

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water and
wastewater rates in Orange County by Pluris
Wedgfield, LLC.

DOCKET NO. 20230083-WS
ORDER NO. PSC-2024-0118-PAA-WS
ISSUED: April 23, 2024

The following Commissioners participated in the disposition of this matter:

MIKE LA ROSA, Chairman
ART GRAHAM
GARY F. CLARK
ANDREW GILES FAY

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING CHANGE IN WATER AND WASTEWATER RATES
AND
FINAL ORDER REQUIRING REFUND OF INTERIM REVENUE, REMOVAL OF
AMORTIZED RATE CASE EXPENSE, AND PROOF OF ADJUSTMENTS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein, except with regard to the interim refund, the reduction of water rates to reflect removal of amortized rate case expense, and the requirement of proof of adjustments, is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

Pluris Wedgfield, LLC. (Pluris or Utility) is a Class A utility providing water and wastewater service to approximately 1,743 water customers and 1,711 wastewater customers in Orange County. Rates were last established for this Utility in its 2017 limited proceeding.¹ The Utility's last comprehensive base rate proceeding was in 2012.² In 2022, Pluris recorded total company operating revenues of \$1,627,619 for water and \$1,051,949 for wastewater and operating expenses of \$1,749,162 for water and \$924,958 for wastewater.

¹Order No. PSC-2018-0311-PAA-WS, issued June 13, 2018, in Docket No. 20170166-WS, *In re: Application for limited proceeding rate increase in Orange County by Pluris Wedgfield, Inc.*

²Order No. PSC-2013-0187-PAA-WS, issued May 2, 2013, in Docket No. 20120152-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgfield, Inc.*

On September 22, 2023, Pluris filed its application for approval of interim and final water and wastewater rate increases. In its application, the Utility requested that we process the rate case using the proposed agency action procedure as provided in Section 367.081(10), Florida Statutes (F.S.). On October 19, 2023, we sent the Utility a letter indicating deficiencies in the filing of its minimum filing requirements (MFRs). The Utility filed a deficiency response letter that cured its deficiencies on October 26, 2023. Thus, the official filing date is October 26, 2023.

The Utility's application for increased interim and final water and wastewater rates is based on the historical 13-month average period ended December 31, 2022. Pluris is requesting an increase to recover all expenses it will incur in order to generate a fair rate of return on its investment and pro forma plant additions.

On November 14, 2023, the Office of Public Counsel (OPC) filed a petition to intervene.³ On November 15, 2023, an order was issued acknowledging intervention to OPC.⁴

By Order No. PSC-2023-0387-PCO-WS, we suspended final rates proposed by the Utility and approved interim rates to allow our staff sufficient time to process this case.⁵ On January 8, 2024, OPC filed a motion for reconsideration of the interim order and a request for oral argument on its motion. On January 26, 2024, OPC filed a petition for review of non-final agency action with the First District Court of Appeal (First DCA). The motion was addressed at the March 5, 2024 Commission Conference and no adjustments to the interim order were granted. On March 6, 2024, OPC filed a Notice of Voluntary Dismissal with the First DCA withdrawing its appeal.

Our staff conducted a customer meeting on January 24, 2024, in Orlando, Florida. Sixty-six residents attended and 23 residents spoke at the meeting. The customer comments are addressed in Section 1.

The Utility is requesting rates designed to generate revenues of \$2,713,189 for water and \$1,608,064 for wastewater. This results in a revenue increase of \$1,085,570, or 66.70 percent, for water and \$556,115, or 52.87 percent, for wastewater.

On February 16, 2024, OPC filed a letter providing concerns regarding Pluris' final requested revenue requirement ahead of the filing of our staff's PAA Recommendation.⁶ On February 23, 2024, OPC filed a follow-up letter making limited corrections to its letter filed February 16, 2024.⁷ We will refer to these documents collectively as "OPC's Letter" throughout the order.

³Document No. 06065-2023.

⁴Order No. PSC-2023-0340-PCO-WS, issued November 15, 2023, in Docket No. 20230083-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, LLC.*

⁵Order No. PSC-2023-0387-PCO-WS, issued December 27, 2023, in Docket No. 20230083-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, LLC.*

⁶Document No. 00740-2024.

⁷Document No. 00899-2024.

We have jurisdiction in this case pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 367.091, and 367.121, F.S.

Decision

1. Quality of Service

Pursuant to Section 367.081(2)(a)1, F.S., and Rule 25-30.433(1), F.A.C., we shall, in every rate case, make a determination of the quality of service provided by the utility by evaluating the quality of the Utility's product (water) and the Utility's attempt to address customer satisfaction (water and wastewater). The rule requires that the most recent chemical analyses, outstanding citations, violations, and consent orders on file with the Department of Environmental Protection (DEP) and the county health department, along with any DEP and county health department officials' testimony concerning quality of service shall be considered. In addition, any customer testimony, comments, or complaints shall also be considered. The operating condition of the water and wastewater systems are addressed in Section 2 of this order.

A. Quality of Utility's Product

In evaluation of Pluris' product, we reviewed the Utility's compliance with the DEP primary and secondary drinking water standards. Primary standards protect public health while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. The most recent comprehensive chemical analyses were performed on May 10, 2023. All results were found to be in compliance with DEP regulations. The most recent Sanitary Survey was performed on August 2, 2021. No deficiencies were noted at the time of the inspection.

B. The Utility's Attempt to Address Customer Satisfaction

We reviewed the complaints filed in our Consumer Activity Tracking System (CATS), complaints filed with DEP, and complaints received by the Utility from January 1, 2018, through March 7, 2024. During this time period, there were 89 complaints filed in CATS, which were regarding both historic and the current proposed rate increases and quality of service. The quality of service complaints addressed secondary water quality including the taste, color and odor of the water, and service interruptions. Over this same time period, the Utility received a total of 137 complaints. The majority of these complaints were regarding secondary water quality such as odor, color and taste, and water leaks. The Utility responded to the complaints by testing the meters, conducting testing for leaks, and flushing to improve the water quality. As in the last rate case, there was some discussion concerning the number of waterline breaks. As was noted in the prior rate case order, the legacy asbestos-cement pipes used in the distribution system can be difficult to repair if a leak develops.⁸ The Utility is requesting a pro forma project to replace the asbestos-cement pipes to address this concern, as discussed in Section 5 of this order.

⁸Order No. PSC-13-0187-PAA-WS, issued May 2, 2013, in Docket No. 120152-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, Inc.*

There were six complaints received by the DEP, four from customers and two from a former Pluris employee. The customer complaints addressed concerns on water discoloration, potential health effects, and poor wastewater effluent quality. The complaints from the former Pluris employee claimed that records were being falsified for both water and wastewater systems. DEP investigated these claims and determined there was no evidence of falsified records. During a site visit conducted by DEP on May 26, 2023, at the subject facilities, it was observed that the chart recorder readings were not aligned with the readings produced by the in-line turbidity meters at the wastewater treatment plant. To resolve this concern the Utility converted to digital data loggers. DEP determined there was no evidence indicating that this discrepancy was in any way fraudulent.

A customer meeting was held in the service territory on Wednesday, January 24, 2024, where 23 customers spoke. The comments expressed concerns regarding the Utility's requested rate increase, the relationship between the rate case and a recent lawsuit settlement involving the Utility, and poor water quality such as water hardness, staining/damaging of plumbing fixtures and clothing, and water not suitable for drinking. As of March 6, 2024, there were 45 written comments filed as part of the docket. These comments stated the rate increase is unreasonable and that Orange County should take over the facility. Table 1 shows the number of complaints and comments, categorized by complaint type and source.

Table 0
Customer Complaints/Comments by Source

Subject	CATS	DEP	Utility	Written Comments	Customer Meeting	Total*
Rate Increase	29	-	-	34	21	82
Billing Issues	12	-	12	2	2	27
Customer Service	-	-	-	4	4	7
Service Interruption	19	-	7	1	-	27
Water Pressure	1	-	11	2	-	14
Water Leak	-	-	36	1	4	40
Health Issues	3	1	-	2	4	10
Water Taste	5	-	1	-	2	8
Water Color	12	1	25	2	10	50
Water Odor	8	-	26	1	3	37
Sewage Concerns	-	1	14	-	2	17
Work Place Issues Other	-	3	5	14	14	35
Total	89	6	137	63	66	354

*A single customer complaint may be counted multiple times if it fits into multiple categories, was reported to multiple agencies, or was reported multiple times.

On February 16, 2024, OPC filed a letter outlining concerns regarding the quality of service, including discussion of wastewater effluent quality, the Utility's historic exceedances of Total Trihalomethanes (TTHM) during 2016 and third party testing showing greater TTHM values than reported by the Utility, the recent legal actions associated with the Utility, and the

volume of customer complaints during the 2018 through 2022 period and the current docket.⁹ In its letter, OPC proposed an unsatisfactory rating and a 100 basis point penalty or a 50 percent reduction in salary to Utility executives. As noted above, the Utility is currently in compliance with DEP for primary and secondary standards, including TTHM. On February 20, 2024, the Utility filed a response stating that the wastewater quality meets the standard of its effluent disposal agreement, the Utility has improved treatment to address TTHM and meets DEP standards for water quality, that the independent water quality testing conducted in 2016 was deemed non-compliant with testing protocols by DEP, and argues the volume of customer complaints have been on the decline since 2018.¹⁰

Regarding customer complaints, the Utility appears to be responding, in a timely manner, to complaints filed with us and with the Utility. Concerns regarding water quality have been addressed through the implementation of enhanced treatment systems that reduce disinfection byproducts such as TTHM, and the Utility also treats the water to improve the secondary quality characteristics, such as to reduce hardness. Routine issues such as leaks or discolored water, are addressed appropriately through meter testing, leak detection, and flushing in response to customer concerns. Regarding line breaks and service interruptions, as discussed in Section 5, the Utility is replacing older AC pipe which is more prone to failure and more difficult to repair. Overall, it appears that the Utility has been responsive to its customer complaints. Therefore, we find that Pluris has satisfactorily attempted to address its customer's concerns.

C. Conclusion

Pluris is meeting all DEP primary and secondary water standards, and has been responsive to customer complaints. Therefore, the quality of service provided by Pluris is satisfactory.

2. DEP Compliance

Rule 25-30.225, F.A.C., requires that each water and wastewater utility shall operate and maintain its plant and facilities by employing qualified operators in accordance with the rules of the DEP in order to provide safe and efficient service up to and including the point of delivery into the piping owned by the customer. During a rate-making proceeding, Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25-30.225, F.A.C. In making this determination, we must consider testimony of DEP and county health department officials, sanitary surveys for water systems and compliance evaluation inspections for wastewater systems, citations, violations, and consent orders issued to the Utility, customer testimony, comments, and complaints, and Utility testimony and responses to the aforementioned items.

⁹See Document No. 00740-2024, filed February 16, 2024.

¹⁰See Document No. 00790-2024, filed February 20, 2024.

A. Water and Wastewater Systems Operating Condition

Pluris' water system consists of two wells with capacities of 415 gallons per minute (gpm) and 600 gpm, respectively. The Utility also has one ground storage tank with a capacity of 350,000 gallons. Pluris uses chlorine dioxide to treat the raw water. We reviewed Pluris' sanitary surveys conducted by DEP to determine the Utility's overall water facility compliance. A Sanitary Survey was conducted on August 2, 2021, indicating that Pluris' water treatment facility was in compliance with DEP's rules and regulations and there were no deficiencies.

