response to Staff's First Data Request. No. 1(f).
[15]*Id*.
[16]Document No. 01664-2022, Duke Energy Florida, LLC's Response to the Office of Public Counsel's Informal Data Request. No. 1.
[17]Rules 25-6.0436(1)(e) and 25-6.0436(1)(m), F.A.C., specify the Commission's depreciation rate formulae and methodologies.
[18]Document No. 01660-2022, Duke Energy Florida, LLC's Response to Staff's First Data Request. No. 1(c).
[19]*Id*.
[20]*See* Rule 25-6.0436(4)(a), F.A.C. (investor-owned electric companies must file a depreciation study for Commission review at least once every four years from submission of the previous study and/or pursuant to Commission order) *and* Rule 25-6.0436(6), F.A.C. (investor-owned electric companies must file an annual depreciation status report as part of the filing of the annual report pursuant to Rule 25-6.135, F.A.C.).

Issue 2: If a new depreciation rate for Company-owned DCFC stations and related equipment is authorized in Issue 1, what should be the effective date?

Recommendation: If the Commission approves staff's recommendation in Issue 1, staff recommends that any newly-authorized depreciation rate for Company-owned DCFC stations and related equipment applicable to Account 370.7 – EV Charging Stations become effective January 1, 2022. (Smith)

Staff Analysis: In its Petition, DEF requested an implementation date of January 1, 2022 for the proposed Account 370.7 – EV Charging Stations and accompanying depreciation rate. As stated earlier, this new sub-account relates to DEF's DCFC station investments associated with the Company's EV Programs, which were approved by the Commission pursuant to the Company's 2021 Settlement. The 2021 Settlement has an effective date of January 1, 2022. Since DEF's requested implementation date matches that of the 2021 Settlement, and it is consistent with past Commission Orders,[21] staff therefore recommends an implementation date of January 1, 2022.

[21]Order No. PSC-08-0623-PAA-GU, issued September 24, 2008, in Docket No. 20080163-GU, *In re: Petition for approval to create regulatory subaccount of meter installations to capitalize all incurred and future costs associated with installation of encoder receiver transmitters (ERTs) under provisions of Statement of Financial Accounting Standard No. 71, Accounting for the Effects of Certain Types of Regulations (SFAS 71); and requesting depreciation of installation costs of ERTs over 15-year period beginning January 1, 2008, by Florida City Gas.*

Issue 3: 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, this docket should be closed upon the issuance of a consummating order. (Stiller)

Staff Analysis: At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a consummating order.

Item 5

FILED 4/21/2022
DOCUMENT NO. 02559-2022
FPSC - COMMISSION CLERK

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 21, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (M. Watts, Knoblauch, Ramos) TB
Division of Accounting and Finance (Bennett, Fletcher) ALM
Division of Economics (Bruce, Hudson) JGH
Office of the General Counsel (J. Crawford) JSC

RE: Docket No. 20190168-WS – Application for water and wastewater service in Duval, Baker, and Nassau Counties, by First Coast Regional Utilities, Inc.

AGENDA: 05/03/22 – Regular Agenda – Post-Hearing Decision – Participation is Limited to Commissioners and Staff

COMMISSIONERS ASSIGNED: Graham, Clark, La Rosa

PREHEARING OFFICER: Graham

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Table of Contents

Case Background

Section 367.011(3), Florida Statutes (F.S.), provides that regulation of water and wastewater utilities is in the public interest as an exercise of the police power of the state for the protection of the public health, safety, and welfare. The provisions of Chapter 367, F.S., are to be liberally construed for accomplishment of this purpose. Sections 367.021 and 367.031, F.S., give the Commission the authority to issue a utility a certificate of authorization to serve a specific water or wastewater service area. Section 367.045(1)(b), F.S., authorizes the Commission to require each applicant for an initial certificate to provide all information required by rule or order of the Commission which includes a detailed inquiry into the ability of the applicant to provide service, the area and facilities involved, the need for service in the area involved, and the existence or nonexistence of service from other sources within geographical proximity.

On August 27, 2019, First Coast Regional Utilities, Inc. (FCRU or Utility) filed its Application for an Original Certificate to Provide Water and Wastewater Service in Duval, Nassau, and Baker Counties pursuant to Section 367.031, F.S., and Rule 25-30.033, Florida Administrative Code (F.A.C.). On December 26, 2019, JEA, the water and wastewater utility for the City of Jacksonville (City), objected to the application. JEA asserted that it has the exclusive right to provide water and wastewater service in the Duval and Nassau County portions of the proposed service area pursuant to its franchise agreements with those counties, that FCRU's application is inconsistent with local comprehensive plans, and that the public interest is best served if JEA is the provider.

Because there is no development and no existing customers receiving service in the proposed service area, no service hearings were held on this matter. A Prehearing Conference was held on January 26, 2022, and the formal evidentiary hearing was held on February 1-2, 2022, in Tallahassee, Florida. The proposed service territory consists of 11,861 acres, of which 8,741 acres are in Duval and Nassau Counties and 3,120 are in Baker County. According to FCRU, there is no specific development currently planned for the Baker and Nassau County portions of the proposed service territory. The Utility will serve a planned unit development (PUD) in the Duval County portion of the proposed service territory which will be constructed in phases, with Phase I of the development planned to require service for 2,500 equivalent residential connections (ERCs) and 300 commercial ERCs 30 months after the certificates are granted. FCRU's application seeks water and wastewater certificates to provide potable water service, wastewater service, and reuse or reclaimed water service.

At the evidentiary hearing, the Commission found that stipulations reached by the parties for Issues 1, 8, 10, 12, 13, 14, and 16, were reasonable and accepted the stipulated matters. The parties filed post-hearing briefs on March 18, 2022. The Commission has jurisdiction pursuant to Sections 367.031, 367.045, 367.081, and 367.101, F.S.

Discussion of Issues

Issue 1: Has FCRU met the filing and noticing requirements pursuant to Rules 25-30.030 and 25-30.033, F.A.C.?

Approved Type II Stipulation: Yes. FCRU has met the filing and noticing requirements pursuant to Rules 25-30.030 and 25-30.033, F.A.C.

Issue 2: Is there a need for service in FCRU's proposed service territory and, if so, when will service be required?

Recommendation: Yes. There is a need for service. Phase I of the development will require water and wastewater service within 30 months of certification. (M. Watts)

Position of the Parties

FCRU: Yes.

JEA: No. First Coast has failed to demonstrate any need for service in the Nassau County and Baker County portions of the proposed territory. For the portion in the City, First Coast has failed to demonstrate a need for service beyond the first phase of the development (the first 2,800 connections).

Staff Analysis:

PARTIES' ARGUMENTS

FCRU

FCRU argued that 301 Capital Partners, LLC (301 Capital or Developer) either owns or has repurchase rights to approximately 9,000 contiguous acres in Duval, Nassau, and Baker Counties, which it has plans to develop, and for which portions have been granted zoning appropriate for development. An additional parcel (approximately 1,800 acres) in Baker County and contiguous to the 301 Capital property is owned by the Chemours Company FC, LLC (Chemours) and planned for development. The boundaries of these properties are adjacent to major transportation corridors and close to major job centers. (FCRU BR 8) The Utility argued that, in the Duval County portion of the development, Jacksonville City Ordinance No. 2021-693, approving the development in and of itself demonstrates the need for service. (FCRU BR 5) FCRU argued that 301 Capital is committed to imminently constructing a large, phased, planned development in Duval, Nassau, and Baker Counties on all of the property that it owns, beginning in Duval County and moving into Baker and Nassau Counties. (FCRU BR 9) The Developer projects that it would begin the Baker County development in 2026, and that it would begin development of the Nassau County property as soon as utilities become available. (FCRU BR 10) The Utility argued that JEA's claim that the development in Baker and Nassau Counties is too far in the future to constitute a valid need for service is unfounded. FCRU stated that its projections for these counties are proper phase development and time planning which is appropriate for a project of this size. (FCRU BR 16)

JEA

JEA argued that FCRU did not show a need for service in Nassau and Baker Counties, and that it did not show a need for service beyond the first phase of the Development in Duval County. JEA stated that the Utility's Preliminary Absorption Schedule showed that no connections were contemplated in Baker or Nassau Counties for at least 10 years, and that few connections in each county were estimated for years 10-15 and 15-20. JEA argued that there was no information provided on who or what might be connected, and no description of proposed customers by customer class and meter size as is required by Rule 25-30.033(1)(k)1., F.A.C. (JEA BR 4) JEA

further argued that there had been no local government approval of development in Baker and Nassau Counties, and FCRU has not brought forward any plans or proposals to those counties. (JEA BR 7) JEA noted that, in Baker County, the owner of a parcel on which it is presently conducting mining activities, Chemours, did not request service from the Utility, but rather requested "to be included in the service area." JEA also noted that Chemours did not provide a definite time when water and wastewater service would be needed. (JEA BR 6)

ANALYSIS

Section 367.045(1)(b), F.S., requires an examination of the need for service in the requested area, and Rule 25-30.033(1)(k), F.A.C., requires an applicant for an original certificate to provide a statement showing the need for service in the proposed area. According to FCRU's application, the proposed territory includes approximately 10,000 contiguous acres in Duval, Nassau, and Baker Counties, with an additional 1,800 acres located in Baker County. 301 Capital either owns or has exclusive purchase rights to the 10,000-acre property.[1] The additional 1,800-acre property in Baker County is owned by Chemours, a mining company. The Developer intends to develop the property in Duval and Nassau Counties as a PUD community (Development), pursuant to the City of Jacksonville PUD Ordinance No. 2010-874-E (2010 PUD Ordinance), as amended by Ordinance 2021-693-E (2021 PUD Ordinance). The initial phase of the Development is located in Duval County, and will consist of approximately 2,500 ERCs and 300 commercial ERCs.

The Utility anticipates that the Development will begin in Duval County and expand based on economic and housing demand factors. (EXH 5, P 3-4) In support of its application, FCRU provided letters from the landowners in the proposed service territory, Chemours and 301 Capital, requesting service from the Utility. (EXH 5, P 69-72) In its letter, Chemours stated that the availability of central water and wastewater is very important in obtaining entitlements from Baker County to develop the property when its mining operations are completed. Further, FCRU provided a copy of Nassau County Ordinance No. 2009-26, which rezoned the Utility's proposed service territory in Nassau County from Open Rural to Industrial Warehouse and Commercial General, consistent with 301 Capital's development plans for the property. (EXH 5, P 63)

FCRU witness Kennelly stated that there is an urgent and growing need for housing within FCRU's proposed service territory, especially for work force housing. Further, he stated that, if JEA had not objected to its application for certificates to provide water and wastewater service, work on its utility facilities would have begun, as would the construction of Phase I of the Development. Based on his discussions with national homebuilders, witness Kennelly stated he believes they could easily have sold out Phase I and begun planning for Phase II. While the need is immediate, witness Kennelly stated that, from the time water and wastewater certificates are granted, provision of service to customers can be accomplished within 30 months. (EXH 64, BSP 310)

Regarding the Baker County parcel, witness Kennelly stated that the property owner is currently in the planning stages for development and anticipates that it will conclude its planning process,

[1] 301 Capital is the sole shareholder of FCRU and is the developer of the proposed service area. (EXH 5, P 9)

including any necessary land use changes, in three to four years. Service will be required within five years. (EXH 38, BSP 9)

In its brief, JEA stated that any need for service in Baker and Nassau Counties, and within the City beyond Phase I of the Developer's PUD, is purely speculative. (JEA BR 4-5) The JEA witnesses, in testimony, discovery, and during cross-examination, did not dispute the need for service for Phase I of the development in Duval County.

Staff believes the evidence shows there is a need for potable water service, wastewater service, and reclaimed water service in the proposed service area, with Phase I of the development in Duval County requiring service within 30 months of the granting of the certificates. Though the evidence shows that the timing of the need for service is not as well defined for the later phases of the Development in Duval County and for developments in Baker and Nassau Counties, staff believes that, with the letters from developers requesting service and the Nassau and Duval County ordinances authorizing development, the Utility has demonstrated that the need for service exists in all three counties.

CONCLUSION

Based on the record, staff recommends that there is a need for potable water service, wastewater service, and reclaimed water service in the proposed service area. Phase I of the Development in Duval County will require service within 30 months of the granting of the certificates. The timing of the need for service in Baker and Nassau Counties is not as well defined as the need in Duval County, but staff believes that the Utility has demonstrated that the need exists in all three counties.

Issue 3: Is FCRU's application inconsistent with Duval County's, Nassau County's, or Baker County's comprehensive plans?

Recommendation: FCRU's application is consistent with the Nassau County comprehensive plan; it may not be consistent with the Baker and Duval County comprehensive plans. However, Section 367.011, F.S., gives the Commission exclusive jurisdiction over this matter and Section 367.045(5)(b), F.S., states the Commission shall consider, but is not bound by, the local comprehensive plans. In addition, it does not appear that granting FCRU a certificate would deprive the counties of their ability to control development under their comprehensive plans or ordinances. Accordingly, staff recommends that the perceived inconsistencies should not cause the Commission to deny FCRU's application. (M. Watts, J. Crawford)

Position of the Parties

FCRU: No.

JEA: Yes. The application is inconsistent with the City's comprehensive plan, which calls for JEA to be the exclusive provider of water and wastewater service and for treatment facilities to be regional in nature. Development-specific utilities like the one proposed by First Coast are to be phased out.

Staff Analysis:

PARTIES' ARGUMENTS

FCRU

FCRU argued that Baker and Nassau Counties did not file objections to the Utility's application for water and wastewater certificates. The Utility also stated that JEA's only position on the issue is that the City of Jacksonville 2030 Comprehensive Plan (City Comp Plan) calls for JEA alone to be the provider throughout the county. (FCRU BR 17) FCRU further argued that the City did not object to the application or raise any issues with respect to its own comprehensive plan. (FCRU BR 18) The Utility also asserted that JEA has never taken the position that the actual development which FCRU proposes to serve is inconsistent with the City Comp Plan. (FCRU BR 17) The Utility believes that granting its application for water and wastewater certificates is consistent with the comprehensive plans of Baker, Duval, and Nassau Counties, and that such a finding by the Commission would not negate the effectiveness of any of the City's authority to control development and growth within the City. (FCRU BR 19) Finally, FCRU argued that JEA has failed to show that certification of the Utility is inconsistent with any comprehensive plan, and that even if the Commission finds an inconsistency, it should find that it has duly considered, but elected not to be bound by, such inconsistency with the comprehensive plan. (FCRU BR 21)

JEA

JEA argued that certificating FCRU would violate the City Comp Plan in three ways. First, under the City Comp Plan, JEA is to be the provider of service, citing Goal 1 of the Sanitary Sewer sub-element. (JEA BR 8) Second, the City Comp Plan calls for regional facilities, not development-specific plants. Both the Potable Water and Sanitary Sewer sub-elements call for

regional facilities, instructing JEA in the Potable water sub-element to regionalize water facilities and to acquire private package plants, incorporating them into the regional system. (JEA BR 8-9) Third, the plant proposed by the Utility is a non-interim, non-regional facility disallowed by the City Comp Plan. JEA stated the City Comp Plan allows for new, non-regional facilities provided certain requirements are satisfied, but nothing in the record suggests that the Utility has pursued this alternative. (JEA BR 10) Finally, JEA argued that nothing in the City Comp Plan precludes JEA from constructing facilities in the Development. (JEA BR 11)

ANALYSIS

Section 367.045(4), F.S., provides that notwithstanding the ability to object on any other ground, a county or municipality has standing to object on the ground that the issuance of a certificate violates established local comprehensive plans developed pursuant to Chapter 163, F.S. Section 367.045(5)(b), F.S., provides that, if an objection is made, the Commission shall consider, but is not bound by, the local comprehensive plan of the county or municipality.[2] Although FCRU's position is that its application is consistent with the Baker, Nassau, and Duval County comprehensive plans, JEA takes the position that the application is inconsistent with the City Comp Plan. Although this issue references the county comprehensive plans, in Duval County, the city limits of the City of Jacksonville encompass the entirety of Duval County, with the exception of four small communities that are not in the vicinity of FCRU's proposed service territory. Therefore, the City Comp Plan is the one at issue in the instant case for Duval County and is the one cited by the parties in the record.

