

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, June 7, 2022, 9:30 a.m.

LOCATION: Betty Easley Conference Center, Joseph P. Cresse Hearing Room 148

DATE ISSUED: May 25, 2022

NOTICE

Persons affected by Commission action on certain items on this agenda may be allowed to address the Commission, either informally or by oral argument, when those items are taken up for discussion at this conference. These items are designated by double asterisks (**) next to the item number.

To participate informally, affected persons need only appear at the conference and request the opportunity to address the Commission on an item listed on the agenda. Informal participation is not permitted: (1) on dispositive motions and motions for reconsideration; (2) when a recommended order is taken up by the Commission; (3) in a rulemaking proceeding after the record has been closed; or (4) when the Commission considers a post-hearing recommendation on the merits of a case after the close of the record. The Commission allows informal participation at its discretion in certain types of cases (such as declaratory statements and interim rate orders) in which an order is issued based on a given set of facts without hearing. See Florida Administrative Code Rules 25-22.0021 (agenda conference participation) and 25-22.0022 (oral argument).

Conference agendas, staff recommendations, vote sheets, and transcripts are available online at <http://www.floridapsc.com>, by selecting *Conferences & Meeting Agendas* and *Commission Conferences of the FPSC*. An official vote of "move staff" denotes that the Item's recommendations were approved.

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ITEM NO.

CASE

1

Docket No. 20210137-PU – Proposed adoption of Rule 25-18.010, F.A.C., Pole Attachment Complaints.

Commissioners Assigned: All Commissioners

Prehearing Officer: Fay

Staff: GCL: Harper, Cowdery, Sunshine

IDM: Hinton

(Ministerial Act - Participation is at the Discretion of the Commission)

Issue 1: Should the Commission provide its certification to the FCC pursuant to 47 U.S.C. § 224(c)(2), as required by Section 366.04(8)(g), F.S.?

Recommendation: Yes. As required by Section 366.04(8)(g), F.S., the Commission should file its certification with the FCC as set forth in Attachment A of staff's memorandum dated May 25, 2022, once the rule becomes effective on June 8, 2022.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon filing of the 47 U.S.C. § 224(c) Certification with the FCC.

ITEM NO.

CASE

2**PAA

Docket No. 20220076-EI – Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 6.46% to 5.97%, effective January 1, 2022, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: AFD: Mathis, D. Buys, Mouring

GCL: Stiller

Issue 1: Should the Commission approve Tampa Electric's request to decrease its AFUDC rate from 6.46 percent to 5.97 percent?

Recommendation: No. The appropriate AFUDC rate for Tampa Electric is 5.98 percent based on a 13-month average capital structure for the period ended December 31, 2021.

Issue 2: What is the appropriate monthly compounding rate to achieve the staff recommended 5.98 percent annual AFUDC rate?

Recommendation: The appropriate compounding rate to achieve an annual AFUDC rate of 5.98 percent is 0.004852.

Issue 3: Should the Commission approve Tampa Electric's requested effective date of January 1, 2022, for implementing the revised AFUDC rate?

Recommendation: Yes. The revised AFUDC rate should be effective January 1, 2022, for all purposes.

Issue 4: 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.

ITEM NO.

CASE

3**PAA

Docket No. 20220006-WS – Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Passidomo

Staff: AFD: Osorio, D. Buys, Mouring

GCL: J. Crawford

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

Recommendation: The leverage formula methodology approved in Order No. PSC-2018-0327-PAA-WS using a proxy group comprised of natural gas and WAW utilities and updated financial data should be used. Accordingly, the following leverage formula should be used until the leverage formula is addressed again in 2023:

$$\text{ROE} = 6.10 + (1.74 \div \text{Equity Ratio})$$

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

Range: 7.84% at 100% equity to 10.45% at 40% equity

The Commission should cap returns on common equity at 10.45 percent for all WAW utilities with equity ratios less than 40 percent. Imposing a cap serves to discourage imprudent financial risk. This cap is consistent with the methodology approved in Order No. PSC-2018-0327-PAA-WS.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

4

Docket No. 20220066-WS – Application for increase in water rates in Washington County, by Sunny Hills Utility Company.