Pluris' wastewater system consists of a permitted 0.330 million gallons per day (MGD) design capacity domestic wastewater treatment plant (WWTP). This plant is operated to provide secondary treatment with basic disinfection. A review of the most recent inspection by DEP conducted on August 5, 2022, indicated that Pluris' wastewater treatment facility was in compliance with DEP's rules and regulations except for two items. The two out-of-compliance items were effluent quality and groundwater quality. These two out-of-compliance items were resolved to DEP's satisfaction by January 10, 2023.

B. Conclusion

Based on the above, we find that Pluris' water and wastewater systems are currently in compliance with DEP regulations.

3. Rate Base Audit Adjustments

Our staff's audit report was filed on January 23, 2024. In its response to the audit report, Pluris agreed to the audit adjustments to rate base as set forth in the tables below. However, we find further adjustments are necessary to Audit Finding No. 1 and Audit Finding No. 2, as discussed below.

Table 2

Audit Finding	Pluris Agreed Upon Audit Adjustments
Audit Finding No. 1	Understatement of water plant and overstatement of wastewater plant.
Audit Finding No. 2	Overstatement of accumulated depreciation for water and wastewater.
Audit Finding No. 3	Understatement of water Contributions-in-Aid-of-Construction (CIAC) without justification.
Audit Finding No. 4	Overstatement of the Accumulated Amortization of CIAC of both the water and wastewater.

Source: Staff Audit Report

A. Utility Plant in Service (UPIS)

In Audit Finding No. 1, our staff auditors determined adjustments were necessary to increase UPIS for the wastewater system by \$81,638. However, the audit inadvertently included an adjustment to increase the land balance by \$97,402. This balance was already booked correctly and did not require an adjustment. As such, we recalculated the adjustment to wastewater plant in service to be a decrease of \$15,765. Additionally, the audit determined an increase of \$36,796 to water plant in service was necessary. We have no further adjustment to the UPIS balance for water.

B. Accumulated Depreciation and Depreciation Expense

In Audit Finding No. 2, our staff auditors determined that adjustments to accumulated depreciation for both the water and wastewater systems were necessary. The first set of adjustments were made to properly account for the inclusion of adjustments we ordered from the last rate case, as well as accruals and retirements recorded since the last rate proceeding. Our audit staff determined that adjustments were necessary to decrease accumulated depreciation by \$367,001 and \$73,521, for the water and wastewater systems, respectively. An additional adjustment, further discussed below, was made to each system to further decrease the balances by \$116,492 and \$123,773 for water and wastewater, respectively.

Upon further investigation, we discovered that \$336,155 was incorrectly removed from accumulated depreciation for the water system in our audit staff's calculation of the adjustment. In September of 2017, the Utility reclassified a repair that was booked incorrectly in December 2016, from water plant Account 331 - Transmission & Distribution Mains, to wastewater plant Account 361 - Collection Sewers - Gravity. The audit included a corresponding adjustment to remove the full balance from accumulated depreciation as a retirement to Account 331 instead of only reclassifying the associated accumulated depreciation. As such, we find the adjustment to decrease the accumulated depreciation balance for Account 331 to be \$5,984 instead of the full retirement amount, resulting in a net adjustment of \$36,832 ($\$367,001 - \$336,155 + \$5,984$) to decrease the balance for water. The same adjustment shall be made to increase the accumulated depreciation balance for Account 361, resulting in an adjustment of \$67,537 ($\$73,521 - \$5,984$) to decrease the balance for wastewater.

The additional adjustments to remove \$116,492 and \$123,773 from the accumulated depreciation balances for the water and wastewater systems, respectively, were included to recognize an irreconcilable difference between the balances approved in the last rate case and the Utility's general ledger balances. However, the irreconcilable differences were the result of incorrectly comparing the simple average balances from the last rate case order to the year-end balances recorded in the Utility's general ledger for purposes of reconciliation. As such, we find the first set of adjustments discussed above include all necessary adjustments to the accumulated depreciation balances and do not believe these additional adjustments to remove \$116,492 and \$123,773 from the accumulated depreciation balances for the water and wastewater systems, respectively, are necessary.

Our audit staff determined adjustments to increase water depreciation expense by \$12,034 and decrease wastewater depreciation expense by \$12,475 were necessary based on its recalculation. On pages 4 and 5 of its letter, OPC addressed concerns with the calculation of depreciation by our staff’s auditors. OPC states that our staff auditors did not properly factor in the salvage value to the calculation of the depreciation rate for water plant Accounts 341, 345, and 346, and wastewater plant Accounts 391, 395, and 396, as prescribed by Rule 25-30.140, F.A.C. OPC included a recalculation and proposed adjustments to accumulated depreciation and depreciation expense based on its recalculated depreciation rates. In the Utility’s response to OPC’s letter, Pluris stated that it agrees with the audit findings, but does not agree with any further adjustments. We reviewed Rule 25-30.140, F.A.C., and the depreciation rates used in our audit staff’s recalculation. OPC’s adjustments to recognize the salvage value of these accounts are correct. Based on the recalculation using the corrected rates, we find accumulated depreciation shall be decreased by \$2,908 for water and \$1,245 for wastewater. We also find associated depreciation expense shall be decreased by \$5,816 for water and \$2,489 for wastewater.

Based on the audit findings and the adjustments above, we find adjustments shall be made to decrease accumulated depreciation by \$39,740 (\$36,830 + \$2,908) and \$68,782 (\$67,537 + \$1,245) for the water and wastewater system, respectively. We also find associated depreciation expense shall be increased by \$6,218 (\$12,034 - \$5,816) for water and decreased by \$14,964 (\$12,475 + \$2,489) for wastewater.

C. Conclusion

Our adjustments to rate base and corresponding adjustments to depreciation expense and CIAC amortization expense are reflected in the tables below.

Table 0
Audit Adjustments to Rate Base

Audit Finding	Plant		Accum. Depr.		CIAC		Accum. Amort. Of CIAC	
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
1	\$36,796	(\$15,765)						
2			\$39,740	\$68,782				
3					(\$8,409)			
4							(\$22,924)	(\$63,138)

Source: Staff Audit Report and Utility response

Table 4
Corresponding Audit Adjustments to NOI

Audit Finding	Depreciation Expense		CIAC Amort. Expense	
	Water	Sewer	Water	Sewer
2	\$6,218	(\$14,964)		
4			\$273	\$285

Source: Staff Audit Report and Utility response

Table 5
Audit Adjustments Summary

	Water	Wastewater
Utility Plant in Service	\$36,796	(\$15,765)
Accumulated Depreciation	\$39,740	\$68,782
Depreciation Expense	\$6,218	(\$14,964)
Contribution-in-Aid-of-Construction (CIAC)	(\$8,409)	-
Accum. Amortization of CIAC	(\$22,924)	(\$63,138)
Amortization Expense	\$273	\$285

4. Used and Useful (U&U)

Rule 25-30.4325, F.A.C., provides factors to be considered in determining U&U and Excessive Unaccounted for Water (EUW) calculations. As stated in Section 2, Pluris' water system is comprised of two wells with capacities of 415 gpm and 600 gpm, respectively, and one ground storage water tank with a capacity of 350,000 gallons. The WWTP has a DEP permitted capacity of 0.330 MGD. Pluris' U&U percentages were last determined by us in Order No. PSC-2013-0187-PAA-WS.¹¹

A. U&U Percentages

1. *Water Treatment Plant (WTP) and Water Storage*

Rule 25-30.4325, F.A.C., addresses the method by which the U&U of a WTP and storage systems are determined. In its prior rate case, Pluris' WTP and water storage were found to be 100 percent U&U.¹² The Utility has not increased the capacity of either the WTP or storage system since rates were last established. Therefore, consistent with our prior decision, the Utility's WTP and water storage shall be considered 100 percent U&U consistent with the prior rate case.

¹¹Order No. PSC-2013-0187-PAA-WS, issued May 2, 2013, in Docket No. 120152-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, Inc.*

¹²*Id.*

2. Water Distribution and Wastewater Collection

The Utility calculated U&U values for the water distribution and wastewater collection systems based on an average of single family residences, estimated five years of growth, and maximum equivalent residential connections (max ERCs). The calculated value, based on a maximum system capacity of 1,911 ERCs was 93.4 percent U&U. Instead of the calculated value, the Utility has requested a 100 percent U&U because no part of the system can be removed without adversely impacting the ability to reliably serve the remaining customers. We find that the Utility's calculations are accurate and agree with the Utility's reasoning for a finding of 100 percent U&U. Considering all of the water distribution lines and wastewater collection lines are necessary to adequately serve all of the existing customers, and consistent with our prior practice, we find the water distribution and wastewater collection systems shall be considered 100 percent U&U.

3. Wastewater Treatment Plant

The Utility calculated the WWTP U&U based on an average annual daily flow (AADF), growth, infiltration and inflow (I&I) and permitted capacity. The calculated value, based on an AADF of 274,700 gpd, a five year growth estimate of 36,600 gpd, no excessive I&I, and a permitted capacity of 330,000 gallons, is 94.3 percent U&U. We agree with the Utility's calculations and find the applicable portion of the wastewater treatment plant shall be considered 94.3 percent U&U.

4. Non-U&U Adjustments

In its filing, Pluris made non-U&U adjustments to decrease wastewater rate base by \$8,648, and wastewater depreciation expense by \$845. Based on our U&U calculations, the total non-U&U adjustment to decrease wastewater rate base is \$8,745. We calculated corresponding adjustment to decrease net depreciation expense by \$456 and property tax by \$646. As such, we find that the Utility's adjustment to wastewater rate base shall be increased by \$97. Corresponding adjustments shall be made to decrease the Utility's adjustments to net wastewater depreciation expense by \$389. In its filing, the Utility did not include a non-U&U adjustment to property tax. We find a corresponding adjustment to decrease property tax by \$646 shall be made.

B. EUW

Rule 25-30.4325, F.A.C., provides factors to be considered in determining whether adjustments to operating expenses are necessary for EUW. EUW is defined as "unaccounted for water in excess of 10 percent of the amount produced." Unaccounted for water is all water produced that is not sold, metered, or accounted for in the records of the Utility. Pluris estimated no EUW based on producing 159,977,000 gallons, an estimated total sales of 100,460,000 gallons, and 46,720,000 gallons used for other uses, such as flushing, and water and wastewater systems usage. Our review confirmed the values for water produced and other uses, and based on the Audit Report and our review, we made an adjustment to reflect that the actual gallons sold

during the test year were 100,401,000 gallons. The resulting adjusted calculation ($[\text{water produced} - \text{water sold} - \text{other utility uses}] / \text{water sold}$) for unaccounted for water is 8.0 percent. As this value is less than 10 percent, the Utility does not have any EUW. Therefore, no adjustments shall be made to purchased power and chemical expenses for EUW.