In Order No. PSC-92-0104-FOF-WU, regarding the application for an original certificate by East Central Florida Services, Inc. (*East Central*), the Commission found that the City of Cocoa and the South Brevard Water Authority lacked standing to assert that the proposed certificate would violate Brevard County's comprehensive plan, stating that only the entity which enacted a comprehensive plan has standing to assert inconsistency with that plan.[3]

In the instant case, the entities that enacted the comprehensive plans for Baker, Nassau, and Duval Counties did not object to FCRU's application for original water and wastewater certificates. As discussed previously, JEA objected to the Utility's application and argued that FCRU's application is inconsistent with the City Comp Plan. However, JEA is a governmental authority created to provide electric, water, and wastewater services to customers in the City of Jacksonville and surrounding communities; therefore, JEA is not the entity that enacted the City's comprehensive plan. In keeping with the Commission's decision in *East Central,* the Commission may find that JEA lacks standing necessary to object to FCRU's application as being inconsistent with the three relevant comprehensive plans. In the interest of fully vetting the record, however, staff recommends that the Commission should still consider the three relevant

[2] See also *City of Oviedo v. Clark*, 699 So. 2d 316 (Fla. 1st DCA 1997) (the Commission's decision granting a territorial amendment was upheld in spite of the Commission's conclusion that the proposed amendment would be inconsistent with the City of Oviedo's comp plan, which favored the city as provider of wastewater service within the city limits; the statute only required the Commission to consider the plan and expressly granted the Commission discretion in deciding whether to defer to the plan, and the Commission considered the plan).

[3] Order No. PSC-92-0104-FOF-WU, issued March 27, 1992, in Docket No. 19910114-WU, *In re: Application for water certificate in Brevard, Orange and Osceola Counties by East Central Florida Services, Inc.,* p.25.

comprehensive plans, which are presented below. In addition, it does not appear that granting FCRU a certificate would deprive the counties of their ability to control development under their comprehensive plans or ordinances.

Baker County

Based on the evidence, staff believes that FCRU's request to provide water and wastewater service in the proposed service territory appears to be inconsistent with portions of the Baker County Comprehensive Plan with regard to zoning restrictions. The current zoning designation of Agricultural makes the planned development inconsistent with portions of the Baker County Comprehensive Plan. However, Objective A.1.11 of the plan provides for review and approval of new development proposals, including zoning changes necessary for the new development. (EXH 46, Attachment 9, P 43) A request for the necessary zoning changes may be made by FCRU at the appropriate time. Therefore, even if the Commission were to take the Baker County Comprehensive Plan into consideration, staff does not believe that the Commission should be bound by it.

Nassau County

The Utility's application appears to be consistent with the Nassau County 2030 Comprehensive Plan in that FCRU has committed to abide by the level of service requirements of the Potable Water sub-element, Objective WAT.01, and the Sanitary Sewer sub-element, Objective SEW.01, of the plan. (EXH, BSP 111, 118) Additionally, Nassau County Ordinance No. 2009-20 and 2009-26 changed the zone designation of the Utility's proposed service territory in Nassau County from Agricultural, Conservation, and Open Rural to Industrial Warehouse and Commercial General, pursuant to the previous developer's application for such zoning changes. (EXH 5, P 63) These entitlements allow the current developer, 301 Capital, to proceed with its development plans for the property. Therefore, the Utility's application is consistent with the Nassau County 2030 Comprehensive Plan.

City of Jacksonville

JEA's position is that FCRU's application is inconsistent with the City Comp Plan, and alleges that inconsistency as a basis for its objection to the Utility's application for water and wastewater certificates. JEA witness West argued that granting FCRU water and wastewater certificates is inconsistent with the Potable Water and Sanitary Sewer sub-elements of the City Comp Plan because these sub-elements contemplate JEA as the sole provider of water and wastewater service, and because the facilities built would not be regional facilities. (TR 238-239; EXH 21) Witness West stated that, with respect to the Potable Water sub-element, Goal 1 states, "JEA shall regionalize water facilities in a manner which adequately corrects existing deficiencies, accommodates future growth, increases system capacity, acquires investor owned systems and incorporates private package plants into the regional system . . . ." (TR 238; EXH 21, P 49) She also stated that Policies 1.1.5 and 1.1.6 under Goal 1 provide that non-regional utility water treatment plants shall continue to be phased out and the systems interconnected to regional systems, and that JEA shall continue to acquire community and investor-owned public utility companies and integrate the systems into the regional network. With respect to the Sanitary Sewer sub-element of the City Comp Plan, witness West testified that this sub-element contemplates JEA as the sole provider of wastewater service. In her direct testimony, witness West quoted Goal 1 of the Sanitary Sewer sub-element, then pointed out that, "It states that 'JEA

shall provide . . .' service, not that 'JEA and/or other wastewater utilities shall provide . . . .'" (TR 237 EXH 21, P 30) Witness West then stated that Goal 1 also calls for the provision of regional wastewater collection and treatment systems rather than small, development-specific package plants as a permanent solution. (TR 237) Witnesses argued that, in view of language in both the Potable Water and Sanitary Sewer sub-elements that directs JEA either to build regional facilities, or to regionalize existing systems, the Utility's plans to build a non-regional facility are inconsistent with the City Comp Plan. (TR 238-239; EXH 21, P 30, 33, 49) However, the City did not file an objection to FCRU's application for water and wastewater certificates, and did not provide its own witness(es) to interpret its comprehensive plan.

In his rebuttal testimony concerning the Potable Water sub-element, FCRU witness Kelly quoted Policies 1.1.1 and 1.1.2 under Objective 1.1 of the City Comp Plan, which state that JEA shall provide for regional water facilities associated with development within the Urban and Suburban area as defined in the Capital Improvements Element, excluding improvements within the service area of an investor-owned public utility. (TR 406) Witness Kelly stated that these sections recognize that investor-owned public utilities may exist within the City limits. (TR 407) Witness Kelly testified that subsection 1.2.10 of the Sanitary Sewer sub-element of the City Comp Plan permits non-regional facilities as long as certain conditions are met including building standards and phase-out plans. (TR 398-399) Policy 1.1.14 of the Potable Water Sub-Element mirrors this language for new non-regional water facilities. (EXH 21, P 50) FCRU witness Kennelly affirmed that the facilities that FCRU proposes to build and operate will meet all of these requirements, and that the Utility offered to sell the facilities to the City according to the phase-out terms required. (TR 352) Witness Kelly testified that an investor-owned public utility may be certificated by the Commission and developed in the future to provide service within the City based on the language contained in the Potable Water and Sanitary Sewer sub-elements of the City Comp Plan. (TR 407)

In the Potable Water sub-element, Policy 1.1.6 states:

> JEA shall continue to acquire community and/or investor-owned public utility companies and integrate the systems into the regional network, where analysis of the acquisition indicates that the costs of acquiring, interconnecting and upgrading the facilities to current standards will be offset by the existing and projected rate base of the utility.
> (EXH 21, P 49)

According to this directive, JEA's acquisition of investor-owned public utility companies is conditional in a number of ways.

Likewise, in the Sanitary Sewer sub-element, Policy 1.2.1 states:

> JEA shall continue its efforts toward the acquisition of nonregional investor or community owned public utility companies where analysis of the acquisition indicates that the costs of acquiring, integrating, and upgrading the facilities to City standards will be offset by the existing and projected rate base of the utility.
> (EXH 21, P 31)

While this policy directs JEA to make an effort to acquire non-regional investor-owned public utility companies, the directive is conditional upon other factors. One factor of note is that the investor-owned public utility is not *required* to sell its system to JEA.

The Definitions portions of both the Potable Water sub-element and the Sanitary Sewer sub-element defines an investor-owned public utility company as:

> A water or sewer utility which, except as provided in Section 367.022, F.S., is providing, or proposes to provide, water or sewer service to the public for compensation.
> (EXH 21, P 38, 62)

It appears that, given the phrase "or proposes to provide," new investor-owned water and wastewater utilities are not prohibited. Policy 1.1.14 of the Potable Water sub-element and Policy 1.2.10 of the Sanitary Sewer sub-element contain language that says that non-regional facilities may be permitted or allowed as interim facilities providing a number of requirements are satisfied. When asked how a developer or potential investor-owned utility would be permitted to construct such interim facilities, witness West stated that they would broach the subject with the City of Jacksonville. (TR 250) However, in a Commission-jurisdictional county, a city or county cannot authorize an investor-owned utility to provide service to the public for compensation unless such entity were exempt from Commission regulation pursuant to Section 367.022, F.S. Therefore, to the extent that the City Comp Plan authorizes interim or non-regional water and wastewater utilities, it must do so with the expectation that systems that are not exempt from Commission regulation, such as FCRU's, must be certificated by the Commission.

FCRU witness Kennelly argued that FCRU's proposed development in Duval County is in compliance with the City Comp Plan in that the 2010 PUD Ordinance not only entitled 301 Capital to develop the Utility's proposed service territory in Duval County, but also directed it to construct on-site water and wastewater facilities. (TR 101) The 2010 PUD Ordinance contained language that instructed the developer to dedicate its facilities to JEA for operation and maintenance or for contract operation. (EXH 19) JEA witnesses Crawford and West argued that this language made granting FCRU water and wastewater certificates to serve the Duval County portion of the requested service territory inconsistent with the 2010 PUD Ordinance because JEA would not be the service provider. (TR 185, 235, 238, 242)

Much of the prefiled testimony, exhibits, and discovery responses provided by the parties centered on the differing interpretations of the dedication language in the 2010 PUD Ordinance. On December 14, 2021, the City enacted the 2021 PUD Ordinance, which amended the 2010 PUD Ordinance to rezone the land from rural to multiuse, and to remove the requirement for the developer to construct the water and wastewater facilities, instead requiring it only to provide land for the facilities. (TR 134-135, EXH 67) Thus, it appears that the parties' dispute regarding the dedication language in the 2010 PUD Ordinance is no longer at issue.

JEA witness Zammataro argued that JEA has an exclusive franchise to provide water and wastewater service in Duval and Nassau Counties. (TR 201; EXH 16; EXH 17) Witness Zammataro stated that the City's public works authority under Chapter 180, F.S., makes JEA the

exclusive provider of water and wastewater services within the municipal boundaries of the City unless JEA lacks the ability to serve. Witness Zammataro argued that, irrespective of any PUD ordinances, JEA's exclusive authority to serve is already in place from the City's authority under Chapter 180, F.S., and the City's grant of an exclusive franchise to JEA. (EXH 54, BSP 140-141) While FCRU did not address the implications of Chapter 180, F.S., directly, in its brief the Utility argued that Section 367.011, F.S., which addresses jurisdiction and legislative intent, gives the Commission exclusive authority in this matter. (FCRU BR 11-13) Specifically, FCRU quoted Section 367.011(4), F.S., which states that Chapter 367, F.S., shall supersede all other laws on the same subject, and that subsequent inconsistent laws shall supersede it only if they do so by express reference. The Utility then argued that the legislature:

> . . . did not have to anticipate that other laws on the same subject, read to be "inconsistent" with Chapter 367, do not and cannot supersede the exclusivity of the PSC's jurisdiction over each utility with respect to its authority, service, and rates unless that subsequent legislation does so by express reference, but it did. There can be no logical interpretation of this language that is consistent with JEA's position – that the statute should be read to allow local governments to pass local laws which tie the PSC's hands and effectively prevent it from fulfilling its statutory mandate to exclusively regulate jurisdictional utilities.
> (FCRU BR 13)

FCRU's argument is consistent with the Commission's decision in *East Central*.[4] In *East Central*, the Commission stated that Chapter 163, F.S., does not make express reference to Chapter 367, F.S. Section 163.3211, F.S., specifically states, "Nothing in this act is intended to withdraw or diminish any legal powers or responsibilities of state agencies or change any requirement of existing law that local regulations comply with state standards or rules."

CONCLUSION

FCRU's application is consistent with the Nassau County comprehensive plan; but may not be consistent with the Baker and Duval County comprehensive plans. However, Section 367.011, F.S., gives the Commission exclusive jurisdiction over this matter and Section 367.045(5)(b), F.S., states the Commission shall consider, but is not bound by, the local comprehensive plans. In addition, it does not appear that granting FCRU a certificate would deprive the counties of their ability to control development under their comprehensive plans or ordinances. Accordingly, staff recommends that any perceived inconsistencies should not cause the Commission to deny FCRU's application.

[4] Order No. PSC-92-0104-FOF-WU, issued March 27, 1992, in Docket No. 19910114-WU, *In re: Application for water certificate in Brevard, Orange and Osceola Counties by y East Central Florida Services, Inc.*

Issue 4: Will the certification of FCRU result in the creation of a utility which will be in competition with, or duplication of, any other system?

Recommendation: No. The proposed service area is undeveloped land with no water or wastewater service being provided and no existing service lines or facilities in place. (M. Watts)

Position of the Parties

FCRU: No.

JEA: Yes. JEA has exclusive franchises from the City and Nassau County and the ability to provide service. JEA has provided the Developer multiple options for connecting the development to JEA for water and wastewater service and JEA's existing system infrastructure is in close proximity to the proposed service territory.

Staff Analysis:

PARTIES' ARGUMENTS

FCRU

FCRU argued that: (1) JEA has no present existing ability, and no specific plans or allocated funds, to provide water and wastewater service to the proposed service territory; (2) that any finding by the Commission that the Utility's application would result in a utility that is duplicative or in competition with an existing system would be contrary to the record; and (3) that JEA has no authority to serve FCRU's proposed territory in Baker County. (FCRU BR 22) The Utility argued that JEA admitted pursuant to discovery requests that it has no water, wastewater, and/or reuse facilities in the proposed territory; that it has no present water or wastewater capacity to serve more than 3,000 ERCs in the proposed territory; and that it has no plans to construct additional water or wastewater capacity in the proposed territory. (FCRU BR 4) Additionally, FCRU provided exhibits that show graphically that the distance between its proposed service territory and the Cecil Field area, where JEA's closest facilities lie, is over seven miles. The Utility stated that JEA's position that the Utility will be in competition with or a duplication of JEA's system is based on its claim that it has exclusive franchise rights to serve the area. (FCRU BR 23)

JEA

JEA argued that FCRU's proposed system would be in competition with or duplication of JEA's system, citing four points in support of the claim, and that JEA has the ability to serve. First, JEA argued that it has exclusive franchise agreements with the City and Nassau County to serve those portions of the Development. (JEA BR 13) JEA argued that, coupled with its present ability to serve, these franchise rights mean that the Commission lacks jurisdiction to certificate the Utility. (JEA BR 15) Second, JEA offered the Developer multiple alternatives to connect the Development to JEA for water and wastewater service. (JEA BR 16-18) Third, FCRU's Feasibility Assessment does not accurately reflect all of the service alternatives provided by JEA. (JEA BR 19) Fourth, the Development is in close proximity to JEA's existing infrastructure, which is within a few miles of the Development. (JEA BR 20) Finally, JEA argued that its system is more than adequate to meet the needs of the public and JEA is ready, willing and able

to serve, citing the overall size of its infrastructure, the number of customers it is already serving, and its financial resources. (JEA BR 21-22)

ANALYSIS

Pursuant to Section 367.045(5)(a), F.S., the Commission may not grant a certificate of authorization for a proposed system that will be in competition with, or duplication of, any other system or portion of a system, unless it first determines that such other system or portion thereof is inadequate to meet the reasonable needs of the public or that the person operating the system is unable, refuses, or neglects to provide reasonably adequate service. Section 367.021(11), F.S., defines "system" as facilities and land used or useful in providing service.