Critical Date(s): 06/06/22 (60-Day Suspension Date and Decision On Interim Rates, Waived to June 7, 2022)

Commissioners Assigned: All Commissioners

Prehearing Officer: La Rosa

Staff: AFD: Richards

ECO: Bethea, Hudson

ENG: Ellis, Phillips

GCL: Rubottom, J. Crawford

(Decision on Suspension of Rates and Interim Rates - Participation is at the Discretion of the Commission)

Issue 1: Should the Utility's proposed final water rates be suspended?

Recommendation: Yes. Sunny Hills' proposed final water rates should be suspended.

Issue 2: Should any interim revenue increase be approved?

Recommendation: Yes. Sunny Hills should be authorized to collect annual revenues as indicated below:

	Adjusted Test		Revenue	
	<u>Year Revenues</u>	<u>\$ Increase</u>	<u>Requirement</u>	<u>% Increase</u>
Water	\$364,255	\$21,472	\$385,727	5.89%

Issue 3: What are the appropriate interim water rates?

Recommendation: The interim rate increase of 5.98 percent for water should be applied as an across-the-board increase to the water service rates. The rates, as shown on Schedule No. 4, should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.). The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, 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 4: What is the appropriate security to guarantee the interim increase?

Recommendation: The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking.

ITEM NO.

CASE

4

Docket No. 20220066-WS – Application for increase in water rates in Washington County, by Sunny Hills Utility Company.

(Continued from previous page)

Issue 5: Should this docket be closed?

Recommendation: The docket should remain open pending the Commission's PAA decision on the Utility's requested rate increase.

ITEM NO.

CASE

5**PAA

Docket No. 20220070-EQ – Petition for approval of revisions to standard offer contract and rate schedule COG-2, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Phillips, Ellis

GCL: Jones

Issue 1: Should the Commission approve the amended standard offer contract and rate schedule COG-2 filed by Tampa Electric Company?

Recommendation: Yes. The provisions of TECO's amended standard offer contract and associated rate schedule COG-2 conform to the requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended standard offer contract offers multiple payment options so that a developer of renewable generation may select the payment stream best suited to its financial needs.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a consummating order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, TECO's standard offer contract may subsequently be revised.

ITEM NO.

CASE

6**PAA

Docket No. 20220071-EQ – Petition for approval of amended standard offer contract (Schedule COG-2), by Duke Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Phillips, Ellis

GCL: Jones

Issue 1: Should the Commission approve the amended standard offer contract and rate schedule COG-2 filed by Duke Energy Florida, LLC?

Recommendation: Yes. The provisions of DEF's amended standard offer contract and associated rate schedule COG-2 conforms to the requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended standard offer contract offers multiple payment options so that a developer of renewable generation may select the payment stream best suited to its financial needs.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a consummating order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, DEF's standard offer contract may subsequently be revised.

ITEM NO.

CASE

7**PAA

Docket No. 20220072-EQ – Petition for approval of revised standard offer contract and a revised accompanying rate schedule QS-2, by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Phillips, Ellis

GCL: Imig

Issue 1: Should the Commission approve the renewable energy tariff and the amended standard offer contract Florida Power and Light?

Recommendation: Yes. The provisions of FPL’s renewable energy tariff and amended standard offer contract conforms to the requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended standard offer contract offers multiple payment options so that a developer of renewable generation may select the payment stream best suited to its financial needs.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a consummating order, unless a person whose substantial interests are affected by the Commission’s decision files a protest within 21 days of the issuance of the Commission’s Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, FPL’s standard offer contract may subsequently be revised.

ITEM NO.

CASE

8**PAA

Docket No. 20210191-SU – Application for certificate to provide wastewater service in Orange County by Gulfstream Utility LLC

Critical Date(s): 06/23/22 (Statutory deadline for original certificate pursuant to Section 367.031, Florida Statutes)

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: ENG: Lewis, King, Ramos

AFD: Sowards, Bennett, Fletcher

ECO: Bethea, Hudson

GCL: Sandy

(Proposed Agency Action for Issue 2 – Interested Persons May Participate)

Issue 1: Should the application by Gulfstream Utility LLC for a wastewater certificate be approved?