C. I&I

Infiltration typically results from groundwater entering a wastewater collection system through broken or defective pipes and joints whereas inflow results from water entering a wastewater collection system through manholes or lift stations. By convention, the allowance for infiltration is 500 gpd per inch diameter pipe per mile, and an additional 10 percent of residential water billed is allowed for inflow.¹³ Rule 25-30.432, F.A.C., provides that in determining the WWTP amount of U&U, we will consider I&I. Pluris estimated no I&I in its calculations.¹⁴

Since all wastewater collection systems experience I&I, the conventions noted above provide guidance for determining whether the I&I experienced is excessive. We calculate the allowable infiltration based on system parameters, and calculate the allowable inflow based on water billed to customers. The sum of these amounts is the allowable I&I. We next calculate the estimated amount of wastewater returned from customers. The estimated return is determined by summing 80 percent of the water billed to residential customers with 90 percent of the water billed to non-residential customers. Adding the estimated return to the allowable I&I yields the maximum amount of wastewater that should be treated by the wastewater system without incurring adjustments to operating expenses. If this amount exceeds the actual amount treated, no adjustment is made. If it is less than the gallons treated, then the difference is the excessive amount of I&I.

The allowance calculated for infiltration is 33,900,800 gallons and the allowance calculated for inflow is 8,629,300 gallons; therefore, the total I&I allowance was calculated as 42,530,100 gallons. Based on our staff's audit and review, the total water billed to residential customers was 83,929,000 gallons, and the total water billed to general service customers was 2,364,000 gallons. Therefore, the estimated amount of wastewater returned from customers was calculated as 69,270,800 gallons. Summing the estimated return and the allowable I&I results in a maximum of 111,800,900 gallons of wastewater that could be treated by the wastewater system without incurring adjustments to operating expenses. The Utility treated 100,352,000 gallons of wastewater. The excessive I&I is based on the following equation: $[(\text{water treated}) - (\text{estimated returns}) - (\text{allowable inflow}) - (\text{allowable infiltration})]$ which is less than zero. Therefore, we find no adjustments shall be made to purchased power and chemical expenses for I&I.

¹³See Order No. PSC-2016-0525-PAA-WS issued November 21, 2016 in Docket No. 20160030-WS, *In re: Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni. Florida, LLC.* and Order No. PSC-2015-0208-PAA-WS issued May 26, 2015 in Docket No. 20140135-WS, *In re: Application for increase in water/wastewater rates in Pasco County by Labrador Utilities, Inc.*

¹⁴See Document No. 00684-2024, filed February 12, 2024.

D. Conclusion

We find that Pluris' water treatment, storage, and distribution systems, as well as its wastewater collection system, shall be considered 100 percent U&U. The WWTP is 94.3 percent U&U. Additionally, the Utility's wastewater rate base adjustment shall be increased by \$97. Corresponding adjustments shall be made to decrease Pluris' adjusted net wastewater depreciation expense by \$389, and to decrease wastewater property tax by \$646. Also, we find no adjustments to purchased power and chemical expenses shall be made for EUW and I&I.

5. Pro Forma Plant

Pluris requested recovery of costs associated with replacing asbestos-cement pipe currently in service in its water system. The Utility stated the asbestos-cement pipes were installed circa 1960 and the expected useful life or design life of an asbestos-cement pipe is 50 years. The pipe replacement project is scheduled to start on October 1, 2024, and to be completed on November 15, 2024. Water leaks were the dominant complaint received by the Utility during the test year and four years prior. By replacing all asbestos-cement pipe at once, the Utility will be avoiding a piecemeal approach that would otherwise allow water leaks to continue until all pipes are replaced.

Three contractors were provided plans and an informal scope of work and asked to submit bids for the pro forma project. Pluris included with its MFRs dated September 22, 2023 the lowest bid, which was \$2,515,214 and included a 30 percent contingency of \$580,434. In response to staff's fifth data request regarding the contingency amount, the Utility responded that it has requested final bids from the responsive bidders without a contingency fee.¹⁵ The Utility stated that it had received two responsive bids of \$2,776,518 and \$3,700,000 without a contingency, and was selecting the lower bidder. The selected bid was from the original lowest cost vendor. The primary difference in the bids was the increase of mobilization cost from \$90,000 to \$631,738 and the addition of \$300,000 to "[p]lug and abandon existing AC pipes in place." On February 16, 2024, Pluris filed a request to increase its pro forma request from \$2,515,214 to \$2,776,518.¹⁶

We requested additional information on both the increase in mobilization costs and additional activity. The Utility responded it does not have an explanation regarding the increase in mobilization costs beyond that it was a third party bidder, and the added line item cost for abandoning the AC pipes was inadvertently omitted from the prior bids and reflected a necessary activity.¹⁷

Based on the analysis above, we find that the asbestos-cement pipe replacement project is necessary to replace infrastructure that is over 50 years old in order to reduce or eliminate water leaks. While the Utility did use a bidding process, we find that does not relieve the Utility of the requirement to support the amounts requested to ensure customers are receiving a reasonable

¹⁵See Document No. 00684-2024, filed February 12, 2024.

¹⁶See Document No. 00739-2024, filed February 16, 2024.

¹⁷See Document No. 00739-2024, filed February 16, 2024.

cost for the pro forma work. The Utility has not provided an adequate justification for the increase in mobilization costs by approximately 602 percent. As such, we find allowing pro forma in the amount of the original bid of \$2,515,214. As the project is anticipated to take place in the fourth quarter of 2024, a step increase does not seem appropriate to encourage rate stability and avoid confusion.

A. Corresponding Adjustments

We find no adjustments shall be made to the scope of the Utility's pro forma plant project. However, the Utility recorded the entirety of the pro forma project costs to Account 331, transmission and distribution mains. Based on the detailed activities provided in the bid, we are reallocating \$626,470 for service connections to Account 333, and \$166,400 for fire hydrants to Account 335. We have recalculated accumulated depreciation to recognize the reallocation of costs into accounts with different useful lives as prescribed by Rule 25-30.140(2)(a), F.A.C. As such, we are decreasing accumulated depreciation by \$810.

Pluris did not recognize the associated pro forma retirement in its depreciation expense calculations. To recognize the reallocation of costs into accounts with different useful lives, as well as the pro forma retirement, we have recalculated depreciation expense. We are decreasing depreciation expense by \$5,859. Additionally, the Utility did not include pro forma property tax in its filing. Therefore, pro forma property taxes shall be increased by \$29,695.

B. Conclusion

We find that Pluris' proposed asbestos-cement pipe replacement is necessary in order to reduce or eliminate water leaks. However, the Utility has not provided an adequate justification for the approximate 602 percent increase in mobilization costs. As such, we are allowing pro forma in the amount of the original bid of \$2,515,214. In conclusion, based on the reclassification of the pro forma project to the appropriate plant accounts, the associated accumulated depreciation shall be decreased by \$810 and depreciation expense shall be decreased by \$5,859 for water. An additional adjustment shall be made to increase corresponding property taxes by \$29,695.

6. Working Capital Allowance (WCA)

We find further adjustments shall be made to rate base for WCA. Rule 25-30.433(3), F.A.C., requires that Class A utilities use the balance sheet method to calculate the WCA. Based on the balance sheet method, WCA is calculated as current assets less current liabilities. In its filing, Pluris included a WCA of \$389,416 and \$386,942 for the water and wastewater systems, respectively. OPC's letter included several issues with components of WCA and expressed concern for the overall increase in WCA from the level in Pluris' last rate case to the amount in the current rate case. OPC's concern dealing with the treatment of common equity is discussed in Section 9.

A. Restricted Cash Accounts

OPC believes two cash accounts totaling \$308,403 should be removed from WCA based on two specific concerns. First, OPC contends that the two accounts are restricted cash accounts, meaning the cash is held onto for a specific reason and is, therefore, not available for immediate ordinary business use. As detailed in an excerpt from the Utility's 2022 External Independent Audit Report highlighted in OPC's letter, the restricted cash amounts "represent cash amounts required to be set aside in accordance with the Company's financing arrangements as contractually required by the lender." While OPC is correct that these are restricted cash accounts, the accounts are contractually required by the lender. The restricted cash accounts exist so that the Utility can have access to loans at a favorable rate to be used for utility operations.

Second, OPC contends that the restricted cash accounts should be removed as they are interest bearing accounts. It is our practice to either exclude interest bearing accounts from working capital, or to include them provided that the interest income is also included in the above-the-line revenues.¹⁸ Based on the use of these restricted cash accounts as a financial tool to support utility operations as needed, we find the cash accounts are required for ongoing utility operations and shall remain in working capital allowance. Using Pluris' 2022 general ledger, we identified \$1,629 in interest income and has made an adjustment to include the balance in the above-the-line revenues, as reflected in Section 10. As such, we find the two cash accounts totaling \$308,403 shall remain in WCA.

B. Magnetic Ion Exchange (MIEX) Resin Expense Prepayment

OPC also expresses concern about the amount of prepayments included in working capital allowance. Specifically, an amount of \$188,282 related to the prepayment of MIEX Doc Resin for a five-year supply. The Utility recorded pro forma operation and maintenance (O&M) expense associated with 2 units of MIEX resin and a 5-year amortization for 9 units of MIEX resin. MIEX resin is used as part of the water treatment system to address disinfection byproducts and is mostly regenerated as part of the treatment process, with some losses over time. In response to staff's data request regarding the MIEX resin costs, Pluris explained that the 9 units were purchased as part of a full cleaning and replacement of all resin in the MIEX system, which happens on a five year cycle, and additional purchases were used to maintain appropriate levels.¹⁹ This chemical expense associated with these purchases appears reasonable, and we agree with the use of the 5-year amortization period for the 9 unit purchase. As such, we find the inclusion of prepayment for the MIEX Doc Resin is appropriate and shall remain in WCA.

¹⁸Order No. PSC-2001-0326-FOF-SU, issued February 6, 2001, in Docket No. 19991643-SU, *In re: Application for increase in wastewater rates in Seven Springs System in Pasco County by Aloha Utilities, Inc.*; Order No. PSC-2000-1416-PCO-GU, issued August 3, 2000, in Docket No. 20000108-GU, *In re: Request for rate increase by Florida Division of Chesapeake Utilities Corporation.*

¹⁹See Document No. 00661-2024, filed February 9, 2024.

C. Other

Additionally, we made a corresponding adjustment to increase WCA by \$39,558 for the unamortized balance of non-recurring expenses found in Section 14. As such, we find WCA shall be increased by \$19,842 and \$19,717 for the water and wastewater systems, respectively. Additionally, as discussed in Section 10, we have reclassified \$268 from test year operating revenues to CIAC for a meter installation charge.

D. Conclusion

As discussed above, we do not find the adjustments recommended by OPC shall be made. While WCA has increased significantly since the last rate case, Pluris was a Class B utility in the last rate case and is now a Class A utility. We have reviewed the balance sheet components of working capital and find Pluris' current financial situation is representative of ongoing operations for the Utility. As such, we find WCA shall be increased by \$19,842 and \$19,717 for the water and wastewater systems, respectively, resulting in a total working capital balance of \$409,258 (\$389,416 + \$19,842) and \$406,659 (\$386,942 + \$19,717) for water and wastewater, respectively.

7. Rate Base

Consistent with our adjustments, the appropriate 13-month average rate base for the test year ended December 31, 2022, is \$7,373,975 for water and \$1,327,085 for wastewater. Rate base for the water and wastewater systems are shown on Schedule Nos. 1-A and 1-B, and the adjustments are shown on Schedule No. 1-C.

8. Return on Equity (ROE)

The Utility requested a ROE of 9.00 percent. Based on our leverage formula currently in effect, the appropriate ROE is 8.75 percent.²⁰ We find an allowed range of plus or minus 100 basis points shall be recognized for ratemaking purposes.