FCRU believes that the creation of a utility will not be in competition with, or duplication of any other system. (TR 100) Prior to filing its application for water and wastewater certificates, 301 Capital commissioned a limited feasibility study to determine whether it would be technically feasible and economically prudent to form its own utility to serve its planned developments in Duval, Nassau, and Baker Counties, as well as to provide an estimated timeline to begin serving customers. (EXH 7) FCRU witnesses Beaudet and Gandy, professional engineers involved in preparing the Feasibility Assessment for the Utility, each provided detailed estimates based on their experience for the length of time it would take after receiving water and wastewater certificates from the Commission to begin providing service. Witness Beaudet estimated FCRU could begin providing service in 2 1/3 years, and witness Gandy estimated the Utility could begin providing service 30 months after certification. (EXH 7, P 30; TR 380)

Although there was some testimony that JEA might be able to provide service to the Utility's proposed service territory in Duval County and Nassau County in the future, the Commission has previously held that it cannot determine whether a proposed system will be in competition with or a duplication of another system when such other system does not exist. In an original certificate application by *East Central*, the Commission addressed the issue of competition or duplication of proposed systems, stating: [5]

> [W]e cannot determine whether a proposed system will be in competition with or a duplication of another system when such other system does not exist. We do not believe Section 367.045(5)(a), Florida Statutes, requires this Commission to hypothesize which of two proposed systems might be in place first and, thus, which would compete with or duplicate the other. Engaging in such speculation would be of little use.

Additionally, JEA is not authorized to provide service in the Baker County portion of the proposed service territory. (TR 221)

JEA witness Zammataro stated in his testimony and under cross-examination that JEA does not have facilities in the Utility's proposed service territory, and that JEA's closest facilities are

[5] Order No. PSC-92-0104-FOF-WU, issued March 27, 1992, in Docket No. 19910114-WU, *In re: Application for water certificate in Brevard, Orange and Osceola Counties by East Central Florida Services, Inc.,* p. 22. See also Order No. PSC-2004-0980-FOF-WU, issued October 8, 2004, in Docket No. 20021256-WU, *In re: Application for certificate to provide water service in Volusia and Brevard Counties by Farmton Water Resources, LLC.*, pp. 17-20.

approximately five miles away. (TR 217; EXH 54, BSP 139) JEA does not have a water reclamation facility (WRF) near the proposed service territory, but instead proposed during its April 9, 2019 meeting with FCRU that an off-site regional WRF be built approximately four miles away. (EXH 5, P 106) In response to discovery, JEA also stated that it does not have specific plans to serve the area, aside from the scenario of the Utility building all facilities necessary and JEA using them to provide service. (EXH 54, BSP 139-140) Despite this, JEA argued in its brief that it has existing infrastructure in close proximity to the development, within a few miles, with which to serve the territory. (JEA BR 20) Based on prior Commission precedent, staff believes that FCRU serving proposed territory that is "a few miles away" from existing infrastructure is not a duplication of said infrastructure.

In response to Requests for Admission issued by FCRU, JEA admitted that it does not currently have the capacity to serve the 3,000 ERCs in the proposed service territory, and that it has no present plans to construct, on its own, additional water, wastewater, or reuse water treatment capacity in the proposed service territory. (EXH 58, BSP 189-190) More specifically, JEA witness Orfano stated that JEA's existing water and wastewater mains and their associated plants do not have existing capacity to provide service to accommodate the 17,500 ERCs that the Utility will ultimately serve. He went on to state that by extending its existing mains to the proposed service territory, JEA's existing system would accommodate approximately 3,000 ERCs. Connections beyond that would require additional treatment facilities. (EXH 57, BSP 182-183)

Notwithstanding the foregoing, JEA witness Zammataro argued that FCRU should not be granted water and wastewater certificates because JEA has exclusive franchise rights to provide water and wastewater service in the City and in Nassau County. (TR 201; EXH 54, BSP 141). Witness Zammataro stated that, in Duval County, JEA is authorized to serve pursuant to provisions of Chapter 180, F.S., and the City's grant of the exclusive franchise. (EXH 54, BSP 140-141) In its brief, JEA also cited to the Commission's decision denying an original certificate to Conrock Utility Company (*Conrock)*, arguing that the existence of JEA's franchise rights means that FCRU would be in competition with or a duplication of JEA's system.[6] (JEA BR 15-16) However, *Conrock* is distinguishable from the instant case. In *Conrock*, much of the Utility's proposed service territory was within a territory already being served by the City of Brooksville (Brooksville) pursuant to an interlocal agreement with Hernando County. Unlike the instant case, both Brooksville and Hernando County were actually serving water customers within Conrock's proposed service territory, and had major distribution lines within the area. "In terms of present physical competition and duplication, Conrock's proposed system would likely involve the running of water lines parallel to and in duplication of the County's lines in the same subdivision." *Conrock* at p. 10.

Additionally, Section 367.045(5)(a), F.S., prohibits the Commission from granting a certificate of authorization, or amending a certificate of authorization to extend an existing system, if the proposed system will be in competition with, or duplication of, any other system. Further, Section 367.021(11), F.A.C., defines a "system" as, "facilities and land used or useful in

[6] Order No. 22847, issued April 23, 1990, in Docket No. 19890459-WU, *In re: Objection to notice of Conrock Utility Company of intent to apply for a water certification Hernando County.*

providing service and, upon a finding by the commission, may include a combination of functionally related facilities and land." Despite JEA's franchise rights in the City, it does not have any facilities in the proposed service territory, or even immediately adjacent to it. Therefore, staff recommends that JEA does not have a "system" that can be duplicated or in competition with FCRU.

Despite JEA's testimony that it has the ability to serve the Utility's proposed service territory in Duval and Nassau Counties, the evidence has shown that, absent FCRU constructing all of the necessary facilities as was previously required by the 2010 PUD Ordinance, JEA does not have the ability to serve the Development when services will be required. Further, in *East Central*, the Commission addressed the issue of competing claims of authority to serve, stating:

> We do not find [South Brevard Water Authority's (SBWA)] argument persuasive. SBWA offers no cogent legal or policy grounds for excluding the overlapping area from ECFS's proposed territory. Just because SBWA was statutorily created does not mean that the preservation of its territory is any more in the public interest than granting ECFS the same territory, even though ECFS was not similarly created. Furthermore, we think that it is appropriate to reference the Fifth District Court of Appeal's decision in City of Mount Dora v. JJ's Mobile Homes, Inc., 579 So.2d 524 (Fla. 5th DCA 1991). In that case, the court indicated that even though a utility has a prior legal right to provide service to a particular territory, if that utility cannot presently serve the area, another utility, which does have the present ability to do so, may.[7]

Based on the testimony provided by JEA, it does not have existing facilities within the proposed FCRU service territory. Although JEA indicated that it is prepared to serve the Duval and Nassau County portion of the proposed service territory if 301 Capital provided the facilities, no testimony was provided to show that it has the capacity or plans to do so on its own. The nearest JEA facilities are five miles away from the Utility's proposed service area. While JEA testified that it would serve or has a right to provide water and wastewater service in Duval and Nassau Counties, this statement of intent is insufficient to demonstrate that FCRU's proposal would be in competition with, or duplication of JEA's systems. Also, JEA has no facilities and no franchise in Baker County.

CONCLUSION

Consistent with prior Commission findings in *Farmton Water Resources LLC* and *East Central,* since JEA has not demonstrated that it has existing facilities in place to serve the Utility's proposed service territory, staff recommends that FCRU's application complies with Section 367.045(5)(a), F.S., in that it will not be in competition with, or duplication of, any other system.

[7] Order No. PSC-92-0104-FOF-WU, issued March 27, 1992, in Docket No. 19910114-WU, *In re: Application for water certificate in Brevard, Orange and Osceola Counties by East Central Florida Services, Inc.* See also Order No. PSC-2004-0980-FOF-WU, issued October 8, 2004, in Docket No. 20021256-WU, *In re: Application for certificate to provide water service in Volusia and Brevard Counties by Farmton Water Resources LLC*.

Issue 5: Does FCRU have the financial ability to serve the requested territory?

Recommendation: Yes. The Utility has the financial ability to service the requested territory. (Bennett)

Position of the Parties

FCRU: Yes.

JEA: No. First Coast itself has no resources. While First Coast's developer parent, 301 Capital Partners, LLC, has stated it will provide financial support, the Developer has failed to establish that it has funds to construct or operate a utility or that it has secured any outside financing.

Staff Analysis:

PARTIES' ARGUMENTS

FCRU

In its brief, FCRU stated that the Utility is a wholly owned subsidiary of 301 Capital and is a newly formed entity with a single purpose of providing water, wastewater, and irrigation services to the proposed territory. It has no financial statements. (EXH 5, P 9) In FCRU witness Kennelly's testimony, he stated that 301 Capital will provide the necessary start-up funding and funds to support any financial shortfalls of the Utility during its initial operation. (TR 99-100; EXH 5, P 113) 301 Capital provided its fair market value balance sheet, which shows a total equity balance of $128,896,569, and profit and loss statement for the test year, which shows a net income of $220,112. (EXH 5, P 114-115) The Developer has recently received a letter from AgAmerica that provides $40,000,000 in available financing to the Utility. (TR 96) Further, FCRU stated that selling off parcels of land is another way to raise capital to fund the Utility. This option would not change the need for service in the area as those owners would still require FCRU's services. (TR 143)

The Utility further asserted that, while JEA has argued that FCRU and the Developer had not provided audited financial statements, it is common practice for a newly formed utility seeking a certificate with the Commission to rely on a developer or long-term debt to finance the construction of a utility. While JEA asserted it has a more stable financial posture, FCRU witness Swain refuted that claim by providing a record of JEA's bond rating down grade which would put JEA in a less favorable posture to finance a new utility. (TR 290)

JEA

In its brief, JEA stated that FCRU has no financial resources and the Developer, 301 Capital, has not provided the necessary financial statements to satisfy Rule 25-30.033(1)(h)1., F.A.C. (JEA BR 22) The Developer provided a fair market value balance sheet and not an original cost balance sheet; therefore, JEA asserted it is a misrepresentation of the Developer's assets and liabilities. Further JEA stated that the Developer did not provide an explanation of the manner and amount of such funding, financial agreements between the listed entities, and proof of the listed entities' ability to provide funding as required by Rule 25-30.033(1)(h)2., F.A.C. (JEA BR 23)

FCRU provided options of how they would fund the Utility but has not provided any finalized plans. (TR 143-144) JEA argued the funding of the Utility is based on "maybe," as in "[m]aybe borrow money, maybe sell off parcels of land, maybe seek additional investors, maybe issue bonds . . ." (JEA BR 25) The Developer recently lost its majority investor and provided no details about the departure or the financial impact to 301 Capital. (TR 127-130)

ANALYSIS

Rule 25-30.033(1)(h), F.A.C., provides that the applicant demonstrate the necessary financial ability to provide service to the proposed service area. As a newly formed entity, FCRU does not have any financial statements at this time. (EXH 5, P 9) However, the Developer has committed to provide the necessary start-up and operational funding to the applicant to cover any financial shortfalls in the initial development and operation of the Utility. (EXH 5, P 113) In the initial application, 301 Capital provided a fair market value balance sheet and a profit and loss statement to reflect its ability to financially support FCRU. (EXH 5, P 114-115) The rule does not provide that the Commission review the financial ability of another party who is not related to the Utility. JEA's financial ability is not at question in this issue.

The Commission has traditionally allowed reliance on the parent's financial ability in similar situations.[8] The Commission's reasoning has been the logical vested interest of a parent in the financial stability of its subsidiary. Staff believes that 301 Capital's financial statements demonstrate adequate and stable funding reserves for the Utility. Therefore, staff recommends that FCRU has demonstrated that it will have access to adequate financial resources to operate the Utility.

CONCLUSION

FCRU has demonstrated that it will have access to adequate financial resources to operate the Utility.

[8] Order Nos. PSC-2020-0059-PAA-WS, issued February 24, 2020, in Docket No. 20190147-WS, *In re: Application for certificates to provide water and wastewater service in Brevard County by River Grove Utilities, Inc.*, p. 3; PSC-17-0059-PAA-WS, issued February 24, 2017, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.*,. p. 4; PSC-13-0484-FOF-WS, issued October 15, 2013, in Docket No. 20130105-WS, *In re: Application for certificates to provide water and wastewater service in Hendry and Collier Counties, by Consolidated Services of Hendry & Collier, LLC.*, p.3.

Issue 6: Does FCRU have the technical ability to serve the requested territory?

Recommendation: Yes. FCRU has met the requirements of the rule demonstrating that, with the retention of outside professionals for the construction and operation of its systems, it has the technical ability to serve the requested territory. (Knoblauch)

Position of the Parties

FCRU: Yes.

JEA: No. First Coast and its officers have no technical ability or experience in the utility industry, nor has First Coast identified any contractors with the required technical ability.

Staff Analysis:

PARTIES' ARGUMENTS

FCRU

FCRU argued that JEA presented no evidence on this issue and only brought up concerns relating to the Utility's technical ability at the hearing. FCRU argued that the President of the Utility is well suited for his position, and it intends to engage well-known utility contractors for the engineering, design, permitting, construction, and operation of the proposed water, wastewater, and reuse water systems. (FCRU BR 26) This is demonstrated by the experts that were retained for FCRU's certification application, including a regulatory rates and fees expert and engineers. (FCRU BR 26-27) The Utility argued that it has and will continue to retain the needed expertise for the proposed facilities. (FCRU BR 27)

JEA

JEA argued that FCRU and its owners lack the technical ability and have no experience in the water or wastewater industry. (JEA BR 25) JEA argued that the Utility's President, Robert Kennelly, a lawyer and certified public accountant, has never worked for a utility and does not have the experience or technical ability needed to run a utility. Additionally, none of the other FCRU officers, such as the Vice President, have the relevant skills or knowledge of the utility business. (JEA BR 26) While the Utility affirmed that it would hire qualified vendors and contractors to construct and operate the utility, JEA argued that no contractor had been identified. (JEA BR 27) Also, JEA argued that despite retaining outside contractors, management must also have experience in the industry. In comparison to other utilities, such as Farmton Water Resources LLC, that sought certifications from the Commission and had extensive experience in managing water resources, JEA stated that FCRU's "management has no utility experience and it has retained no one to design, construct, or operate treatment facilities." (JEA BR 27-28)

ANALYSIS

To demonstrate technical ability, Rule 25-30.033(1)(i), F.A.C., requires a statement of the applicant's experience in the water or wastewater industry and a copy of all current permits. Additionally, the applicant must provide copies of the most recent Florida Department of Environmental Protection (DEP) and/or county health department inspections, secondary standards drinking water report, and correspondence for the past five years with the DEP, county health department, and water management district (WMD).

FCRU witness Kennelly testified that 301 Capital would retain professionals for the engineering, design, permitting, construction, and operation of the Utility's water, wastewater, and water reuse systems. (TR 98-99) As an exhibit to his testimony, witness Kennelly provided FCRU's application for certification which stated that the Utility had not yet obtained the necessary permits, nor had it had any correspondence with the DEP, county health department, or WMD. (EXH 5, P 10) Pursuant to Section 367.031, F.S., a utility must obtain a certificate of authorization from the Commission prior to being issued a construction permit by the DEP or being issued a consumptive use permit by the WMD. JEA did not provide testimony disputing FCRU's technical ability to serve the requested territory; however, in its post-hearing brief, JEA argued that the Utility and its owners, officers, and members have no prior experience in the water and wastewater industry. (JEA BR 25-26) JEA also argued that while the Utility asserted that it would retain qualified contractors for the operation of the system, the actual contractors have not been identified. (JEA BR 27) Staff believes FCRU has met the requirements of the rule demonstrating that with the retention of outside professionals for the construction and operation of its systems, it has the technical ability to serve the requested territory.