Recommendation: Yes. Gulfstream should be granted Certificate No. 579-S to serve the territory described in Attachment A of staff's memorandum dated May 25, 2022, effective the date of the Commission's vote. The resultant order should serve as Gulfstream's wastewater certificate and should be retained by the Utility. The Utility should be required to file a copy of the executed lease within 30 days of the issuance of the Commission's order approving the certificate. The existing rates should remain in effect until a change is authorized by the Commission in a subsequent proceeding.

Issue 2: What are the appropriate miscellaneous service charges for Gulfstream Utility LLC?

Recommendation: The appropriate miscellaneous service charges are shown on Schedule No. 1 and should be approved. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved charges. The approved charges 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 charges 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. Gulfstream should be required to charge the approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding.

ITEM NO.

CASE

8**PAA

Docket No. 20210191-SU – Application for certificate to provide wastewater service in Orange County by Gulfstream Utility LLC

(Continued from previous page)

Issue 3: What are the appropriate initial customer deposits for Gulfstream?

Recommendation: As shown on Schedule No. 1, the appropriate initial customer deposit should be \$28 for the 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 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.

Issue 4: 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 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, and a copy of the executed long-term lease has been provided. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

9**

Docket No. 20220037-EI – Petition for approval of a new small commercial lighting tariff, by Tampa Electric Company.

Critical Date(s): 10/18/2022 (8-Month Effective Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Hampson

GCL: Stiller

(Tariff Filing)

Issue 1: Should the Commission approve TECO's petition for a new proposed Small Commercial Lighting Agreement and other proposed lighting tariff revisions?

Recommendation: Yes, the Commission should approve TECO's petition for a new proposed Agreement and other associated lighting tariff revisions. The proposed Agreement with a month-to-month term would benefit LS-1 customers seeking installation of lighting equipment costing less than \$20,000 on commercial property. The proposed tariff sheets are contained in Attachment A of staff's memorandum dated May 25, 2022. The proposed tariffs should be effective upon the issuance of a consummating order.

Issue 2: Should this docket be closed?

Recommendation: If a protest is filed within 21 days of the issuance of the order approving the proposed tariffs, the current tariffs should remain in effect pending resolution of the protest. If no timely protest is filed, the approved tariffs should go into effect, and the docket be closed, upon the issuance of a consummating order.

ITEM NO.

CASE

10

Docket No. 20220089-EI – Petition for approval of modifications to rate schedule tariff sheet No. 4.122 and determination under Rule 25-6.115(12), F.A.C, by Duke Energy Florida, LLC.

Critical Date(s): 6/28/22 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Ward

GCL: Brownless

(Tariff Suspension - Participation is at the Discretion of the Commission))

Issue 1: Should the Commission suspend Duke's proposed tariff changes?

Recommendation: Yes. Staff recommends that Duke's proposed tariff changes be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission decision on the proposed tariff changes.

ITEM NO.

CASE

11

Docket No. 20200226-SU – Application for certificate to provide wastewater service in Charlotte County, by Environmental Utilities, LLC.

Critical Date(s): None

Commissioners Assigned: Clark, Passidomo, La Rosa

Prehearing Officer: La Rosa

Staff: ENG: Phillips, Ellis, King

AFD: Norris, Thurmond

ECO: Bruce, Hudson

GCL: J. Crawford, Sandy

(Post-Hearing Decision - Participation is Limited to Commissioners and Staff)

Issue A: Should Environmental Utilities' Motion to Reopen the Record be granted?

Recommendation: Yes. Granting the motion will complete the record in this proceeding. No party is prejudiced by reopening the record, and no party opposed reopening the record for the limited purpose of admitting witness Swain's prefiled direct testimony into the record.

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

Recommendation: The Utility properly notified potential customers of its application and met the noticing requirements of Rule 25-30.030, F.A.C. However, EU's application erroneously identifies the proposed service territory's current land use designation as Compact Growth Mixed Use. Although the application as filed noted the incorrect land use designation, this error has no meaningful impact on whether or not EU's application should be granted. The application meets all other requirements of Rule 25-30.033, F.A.C.

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

Recommendation: No. The evidence in the record does not contain any requests for service from existing property owners or potential developers. In addition, no evidence was presented to demonstrate that any state or local environmental regulator has mandated the installation of central wastewater service in the proposed service territory at this time or identified any immediate health concerns. Further, EU's application may be inconsistent with the Charlotte County Comprehensive Plan.