9. Capital Structure

In its filing, the Utility requested a weighted average cost of capital of 8.12 percent. OPC's Letter detailed its concern with the Utility's calculation of common equity. Additionally, we find adjustments to Advances from Associated Companies to reclassify the advances as equity and to the cost rate of customer deposits are necessary.

²⁰Order No. PSC-2023-0189-PAA-WS, issued June 28, 2023, in Docket No. 20230006-WS, *In re: 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.*

A. Common Equity

According to MFR Schedule D-2, the Utility's common equity balance included an adjustment of \$6,281,931 to increase common equity from a negative balance of \$1,003,979 to a positive balance of \$5,277,952. The Utility reclassified amounts from Accounts Payable – Associated Companies and Miscellaneous Current and Accrued Liabilities to Other Equity Capital. In response to our staff's fourth data request, the Utility stated that the amount recorded in Accounts Payable – Associated Companies should have been recorded as Advances from Associated Companies as there was no expectation of repayment. It has been our practice to treat loans from associated companies with no interest payments made as common equity.²¹ Further, Pluris stated the balance included in Accrued Liabilities was reduced when the settlement was paid in cash, funded by the parent company. Pluris expended the cash and made an adjustment to reduce Accrued Liabilities, and the parent company provided an equity infusion to recapitalize the Utility to the proper amount necessary to support the Utility's assets.

OPC claims that Pluris' adjustments to reclassify the amounts recorded in Accounts Payable – Associated Companies and Miscellaneous Current and Accrued Liabilities are inappropriate, as they are related to the legal expenses and settlement of a water quality lawsuit.²² Further, OPC asserts that none of the money recorded in these accounts is associated with the actual plant investment for the provision of water and/or wastewater services. To support its claim, OPC provided a breakdown of equity infusions and debt issuance from 2009 through 2020. OPC states that the inclusion of these funds in common equity provide the Utility with a *de facto* return on the legal expenses and settlement of the lawsuit.

We disagree with OPC's assertions. To ensure the Utility's assets were supported after payments associated with the lawsuit were made, either an equity infusion or an issuance of debt was necessary. Expenses related to the lawsuit were booked to O&M expense and we have verified that these expenses have been removed from the determination of the revenue requirement. When determining rates, the costs included for the capital structure include the interest expense on debt and an allowed return on equity, determined by us, to compensate shareholders for exposing their capital to risk. The operating expenses that are allowed are the expenses associated with providing utility service. If there are no expenses associated with the lawsuit included in operating expenses, there is no recovery of such costs from customers. As such, we find the recapitalization of Pluris by its parent company is appropriate and shall not be adjusted as suggested by OPC.

²¹Order Nos. PSC-2000-1165-PAA-WS, issued June 27, 2000, in Docket No. 19990243-WS, *In re: Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation*; PSC-2002-1449-PAA-WS, issued October 21, 2002, in Docket No. 20011451-WS, *In re: Investigation of water and wastewater rates for possible overearnings by Plantation Bay Utility Co. in Volusia County*; PSC-2014-1095-PAA-WS, issued May 1, 2014, in Docket No. 20130211-WS, *In re: Application for staff-assisted rate case in Polk County by S.V. Utilities, Ltd.*; PSC-2013-0646-PAA-WU, issued December 5, 2013, in Docket No. 20130025-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*; and PSC-2011-0366-PAA-WU, issued August 31, 2011, in Docket No. 20100126-WU, *In re: Application for increase in water rates in Marion County by C.F.A.T. H2O, Inc.*

²²*Kohl et al., v. Pluris Wedgefield, LLC, et al.*, No. 2020-CA-004390 (Fla. 9th Cir. Ct. 2023).

We derived our calculation of common equity from MFR Schedule A-19. The 13-month average balance of Common Equity reflected a negative \$1,003,977. We reclassified the 13-month average balances of \$3,848,517 from Accounts Payable – Associated Companies and \$3,049,849 from Miscellaneous Current and Accrued Liabilities to common equity.

B. Advances from Associated Companies

According to MFR Schedule A-19, Pluris recorded a balance of \$250,000 in Advances from Associated Companies. In its last rate case, we find that a balance of \$252,431 recorded in the same account be reclassified as common equity. In response to staff's fourth data request, the Utility confirmed the \$250,000 recorded in the current rate case was the same balance from its last rate case and should have been treated as equity. As such, we find the Advances from Associated Companies balance of \$250,000 shall be reclassified as common equity.

C. Pro Forma Project

In response to staff's data request on March 11, Pluris informed us that the pro forma project discussed in Section 5 will be funded through an equity infusion.²³ As such, we find \$2,515,214 shall be added to common equity.

In total, we find a common equity balance of \$8,659,601 ($-\$1,003,977 + \$3,848,517 + \$3,049,849 + \$250,000 + \$2,515,214$).

D. Customer Deposits

According to MFR Schedule D-1, the Utility recorded a cost rate of 6.00 percent for customer deposits. Pursuant to Rule 25-30.311, F.A.C., we find a cost rate of 2.00 percent.

E. Conclusion

Based upon the proper components, amounts, and cost rates associates with the capital structure for the test year ended December 31, 2022, we find a weighted average cost of capital of 8.24 percent. Schedule No. 2 details our overall cost of capital.

10. Test Year Operating Revenues

In its MFRs, the Utility reflected total test year operating revenues of \$1,627,619 for water and \$1,051,949 for wastewater. The water revenues included \$1,598,744 of service revenues and \$28,875 of miscellaneous revenues. The Utility did not include any miscellaneous revenues for the wastewater system.

We made several adjustments to test year service revenues. As discussed further in Section 21, the Utility incorrectly billed two fire protection customers as general service. The

²³See Document No. 01110-2024, filed on March 11, 2024.

incorrect billing resulted in the private fire protection customers being billed for usage. Pursuant to Rule 25-30.465, F.A.C., private fire protection rates are one-twelfth the current base facility charge of the utility's meter sizes, unless otherwise supported by the Utility. There is no gallonage rate associated with private protection rates. As a result, we adjusted the billing determinants to reflect an appropriate billing for the private fire protection customers. During the test year, the Utility had a rate change effective July 17, 2022, as a result of the removal of expired rate case expense amortization granted in 2018.²⁴ We determined test year service revenues by applying the existing rates to the adjusted billing determinants, which resulted in service revenues of \$1,570,478 for water, which is a decrease of \$28,266 (\$1,598,744 - \$1,570,478) and \$1,056,927 for wastewater, which is an increase of \$4,978 (\$1,056,927 - \$1,051,949).

For the test year, we made several adjustments to water miscellaneous revenues. We reclassified \$268 to CIAC to reflect a meter installation charge incorrectly recorded as miscellaneous revenues. We reversed a credit of \$214 based on the test year miscellaneous occurrences. These adjustments result in miscellaneous revenues for water of \$28,821 (\$28,875 - \$268 + \$214). In addition, other revenues were increased by \$831 for water and \$798 for wastewater to reflect other income earned on interest bearing accounts as discussed in Section 6. Test year operating revenues are \$1,600,131 (\$1,570,478 + \$28,821 + \$831) for water and \$1,057,725 (\$1,056,927 + \$798).

Based on the above, test year operating revenues shall be decreased by \$27,488 (\$1,600,131 - \$1,627,619) for water and increased by \$5,776 (\$1,057,725 - \$1,051,949) for wastewater.

11. Net Operating Income Audit Adjustments

Our staff's audit report was filed on January 23, 2024. Audit Finding No. 8 discusses several transactions in O&M expense accounts that shall be removed or reclassified resulting in adjustments to decrease O&M expense by \$4,964 and \$6,059 for the water and wastewater systems, respectively. In its response to the audit report, Pluris agreed to the audit adjustments made to O&M expense. We have no further adjustments. As such, we find that O&M expense shall be decreased by \$4,964 and \$6,059 for the water and wastewater systems, respectively.

12. Management Fees

It is the Utility's burden to prove that its costs are reasonable. This burden is even greater when the transaction is between related parties for two reasons: (1) affiliate transactions raise the concern of self-dealing where market forces do not necessarily drive prices, and (2) utilities have a natural business incentive to shift costs from non-regulated operations to regulated monopoly operations because recovery is more certain with captive customers. Although a transaction between related parties is not per se unreasonable, related party transactions require closer

²⁴ Order No. PSC-2018-0311-PAA-WS, issued June 13, 2018, in Docket No. 20170166-WS, *In re: Application for limited proceeding rate increase in Orange County by Pluris Wedgefield, Inc.*

scrutiny. The legislature has recognized the need to scrutinize affiliate transactions by specifically granting us access to non-regulated affiliate records. Specifically, Section 367.156(1), F.S., states:

The Commission shall continue to have reasonable access to all utility records and records of affiliated companies, including its parent company, regarding transactions or cost allocations among the utility and such affiliated companies, and such records necessary to ensure that a utility's ratepayers do not subsidize nonutility activities. Upon request of the utility or any other person, any records received by the Commission which are shown and found by the Commission to be proprietary confidential business information shall be kept confidential and shall be exempt from s. 119.07(1).

(Emphasis added). Florida's Supreme Court has enunciated the standard for which we shall review affiliate transactions stating, "[w]e believe the standard must be whether the transactions exceed the going market rate or are otherwise inherently unfair."²⁵

In its filing, the Utility recorded contractual services – management fees of \$259,794 in the test year for both the water and wastewater systems. These amounts are comprised of expenses allocated from Pluris' parent company, Pluris Management Group (PMG). PMG allocates its expenses based on the number of customers in each of its utilities. In the test year, PMG owned and operated six utilities until November 2023, when two utilities were sold. The Utility requested a pro forma increase of \$237,010 to both the water and wastewater systems in this docket related to the reallocation of expenses due to the sale of the two utilities. This results in an increase to Pluris' allocation from 18.26 percent to 37.58 percent.

In the Utility's last rate case, we approved total Contractual Services – Management Fees of \$127,106 split evenly between the water and wastewater systems. This represented Pluris' allocated portion of \$743,214 in total management expenses. In its last rate case, the allocated management fees reflected the salaries of three employees and the management company provided its services to a total of 16,538 customers across all of its systems. We note that in the last rate case, Pluris did not have any in-house employees within the Utility in Florida.

In the current rate case, Pluris has requested a total of \$993,608 in management fees, split evenly between the water and wastewater systems. This represents Pluris' allocated portion of \$2,643,959 in total management expenses at the updated allocation percentage. Since Pluris' last rate case, the number of PMG employees reflected in the allocated management fees has grown considerably from three employees to 19. Additionally, the Utility has added seven in-house employees to handle the operation of Pluris in Florida. According to information provided by the Utility in response to OPC's Interrogatory No. 1, PMG is currently responsible for managing a total of 9,381 customers after the two utilities were sold. This represents a decrease in management of 7,157, or 43 percent of customers, compared to the customer count in the last rate case. Table 6 below shows a comparison of Pluris employees, management company

²⁵*GTE v. Deason*, 642 So. 2d 545, 548 (Fla. 1994).

employees, the pre-allocated management company expenses, and the total number of customers the management company serves throughout all of its utilities.