CONCLUSION

Based on the above, staff recommends that FCRU has the technical ability to serve the requested territory.

Issue 7: Does FCRU have sufficient plant capacity to serve the requested territory?

Recommendation: Yes. The evidence in the record demonstrates that FCRU has properly planned for the estimated needs of the proposed service area. (Knoblauch)

Position of the Parties

FCRU: Yes.

JEA: No. The proposed 2 MGD plant is insufficient for the site plan, which would support 10,000 ERCs at 200 gpd. The Developer proposes 11,250 single-family homes, 3,750 multi-family ERCs, and 1,050,000 square feet of commercial space just in the City of Jacksonville portion of the development.

Staff Analysis:

PARTIES' ARGUMENTS

FCRU

FCRU argued that its witness Beaudet prepared a Feasibility Assessment report outlining a plan for Phase I of the development. Additionally, witness Beaudet testified that based on personal experience, there is a level of uncertainty when it comes to long-term phase planning. The Utility argued that it would not be prudent to construct a plant with the capacity to serve the entire development now considering the capacity required to meet future demand may change. Therefore, rather than constructing a 4 million gallons per day (MGD) plant, the estimated capacity needed at buildout, at the initial stages of the development, FCRU argued that witness Beaudet calculated the needed capacity to be 1 MGD and expandable to 2 MGD for the future, with the appropriate facilities being phased-in over time. (FCRU BR 27) Additionally, FCRU argued that the alternative of building on-site facilities was quicker and more economically feasible than the alternatives presented by JEA, such as an interconnection with JEA facilities. (FCRU BR 28)

JEA

JEA argued the plant capacity proposed by FCRU is insufficient to serve the entire development in Duval County. In JEA witness Zammataro's testimony, he calculated the total estimated flow for the development to be 3.86 MGD. However, the plant site plan presented by the Utility would only have a capacity of 2.0 MGD, and no plans were provided on how FCRU would account for the additional 1.8 MGD of required capacity. (JEA BR 28) JEA argued that the Utility failed to demonstrate that it would have adequate plant capacity to serve the development in Duval County, which was limited to the first phase, and no provisions were provided for Nassau or Baker counties. (JEA BR 29)

ANALYSIS

Rule 25-30.033(1)(n) and (o), F.A.C., require the applicant to provide a description of the plant and proposed line capacities, and the type of treatment and method of effluent disposal that will be used. As an exhibit to his direct testimony, FCRU witness Beaudet presented a Feasibility Assessment that laid out several alternatives for serving the proposed service territory, as well as the selection of the most feasible alternative. (EXH 7) The Feasibility Assessment only examined Phase I of the development, which included a total of 2,800 ERCs to be in-service by 2030. (EXH 7, P 11)

For Phase I of the development, the water demand was calculated to be 756,000 gallons per day (gpd) average daily flow (ADF) using an estimated value of 270 gpd per ERC. (EXH 7, P 12) Through discovery, the Utility stated that the value of 270 gpd was selected based on data from St. Johns Water Management District's and South Florida Water Management District's Water Supply Plans. Using this data and an assumption of 2.4 persons per dwelling unit, a value of 307 gpd per ERC was calculated. This value was decreased slightly to 270 gpd per ERC to account for 100 percent irrigation from reclaimed water, resulting in a slightly lower demand. (EXH 38, BSP 3-4)

The Feasibility Assessment specified that for new developments, a minimum size of 1.0 MGD ADF be constructed for onsite water facilities. (EXH 7, P 11) This is consistent with JEA's minimum size requirements for onsite water facilities. In addition, the water treatment plant (WTP) will be expandable up to 2.0 MGD and in conformance with JEA standards. The treatment process will consist of chlorination, and the water will be stored in a one million gallon prestressed concrete storage tank, which will be equipped with a mixing device to help with disinfection and sulfide oxidation. (EXH 7, P 16)

The Utility's wastewater treatment plant (WWTP) design will also be based on an ADF of 1.0 MGD, and will be expandable up to 2.0 MGD. (EXH 7, P 16) The wastewater will be treated using a biological treatment system based on sequencing batch reactor technology. The treated effluent will be pumped to a ground storage tank, which will meet the DEP minimum three-day storage requirement for current flows. (EXH 7, P 18) However, additional storage tanks, storage ponds, or other storage alternatives will be required in the future to meet demand. (EXH 7, P 18-19) From the storage tanks, the treated effluent will be pumped to reuse services at the WWTP site or will be utilized for irrigation of public access areas located nearby. Sludge disposal will be completed using an aerobic digestion process and will be trucked off-site for land application. (EXH 7, P 19)

JEA witness Zammataro testified that the WWTP proposed by FCRU would be unable to meet the demand of the total requested service territory. (TR 205) The total service territory includes 11,250 single-family residences, 3,750 multi-family residences, and 1,050,000 square feet of commercial and office space. (TR 205) Using an estimated demand of 250 gpd for residential units and 0.1 gpd per square foot for commercial usage, witness Zammataro calculated a projected flow for the development of 3.86 MGD. Compared to the 2.0 MGD capacity outlined in witness Beaudet's Feasibility Assessment, witness Zammataro testified that a remaining 1.8 MGD of demand is unaccounted for, and any provision to accommodate the additional demand was not discussed. (TR 205-206) In addition to the WWTP capacity, witness Zammataro also

testified to insufficiencies with regard to the reclaimed water system proposed by the Utility. While the proposed WWTP plans include the production of reclaimed water, witness Zammataro stated that, "nowhere in the Assessment are the piping costs for distributing the reclaimed water provided." (TR 206) There was also no analysis in the Feasibility Assessment on reclaimed water during the varying seasons, such as a disposal method for effluent during the rainy season or seasonal storage during the dry season, when reclaimed water demand is higher. (TR 207)

Witness Zammataro testified that the Feasibility Assessment did not explore all potential alternatives for the provision of water and wastewater to the service area. (TR 207-208) Instead, the Feasibility Assessment only compared the construction of an onsite treatment facility with the construction of a remote regional JEA facility. The other alternatives proposed by JEA were (1) extending service mains from JEA's existing system to the development; (2) extending service mains to connect to a JEA regional facility, paid for by JEA; and (3) the onsite treatment facility could be constructed and dedicated to JEA for operation and future expansions. In particular, the option of connecting directly to JEA's existing system, which would be able to serve the planned 2,800 ERCs in Phase I, would be a less costly and quicker alternative than the options laid out in the Feasibility Assessment. (TR 208)

In his rebuttal testimony, witness Beaudet testified that the site layout in the Feasibility Assessment illustrated a 2.0 MGD capacity for both Phases I and II. (TR 260) However, the ultimate build-out demand for the development was projected to be 4.0 MGD, leaving additional capacity available to serve future customers. (TR 260-261) Regarding reclaimed water, witness Beaudet testified that there would be 100 percent reuse of the reclaimed water for Phase I. The storage that was included in the Feasibility Assessment would be sufficient to store three days of reclaimed water and would meet DEP rules. As the development progresses, the Utility would also have storage ponds, to be constructed by third-party developers, available for storing additional reclaimed water. (TR 265) If an alternate disposal system is required for future phases, the appropriate storage would be addressed at that time. Witness Beaudet testified that dry season augmentation was not a requirement for the permitting of a reclaimed water system, and during prolonged dry periods, the reclaimed water could be mitigated by the pond storage and rationed by contract, as is used by Palm Beach County Utilities. Also, the cost of the reclaimed water lines to be connected to the plant would be paid for by the third-party developers, rather than FCRU. (TR 266)

Witness Beaudet testified that the FCRU facilities, "potentially envisioning acquisition by JEA at some time in the future," would be designed in conformance with JEA standards. (TR 261) As directed by the City's Comprehensive Plan, all JEA water systems must be constructed in accordance with JEA Standards and Specifications. (EXH 21, P 50) Additionally, witness Beaudet testified that he has advised the Developer that "the facility could be built much less expensively by lowering the standard to one that would be regulatorly acceptable at the minimum;" however, this was rejected by the client. (TR 262) Witness Beaudet testified that when initially contracted to complete an engineering assessment, only one option from JEA had been presented to him. This option was the interconnection of water and wastewater lines from the Development to JEA's existing facilities, which could serve 2,800 ERCs and would require a 39,000-foot extension of lines from the property to JEA's facilities. (TR 267) Witness Beaudet stated that this option had no provision for reclaimed water and he estimated that the cost to the

developer would be over $34 million, compared to the estimated $27 million for the construction of onsite facilities by FCRU. (TR 267-268) At a meeting with JEA in 2019, another option was presented by JEA, which included the Utility constructing a WTP onsite and connecting the wastewater and reclaimed water lines to a new regional WWTP constructed by JEA. The cost of this option was estimated by JEA to be $39 million, though additional operating costs would be required for pumping wastewater and reclaimed water to and from the new JEA regional plant. (TR 266-267) The third option, which was rejected by FCRU, was the construction of onsite facilities by the Developer and dedication to JEA. (TR 268)

The Feasibility Assessment presented by witness Beaudet outlined the plant capacity necessary to serve Phase I of the development, as well as provisions for serving Phase II. While witness Zammataro testified that the plant capacity in the Feasibility Assessment was insufficient to serve the development at build-out, witness Beaudet rebutted this claim stating the Feasibility Assessment only examined Phases I & II. (TR 205-206; TR 260) In response to discovery, the Utility specified that the selected plant site was chosen because it was sufficient for the 4 MGD capacity that would be required at full build-out. (EXH 60, BSP 208) This was also reiterated in witness Beaudet's rebuttal testimony, where he stated that the final projected demand was over the value quantified by witness Zammataro with additional capacity available for future connections. (TR 260-261) The full build-out of the development is expected by 2050, according to a preliminary absorption schedule provided by FCRU. (EXH 60, BSP 210)

Considering the service territory will be developed in phases over the next 30 years, staff believes that the necessary planning information for the treatment facilities, including the option of connecting to JEA treatment facilities, was provided for the initial stages of the development. Additionally, FCRU provided descriptions of the type of treatment and method of effluent disposal that will be used. Therefore, staff recommends the Utility has met the requirements of Rule 25-30.033, F.A.C., regarding the plant and proposed line capacities.

CONCLUSION

Based on the above, staff recommends that FCRU will have sufficient plant capacity to serve the requested territory based on information presented in witness testimony and through discovery.

Issue 8: Has FCRU provided evidence that it has continued use of the land upon which the utility treatment facilities are or will be located?

Approved Type II Stipulation: Yes. FCRU provided a copy of the unrecorded Specialty Warranty Deed, between FCRU and 301 Capital Partners, LLC, the current landowners, as evidence that it will have continued use of the land upon which utility treatment facilities will be located. If the certificate is granted, FCRU should provide a copy of the recorded instrument within 60 days of the Commission's vote.

Issue 9: Is it in the public interest for FCRU to be granted water and wastewater certificates for the territory proposed in its application?

Recommendation: Yes. Based on the recommendations in Issues 1 through 8, it is in the public interest to grant FCRU Certificate No. 680-W to provide water service and Certificate No. 578-S to provide wastewater service to the territory described in Attachment A. (M. Watts)

Position of the Parties

FCRU: Yes.

JEA: No. First Coast has not demonstrated need for service, financial ability, technical ability, or plant capacity. Its rates and charges would be double those of JEA. The public interest is served by compliance with the local franchises, Comp Plan, development ordinance, and otherwise by JEA as the municipal provider.

Staff Analysis:

PARTIES' ARGUMENTS

FCRU

FCRU argued that, for all of the reasons set forth in its brief, it is in the public interest to grant the Utility's water and wastewater certificates. FCRU cited to a prior docket involving Nocatee Utility Corporation's application for original certificates in which the applicant argued that the Commission should consider the landowner's preference for service and the developer's unique ability with the planning of the development. The Commission ultimately concluded in that case that it could consider the landowner service preference; however, it was not bound by it. (FCRU BR 28) The Utility argued that the Commission should again consider the developer/landowner's strong preference for service from the FCRU, since it would be more capable of supplying the needed capital expenditures and capacity than JEA. (FCRU BR 28-29) Furthermore, the Utility argued that, as a result of recent legislation, JEA would be required to undertake several projects to address its disposal of reuse water, at an estimated cost of at least $1.9 billion, and that the effect of these projects on rates is not yet known. (FCRU BR 29)

JEA

JEA argued that when making a determination on whether to grant a certificate of authorization, the Commission considers the public interest, which includes several factors, including the applicant's financial and technical ability. (JEA BR 29-30) JEA argued that FCRU did not demonstrate that certification in this case would be in the public interest, nor did it show that there was a need for service in Nassau County, Baker County, or beyond the first phase of the Development in Duval County. Additionally, JEA listed other concerns: the Utility's application is inconsistent with the City Comp Plan; the proposed system would be in competition with or duplication of JEA's system; and FCRU lacks the financial and technical ability to operate a utility. Beyond the required elements of the application, JEA argued that there were other factors to consider, including rates, customer service, rate stability, and reliability. (JEA BR 30) Regarding rates, JEA argued that the Utility's customers would be paying more than double the rates compared to JEA's customers, and JEA's rates are expected to remain stable for at least the

next five years. (JEA BR 31-32) For customer service, JEA offers online resources, community impact initiatives, and has been recognized for its service. (JEA BR 32-33) JEA also argued it has a large customer base to absorb costs in the event of a problem or natural disaster like a hurricane, while FCRU would have a much smaller customer base over which to distribute the costs.

JEA argued that the Utility offered a purchase option to JEA that also contemplated selling to a community development district once certificated by the Commission, showing FCRU has no intent to be a permanent operator. JEA argued that FCRU witness Beaudet's testimony regarding the virtues of the creation of small private utilities by developers and their subsequent sale to governmental entities when a municipality or county had not been available to provide service does not apply in this case because JEA offered to provide service to the Development. (JEA BR 33) As expressed in the City Comp Plan, the goal of the City was to eliminate small, substandard systems and to "regionalize water and wastewater facilities through JEA." (JEA BR 34) JEA argued that this would improve service and water quality to utility customers, as well as lower demand on the Floridan aquifer. Granting water and wastewater certifications to the Utility would be contrary to this approach and not in the public interest. (JEA BR 34)

ANALYSIS

Sections 367.021 and 367.031, F.S., give the Commission the authority to issue a utility a certificate of authorization to serve a specific service area. To implement these statutes, Rule 25-30.033(1)(h), (i), and (k), F.A.C., require statements showing the financial and technical ability of the applicant to provide service, the need for service in the proposed service area, the identity of any other utilities within the proposed service area that could potentially provide service, and the steps the applicant took to ascertain whether such other service is available.

Section 367.045(5)(a), F.S., provides that the Commission may grant or amend a certificate of authorization, in whole or in part or with modifications in the public interest, or it may deny a certificate of authorization or an amendment to a certificate of authorization, if in the public interest. In prior proceedings, the Commission has made its determination regarding the public interest based upon whether a utility's application demonstrates there is a need for service, that the application is not in competition with or duplication of another system, that the utility has the financial and technical ability to provide service, and the utility has sufficient plant capacity or will construct the plant when needed.[9]

In Issue 2, staff recommends that the Utility's application did comply with Section 367.045(1)(b), F.S., with regard to the need for service in the requested area. FCRU furnished requests for service from landowners in Duval, Nassau, and Baker Counties as evidence that

[9] See Order No. PSC-2008-0243-FOF-WS, issued April 16, 2008, in Docket No. 20070109-WS, *In re: Application for amendment of Certificates 611-W and 527-S to extend water and wastewater service areas to include certain land in Charlotte County by Sun River Utilities, Inc. (f/k/a MSM Utilities, LLC)*, pp. 11-13; Order No. PSC-2004-0980-FOF-WU, issued October 8, 2004, in Docket No. 20021256-WU, *In re: Application for certificate to provide water service in Volusia and Brevard Counties by Farmton Water Resources LLC*, p. 26; Order No. PSC-92-0104-FOF-WU, issued March 27, 1992, in Docket No. 19910114-WU, *In re: Application for water certificate in Brevard, Orange and Osceola Counties by East Central Florida Services, Inc.*, pp. 33-34.

there is a need for service in the requested territory. In addition, the Utility provided the 2010 Ordinance, as revised and amended by the 2021 Ordinance, which permits the construction of a sizeable mixed-use development in Duval County. JEA did not contest the need for service in the Phase I portion of the proposed service territory in Duval County, but stated that any need for service beyond that was purely speculative. Based upon the record evidence in this docket, staff recommended that there appears to be a need for service in FCRU's proposed service area.