Issue 3: Is Environmental Utilities' application consistent with Charlotte County's Sewer Master Plan?

Recommendation: EU's application does not appear to be consistent with Charlotte County's Sewer Master Plan.

ITEM NO.

CASE

11

Docket No. 20200226-SU – Application for certificate to provide wastewater service in Charlotte County, by Environmental Utilities, LLC.

(Continued from previous page)

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

Recommendation: Yes. A portion of EU's proposed service territory is currently receiving wastewater service from Knight Island Utilities. If the Commission grants EU's request for certification, the Utility should be required to file an amended territory description and map within 30 days of the issuance of the Commission's order, and this docket should remain open for the parties and Commission to address the amended territory description and map.

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

Recommendation: Yes. The Utility has the financial ability to serve the requested territory.

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

Recommendation: Yes. EU demonstrated 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.

Issue 7: Will Environmental Utilities have sufficient plant capacity to serve the requested territory?

Recommendation: Yes. The Bulk Agreement with the County reserves adequate capacity to serve the proposed service territory and demonstrates that EU has properly planned for the estimated needs of the proposed service area.

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

Recommendation: Wastewater treatment will occur pursuant to a Bulk Service Agreement. As such, EU does not own or operate the treatment facilities and evidence of continued use of the land is not required or applicable in this instance.

Issue 9: Is it in the public interest for Environmental Utilities to be granted a wastewater certificate for the territory proposed in its application?

Recommendation: No. Based on staff's recommendation in Issue 2, EU has not demonstrated a need for service exists; therefore, its request for certification is not in the public interest and should be denied. However, if the Commission believes the application should be granted, the Utility should be required to file an amended territory description and map within 30 days of the issuance of the Commission's order, and this docket should remain open for the parties and Commission to address the amended territory description and map, as discussed in Issue 4.

ITEM NO.

CASE

11

Docket No. 20200226-SU – Application for certificate to provide wastewater service in Charlotte County, by Environmental Utilities, LLC.

(Continued from previous page)

Issue 10: What are the appropriate rate structures and rates for the wastewater system for Environmental Utilities?

Recommendation: If the Commission approves staff's recommendation in Issue 9, Issues 10 through 13 are moot. However, staff's recommended wastewater rates, shown on Schedule No. 4, should be approved if the Commission grants the Utility's certificate. The Utility's proposal to include a repression adjustment should be denied; therefore, the staff-recommended rates shown on Schedule No. 4 do not include a repression adjustment. 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. A return on equity of 7.85 percent, with a range of plus or minus 100 basis points, should also be approved.

Issue 11: What are the appropriate service availability charges?

Recommendation: If the Commission approves staff's recommendation in Issue 9, Issues 10 through 13 are moot. However, if the Commission approves EU's application, the appropriate service availability charges are shown on Schedule No. 5 and should be approved. In addition, the Utility's proposed service availability policy should be approved. 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. EU should be required to collect its approved service availability charges until authorized to change them by the Commission in a subsequent proceeding.

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

Recommendation: If the Commission approves staff's recommendation in Issue 9, Issues 10 through 13 are moot. However, if the Commission approves EU's application, the appropriate miscellaneous service charges are shown on Schedule No. 5 and should be approved. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for services rendered on or after the stamped approval date on the tariff sheet provided customers have received notice pursuant to Rule 25-30.475(1), F.A.C. The Utility should provide proof of noticing within 10 days of rendering the approved notice.

ITEM NO.

CASE

11

Docket No. 20200226-SU – Application for certificate to provide wastewater service in Charlotte County, by Environmental Utilities, LLC.

(Continued from previous page)

Issue 13: What are the appropriate initial customer deposits for Environmental Utilities?

Recommendation: If the Commission approves staff's recommendation in Issue 9, Issues 10 through 13 are moot. However, if the Commission approves EU's application, the appropriate initial customer deposit is \$380 for wastewater for the residential 5/8 inch x 3/4 inch meter size. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved 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.

Issue 14: Should this docket be closed?

Recommendation: If staff's recommendation on Issue 9 is approved, this docket should be closed. If the Commission approves EU's request for certification, the Utility should be required to file an amended territory description and map within 30 days of the issuance of the Commission's order, and this docket should remain open for the parties and Commission to address the amended territory description and map.