Table 6
Utility and Management Company Comparison

	2012 Rate Case	Current Rate Case Request	Change	%
Pluris In-House Employees	0	7	7	700%
Management Group Employees	3	19	16	533%
Total Pre-Allocated Expenses	\$743,214	\$2,643,959	\$1,900,745	256%
Total Customers Served by Management Group	16,538	9,381	(7,157)	(43%)

Source: PSC-2013-0187-PAA-WS, Staff's 1st Data Request

Throughout the process of this rate proceeding, our staff asked in multiple data requests for additional detail to support the significant increase in expenses and specific positions, especially in light of selling two utilities and experiencing a significant decrease in the number of customers it manages. Staff also asked in multiple data requests that more supporting detail be provided for the services performed by PMG's staff, and how it relates to, and reconciles with, the work performed by Pluris' seven in-house employees.

While Pluris has responded to our staff's data requests, as well as OPC's discovery, the responses have not provided clarity on the expenses included in management fees. We find the Utility has not met the burden of proof for the reasonableness of many of the related party costs included in management fees. As such, we find specific adjustments shall be made related to the total parent level expenses allocated, as discussed below.

A. Salaries and Wages Expense – Management

In response to staff's first data request, Pluris provided a breakdown of PMG's expenses and allocation methodology. PMG recorded \$1,479,046 in salaries and wages expense. In its last rate case, approved management fees included salaries for a Managing Member, a Principal Engineer, and an Administrative Assistant. However, since the last rate case, Pluris has hired a regional manager, two in-house managing engineers, and currently has two of four plant operators filled. Based on the addition of in-house staff at the Florida operations, the reduction of the overall customer base managed by PMG, and the lack of support provided by the Utility, we find only the salary for one managing member shall be included in the calculation of management fees.

According to the position descriptions provided for PMG, Maurice Gallarda is listed as the President/CEO/Principal Engineer. In OPC's letter dated February 16, 2024, it provided an excerpt from a Sarasota County Resolution concerning management salaries for a sister utility company, Pluris Southgate, LLC. In that case, Raftelis Financial Consultant, Inc. (Raftelis) evaluated Pluris Southgate, LLC's contractual services – management fees, to determine if the requested rate increase was reasonable and justifiable based on the information presented by the

Utility. Raftelis was concerned about the high level of salaries and wages expense for Mr. Gallarda and based on the Compensation Survey – Medium-Sized Utilities published by the American Water Works Association, and recommended limiting his salary to \$229,051. We find this is a reasonable comparison and shall index that 2020 salary forward to account for inflation, using our approved annual price index for the years 2021 through 2024. As such, we find a management salary of \$267,757 shall be recognized in the allocation of management fees.

In response to staff's second data request, the Utility detailed a billing and collection group (B&C Group) that is responsible for the billing, collections, and other customer service tasks related to serving all of PMG's utilities. PMG recorded \$363,661 in relation to the B&C group and its wages, payroll tax, employee benefits, postage, telephones, and utilities expenses. In response to staff's first data request, Pluris stated that it expected savings of \$150,239 as a result of the sale of the two utilities due to a decrease in staffing needs. We find for the inclusion of the B&C group as these positions are not duplicative of the duties performed by the Utility's in-house staff.

Based on the above, we find a reduction to salaries and wages expense of \$893,274. Additionally, corresponding adjustments are necessary to reduce payroll expense by \$4,404, payroll taxes by \$34,851, and employee benefits by \$88,960.

B. Professional Fees – Accounting

PMG recorded \$180,038 in professional fees – accounting expense. In response to our staff's eighth data request, the Utility provided PMG's invoices for allocated costs including professional fees – accounting. In review of the invoices, we found invoices from placement companies for the hiring of two PMG employees totaling \$66,875. As discussed above, we do not believe the Utility has met its burden of proof as it relates to the increase in size of the management positions. As such, we find professional fees – accounting shall be reduced by \$66,875.

C. Transportation/Insurance Expense

PMG recorded \$91,346 in transportation expense. In response to our staff's eighth data request, the Utility provided PMG's lease agreements for the vehicles included in its pre-allocated transportation expense. In Pluris' last rate case, we removed automobile expense associated with company vehicles supplied as a part of compensation packages. In response to staff's eighth data request, the Utility confirmed transportation expenses in the current case also includes vehicles supplied as a part of compensation packages. As such, we find the same adjustment shall be made to remove transportation expense associated with vehicles included in compensation packages. Further, based on the addition of in-house staff and seven utility vehicles, the reduction of the overall customer base managed by PMG, and the lack of support provided by the Utility, we find that transportation expense shall be reduced by its full balance of \$91,346. We also make a corresponding adjustment to reduce insurance expense by \$19,418 associated with the removal of the transportation expense.

D. Depreciation Expense

PMG recorded \$29,435 in depreciation expense. In response to staff's eighth data request, the Utility provided a description for this expense stating it was related to improvements made to the B&C Group's building. Pluris did not provide further explanation and we were unable to determine the details of this expense. It is the Utility's burden to prove that its costs are reasonable. Based on the lack of support provided by the Utility, we find that depreciation expense shall be reduced by its full balance of \$29,435.

E. Other Miscellaneous Expenses

PMG included miscellaneous expenses totaling \$82,390 involving travel, meals and entertainment, dues and subscriptions, penalties, and gifts in its pre-allocated expenses. In response to staff's eighth data request, the Utility provided PMG's invoices for allocated costs including these miscellaneous expenses. In reviewing the invoices, we noticed that many were only partially allocated to PMG along with multiple other entities. We were not given specific information identifying the other entities but assumes these are related parties to PMG. Additionally, there is a lack of detail provided in the invoices for these miscellaneous expenses to determine if they are related to Pluris, PMG, or another party unrelated to the operation of Pluris. As such, we find that most of these expenses shall be removed. The Utility provided documentation related to membership in the National Association of Water Companies totaling \$6,697. In OPC's letter dated February 16, it suggested 20 percent of this amount should be removed to recognize lobbying efforts. OPC cites to a previous Commission order in which this adjustment was made.²⁶ However, the percentage identified in that case is specific to the invoices identifying lobbying efforts. We reviewed the invoice provided for Pluris and it does not specifically identify lobbying costs. As such, we do not find this is an appropriate adjustment to make. As such, we find other miscellaneous expenses shall be reduced by \$75,693.

F. Administration Fee

PMG included a 5 percent administration fee of \$109,236 in its pre-allocated expenses. In response to OPC's Interrogatory No. 1e, the Utility stated that the fee is designed to compensate the management company for the services provided under the service agreement. Further, in response to OPC's Interrogatory No. 35, Pluris confirmed that the customers are not receiving an incremental benefit from this additional charge. Given that all of PMG's expenses are already allocated to Pluris, and that customers are not receiving a direct benefit from the fee, we find that an additional administration fee of 5 percent shall not be added to the management fee the Utility is already paying to PMG. As such, we find that the administration fee shall be reduced by its full balance of \$109,236.

²⁶Order No. PSC-1999-0513-FOF-WS, issued March 12, 1999, in Docket No. 19980214-WS, *In re: Application for rate increase in Duval, St. Johns and Nassau Counties by United Water Florida Inc.*

G. Conclusion

As noted above, we find there is a lack of clarity and justification for the increased expense and the separation of duties for the managing members of PMG and other related parties. Upon further investigation, we found that managing members of PMG are also listed as managing members of Stockdale Investment Group, Inc. In subsequent rate proceedings, Pluris shall provide a clear cost allocation method or manual to support its related party costs.

Given the addition of Pluris' in-house employees and the reduction to the number of utilities and customers PMG is responsible for, we find these adjustments result in a management fee that is representative of the services provided by PMG for the provision of regulated utility service by Pluris.

Based on the adjustments detailed above, we find a total balance of \$1,230,466 in management fees shall be recognized for allocation purposes. Pluris shall be responsible for 37.65 percent of PMG's total costs based on the most recent utility allocation provided by the Utility. As such, the Utility's allocated portion shall be \$463,278 ($\$1,230,466 \times 37.65\%$). We have further allocated management fees to the water and wastewater systems based on ERCs and find contractual services – management expense shall be \$232,377 and \$230,901 for the water and wastewater systems, respectively. This results in overall decreases of \$27,417 and \$28,893 to the water and wastewater system's 2022 test year expenses, respectively.

As such, we find Contractual Services – Management Fees shall be reduced by \$264,427 ($\$496,804 - \$232,377$) and \$265,903 ($\$496,804 - \$230,901$) for the water and wastewater systems, respectively. Further, we find that in Pluris' next rate filing, the Utility shall be responsible for providing information that details the relationship of all parent-level and above related parties, total expenses on all levels, and the allocation of expenses and duties performed by employees associated with each entity.

13. Rate Case Expense

In its MFRs, Pluris requested \$122,900 for rate case expense. We requested an update of the actual rate case expense incurred, with supporting documentation, as well as the estimated amount to complete the case. On February 16, 2023, the Utility submitted its last revised estimate of rate case expense, through completion of the PAA process, which totaled \$72,646. A breakdown of the Utility's requested rate case expense is as follows:

Table 7
Pluris' Initial and Revised Rate Case Expense Report

Description	MFR Estimated	Actual	Additional Estimated	Revised Total
Legal Fees				
Martin Friedman	\$39,900	\$38,311	\$21,585	\$59,896
General				
Maurice Gallarda	22,000	0	0	0
Accounting				
Dan Winters	26,000	0	0	0
Billing				
Beverly Yopp	6,000	0	0	0
Notices, Printing, & Miscellaneous				
Pluris Wedgefield	25,000	3,800	4,950	8,750
Filing Fee	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Total	<u>\$122,900</u>	<u>\$46,111</u>	<u>\$26,535</u>	<u>\$72,646</u>

Source: MFR Schedule B-10; along with Utility responses to staff data requests

A. Rate Case Expense Adjustments

Pursuant to Section 367.081(7), F.S., we shall determine the reasonableness of rate case expense and shall disallow all rate case expense determined to be unreasonable. We have examined the requested actual expenses, supporting documentation, and estimated expenses as listed above for the current rate case. Based on our review, we find the following adjustments to Pluris' requested rate case expense are appropriate.

1. Dean Mead, P.A.

In its MFRs, Pluris included \$39,900 in legal fees to complete the rate case. In response to staff's first data request, the Utility provided documentation detailing this expense through February 16, 2024. The actual fees and costs totaled \$38,311, with an estimated \$21,585 to complete the rate case, totaling \$59,896.

We reviewed supporting documentation and found 2.7 hours, equaling \$1,107 in legal fees, related to correcting deficiencies. We have previously disallowed rate case expense associated with correcting MFR deficiencies because of duplicate filing costs.²⁷ Additionally, we found that a \$4,000 filing fee that Dean Mead paid on behalf of the Utility was included in total legal fees. However, the cost of the Utility's filing fee is accounted for as its own line item on the

²⁷Order Nos. PSC-2013-0187-PAA-WS, issued May 2, 2013, in Docket No. 120152-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, Inc.*; PSC-05-0624-PAA-WS, issued June 7, 2005, in Docket No. 040450-WS, *In re: Application for rate increase in Martin County by Indiantown Company, Inc.*; and PSC-01-0326-FOF-SU, issued February 6, 2001, in Docket No. 991643-SU, *In re: Application for increase in wastewater rates in Seven Springs System in Pasco County by Aloha Utilities, Inc.*

B-10 Schedule of the Utility's MFRs, and as such shall be removed from legal fees. Consequently, we find an adjustment to reduce actual legal fees by \$5,107.