In Issue 3, staff recommends that, pursuant to Section 367.045(5)(b), F.S., the Commission shall consider but is not bound by the comprehensive plans. Further, in Issue 4, staff recommends that the Utility will not be in competition with, or duplication of, any other system. Staff's recommendation was consistent with prior Commission precedent that competition and duplication pursuant to Section 367.045(5)(a), F.S., cannot be determined where another entity has not demonstrated it has existing facilities in place to serve the proposed service area.[10]

In Issues 5 and 6, staff recommends FCRU has demonstrated the financial and technical ability to provide service pursuant to Section 367.045(1)(b), F.S. The Utility has demonstrated that it will have access to adequate financial resources to operate the utility. As a demonstration of FCRU's technical ability, staff cited the Utility's intent to retain professionals for the engineering, design, permitting, construction, and operation of the FCRU water, wastewater, and water reuse systems. JEA did not provide any testimony disputing the Utility's ability to serve the proposed territory.

In Issue 7, staff recommends that, since FCRU has demonstrated the financial and technical ability to efficiently provide for any existing or future services needed in the proposed service area, it has the means to pursue the steps necessary to obtain sufficient plant capacity. Pursuant to Section 367.031, F.S., a utility must obtain a certificate of authorization from the Commission prior to being issued a construction permit by the DEP or being issued a consumptive use permit by the WMD. Staff believes that the Utility is correct in pursuing a certificate from the Commission prior to approaching the DEP, the WMD, or any other entity from whom it may need authorization to construct the facilities necessary to provide service.

In Issue 8, the Commission approved the parties' Type II stipulation that FCRU had provided evidence that it will have continued use of the land upon which utility treatment facilities will be located.

In summary, staff recommends that the Utility has demonstrated: (1) that there is a need for service; (2) that the application will not be in competition with, or duplication of, any other system; (3) that it will have continued use of the land upon which utility treatment facilities are located; and (4) that it has the financial and technical ability to provide service along with the ability to pursue the steps necessary to obtain sufficient plant capacity. In addition, staff recommends that granting a certificate to FCRU will not deprive the counties of their ability to

[10] Order No. PSC-92-0104-FOF-WU, issued March 27, 1992, in Docket No. 19910114-WU, *In re: Application for water certificate in Brevard, Orange and Osceola Counties by East Central Florida Services, Inc.*; Order No. PSC-2004-0980-FOF-WU, issued October 8, 2004, in Docket No. 20021256-WU, *In re: Application for certificate to provide water service in Volusia and Brevard Counties by Farmton Water Resources LLC.*

control development under their comprehensive plans or ordinances. As such, staff recommends the Utility has proven that its application is in the public interest.

CONCLUSION

Based on the recommendations in Issues 1 through 8, staff recommends it is in the public interest to grant FCRU Certificate No. 680-W to provide water service and Certificate No. 578-S to provide wastewater service to the territory described in Attachment A.

Issue 10: What is the appropriate return on equity for FCRU?

Approved Type II Stipulation: The appropriate return on equity is 8.12 percent with a range of plus or minus 100 basis points.

Issue 11: What are the appropriate rates and rate structures for the water and wastewater systems for FCRU?

Recommendation: In accordance with staff's recommended revenue requirement, the appropriate water and wastewater rates and rate structures shown on Schedule Nos. 4-A and 4-B, are reasonable and should be approved. The rates 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 charge the approved rates until authorized to change them by the Commission in a subsequent proceeding. (Bennett, Bruce)

Position of the Parties

FCRU:

Water

Residential Rates	
Base Facility Charge	$ 31.75
Gallonage Charge	
First 3,000 gallons	$ 1.55
Over 3,000 – 10,000 gallons	$ 2.33
Over 10,000 gallons	$ 4.66
General Service	
5/8" x 3/4"	$ 31.75
3/4"	$ 47.63
1"	$ 79.38
1 1/2" Turbine	$ 158.75
2" Turbine	$ 254.00
3" Turbine	$ 555.63
Charge per 1,000 gallons	$ 1.58

Wastewater

Residential Rates	
Base Facility Charge	$ 84.35
Gallonage Charge 10,000 gallon cap	$ 5.09
General Service	
5/8" x 3/4"	$ 84.35
3/4"	$ 126.53
1"	$ 210.88
1 1/2" Turbine	$ 421.75
2" Turbine	$ 674.80
3" Turbine	$1,476.13
Charge per 1,000 gallons	$ 6.10
Reclaimed Water	
Charge per 1,000 gallons	$ .50

JEA: No post-hearing position was provided in its brief.

Staff Analysis:

PARTIES' ARGUMENTS

FCRU

FCRU contended that the financial schedules presented in FCRU witness Swain's testimony are consistent with Commission rules. The financial schedules were supplemented by an additional schedule of plant by NARUC account number provided in response to staff discovery. The Utility modified its financing which resulted in the revised proposed rates. FCRU argued that its proposed rates have been vetted and are unrebutted. (FCRU BR 30)

JEA

No post-hearing position or argument was provided in JEA's brief.

ANALYSIS

Rate Base

Consistent with Commission practice in applications for original certificates, rate base is identified only as a tool to aid in setting initial rates and is not intended to formally establish rate base.[11] Rate structure was discussed; however, the individual components of rate base were not disputed by the parties. The Utility's proposed water and wastewater rate base calculations, as well as staff's recommended adjustments, are described below and supported by Schedule Nos. 1-A, 1-B, and 1-C.

FCRU projects it will be operating at 80 percent of its design capacity in the fourth year of service. (EXH 5, P 119) The accounting schedules, provided by witness Swain, reflect proposed utility plant-in-service (UPIS) balances of $16,170,000 for water and $35,283,750 for wastewater, inclusive of land. (EXH 5, P 119-121) Staff requested a breakdown of the proposed UPIS balances by NARUC account. (EXH 50, BSP 1667)

Staff reviewed the plant accounts and requested support documentation for Accounts 301/351 organization to verify the charges to those accounts. In FCRU's response, it provided a listing of the costs which totaled $160,000 for both systems. (EXH 40, BSP 20) Staff again requested documentation to support the organization costs, and the Utility responded with an updated listing of the costs and explained that due to the objection filed by JEA, the costs had increased to $629,322, but no invoices were provided at that time. (EXH 50, P 1668-1669)

A third request was made by staff to FCRU to provide documentation to support the organization costs. The Utility provided an updated listing of the costs then totaling $820,466, and in a supplemental filing for that request provided invoices to support the costs. (EXH 50, BSP 103; EXH 53, BSP 128-130, 1707-2000) Staff reviewed the invoices and determined there was sufficient information provided to allow for additional legal, engineering and accounting costs.

[11] Order No. PSC-2018-0271-PAA-WS, issued May 30, 2018, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.*, p. 4.

An adjustment to increase the amount of organization costs by $714,816, or $357,408 for water and $357,408 for wastewater, is recommended.

Based on the increased organization costs, staff recommends a UPIS balance of $16,527,408 for water and $35,641,158 for wastewater, inclusive of land.

Staff reviewed the cost estimates for the WTP, WWTP, and internal infrastructure listed in FCRU witness Beaudet's Feasibility Assessment and witness Swain's Schedule Nos. 1-A and 1-B. Staff also requested additional information relating to plant costs through discovery. (EXH 7, P 20-24; EXH 2, P 6-7; EXH 38, BSP 2, 4-6; EXH 46, BSP 87) The plant cost estimates were developed based on generalized projections for equipment, experience with similar projects, and manufacturer prices. (EXH 7, P 20) Through discovery, FCRU provided portions of the JEA Water and Wastewater Standards Manual which were used in the development of the internal infrastructure costs, as well as further details on the costs that were included in the plant accounts. (EXH 38, BSP 2, 4-6; EXH 46, BSP 87) Based on the presented information, staff recommends no adjustments to WTP, WWTP, and internal infrastructure costs.

In its filing, the Utility proposed an accumulated depreciation balance of $1,790,600 for water and $4,739,611 for wastewater. (EXH 5, P 120-121) Based on corresponding adjustments to reflect adjustments to UPIS, as described above, an adjustment to accumulated depreciation should be made. Staff recommends a decrease to accumulated depreciation of $31,273 for water and $31,273 for wastewater to adjust for the increase in UPIS. Therefore, staff recommends an accumulated depreciation balance of $1,821,873 for water and $4,770,884 for wastewater.

In its filing, FCRU proposed a contributions in aid of construction (CIAC) balance of $9,110,300 for water and $14,173,390 for wastewater. (EXH 5, P 122-127) The Utility recorded the entire CIAC balance for both water and wastewater in main capacity (main extension) which has a 43-year life. Upon review staff found that FCRU split the service availability charge between main extension and plant capacity. Staff requested a breakdown by plant account to calculate the composite average life for each system. (EXH 50, BSP 1667) Using Depreciation Rule 25-30.140, F.A.C., staff determined the water plant capacity composite rate should be comprised of Accounts 311 and 320 and the main extension rate from Account 331. The wastewater plant capacity composite rate should be comprised of Accounts 355, 371, and 380 and the main extension composite rate comprised of Accounts 360 and 361.

Based on the adjustments discussed above, staff recommends an increase to CIAC of $1,564 for water and an increase of $2,431 for wastewater. Staff recommends a CIAC balance of $9,111,864 for water and $14,175,821 for wastewater.

In its filing, the Utility proposed a working capital balance of $67,306 for water and $201,345 for wastewater. (EXH 5, P 119) FCRU did not provide a calculation for working capital. As such, staff calculated working capital using the 1/8 Operations and Maintenance (O&M) approach which results in an adjustment to decrease working capital by $30,481 for water and

$126,398 for wastewater.[12] As a result, staff recommends a working capital balance of $36,825 for water and $74,948 for wastewater.

In total, FCRU projected a rate base of $5,760,141 for water and $17,231,321 for wastewater. (EXH 5, P 138) Based on the adjustments discussed above, staff recommends that the projected rate base be increased by $470,386 for water and $302,527 for wastewater. As such, staff recommends rate base should be $6,230,527 for water and $17,533,848 for wastewater. Rate base calculations for water and wastewater systems are shown on Schedule Nos. 1-A and 1-B. Staff's adjustments are shown on Schedule No. 1-C.

Cost of Capital

In its application, the Utility proposed a capital structure of 97.95 percent common equity and 2.05 percent customer deposits, with cost rates of 8.12 percent for equity and 2.00 percent for customer deposits. This resulted in a proposed overall cost of capital of 7.99 percent. (EXH 5, P 130)

Staff inquired about the lack of credit accumulated deferred income taxes, and witness Swain responded that in original certificates it is not common practice to include them. (EXH 44, BSP 77-79).

In witness Swain's rebuttal testimony, the witness provided a revised financial accounting schedule which reflected a capital structure of 97.95 percent long-term debt and 2.05 percent customer deposits with cost rates of 5.00 percent for long-term debt and 2.00 percent for customer deposits. (EXH 36, P 1) As a result of the adjustment necessary to reconcile rate base with the capital structure, staff recommends a cost of capital that results in 97.98 percent long-term debt and 2.02 percent customer deposits with a recommended overall cost of capital of 4.94 percent.

Net Operating Income

FCRU requested net operating income (NOI) for the water and wastewater systems of $460,279 and $1,376,913, respectively, based on staff adjustments to rate base for each system and a projected overall cost of capital of 4.94 percent for water and wastewater. (EXH 5, P 138) NOI calculations for water and wastewater are shown on Schedule Nos. 3-A and 3-B. Staff's adjustments are shown on Schedule No. 3-C.

Revenue Requirement

Witness Swain's direct testimony reflected revenues of $1,566,216 for water and $4,249,079 for wastewater. (EXH 50, P 131) In witness Swain's rebuttal testimony, the Utility projected revenues of $1,291,817 for water and $3,212,326 for wastewater, which excluded an income tax provision. (TR 294-295) Staff believes adjustments are necessary, with the exception of O&M expenses. As such, staff recommends a revenue requirement of $1,180,799 for water and $3,128,867 for wastewater. FCRU's projected revenues include O&M expenses, depreciation expense and CIAC amortization expense and taxes other than income. These adjustments are discussed below.

[12] Order No. PSC-2018-0271-PAA-WS, issued May 30, 2018, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.,* p. 4.

Net Depreciation Expense

In its original filing, the Utility proposed depreciation expense of $324,216 for water and $1,063,762 for wastewater. (EXH 5, P 128-129) Staff reviewed depreciation expense and determined adjustments were needed.

The first adjustment was to move the CIAC amortization expense of $2,000 for each system, which reflects the organization costs, to the depreciation expense. This adjustment increased depreciation expense by $2,000 for each system. The next adjustment was to account for the fallout of the UPIS adjustments. This adjustment increased depreciation expense by $8,935 per system. The final adjustment was to reflect the fallout from the CIAC adjustment which increased CIAC amortization expense by $67,260 for water and $92,709 for wastewater. Therefore, staff recommends net depreciation expense of $267,891 for water and $981,989 for wastewater.

Amortization

FCRU projected an amortization balance of $2,000 for water and $2,000 for wastewater. (EXH 5, P 132-133) Staff removed the full amount to reclassify the amount as net depreciation expense.

Taxes Other Than Income

In its filing, the Utility included taxes other than income (TOTI) expense of $329,641 for water and $741,709 for wastewater. (EXH 5, P 128-129) First, staff made corresponding adjustments to decrease regulatory assessment fees (RAFs), which was associated with FCRU's revised operating revenues. Second, in response to discovery, the Utility provided updated millage rates for calculating property tax expenses, to reflect the updated property taxes for 2021. (EXH 53, BSP 127) As such, staff decreased property taxes by $1,802 for water and $10,246 for wastewater. Last, staff made corresponding adjustments to decrease RAFs by $1,737 for water and $3,723 for wastewater to reflect the fallout from staff's recommended revenue requirement. Therefore, staff recommends a TOTI balance of $310,495 for water and $681,054 for wastewater as supported in Schedule No. 3-A.

Rates and Rate Structure

The Utility structured its proposed water and wastewater rates in accordance with Rule 25-30.033(2), F.A.C., which requires that a base facility and usage rate structure, as defined in Rule 25-30.437(6), F.A.C., be utilized for metered service. FCRU's proposed rate structure consists of a base facility charge (BFC) and a three-tier inclining block rate structure for its residential water customers. The Utility's proposed general service water rates consist of a BFC and uniform gallonage charge rate structure. In addition, FCRU's proposed wastewater rates include a BFC and gallonage charge rate structure for its residential and general service customers. The residential wastewater rate includes a gallonage cap of 10,000 gallons. Further, the Utility proposed a rate of $.50 per thousand gallons of reclaimed water (reuse). FCRU's proposed rates were designed to generate the Utility's requested revenue requirements of $1,291,817 for its water system and $3,212,326 for its wastewater system. (EXH 36, P 2)

FCRU's proposed water rates recover 69 percent of the water revenues through the BFC. (EXH 36, P 2) In FCRU witness Swain's testimony, the Utility indicated that the customer base is non-

seasonal. (EXH 42, BSP 61) Witness Swain indicated that FCRU's rates were designed to provide rate stability to the Utility while allowing customers to pay rates more closely associated with the actual cost of providing service. (EXH 42, BSP 63) It is Commission practice to recover no more than 40 percent of the water revenues through the BFC with the exception of a seasonal customer base.[13] However, since customers will be added over time, staff believes having a higher BFC allocation from the onset would be essential in providing some revenue stability for FCRU during the early stages of operation. In regard to the inclining blocks, staff believes that they are reasonable for the Utility's initial rates. The Commission has previously approved an inclining block rate structure in a true original certificate with no prior billing data.[14] Therefore, for the water system, staff recommends a BFC and a three-tier inclining block rate structure for its residential water customers. For general service water customers, a BFC and uniform gallonage charge rate structure is appropriate.

The Utility's proposed wastewater rates recover 74 percent of the wastewater rates through the BFC. It is Commission practice to recover 50 percent or greater of the revenue through the BFC for the purpose of recognizing the capital intensive nature of wastewater plants.[15] Therefore, staff believes that FCRU's proposed allocation is reasonable. The Utility proposed a residential wastewater cap of 10,000 gallons for its wastewater rates. (EXH 36, P 2) The wastewater cap is to recognize that not all water consumption is returned to the wastewater system.[16] Staff believes the proposed 10,000 gallon cap is reasonable for that recognition.

Furthermore, FCRU proposed a reclaimed water rate or reuse rate of $.50 per 1,000 gallons for its customers. The Commission practice with respect to setting reuse rates does not include a cost based justification. Reuse rates typically reflect a comparison of reuse rates of surrounding utilities.[17] The Utility indicated that it determined its proposed reclaimed water rate based on rates charged by nearby utilities, particularly Clay County Utility Authority, which at the time was $.76 per 1,000 gallons for up to 15,000 gallons, $1.50 per 1,000 gallons for the next 5,000 gallons, and $2.26 per 1,000 gallons over 20,000 gallons. (EXH 42, BSP 62) As result, staff believes FCRU's proposed reclaimed water rate is not priced higher than the market and is reasonable. Therefore, staff recommends the reuse rate should be approved.

[13] Order No. PSC-2020-0059-PAA-WS, issued February 24. 2020, in Docket No. 20190147-WS, *In re: Application for certificates to provide water and wastewater service in Brevard County by River Grove Utilities, Inc*.
[14] Order No. PSC-2018-0271-PAA-WS, issued May 30, 2018, in Docket No. 20160220-WS, *In re: Application for original certificates in Sumter County, by South Sumter Utility Company, LLC.*
[15] Order No. PSC-2020-0118-PAA-WS, issued April 20, 2020, in Docket No. 20190071-WS, *In re: Application for staff-assisted rate case in Polk County by Deer Creek RV Golf & Country Club, Inc.*
[16] Order No. PSC-2017-0459-PAA-WS, issued November 30, 2017, in Docket No. 20160176-WS, *In re: Application for staff-assisted rate case in Polk County by Four Lakes Golf Club, Ltd*.
[17] Order Nos. PSC-15-0233-PAA-WS, issued June 3, 2015, in Docket No. 20140060-WS, *In re: Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation*; PSC-09-0393-TRF-SU, issued June 2, 2009, in Docket No. 20080712-SU *In re: Application for approval of new class of service for reuse water service in Martin County by Indiantown Company, Inc.;* and PSC-09-0651-PAA-SU, issued September 28, 2009, in Docket No. 20090121-SU, *In re: Application for limited proceeding rate increase in Seminole County by Alafaya Utilities, Inc.*

CONCLUSION

Based on the above, in accordance with staff's recommended revenue requirement, the appropriate water and wastewater rates and rate structures shown on Schedule Nos. 4-A and 4-B are reasonable and should be approved. 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, F.A.C. FCRU should be required to charge the approved rates until authorized to change them by the Commission in a subsequent proceeding.

Issue 12: What are the appropriate miscellaneous service charges for FCRU?

Approved Type II Stipulation: Pursuant to Rule 25-30.460, F.A.C., the appropriate miscellaneous service charges for FCRU should be a premise visit charge of $30, and violation reconnection charge at actual cost.

Issue 13: What is the appropriate late payment charge for FCRU?

Approved Type II Stipulation: The appropriate late payment charge should be $7.50.

Issue 14: What are the appropriate Non-Sufficient Funds (NSF) charges for FCRU?

Approved Type II Stipulation: The NSF charge for FCRU should be prescribed as in Section 68.065(2), F.S.

Issue 15: What are the appropriate service availability charges for FCRU?

Recommendation: The appropriate service availability charges are shown on Schedule No. 5 and should be approved. The Utility's proposed service availability policy should be revised to reflect that the charges are appropriate when the Utility installs the facilities. The approved charges and policy should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. FCRU should be required to collect its approved service availability charges until authorized to change them by the Commission in a subsequent proceeding. (Bruce)

Position of the Parties

FCRU:

	Plant Capacity	Main Capacity
Water		
Requested Service Availability Charge Per ERC	$752.00	$3,158.00
Requested Service Availability Charge Gallon Per Day	$2.79	$11.70*
Wastewater		
Requested Service Availability Charge Per ERC	$1,250.00	$4,833.00
Requested Service Availability Charge Gallon Per Day	$5.79	$22.38

*FCRU incorrectly referenced its requested service availability charge gallon per day as $1.70 in its post-hearing brief. This appears to have been a scriveners error and, therefore, staff has inserted the corrected amount of $11.70.

JEA: No post-hearing position or argument was provided in its brief.

Staff Analysis:

PARTIES' ARGUMENTS

FCRU

FCRU contended that FCRU witness Swain is an expert in water and wastewater regulatory accounting and her financial schedules for service availability charges are consistent with Commission Rules. (FCRU BR 31) The service availability charges result in a level of CIAC at design capacity consistent with Rule 25-30.580, F.A.C. The Utility also argued that no substantive challenge was made to FCRU's proposed service availability charges. (FCRU BR 32)

JEA

No post-hearing position or argument was provided in its brief.

ANALYSIS

Pursuant to Rule 25-30.580(1), F.A.C., the maximum amount of CIAC, net of amortization, should not exceed 75 percent of the total original cost, net of depreciation, of the Utility's facilities and plant when the facilities and plant are at their designed capacity. Rule 25-30.580(2), F.A.C., provides that the minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by water transmission and distribution and sewage collection systems. FCRU indicated that the service availability charges are designed to result in CIAC maximum levels allowed by the rule. (TR 90) Service availability charges are one-time charges applicable to new connections, which allow customers to pay their pro rata share of the facilities and plant costs. The Utility's proposed service availability charges are contained in witness Swain's direct testimony. (EXH 2, P 20-22; FCRU BR 31; TR 88).

FCRU proposed a main capacity (or main extension) charge of $3,158 for water and $4,833 for wastewater to recover a portion of the cost of the Utility's transmission and distribution and collection system from future customers. FCRU proposed plant capacity charges of $752 for water and $1,250 for wastewater to allow the Utility to recover all or part of FCRU's capital costs in construction or expansion of treatment facilities. Although it was not reflected in FCRU's position statement, the Utility provided cost justification for proposed meter installation and service/lateral installation charges. (EXH 2, P 22) The Utility proposed a meter installation charge for water of $285 to recover the cost of installing the water measuring device at the point of delivery including materials and labor required. Lastly, FCRU proposed service/lateral installation charges for water of $610 and wastewater at actual cost to recover the cost of piping used to connect to customers' mains.

As discussed in Issue 11, staff made adjustments to increase UPIS. As a result, the Utility's proposed service availability charges result in a contribution level of 73.38 percent for water at design capacity. For wastewater, the proposed service availability charges result in a contribution level of 54.69 percent at design capacity. FCRU's proposed service availability charges are reasonable and result in contribution levels that are within the guidelines established in Rule 25-30.580, F.A.C., and should be approved.

The Utility did not initially propose a service availability policy in its tariff. In response to staff's interrogatory, FCRU provided a service availability policy that indicated developers will install and donate all infrastructure to the Utility and pay such service availability charges. (EXH 42, BSP 66). Staff disagrees with FCRU's proposed policy. Service availability charges are not applicable when the infrastructure is installed by the developer and contributed to the Utility. Staff recommends the service availability policy should be revised to reflect that the service availability charges are applicable when the Utility installs the infrastructure.

CONCLUSION

Based on the above, the appropriate service availability charges shown on Schedule No. 5 should be approved. The Utility's proposed service availability policy should be revised to reflect that the charges are appropriate when the Utility installs the facilities. The approved charges and policy should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. FCRU should be required to collect its approved service availability charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 16: What are the appropriate initial customer deposits for FCRU?

Approved Type II Stipulation: The appropriate customer deposits for FCRU should reflect an average of two months service for residential customers with a 5/8 inch x 3/4 inch meter and two times the average customer bill for all other meter sizes.

Issue 17: Should this docket be closed?

Recommendation: This docket should be closed. (J. Crawford)

Position of the Parties

FCRU: Yes.

JEA: No post-hearing position was provided in its brief.

Staff Analysis:

PARTIES' ARGUMENTS

FCRU
No post-hearing position or argument was provided in its brief.

JEA
No post-hearing position or argument was provided in its brief.

ANALYSIS

This docket should be closed.

TERRITORY DESCRIPTION
First Coast Regional Utilities, Inc.
Baker, Duval, and Nassau Counties
Water and Wastewater Service

301 Parcel

A portion of Sections 28, 31, 32 and 33, Township 2 South, Range 23 East, all of Sections 4, 5, 6, 7, 8, 9 and 17, and a portion of Sections 3, 10, 15, 16, 18, 19, 20, 21, 28, 29 and 30, Township 3 South, Range 23 East, Duval County, Florida, together with a portion of Section 36, Township 2 South, Range 22 East, all of Sections 12, 13 and 24, and a portion of Sections 1, 11, 14, 23, 25 and 26, Township 3 South, Range 22 East, Baker County, Florida, together with a portion of Sections 29, 30 and 31, Township 2 South, Range 23 East, Nassau County, Florida, being more particularly described as follows:

For a Point of Reference, commence at the Southwest corner of Section 31, said Township 2 South, Range 23 East; thence North 00°0 l '21" West, along the Westerly line of said Section 31, said line also being the dividing line between said Baker and Nassau counties, a distance of 2,796.10 feet to the Point of Beginning.

From said Point of Beginning, thence continue North 00°01'21" West, along the Westerly lines of said Sections 31 and 30, Township 2 South, Range 23 East, a distance of 4,344.06 feet to its intersection with the Southeasterly right of way line of U.S. Highway No. 90 (State Road No. 10), a variable width right of way as presently established; thence Northeasterly along said Southeasterly right of way line the following 12 courses: Course 1, thence North 83°43' 11" East, departing said Westerly line, 35.46 feet to the point of curvature of a curve concave Northwesterly having a radius of 1,465.39 feet; Course 2, thence Northeasterly along the arc of said curve, through a central angle of 17°28'30", an arc length of 446.94 feet to the point of tangency of said curve, said arc being subtended by a chord bearing and distance of North 74°58'56" East, 445.21 feet; Course 3, thence North 66°14'41" East, 2,919.19 feet; Course 4, thence South 23°45'19" East, 67.00 feet; Course 5, thence North 66°14'41" East, 2,423.53 feet to a point lying on the Westerly line of said Section 29, Township 2 South, Range 23 East; Course 6, thence North 01°03'23" East, along said Westerly line, 73.81 feet; Course 7, thence North 66°14'41" East, departing said Westerly line, 473.55 feet; Course 8, thence South 23°45'19" East, 24.28 feet; Course 9, thence North 66°14'41" East, 820.21 feet; Course 10, thence North 23°45'19" West, 24.28 feet; Course 11, thence North 66°14'41" East, 1,328.45 feet to the point of curvature of a curve concave Southeasterly having a radius of 1,399.39 feet; Course 12, thence Northeasterly along the arc of said curve, through a central angle of 12°25'11", an arc length of 303.34 feet to a point lying on the Westerly line of the Northeast one-quarter of said Section 29, also being the Westerly line of those lands described and recorded in Official Records Book 1417, page 135, of the Public Records of said Nassau County, said arc being subtended by a chord bearing and distance of North 72°27'16" East, 302.75 feet; thence South 00°37'00" West, departing said Southeasterly right of way line and along said Westerly line, 2,636.77 feet to a

point lying on the Northerly right of way line of CSX Railroad, a variable width right of way as presently established; thence Westerly along said Northerly right of way line the following 3 courses: Course 1, thence South 83°25'36" West, departing said Westerly line, 50.82 feet; Course 2, thence South 02°02'34" West, 50.57 feet; Course 3, thence South 83°25'36" West, 430.31 feet to a point lying on the Northerly line of the Northeast one-quarter of the Southwest one-quarter of said Section 29; thence North 89°45'25" West, departing said Northerly right of way line and along said Northerly line, 891.56 feet to the Northwest corner of said Northeast one-quarter of the Southwest one-quarter of Section 29; thence South 00°17'37" West, along the Westerly line of said Northeast one-quarter of the Southwest one-quarter, a distance of 1,369.31 feet to the Northeast corner of the Southwest one-quarter of said Southwest one-quarter; thence South 89°48'34" West, along the Northerly line of said Southwest one-quarter of the Southwest one-quarter of said Section 29, a distance of 1,336.66 feet to the Northwest corner of said Southwest one-quarter of the Southwest one-quarter; thence South 01°03'23" West, along the Westerly line of said Section 29, a distance of 1,367.61 feet to the Southwest corner of said Section 29; thence North 89°46'35" East, along the Southerly line of said Section 29, a distance of 5,419.51 feet to the Southeast corner thereof; thence North 00°09'35" East, along the Easterly line of said Section 29, a distance of 2,685.44 feet to the Southwest corner of the Northwest one-quarter of said Section 28; thence North 89°51'30" East, along the Southerly line of said Northwest one-quarter, 2,349.72 feet to the Northwest corner of the Southeast one-quarter of said Section 28; thence South 01°00'44" West, along the Westerly line of said Southeast one-quarter, said line also being the Westerly line of those lands described and recorded in Official Records Book 9245, page 2273, along the Westerly line of those lands described and recorded in Official Records Book 9190, page 4192, and the Westerly line of those lands described and recorded in Official Records Book 12628, page 1025, all of the current Public Records of said Duval County, a distance of 2,699.45 feet to the Southwest corner of said Southeast one-quarter; thence North 89°56'32" East, along the Southerly line of said Section 28, a distance of 990.82 feet to a point lying on the Northerly limited access right of way line of Interstate No. 10 (State Road No. 8) a variable width limited access right of way per Florida Department of Transportation Right of Way Map Section 72270-2401; thence Southwesterly along said Northerly limited access right of way line the following 3 courses: Course 1, thence South 85°45'37" West, departing said Southerly line, 4,434.27 feet to the point of curvature of a curve concave Southerly having a radius of 23,068.31 feet; Course 2, thence Westerly along the arc of said curve, through a central angle of 06°33'27", an arc length of 2,640.17 feet to the point of tangency of said curve, said arc being subtended by a chord bearing and distance of South 82°28'54" West, 2,638.73 feet; Course 3, thence South 79°12'10" West, 3,013.43 feet to its intersection with the line dividing said Nassau and Duval Counties; thence South 46°06'56" West, departing said Northerly limited access right of way line and along said dividing line, 4,887.43 feet; thence Due South, departing said dividing line and along the Westerly line of those lands described and recorded in Official Records Book 18162, page 1115, of the current Public Records of said Duval County, a distance of 438.28 feet to the Southwesterly corner thereof; thence Easterly along the Southerly line of said Official Records Book 18162, page 1115, the following 12 courses: Course 1, thence South 89°08'52" East, 4,708.98 feet; Course 2, thence North 89°59'13" East, 5,245.32 feet; Course 3, thence South 89°47'34" East, 5,252.38 feet; Course 4, thence North 89°36'51" East, 833.91 feet; Course 5, thence South 29°17'25" East, 198.21 feet; Course 6, thence South 50°34'45" East, 114.79 feet; Course 7, thence South 38°07'06" East, 849.24 feet to the point of curvature of a curve concave Northeasterly having a radius of 520.00 feet; Course 8, thence Southeasterly along the arc of said