The estimate to complete the rate case includes fees for 48.5 hours at \$410 an hour, totaling \$19,885, plus \$1,700 in travel and miscellaneous expense. We find the full amount of the estimate to complete the rate case is reasonable. Based on the above, we find that the total legal fees shall be reduced by \$5,107.

2. Maurice Gallarda, General

In its MFRs, Pluris included \$22,000 of rate case expense related to the work performed by Mr. Gallarda. According to the Utility's response to staff's fourth data request, costs associated with time expended by Mr. Gallarda related to Pluris' rate case are included in the Utility's management fees, and as such, no rate case expense shall also be included. As discussed in Section 12 of this order, we have included Mr. Gallarda's salary in the management fees. Consequently, we find an adjustment reducing the Utility's rate case expense by \$22,000 related to Mr. Gallarda's involvement in the proceeding.

3. Dan Winters, Accounting

In its MFRs, Pluris included \$26,000 of rate case expense related to work provided by Mr. Winters. In its response to our staff's ninth data request, the Utility provided a description of Mr. Winters' duties which includes accounting and financial oversight, and the preparation of all regulatory financial filings and rate filings. Mr. Winters is also listed as the preparer of nearly all schedules provided in the Utility's MFRs.

In the Utility's response to staff's fourth data request, the Utility stated that time expended by Mr. Winters is included in the management fee, and as a result, there is no rate case expense associated with his work. However, as previously discussed in Section 12, we are disallowing Mr. Winters' portion of the Utility's management fees. Additionally, we have compared this amount to the approved amount of rate case expense for similar work done by the Stockdale Investment Group in the Utility's 2012 rate case, as well as rate case expense included for similar functions in other rate cases, and find the amount to be reasonable.²⁸ As such, we find that total accounting fees of \$26,000 shall be included for work performed by Mr. Winters.

4. Beverly Yopp, Billing

In its MFRs, Pluris included \$6,000 of rate case expense related to the work performed by Ms. Yopp. According to the Utility's response to our staff's fourth data request, costs associated with time expended by Ms. Yopp related to Pluris' rate case are included in the Utility's management fees, and as such, no rate case expense shall be included. Ms. Yopp's

²⁸Order Nos. PSC-2013-0187-PAA-WS; PSC-2020-0167-PAA-WU, issued May, 2022, in Docket No. 20190118-WU *In re: Application for increase in water rates in Gulf County by Lighthouse Utilities Company, Inc.* and PSC-16-0552-PAA-WS, issued November, 21 2016, in Docket No. 20160030-WS, *In re: Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni Florida, LLC.*

salary is included in the billing and collection expense reflected in management fees. Consequently, we find an adjustment to reduce the Utility's rate case expense by \$6,000 related to Ms. Yopp's involvement in the proceeding.

5. Noticing, Printing, and Miscellaneous

In its MFRs, the Utility included \$25,000 of rate case expense related to notices, printing, envelopes, postage, travel, and miscellaneous expenses for Pluris through the completion of the Utility's rate case. According to projections provided by the Utility in its response to staff's fourth data request, the total cost of mailing, printing and miscellaneous is projected to be \$8,750. Based on the projections discussed above, the total rate case expense included for notices, printing, and miscellaneous expense shall be \$8,750, which results in a reduction of \$16,250 from Pluris' original expense.

6. Filing Fee

On September 22, 2023, we received a payment of \$4,000 from Dean Mead on behalf of Pluris for filing fees related to the Utility's application. The cost of the Utility's filing fee shall be allowed with no adjustment.

B. Conclusion

Based upon the adjustments discussed above, Pluris' revised rate case expense of \$72,646 shall be increased by \$20,893. A breakdown of the rate case expense of \$93,539 is as follows:

Table 8
Approved Rate Case Expense

Description	MFR Estimated	Utility Revised Actual & Est.	Comm. Adj.	Comm. Approved Total
Legal Fees	\$39,900	\$59,896	(\$5,107)	\$54,789
General	22,000	0	0	0
Accounting	26,000	0	26,000	26,000
Billing	6,000	0	0	0
Notices, Printing & Miscellaneous	25,000	8,750	0	8,750
Filing Fee	4,000	4,000	0	4,000
Total	\$122,900	\$72,646	\$20,893	\$93,539

Source: MFR Schedule B-10, along with Utility responses to staff data requests

In its MFRs, the Utility requested total rate case expense of \$122,900. When amortized over four years, this represents an annual expense of \$30,725, or \$15,411 for water and \$15,314 for wastewater. The total rate case expense of \$93,539 shall be amortized over four years, pursuant to Section 367.081(8), F.S., as the Utility did not request or justify a longer amortization period. This represents an annual expense of \$23,385, or \$11,730 for water and

\$11,655 for wastewater. As such, annual rate case expense shall be decreased by \$3,681 (\$15,411 - \$11,730) for water and \$3,659 (\$15,314 - \$11,655) for wastewater, from the respective levels of expense included in the MFRs.

14. Adjustments to O&M Expense

A. Salaries and Wages – Employees

In its filing, the Utility recorded Salaries and Wages – Employees expense of \$204,193 for water and \$239,751 for wastewater. We reviewed the wages for each of the five current employees, as well as the 2023 American Water Works Association (AWWA) compensation survey for small water and wastewater utilities. We find that the total salaries and wages expense included in the test year is excessive for the five current employees. However, the Utility currently has two vacant positions. Using the AWWA compensation survey, we estimated the annual salary for two entry level plant operators. The total test year amount is an appropriate amount for a fully staffed utility of seven full-time employees. As these positions are necessary to the Utility’s operation and will eventually be filled, an adjustment to remove Salary and Wages expense related to these two vacancies is not necessary.

In response to our audit staff’s Document Request No. 30, the Utility stated that the general manager (Joe Kuhns) devotes 25 percent of his time to other systems and the field manager (Garth Armstrong) devotes 50 percent of his time to other systems. However, in response to staff’s ninth data request, the Utility stated that the general manager devotes only 5 percent of his time to other systems. Given the conflicting responses, we find it appropriate to make reductions to Salaries and Wages expense using the 25 and 50 percent allocations originally provided by the Utility to ensure non-utility expenses are not included in rates. Thus, we reduce Salaries and Wages – Employees of \$27,588 and \$27,412 for water and wastewater, respectively. We also find it appropriate to make corresponding adjustments to reduce Employee Pensions and Benefits expense by \$2,332 and \$2,317 for water and wastewater, respectively. Further, we find corresponding adjustments shall be made to reduce Payroll Tax expense by \$2,110 and \$2,097 for water and wastewater, respectively.

B. Non-Recurring Expenses

Rule 25-30.433(9), F.A.C., states “[n]on-recurring expenses shall be amortized over a 5-year period unless a shorter or longer period of time can be justified.” In response to our staff’s first data request, the Utility noted specific items included in O&M expense that were non-recurring in nature. Account 636 Contractual Services – Other included non-recurring expenses of \$9,626 to fix a waterline and \$3,101 for compliance fire hydrant flow testing, totaling \$12,727. Accounts 659 and 759 Insurance Expense – Other included non-recurring expenses to true up excess liability insurance for \$3,496 and \$708 for the water and wastewater systems, respectively. To recognize the amortization of these expenses, we approve decreases of \$12,978 ($[\$12,727 + \$3,496] \times 4/5$) and \$566 ($\$708 \times 4/5$) to the water and wastewater systems, respectively.

In its letter dated February 16, 2024, OPC identified additional non-recurring hurricane expenses recorded to the wastewater system. This included amounts of \$3,989 for hurricane damage repair recorded in Account 775, \$23,226 for hurricane preparation in Account 736, and \$5,302 for hurricane pumps in Account 742, for a total of \$32,517 in hurricane related expenses. Based on our review of OPC's assertion, we agree that adjustments are necessary to recognize the amortization of these non-recurring expenses. As such, we find a decrease of \$26,014 ($\$32,517 \times 4/5$) to the wastewater system. We also find a corresponding adjustment to increase working capital allowance by \$39,558 ($\$12,978 + \$566 + \$26,014$) to reflect the total unamortized balance of the non-recurring expense adjustments.

C. Fuel for Power Production

In its letter dated February 16, 2024, OPC asserted that an adjustment to Fuel for Power Production expense is necessary, as the test year is not representative of a normal full year of operation. The test year included a Fuel for Power Production expense of \$4,288 and \$1,038 for water and wastewater, respectively. As part of our review of fuel expenses, we note that consumption of fuel for power generation was increased during the test year and coincided with an abnormal event, Hurricane Ian. We agree with OPC that a normalization adjustment is necessary. OPC has proposed the use of a 4-year average consistent with a 2009 order for Palm Valley Utilities where we used a 4-year average to normalize Fuel for Power Production expense.²⁹ We find this is a reasonable averaging adjustment. As such, Fuel for Power Production expense shall be reduced by \$2,417 and \$331 for the water and wastewater systems, respectively.

D. Conclusion

Based on the discussion above, O&M expenses shall be further reduced by \$45,314 ($\$27,588 + \$2,332 + \$12,978 + \$2,417$) and \$56,640 ($\$27,412 + \$2,317 + \$26,580 + \331), for the water and wastewater systems, respectively.

15. Income Tax Expense

In its filing, the Utility requested income tax expense of \$163,539 and \$29,478 for water and wastewater, respectively. The Internal Revenue Service defines a partnership as "the relationship between two or more people to do trade or business" and adds that a partnership "does not pay income tax; instead, it 'passes through' profits or losses to its partners. Each partner reports their share of the partnership's income or loss on their tax return."³⁰ In its last rate case, Pluris was a registered corporation and thus had to pay income taxes directly. However, according to its annual report, the Utility is now a limited liability corporation, classified as a partnership. Our practice has been to remove income tax expense for partnerships as they do not

²⁹Order No. PSC-2010-0606-PAA-WS, issued October 4, 2010, in Docket No. 20090447-WS, *In re: Application for staff-assisted rate case in Seminole County by CWS Communities d/b/a Palm Valley Utilities*.

³⁰<https://www.irs.gov/businesses/partnerships>.

pay income taxes directly.³¹ Therefore, we decrease income tax expense in the amount of \$163,539 and \$29,478 for the water and wastewater systems, respectively, resulting in a \$0 balance in both accounts.

16. Taxes Other Than Income (TOTI)

The Utility recorded TOTI of \$190,223 for water, and \$166,829 for wastewater. We shall decrease wastewater TOTI by \$646 as a result of the non-U&U adjustment discussed in Section 4. We shall increase water TOTI by \$29,695 to reflect the increase in property taxes due to the pro forma adjustment discussed in Section 5. We shall further decrease TOTI by \$50,088 and \$24,765 for water and wastewater, respectively, to reflect the proper test year revenues, as discussed in Section 10. We shall also decrease TOTI by \$2,110 and \$2,097 for water and wastewater, respectively, to reflect the fallout of the salary adjustment discussed in Section 13. Based on the adjustments discussed above, we find a decrease in TOTI of \$22,503 (\$29,695 - \$50,088 - \$2,110) for the water system, and a decrease of \$27,508 (\$646 + \$24,765 + \$2,097) for the wastewater system.