curve, through a central angle of 46°18'27", an arc length of 420.27 feet to the point of tangency of said curve, said arc being subtended by a chord bearing and distance of South 61°16'20" East, 408.93 feet; Course 9, thence South 84°25'33" East, 493.91 feet to the point of curvature of a curve concave Northerly having a radius of 1,000.00 feet; Course 10, thence Easterly along the arc of said curve, through a central angle of 13°01'31 ", an arc length of 227.33 feet to the point of tangency of said curve, said arc being subtended by a chord bearing and distance of North 89°03'42" East, 226.84 feet; Couse 11, thence North 82°32'56" East, 145.54 feet; Couse 12, thence North 89°27'34" East, 771.07 feet to the Southeasterly corner thereof, said corner lying on the Westerly right of way line of U.S. Highway No. 301, a variable width right of way as presently established; thence Southwesterly along said Westerly right of way line the following 5 courses: Course 1, thence South 18°55'48" West, 1,785.80 feet; Course 2, thence South 18°55'47" West, 5,851.81 feet; Course 3, thence South 18°56'27" West, 1,781.26 feet; Course 4, thence North 71°02'55" West, 32.00 feet; Course 5, thence South 18°57'05" West, 1,024.91 feet to a point lying on the Easterly line of those lands described and recorded in Official Records Book 10507, page 1524, of said current Public Records of Duval County; thence North 00°30'52" East, departing said Westerly right of way line and along said Easterly line, 459.40 feet to a point lying on the Northerly line of said Section 15; thence North 89°30'18" West, departing said Easterly line and along said Northerly line, 105.00 feet to the Southeast corner of those lands described and recorded in Deed Book 144, page 318, of said current Public Records of Duval County; thence Northerly, Westerly and Southerly along the boundary of last said lands the following 3 courses: Course 1, thence North 01°10'37" East, departing said Northerly line of Section 15, a distance of 225.00 feet; Course 2, thence North 89°30'18" West, 225.00 feet to a point lying on the Westerly line of said Section 10; Course 3, thence South 01°10'37" West, along said Westerly line, 225.00 feet to the Southwest corner of said Deed Book 144, page 318, and the Northwest corner of said Section 15; thence South 00°30'52" West, along the Westerly line of said Section 15, a distance of 990.00 feet to the Southwest corner of said Official Records Book 10507, page 1524; thence South 89°30'18" East, along the Southerly line of last said lands, 153.09 feet to a point lying on said Westerly right of way line of U.S. Highway No. 301; thence Southwesterly along said Westerly right of way line the following 9 courses: Course 1, thence South 18°57'05" West, departing said Southerly line, 4,565.72 feet; Course 2, thence South 71°18'37" East, 32.09 feet; Course 3, thence South 18°48'12" West, 91.40 feet; Course 4, thence South 19°02'58" West, 1,903.63 feet; Course 5, thence South 18°58'32" West, 854.92 feet; Course 6, thence North 71°01'28" West, 22.00 feet; Course 7, thence South 18°58'00" West, 3,713.49 feet; Course 8, thence South 71°02'00" East, 22.00 feet; Course 9, thence South 18°58'03" West, 238.56 feet to its intersection with the Northerly line of Lot 11, Section 28, as depicted on Plat of Maxville and Maxville Farms, recorded in Plat Book 3, page 94, of said current Public Records of Duval County; thence South 89°56'02" West, departing said Westerly right of way line, along said Northerly line of Lot 11 and along the Northerly line of Lot 10, said Section 28 of said plat, 1,035.38 feet to the Northwest corner of said Lot 10; thence South 00°19'39" West, along the Westerly line of said Lot 10, a distance of 1,326.85 feet to the Southwest corner of said Lot 10; thence South 89°51'06" East, along the Southerly line of said Lot 10, a distance of 586.01 feet to a point lying on said Westerly right of way line of U.S. Highway No. 301; thence South 18°58'03" West, departing said Southerly line and along said Westerly right of way line, 411.90 feet to its intersection with the Northerly line of Lot 14, Block 67 of said plat; thence North 71°00'26" West, departing said Westerly right of way line, along said Northerly line of Lot 14 and along the Northerly line of Lots 13 through 11, said Block 67, a

distance of 161.05 feet to the Northwest corner of said Lot 11; thence South 18°59'34" West, along the Westerly line of said Lot 11, a distance of 180.00 feet to the Southwest corner of said Lot 11; thence North 71°00'26" West, along the Southerly line of said Block 67, a distance of 90.00 feet to the Southwest corner of said Block 67; thence North 18°59'34" East, along the Westerly line of said Block 67, a distance of 180.00 feet to the Northwest corner of Lot 9, said Block 67; thence North 71°00'26" West, along the Easterly prolongation of the Northerly line of Lot 16, Block 68 of said plat, and along the Northerly line of Lots 16 through 9, said Block 68, a distance of 390.00 feet to the Northwest corner of said Lot 9; thence South 18°59'34" West, along the Westerly line of said Block 68, a distance of 180.00 feet to the Southwest corner of said Block 68; thence North 71°00'26" West, along the Westerly prolongation of the Southerly line of said Block 68, a distance of 30.00 feet to the Southeast corner of Block 69 of said plat; thence South 18°59'36" West, 80.00 feet to the Northeast corner of Block 50 of said plat; thence South 18°54'10" West, along the Easterly line of said Block 50, a distance of 178.95 feet to the Northeast corner of Lot 14, said Block 50; thence North 71°05'50" West, along the Northerly line of Lots 14 through 12, said Block 50, a distance of 135.00 feet to the Northwest corner of said Lot 12; thence South 18°54'10" West, along the Westerly line of said Lot 12 and its Southerly prolongation, 258.34 feet to a point lying on the Northerly line of Block 49 of said plat; thence South 71°05'50" East, along said Northerly line and its Easterly prolongation, and along the Northerly line of Block 48 of said plat, 255.00 feet to the Northwest corner of Lot 6, said Block 48; thence South 18°54'10" West, along the Westerly line of said Lot 6, a distance of 178.34 feet to the Southwest corner of said Lot 6; thence South 71°05'50" East, along the Southerly line of said Lot 6, a distance of 45.00 feet to the Southeast corner of said Lot 6; thence North 18°54'10" East, along the Easterly line of said Lot 6 and its Northerly prolongation, and along the Easterly line of Lot 11, Block 51 of said plat, 436.68 feet to the Northeast corner of said Lot 11; thence North 71°05'50" West, along the Northerly line of said Lot 11, a distance of 45.00 feet to the Southeast corner of Lot 7, said Block 51; thence North 18°54'10" East, along the Easterly line of said Lot 7, a distance of 178.77 feet to the Northeast corner of said Lot 7; thence South 71°00'26" East, along the Northerly line of said Block 51 and its Easterly prolongation, and along the Northerly line of Block 52 of said plat, 551.17 feet to a point lying on said Westerly right of way line of U.S. Highway No. 301; thence South 18°58'03" West, departing said Northerly line and along said Westerly right of way line, 356.24 feet to its intersection with the Southerly line of said Block 52; thence North 71°05'50" West, departing said Westerly right of way line and along said Southerly line and its Westerly prolongation, 280.76 feet to the Southeast corner of said Block 51; thence South 18°54'10" West, along the Northerly prolongation of the Easterly line of said Block 48 and along said Easterly line, 258.34 feet to the Northeast corner of Lot 16, said Block 48; thence North 71°05'50" West, along the Northerly line of said Lot 16, a distance of 45.00 feet to the Northwest corner of said Lot 16; thence South 18°54'10" West, along the Westerly line of said Lot 16 and its Southerly prolongation, 258.34 feet to the Northwest corner of Lot 1, Block 31 of said plat; thence South 71°05'50" East, along the Northerly line of said Block 31, a distance of 45.00 feet to the Northeast corner of said Block 31; thence South 18°54'10" West, along the Easterly line of said Block 31, a distance of 356.69 feet to the Southeast corner of said Block 31; thence North 71°05'50" West, along the Southerly line of said Block 31 and its Westerly prolongation, 405.37 feet to a point lying on the Easterly line of said Section 29, Township 3 South, Range 23 East; thence North 00°19'41" East, along said Easterly line, 4,219.23 feet to the corner common to said Sections 20, 21, 28 and 29; thence North 89°51'06" West, along the Northerly line of said

Section 29, a distance of 2,621.91 feet to the Northwest corner of the East one-half of said Section 29; thence South 00°32'07" West, departing said Northerly line and along the Westerly line of said East one-half of Section 29, a distance of 3,956.58 feet to the Southwest corner of Lot 20, Section 29, said Plat of Maxville and Maxville Farms; thence South 89°57' 47" East, along the Southerly line of said Lot 20 and along the Southerly line of Lot 19, Section 29, said plat, a distance of 1,250.59 feet to the Northwest corner of those lands described and recorded in Official Records Book 17906, page 1508, of said current Public Records of Duval County; thence South 00°18'53" West, along the Westerly line of last said lands, 1,071.87 feet to the Southwest corner thereof, said corner lying on the Northerly right of way line of County Road No. 228 (Maxville Macclenny Highway), a variable width right of way as presently established; thence Westerly along said Northerly right of way line the following 3 courses: Course 1, thence South 86°24'08" West, 2,689.67 feet to the point of curvature of a curve concave Northerly having a radius of 11,399.16 feet; Course 2, thence Westerly along the arc of said curve, through a central angle of 03°50'21", an arc length of 763.84 feet to the point of tangency of said curve, said arc being subtended by a chord bearing and distance of South 88°19'19" West, 763.70 feet; Course 3, thence North 89°45'30" West, 2,988.94 feet to its intersection with the Easterly line of Lot 28, Section 30, said Plat of Maxville and Maxville Farms; thence North 00°37'29" West, departing said Northerly right of way line and along said Easterly line, 1,266.06 feet to the Northeast corner of said Lot 28; thence North 89°48'21" West, along the Northerly line of said Lot 28 and Lot 27, said Section 30, a distance of 1,329.53 feet to the Northeast corner of Lot 26, said Section 30 of said plat; thence North 89°59'50" West, along the Northerly line of said Lot 26 and Lot 25, said Section 30, and its Westerly prolongation, a distance of 1,293.71 feet to a point lying on the Westerly line of said Section 30, also being the line dividing said Baker and Duval Counties; thence South 00°25'12" West, along said dividing line, 1,197.72 feet to a point lying on the Northeasterly right of way line of said County Road No. 228; thence Northwesterly along said Northeasterly right of way line the following 5 courses: Couse 1, thence South 00°27'02" West, continuing along said dividing line, 10.22 feet to a point on a curve concave Northeasterly having a radius of 2,814.79 feet; Course 2, thence Northwesterly departing said diving line and along the arc of said curve, through a central angle of 29°38'35", an arc length of 1,456.29 feet to the point of tangency of said curve, said arc being subtended by a chord bearing and distance of North 62°56'16" West, 1,440.10 feet; Course 3, thence North 48°06'59" West, 4279.13 feet; Course 4, thence North 48°05'02" West, 1,951.98 feet to a point on a curve concave Northeasterly having a radius of 1,742.47 feet; Course 5, thence Northwesterly along the arc of said curve, through a central angle of 19°23'33", an arc length of 589.77 feet to its intersection with the Southerly line of said Section 23, said arc being subtended by a chord bearing and distance of North 38°18'20" West, 586.95 feet; thence North 88°35'30" West, departing said Northerly right of way line and along said Southerly line, 330.65 feet to the Southwesterly corner of the Easterly one-quarter of said Section 23; thence North 01°11'40" East, departing said Southerly line and along the Westerly line of said Easterly one-quarter, 22.27 feet; thence North 48°06'08" West, departing said Westerly line, 758.73 feet to a point on a curve concave Northeasterly having a radius of 3,645.43 feet; thence Northwesterly along the arc of said curve, through a central angle of 43°58'14", an arc length of 2,797.61 feet to a point on said curve, said arc being subtended by a chord bearing and distance of North 26°03'11" West, 2,729.46 feet; thence North 04°00'15" West, 7,196.95 feet to the point of curvature of a curve concave Westerly having a radius of 1,345.00 feet; thence Northerly along the arc of said curve, through a central angle of 29°32'07", an arc length of 693.33 feet to a point on said curve, said arc being

subtended by a chord bearing and distance of North 18°46'19" West, 685.68 feet; thence North 49°13'56" East, 9.19 feet to a point lying on the Southwesterly right of way line of said County Road No. 228; thence North 40°46'21" West, along said Southwesterly right of way line, 1,001.38 feet to its intersection with the Westerly prolongation of the Northwesterly line of Tract 1, as described and recorded in Instrument No. 201600003581, of the Public Records of said Baker County; thence North 75°50'34" East, departing said Southwesterly right of way line, along said Westerly prolongation and along said Northwesterly line, 1,401.89 feet to the point of curvature of a curve concave Northwesterly having a radius of 1,909.86 feet; thence Northeasterly, continuing along said Northwesterly line and along the arc of said curve, through a central angle of 41°38'58", an arc length of 1,388.32 feet to the point of tangency of said curve, said arc being subtended by a chord bearing and distance of North 55°01'07" East, 1,357.95 feet; thence North 34°11'36" East, continuing along said Northwesterly line, 13,246.82 feet to its intersection with the Southerly limited access right of way line of said Interstate No. 10; thence North 79°12'10" East, along said Southerly limited access right of way line, 51.63 feet to the Point of Beginning.

Less and Except from the above described lands the following:

Less and Except Parcel A (Revised)

A portion of Sections 18 and 19, Township 3 South, Range 23 East, Jacksonville, Duval County, Florida, being more particularly described as follows:

For a Point of Reference, commence at the Southwest corner of said Section 19; thence North 00°28'56" East, along the West line of said Section 19, a distance of 1,000.02 feet to the Point of Beginning.

From said Point of Beginning, continue North 00°28'56" East, along said West line of Section 19, a distance of 4,246.29 feet to the Northwesterly corner thereof; continue North 00°29'20" East, along the West line of said Section 18, a distance of 4,646.30 feet; thence South 89°40'53" East, departing said West line, 4,665.72 feet, said line being parallel and 600.00 feet Southerly of the North line of said Section 18; thence South 00°54'39" West, parallel and 616.98 feet Westerly of the East line of said Section 18, a distance of 4,625.31 feet to a point lying on the South line of said Section 18; thence South 00°53'22" West, parallel and 616.98 feet Westerly of the East line of said Section 19, a distance of 682.99 feet; thence South 89°06'38" East, 616.98 feet to a point lying on the East line of said Section 19; thence South 00°53'22" West, along said East line, 700.02 feet; thence North 89°06'38" West, departing said East line, 616.98 feet; thence South 00°53'22" West, parallel and 616.98 feet Westerly of the East line of said Section 19, a distance of 2,871.05 feet; thence North 89°51'04" West, parallel and 1,000.00 feet Northerly of the South line of said Section 19, a distance of 4,600.88 feet to the Point of Beginning.

Less and Except Parcel B

A portion of Section 20, Township 3 South, Range 23 East, Jacksonville, Duval County, Florida, being more particularly described as follows:

For a Point of Reference, begin at the Northwest corner of said Section 20; thence South 00°53'22" West, along the West line of said Section 20, a distance of 1,091.96 feet to the Point of Beginning.

From said Point of Beginning, thence North 89°38'47" East, departing said West line, 1,396.84 feet; thence South 73°54'19" East, 624.12 feet; thence South 69°40'09" East, 1,692.00 feet; thence South 58°49'25" East, 1,913.07 feet to a point lying on the East line of said Section 20; thence South 00°55'09" West, along said East line, 127.49 feet; thence North 48°44'13" West, departing said East line, 57.82 feet; thence North 58°49'25" West, 1,910.90 feet; thence North 69°40'09" West, 1,678.81 feet; thence North 73°54'19" West, 605.97 feet; thence South 89°38'47" West, 1,384.55 feet to a point lying on the West line of said Section 20; thence North 00°53'22" East, along said West line, 100.02 feet to the Point of Beginning.

Less and Except Parcel C (Revised)

A portion of Section 21, Township 3 South, Range 23 East, Jacksonville, Duval County, Florida, being more particularly described as follows:

For a Point of Reference, commence at the Southwest corner of said Section 21; thence North 00°55'09" East, along the West line of said Section 21, a distance of 2,305.48 feet to the Point of Beginning.

From said Point of Beginning, continue North 00°55'09" East, along said West line, 127.49 feet; thence South 49°30'26" East, departing said West line, 210.33 feet; thence South 48°44'13" East, 1,989.21 feet; thence North 41°15'47" East, 85.00 feet; thence South 48°44'13" East, 217.74 feet to the point of curvature of a curve concave Northeasterly and having a radius of 576.50 feet; thence Southeasterly, along and around the arc of said curve, through a central angle of 11°14'16", an arc distance of 113.07 feet to the point of tangency of said curve, said arc being subtended by a chord bearing and distance of South 54°21'21" East, 112.89 feet; thence South 59°58'29" East, 120.84 feet to the point of curvature of a curve concave Northeasterly and having a radius of 643.90 feet; thence Southeasterly, along and around the arc of said curve, through a central angle of 11°00'00", an arc distance of 123.62 feet to the point of tangency of said curve, said arc being subtended by a chord bearing and distance of South 65°28'29" East, 123.43 feet; thence South 70°58'29" East, 146.25 feet to a point lying on the Northwesterly right-of-way line of U.S. Highway No. 301, a 206 foot right-of-way as presently established; thence South 18°58'00" West, along said Northwesterly right-of-way line, 397.77 feet; thence North 48°44'13" West, departing said Northwesterly right-of-way line, 853.10 feet; thence North 41°15'47" East, 57.53 feet; thence North 48°44'13" West, 2,116.98 feet to the Point of Beginning.

Less and Except Parcel D

A portion of Sections 13 and 24, Township 3 South, Range 22 East, Baker County, Florida, being more particularly described as follows:

For a Point of Reference, commence at the Southeast corner of said Section 24; thence North 00°28'56" East, along the East line of said Section 24, a distance of 1,513.79 feet to the Point of Beginning.

From said Point of Beginning, thence North 89°29'14" West, departing said East line of Section 24, a distance of 200.14 feet; thence North 00°29'09" East, a distance of 5,231.52 feet; thence South 89°30'49" East, 199.98 feet to a point lying on the East line of said Section 13; thence South 00°29'20" West, along the East line of said Section 13, a distance of 1,499.07 feet to the Northeast corner of said Section 24; thence South 00°28' 56" East, along said East line of Section 24, a distance of 3,732.53 feet to the Point of Beginning.

Less and Except a portion of Sections 19 and 30, Township 3 South, Range 23 East, Duval County, Florida, being all of Tracts 2 through 15, and Tracts 19 through 24, and a portion of Tracts 1, 16, 18, and Tracts 29 through, 31, all as depicted Plat of Maxville and Maxville Farms, recorded in Plat Book 3, page 94 of the current Public Records of said Duval County, being more particularly described as follows.

For a Point of Beginning, commence at the Southwest corner of said Section 19, thence North 00°28'56" East, along the Westerly line of said Section 19, a distance of 1,000.02 feet to the Southwest corner of those lands described and recorded in Official Records Volume 7245, page 898 of said current Public Records; thence South 89°51'04" East, departing said Westerly line and along the Southerly line of said Official Records Volume 7245, page 898, a distance of 4,600.88 feet; thence South 00°54'03" West, departing said Southerly line, 6,225.09 feet to a point lying on the Northerly right of way line of Maxville Macclenny Highway, a variable width right of way as presently established; thence North 89°45'30" West, along said Northerly right of way line, 1,906.17 feet to a point lying on the Easterly line of Tract 28, Section 30, said Plat of Maxville and Maxville Farms; thence North 00°37'29" West, departing said Northerly right of way line and along said Easterly line, 1,266.06 feet to the Northeast corner of said Tract 28; thence North 89°48'21" West, along the Northerly line of said Tract 28, and along the Northerly line of Tract 27, said Section 30, a distance of 1,329.53 feet to the Northeast corner of Tract 26, said Section 30; thence North 89°59'50" West, along the Northerly line of said Tract 26, and along the Northerly line of Tract 25, said Section 30, a distance of 1,293.71 feet to point lying on the Westerly line of said Section 30; thence Northerly along said Westerly line the following 3 courses: Course 1, thence North 00°28'42" East, 1,318.91 feet to the Southwest corner of those lands described and recorded in Official Records Volume 8083, page 2485, of said current Public Records; Course 2, thence North 00°27'02" East, along the Westerly line of said Official Records Volume 8083, page 2485, a distance of 1,319.15 feet to the Northwesterly corner thereof, Course 3, thence continue North 00°27'02" East, 1,319.77 feet to the Point of Beginning.

Less and Except any portion lying within the limited access right of way of Interstate No. 10 (State Road No. 8), a variable width limited access right of way as presently established.

Less and Except any portion lying within the right of way of County Road No. 228 (Maxville Macclenny Highway), a variable width right of way as presently established.

Less and Except any portion lying within the right of way of CSX Railroad, a variable width right of way as presently established.

Less and except the sovereign lands of the State of Florida, if any, associated with Deep Creek.

Containing 11,983.15 acres, more or less.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
First Coast Regional Utilities, Inc.
pursuant to
Certificate Number 680-W

to provide water service in Baker, Duval, and Nassau Counties in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

Order Number	Date Issued	Docket Number	Filing Type
*	*	20190168-WS	Original Certificate

***Order Number and date to be provided at time of issuance**

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
First Coast Regional Utilities, Inc.
pursuant to
Certificate Number 578-S

to provide wastewater service in Baker, Duval, and Nassau Counties in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

Order Number	Date Issued	Docket Number	Filing Type
*	*	20190168-WS	Original Certificate

***Order Number and date to be provided at time of issuance**

First Coast Regional Utilities, Inc. Schedule of Water Rate Base Projected at 80% Capacity				Schedule No. 1-A 20190168-WS
	Description	**Test Year Per Utility**	**Staff Adjust-ments**	**Staff Adjusted Test Year**
1	UPIS	$16,120,000	$357,408	$16,477,408
2	Land and Land Rights	50,000	0	50,000
3	Accumulated Depreciation	(1,790,600)	(31,273)	(1,821,873)
4	CIAC	(9,110,300)	(1,564)	(9,111,864)
5	Amortization of CIAC	423,735	176,296	600,031
6	Working Capital Allowance	67,306	(30,481)	36,825
7	**Rate Base**	$5,760,141	$470,386	$6,230,527

First Coast Regional Utilities, Inc. Schedule of Wastewater Rate Base Projected at 80% Capacity			Schedule No. 1-B 20190168-WS
Description	**Test Year Per Utility**	**Staff Adjust-ments**	**Staff Adjusted Test Year**
1 UPIS	$35,183,750	$357,408	$35,541,158
2 Land and Land Rights	100,000	0	100,000
3 Accumulated Depreciation	(4,739,611)	(31,273)	(4,770,884)
4 CIAC	(14,173,390)	(2,431)	(14,175,821)
5 Amortization of CIAC	659,227	105,221	764,448
6 Working Capital Allowance	201,345	(126,398)	74,948
7 **Rate Base**	$17,231,321	$302,527	$17,533,848

First Coast Regional Utilities, Inc. **Adjustments to Rate Base** **Projected at 80% Capacity**		**Schedule No. 1-C** **20190168-WS**
Explanation	**Water**	**Wastewater**
UPIS Increase in Organization Costs.	$357,408	$357,408
Accumulated Depreciation To reflect 80% of UPIS Adjustment.	($31,273)	($31,273)
CIAC To reflect 80% of CIAC Adjustment.	($1,564)	($2,431)
Accumulated Amortization of CIAC To reflect 80% of CIAC Adjustment.	$176,296	$105,221
Working Capital To reflect one-eighth O&M expense.	($30,481)	($126,398)

First Coast Regional Utilities, Inc.
Capital Structure
Projected 80% Capacity

Schedule No. 2
20190168-WS

	Description	Total Capital	Specific Adjust-ments	Subtotal Adjusted Capital	Prorata Adjust-ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility									
1	Long-Term Debt	$0	$0	$0	$0	$0	0.00%	5.00%	0.00%
2	Short-Term Debt	0	0	0	0	0	0.00%	0.00%	0.00%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	22,519,463	0	22,519,463	0	22,519,463	97.95%	8.12%	7.95%
5	Customer Deposits	472,000	0	472,000	0	472,000	2.05%	2.00%	0.04%
6	Tax Credits-Zero Cost	0	0	0	0	0	0.00%	0.00%	0.00%
7	Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
8	**Total Capital**	$22,991,463	$0	$22,991,463	$0	$22,991,463	100.00%		7.99%
Per Staff									
9	Long-Term Debt	$0	$22,519,463	$22,519,463	$414,280	$22,933,743	97.98%	5.00%	4.90%
10	Short-Term Debt	0	0	0	0	0	0.00%	0.00%	0.00%
11	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
12	Common Equity	22,519,463	(22,519,463)	0	0	0	0.00%	8.12%	0.00%
13	Customer Deposits	472,000	0	472,000	0	472,000	2.02%	2.00%	0.04%
14	Tax Credits-Zero Cost	0	0	0	0	0	0.00%	0.00%	0.00%
15	Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
16	**Total Capital**	$22,991,463	$0	$22,991,463	$414,280	$23,405,743	100.00%		4.94%

	LOW	HIGH
RETURN ON EQUITY	7.12%	9.12%
OVERALL RATE OF RETURN	4.94%	4.94%

First Coast Regional Utilities, Inc. **Schedule No. 3-A**
Statement of Water Operations **20190168-WS**
80% of Design Capacity

	Description	Test Year Per Utility	Staff Adjust-ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1	**Operating Revenues:**	$1,566,216	($346,815)	$1,219,401	($38,602) -3.17%	$1,180,799
	Operating Expenses					
2	Operation & Maintenance	$294,600	0	$294,600		$294,600
3	Net Depreciation	324,216	(56,325)	267,891		267,891
4	Amortization	2,000	(2,000)	0		0
5	Taxes Other Than Income	329,641	(17,409)	(312,232)	(1,737)	310,495
6	Income Taxes	155,480	(155,480)	0	0	0
7	**Total Operating Expense**	$1,105,937	($231,214)	$874,723	($1,737)	$872,986
8	**Operating Income**	$460,279	$115,601	$344,678	($36,864)	$307,814
9	**Rate Base**	$5,760,141		$6,230,527		$6,230,527
10	**Rate of Return**	7.99%		5.53%		4.94%

First Coast Regional Utilities, Inc.
Statement of Wastewater Operations
80% of Design Capacity

Schedule No. 3-B
20190168-WS

	Description	Test Year Per Utility	Staff Adjust-ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1	**Operating Revenues:**	$4,249,079	($1,037,488)	$3,211,591	($82,724) -2.58%	$3,128,867
	Operating Expenses					
2	Operation & Maintenance	$599,580	$0	$599,580		$599,580
3	Net Depreciation	1,063,762	(81,773)	981,989		981,989
4	Amortization	2,000	(2,000)	0		0
5	Taxes Other Than Income	741,709	(56,932)	684,777	(3,723)	681,054
6	Income Taxes	465,115	(465,115)	0	0	0
7	**Total Operating Expense**	$2,872,166	($605,821)	$2,266,345	($3,723)	$2,262,623
8	**Operating Income**	$1,376,913	$431,667	$945,246	($79,001)	$866,245
9	**Rate Base**	$17,231,321		$17,533,848		$17,533,848
10	**Rate of Return**	7.99%		5.39%		4.94%

First Coast Regional Utilities, Inc. **Adjustments to Operating Income** **Projected at 80% Capacity**		**Schedule No. 3-C** **20190168-WS**
Explanation	**Water**	**Wastewater**
Operating Revenues		
To reflect Utility's revised Operating Revenues.	($346,815)	($1,037,488)
Net Depreciation Expense		
To reclassify CIAC amortization expense to depreciation expense.	$2,000	$2,000
To reflect 80% of UPIS.	8,935	8,935
To reflect 80% of CIAC.	(67,260)	(92,709)
Total	($56,325)	($81,773)
Amortization-Other Expense		
To reclassify CIAC amortization expense to depreciation expense.	($2,000)	($2,000)
Taxes Other Than Income		
Corresponding RAF adjustments for above revenue adjustments.	($15,607)	($46,687)
To reflect a decrease in property taxes	(1,802)	(10,246)
Total	($17,409)	($56,932)

FIRST COAST REGIONAL UTILITIES, INC. MONTHLY WATER RATES		SCHEDULE NO. 4-A DOCKET NO. 20190168-WS
	UTILITY REQUESTED RATES	**STAFF RECOMMENDED RATES**
Residential Service		
Base Facility Charge	$31.75	$30.72
Gallonage Charge		p
0- 3,000 gallons	$1.55	$1.19
3,000 – 10,000 gallons	$2.33	$1.78
Over 10,000 gallons	$4.66	$3.56
General Service		
Base Facility Charge by Meter Size		
5/8" x 3/4"	$31.75	$30.72
3/4"	$47.63	$46.08
1"	$79.38	$76.80
1-1/2" Turbine	$158.75	$153.60
2" Turbine	$254.00	$245.76
3" Turbine	$555.63	$537.60
Charge per 1,000 gallons - General Service	$1.58	$1.53
Typical Residential 5/8" x 3/4" Meter Bill Comparison		
3,000 Gallons	$36.40	$34.29
6,000 Gallons	$43.39	$39.63
10,000 Gallons	$52.71	$46.75

FIRST COAST REGIONAL UTILITIES, INC. MONTHLY WASTEWATER RATES		SCHEDULE NO. 4-B DOCKET NO. 20190168-WS
	UTILITY REQUESTED RATES	STAFF RECOMMENDED RATES
Residential Service		
Base Facility Charge- All Meter Sizes	$84.35	$82.13
Charge per 1,000 gallons- Residential 10,000 gallon cap	$5.09	$4.96
General Service		
Base Facility Charge by Meter Size		
5/8" x 3/4"	$84.35	$82.13
3/4"	$126.53	$123.20
1"	$210.88	$205.33
1-1/2" Turbine	$421.75	$410.65
2" Turbine	$674.80	$657.04
3" Turbine	$1,476.13	$1,437.28
Charge per 1,000 gallons - General Service	$6.10	$5.95
Reclaimed Water Charge Per 1,000 gallons	$0.50	$0.50
Typical Residential 5/8" x 3/4" Meter Bill Comparison		
3,000 Gallons	$99.62	$97.01
6,000 Gallons	$114.89	$111.89
10,000 Gallons	$135.25	$131.73

FIRST COAST REGIONAL UTILITIES, INC.
Service Availability Charges

SCHEDULE NO. 5
DOCKET NO. 20190168-WS

Water

Main Extension Charge	
Residential per ERC (270 GPD)	$3,158.00
All others per gallon	$11.70
Meter Installation Charge	
5/8" x 3/4"	$285.00
All other meter sizes	Actual Cost
Plant Capacity Charge	
Residential per ERC (270 GPD)	$752.00
All others per gallon	$2.79
Service Installation	$610.00

Wastewater

Main Extension Charge	
Residential per ERC (216 GPD)	$4,833.00
All others per gallon	$22.38
Plant Capacity Charge	
Residential per ERC (216 GPD)	$1,250.00
All others per gallon	$5.79
Lateral Installation	Actual Cost