17. Revenue Requirement

In its filing, the Utility requested a revenue requirement to generate annual revenue of \$2,713,189 for water and \$1,608,064 for wastewater. The requested revenue requirement represents a revenue increase of \$1,085,570 or approximately 66.70 percent for the water system and \$556,115 or approximately 52.87 percent for the wastewater system. Consistent with our adjustments to rate base, cost of capital, and operating income, we approve rates designed to generate a revenue requirement of \$2,252,986 for the water system and \$1,213,948 for the wastewater system. This results in an increase of 40.80 percent for the water system and 14.77 percent for the wastewater system. This revenue requirement will allow the Utility the opportunity to recover its expenses and earn an 8.24 percent return on its investment in rate base. The revenue requirement for each system is reflected in Schedule Nos. 3-A and 3-B, and the adjustments are shown on Schedule 3-C, attached herein.

Consistent with our findings on rate base, cost of capital, and net operating income, the following revenue requirement shall be approved:

System	Test Year Revenues	\$ Increase	Revenue Requirement	% Increase
Water	\$1,600,131	\$652,855	\$2,252,986	40.80%
Wastewater	\$1,057,726	\$156,222	\$1,213,948	14.77%

³¹Order Nos. PSC-2004-1270-PAA-WS, issued December 22, 2004, in Docket No. 20041141-WS, *In re: Application for certificates to provide water and wastewater service in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake*; PSC-2007-0068-PAA-WS, issued August 20, 2007, in Docket No. 20060747-WS, *In re: Application for staff-assisted rate case in Highlands County by Mink Associated II, LLC d/b/a Crystal Lake Club Utilities*; and PSC-2008-0262-PAA-WS, issued April 28, 2008, in Docket No. 20070414-WS, *In re: Application for staff-assisted rate case in Polk County by Hidden Cove, Ltd.*

18. Rates and Rate Structure

A. Water Rates

Pluris is located in Orange County, within the South Johns River Water Management District. The Utility provides water service to 1,711 residential customers with eight customers having a separate meter for irrigation, 30 general service customers, and two private fire protection customers. Approximately 4 percent of the residential customer bills during the test year had zero gallons, indicating a non-seasonal customer base. The average residential water demand is 4,395 gallons per month. The average water demand excluding zero gallon bills is 4,573 gallons per month. Currently, the rate structure for the water system consists of a base facility charge (BFC) and a three-tier inclining block gallonage charge for the residential class. For the general service class, the rate structure is a BFC and uniform gallonage charge. As discussed in Section 20, the Utility also has two private fire protection customers that were incorrectly billed under the general service rate structure.

We performed an analysis of the Utility's billing data in order to evaluate the appropriate rate structure for the residential water customers. The goal of the evaluation was to select the rate design parameters that: (1) produce the approved revenue requirement; (2) equitably distribute cost recovery among the Utility's customers; (3) establish the appropriate non-discretionary usage threshold for restricting repression; and (4) implement, where appropriate, water conserving rate structures consistent with our practice.

For this case, 35 percent of the water revenues shall be generated from the BFC, which will provide sufficient revenues to design gallonage charges that send pricing signals to customers using above the non-discretionary level. The average people per household served by the water system is 2.83;³² therefore, based on the number of people per household, 50 gallons per day per person, and the number of days per month, the non-discretionary usage threshold shall be 5,000 gallons per month. Our review of the billing data indicates that discretionary usage above 5,000 gallons represents approximately 26 percent of the bills, which accounts for approximately 20 percent of water demand. This indicates that there is moderate amount of discretionary usage above 5,000 gallons.

In its MFRs, the Utility proposed a continuation of its existing rate structure, which includes a BFC and a three-tier inclining block gallonage charge for residential water rates. The rate blocks are: 1) 0-5,000 gallons, 2) 5,000 – 10,000 gallons, 3) Over 10,000 per month. Due to the moderate usage above 5,000 gallons per month, we approve a rate factor of 1.25 in the second tier and a rate factor of 2.00 in the third tier because it will target those customers with higher levels of consumption. General service customers shall continue to be billed a BFC and uniform gallonage charge. Based on Rule 25-30.465, F.A.C., private fire protection customers shall be billed one-twelfth of the BFC for the respective meter size.

³²Average person per household was obtained from website: www.census.gov/quickfacts/Orangecountyflorida.

Based on our revenue increase of 41.60 percent, which excludes miscellaneous revenues, the residential consumption can be expected to decline by 3,464,000 gallons resulting in anticipated average residential demand of 4,228 gallons per month. We find a 3.8 percent reduction in test year residential gallons for rate setting purposes. As a result, the corresponding reductions are \$1,641 for purchased power expense, \$12,578 for chemicals expense, and \$670 for Regulatory Assessment Fees (RAFs) to reflect the anticipated repression, which results in a post repression revenue requirement of \$2,195,654.

B. Wastewater Rates

Pluris provides wastewater service to approximately 1,701 residential customers and 10 general service customer. Currently, the wastewater rate structure for residential customers consists of a monthly uniform BFC for all meter sizes and gallonage charge with an 8,000 gallonage cap. The general service rate structure consists of BFCs by meter size and a gallonage charge that is 1.2 times higher than the residential gallonage charge.

We performed an analysis of the Utility's billing data in order to evaluate various BFC cost recovery percentages and gallonage caps for the residential wastewater customers. The goal of the evaluation was to select the rate design parameters that: 1) produce the approved revenue requirement; 2) equitably distribute cost recovery among the Utility's customers; and 3) implement a gallonage cap, where appropriate, that considers approximately the amount of water that may return to the wastewater system.

Consistent with our practice, we allocated 50 percent of the wastewater revenue to the BFC due to the capital intensive nature of wastewater plants. The Utility's current wastewater gallonage cap is set at 8,000 gallons per month. The wastewater gallonage cap recognizes that not all water used by the residential customers is returned to the wastewater system. It is our practice to set the wastewater cap at approximately 80 percent of residential water sold, which typically results in gallonage caps of 6,000, 8,000, or 10,000. Based on our review of the billing analysis, 86 percent of the gallons are captured at the 6,000 gallon consumption level. Therefore, the gallonage cap for residential customers shall be reduced to 6,000 gallons. We also find that the general service gallonage charge shall continue to be 1.2 times greater than the residential gallonage charge, which is consistent with our practice.

In addition, wastewater rates are calculated on customers' water demand; if those customers' water demand is expected to decline due to repression, then the billing determinants used to calculate wastewater rates should be adjusted accordingly. In determining the number of wastewater gallons subject to repression, we use the gallons between the non-discretionary threshold and the wastewater gallonage cap and apply the percentage reduction in water gallons. In this case, it results in a 0.26 percent reduction to the wastewater gallons for ratesetting purposes, which is de minimis. Therefore, a repression adjustment for wastewater is unnecessary.

C. Conclusion

The approved rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. The Utility shall file revised tariff sheets and a proposed customer notice to reflect our approved rates. The approved rates shall 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 shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice.

19. Miscellaneous Service Charges

Pluris is requesting to revise its existing miscellaneous service charges. The Utility's existing miscellaneous service charges for water were established in Docket No. 070694-WS.³³ Subsequently, the miscellaneous service charges for wastewater were established in Docket No. 100381-WS.³⁴ Section 367.091, F.S., authorizes us to change miscellaneous service charges. The Utility's requested miscellaneous charges were accompanied by its reason for requesting the charges, as well as the cost justification required by Section 367.091(6), F.S. The Utility's existing and requested miscellaneous service charges are shown below in Tables 9 and 10.

Table 9
Pluris' Existing Miscellaneous Service Charges
Water and Wastewater

	Normal Hours	After Hours
Initial Connection Charge	\$21.00	\$42.00
Normal Reconnection Charge	\$21.00	\$42.00
Violation Reconnection Charge	\$21.00	\$42.00
Premises Visit Charge (in lieu of disconnection)	\$21.00	\$42.00

Source: Utility's Current Tariffs and MFRs.

Table 10
Pluris' Requested Miscellaneous Service Charges
Water and Wastewater

	Normal Hours	After Hours
Initial Connection Charge	\$37.50	\$75.00
Normal Reconnection Charge	\$37.50	\$75.00
Violation Reconnection Charge	\$75.00	\$150.00

³³Order No. PSC-08-0827-PAA-WS, issued December 22, 2008, in Docket No. 070694-WS, *In re: Application for increase in water and wastewater rates in Orange County by Wedgefield Utilities, Inc.*

³⁴Order No. PSC-10-0735-TRF-WS, issued December 20, 2010, in Docket No. 100381-WS, *In re: Request for approval of tariff amendment to include a late payment fee of \$5.25 and establish miscellaneous service charges associated with connection, reconnection, and premises visits for its wastewater operation in Orange County by Pluris Wedgefield, Inc.*

Premises Visit Charge (in lieu of disconnection)	\$37.50	\$75.00
Meter Tampering Charge	\$60.00	

Source: Utility's Current Tariffs and MFRs.

A. Premises Visit and Violation Reconnection Charge

As shown on Table 10, the Utility's request consists of several miscellaneous service charges. Rule 25-30.460, F.A.C., does not allow for initial connection and normal reconnection charges.³⁵ The Utility's requested initial connection and normal reconnection charges are obsolete and inconsistent with the rule.

The Utility's calculation for the premises visit charge and violation reconnection are shown below in Table 11. The Utility provided cost justification of \$38.98; however, the Utility requested a charge of \$37.50 for both the premises visit and violation reconnection charges which represents the cost of a trip to perform a specified service. The violation reconnection charge of \$75 ($\37.50×2) accounts for two trips which are the discontinuance of service and the subsequent reconnection of service. We find the cost justification is reasonable and imposes the cost on cost causer. Based on the rule, we find that the initial connection and normal reconnection charges shall be removed. The premises visit charge shall be \$37.50 for normal hours and \$75.00 for after hours for both water and wastewater. The violation reconnection for water shall be \$75.00 for normal hours and \$150 for after hours and at actual cost for wastewater. This change to miscellaneous service charges results in an increase in miscellaneous revenues of \$12,790 for water on a prospective basis, which results in total miscellaneous revenues of \$42,442.

Table 11
Calculation for Proposed Premises Visit and Violation Reconnection Charge

Activity	Cost
Mileage (\$0.67 per mile x 3)	\$2.01
Labor – Tech – Round Trip Drive ($\$39.43 \times .10$)	\$3.94
Labor – Tech – Location Labor Time ($\$39.43 \times .50$)	\$19.72
Labor – Tech – Processing of Work Order ($\$39.43 \times .15$)	\$5.92
Fuel – Fuel and Maintenance ($\$3.00 \times .10$)	\$0.30
Insurance – Workers Comp Insurance ($\$0.70 \times .75$)	\$0.53
Labor – CCR – Customer Care Representatives ($\$13.14 \times .50$)	<u>\$6.57</u>
Total	<u>\$38.99</u>

Source: Utility's cost justification.

³⁵Order No. PSC-2021-0201-FOF-WS, issued June 4, 2021, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges.*

B. Investigation of Meter Tampering Charge and Meter Tampering Charges

In its MFRs, Pluris requested a meter tampering charge of \$200.00 as well as actual cost for repairs. Subsequently, the Utility revised its request and provided cost justification of a meter tampering charge of \$60.00. The Utility’s cost justification is shown below on Table 12 and includes mileage, administrative labor, field labor, and insurance costs. Rule 25-30.320(2)(i), F.A.C., provides that a customer’s service may be discontinued without notice in the event of tampering with the meter or other facilities furnished or owned by the Utility. In addition, Rule 25-30.320(2)(j), F.A.C., provides that a customer’s service may be discontinued in the event of an unauthorized or fraudulent use of service. The rule allows the Utility to require the customer to reimburse the Utility for all changes in piping or equipment necessary to eliminate the illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer’s fraudulent use before restoring service.

The Utility’s cost justification supports a charge of \$57 and shall be considered as cost recovery for an investigation of meter tampering. The charge shall only be assessed where an investigation reveals evidence of meter tampering. The Utility’s requested charge is similar to other investigation of meter tampering charges previously approved by us.³⁶ If meter tampering is revealed, Rule 25-30.320, F.A.C., allows the Utility to assess actual cost of any damages incurred. Therefore, we approve an investigation of meter tampering charge of \$57 and a meter tampering charge at actual cost. The approved miscellaneous service charges are shown in Table 13.

Table 12
Investigation of Meter Tampering Charge Cost Justification

Field Labor	\$39.43
Administrative Labor	\$13.14
Mileage	\$3.00
Insurance Costs	\$0.70
Total	\$56.27

Source: Utility’s Cost Justification.

Table 13
Comm. Approved Miscellaneous Service Charges

	Normal Hours	After Hours
Violation Reconnection Charge – Water	\$75.00	150.00
Violation Reconnection Charge –Wastewater	Actual Cost	Actual Cost
Premises Visit Charge	\$37.50	\$75.00
Investigation of Meter Tampering Charge	\$57.00	
Meter Tampering Charge	Actual Cost	

Source: Staff’s Recommendation.

³⁶ Order PSC-13-0177-PAA-WU, issued April 29, 2013, in Docket No. 20130052-WU, *In re: Application for grandfather certificate to operate water utility in Charlotte County by Little Gasparilla Water Utility, Inc.*

C. Conclusion

The appropriate miscellaneous service charges are shown on Table 13 and shall be approved. The Utility shall be required to file a proposed customer notice to reflect our approved charges. The approved charges shall 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 shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by customers. The Utility shall provide proof of the date notice was given no less than 10 days after the date of the notice.

20. Initial Customer Deposits

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, we have set initial customer deposits equal to two times the average estimated bill. Currently, the Utility's water and wastewater initial customer deposit for the 5/8 inch x 3/4 inch meter size is \$20 for water and \$60 for general service. However, these amounts do not cover two months' average bills based on our approved rates. The Utility's anticipated post-repression average monthly residential usage is 4,228 gallons per customer. Therefore, the average residential monthly bill is approximately \$94 for water and \$60 for wastewater service based on our approved rates.

We find that the appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size shall be \$188 ($\94×2) for water and \$120 ($\60×2) for wastewater. The initial customer deposits for all other residential meter sizes and all general service meter sizes shall be two times the average estimated bill. The approved initial customer deposits shall 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 shall be required to collect the approved deposits until authorized to change them by us in a subsequent proceeding.

21. Private Fire Protection Refund

In its MFRs, Pluris indicated that there were two fire protection customers. Since the Utility does not have an approved tariff for private fire protection, we asked for information from the Utility in regard to the customers. We were informed that the customers were the Villas of Wedgefield Homeowner's Association, Inc. (HOA), which is being served by a 5/8-inch line, and the Orange County School Board (school board), which is being served by an 8-inch line. The Utility bills both customers a BFC by meter size and a gallonage charge per 1,000 gallons under the general service tariff.

In accordance with Rule 25-30.465, F.A.C., private fire protection shall be a charge based on the size of the connection rather than the number of fixtures connected. According to the rule, the rate shall be one-twelfth the current BFC of the Utility's meter sizes, unless otherwise supported by the Utility. In our staff's third data request, we referenced the rule that governs private fire

protection rates.³⁷ In response, the Utility indicated that any implication that it improperly charged the private fire protection customers was erroneous and asserted that the rule does not automatically establish private fire protection rates.³⁸

We disagree with the Utility's assertion. The rules govern the manner in which a private fire protection customer can be billed. It is incumbent on the Utility to be knowledgeable of the statutes and rules that govern it as a regulated utility. The HOA became a private fire protection customer in February of 2014. Since Pluris did not have a private fire protection tariff, providing the private fire protection service was a new class of service. Pursuant to Section 367.091(5), F.S., if any request for service of a utility shall be for a new class of service not previously approved, the utility may furnish the new class of service and fix and charge just, reasonable, and compensatory rates or charges therefor. A schedule of rates or charges so fixed shall be filed with us within 10 days after the service is furnished. Pursuant to Rule 25-30.465, F.A.C., the just, reasonable, and compensatory rate for a private fire protection customer is one-twelfth of the respective BFC, which would have been one-twelfth of its 5/8-inch general service BFC.

Pluris started serving the school board as a private fire protection customer in August of 2016. The school board has an 8-inch line. At the time, the Utility's tariff rates only went up to the 6-inch meter size. Therefore, Pluris billed the school board the general service rate for a 6-inch meter size. In December of 2017, the Utility started billing an 8-inch turbine meter size BFC which was not authorized under its general service tariff. In 2019, the Utility requested and was approved for an eight inch turbine meter size BFC.³⁹ In the petition, Pluris indicated it had added a general service customer with an 8-inch turbine meter and it wanted a BFC for that meter size based on the meter equivalency factors in Rule 25-30.055, F.A.C. Further, the petition emphasized it was not a request for a new class of service.

The school board is the only customer of Pluris with 8-inch service. When Pluris petitioned for approval of the 8-inch BFC, the BFC was for the school board. We were unaware that the general service customer was a private fire protection customer. However, the Utility was aware, yet it requested just the full 8-inch meter size BFC and not one-twelfth of the 8-inch meter size, which is appropriate for the private fire protection customer. The Utility filed a petition when it did not have an approved rate for a particular meter size, but chose to use the general service rates for private fire protection when it did not have approved private fire protection rates.

The Utility has billed the two private fire protection customers inappropriately. The customers were billed for a full BFC rather than one-twelfth and also for usage, which is not typical for private fire protection. Pursuant to Rule 25-30.350 (2), F.A.C., in the event of an overbilling, the utility shall refund the overcharge to the customer based on available records. The Utility provided records indicating how much the two private fire protection customers have been billed since service started being provided. To determine the appropriate refund, we calculated the difference in Utility's recorded revenues for the two private fire protection customers and our corrected

³⁷See Document No. 06615-2023, filed December 15, 2023.

³⁸See Document No. 00190-2024, filed January 16, 2024.

³⁹Order No. PSC-2019-0358-TRF-WS, issued August 26, 2019, in Docket No. 20190133-WS, *In re: Application for approval of an 8" general service meter rate by Pluris Wedgefield, LLC.*

calculation of the appropriate private fire protection based on one-twelfth of the base facility charge for each meter size. As of the February 2024 billing, we determined that the Villas of Wedgefield HOA shall receive a refund in the amount of \$3,174 plus interest and the School Board of Orange County shall receive a refund in the amount of \$213,386 plus interest. Pursuant to Rule 25-30.350(3), F.A.C., in the event of overbilling, the customer may elect to receive as a one-time disbursement, if the refund is in excess of \$20, or as a credit to future billings. The Utility shall provide a calculation for approval by our staff which includes billing periods beyond February 2024 up to the implementation of the approved private fire protection rates.

We find that Pluris’ two private fire protection customers shall be granted a refund. The Utility shall be required to refund the difference between the total revenues collected and the appropriate revenues calculated based on one-twelfth of the BFC that is relative to the size of the line since the fire protection customers began receiving service. Our staff shall be given administrative authority to approve the refund amount based on the aforementioned calculation. The refund amount shall be provided to our staff for approval within 14 days of this order. The refunds shall be made with interest in accordance with Rule 25-30.360(4), F.A.C. Pursuant to Rule 25-30.360(7), F.A.C., the refund shall be made within 90 days of our order. During the processing of the refund, monthly reports on the status of the refund shall be made by the 20th of the following month.

22. Temporary Hydrant Meter Deposit

In its application, Pluris requested to establish a temporary hydrant meter deposit. The requested deposit of \$1,500 is consistent with Rules 25-30.315 and 25-30.345, F.A.C., which allow the Utility to charge an applicant a reasonable charge to defray the costs of installing and removing facilities and materials for temporary service. The Utility’s request for a temporary hydrant meter deposit charge was supported by documentation. The Utility’s requested deposit is shown below in Table 14. The deposit would be collected from commercial entities requesting a temporary meter for construction activities. The temporary meter is a 2-inch portable meter hooked to the fire hydrant, which is used for temporary water at the commercial work site. Based on the cost justification, we find the deposit is reasonable and shall be approved. Once the temporary meter service is terminated, the Utility shall credit the customer with the reasonable salvage value of the service facilities and materials consistent with Rules 25-30.315(2), F.A.C.

Table 14
Utility’s Cost Justification For Temporary Hydrant Meter

Materials	Cost
2” Turbo Meter/Meter Flange Set	\$951.25
NL Pressure Backflow/Brass Nipple	\$442.39
Saddle Pipe Support	\$102.36
Total	\$1,496.00

Source: Utility’s Cost Justification.

Based on the above, the Utility's requested temporary hydrant meter deposit shall be approved. Once the temporary meter service is terminated, the Utility shall credit the customer with the reasonable salvage value of the service facilities and materials pursuant to Rule 25-30.315(2), F.A.C. The approved temporary meter deposit shall be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility shall be required to collect the approved deposit, which covers the anticipated costs of installing and removing facilities and materials for temporary service, until authorized to change it by us in a subsequent proceeding.

23. Service Availability Charges

In its filing, the Utility only proposed to change its meter installation charge. However, we may adjust service availability charges if we deem it to be appropriate. Pluris' existing service availability charges for water consist of a meter installation charge of \$268 for the 5/8 inch x 3/4 inch meter size with all other meter sizes at actual cost and a system capacity charge of \$640. For wastewater, the Utility's existing service availability charges consist of a \$2,250 system capacity charge.

A system capacity charge is a single service availability charge that includes the cost of both plant and lines. For a utility that receives donated lines from a developer, an individual customer connecting to those lines should only be responsible for a service availability charge that reflects plant costs. Therefore, separate charges are typically developed to reflect the customer's share of plant costs (plant capacity charges) and the cost of lines in lieu of donated lines (main extension charges).

Rule 25-30.580, F.A.C., establishes guidelines for designing service availability charges. Pursuant to the rule, the maximum amount of CIAC, net of amortization, should not exceed 75 percent of the total original cost, net of accumulated depreciation, of the Utility's facilities and plant when the facilities and plant are at their designed capacity. The minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution system and sewage collection systems. The current contribution levels are 19.09 percent and 57.46 percent for water and wastewater, respectively. The percentage of the water transmission and distribution system to total plant results is a minimum contribution of 28.55 percent for the water system. For the wastewater system, the percentage of the wastewater collection system to plant results is a minimum contribution level of 30.32 percent. Below is the discussion in regard to the appropriate service availability charges.

A. Meter Installation Charge

A meter installation charge is designed to recover the cost of the meter and the installation. The Utility's current meter installation charge is \$268 for the 5/8 inch x 3/4 inch meter size. Based on the cost justification provided, we find that it is appropriate to update the Utility's existing meter installation charge.⁴⁰ The requested meter installation charge of \$674 for

⁴⁰ Document No. 01090-2024, filed March 8, 2024.

the 5/8 inch x 3/4 inch meter size is reasonable and all other meter sizes shall continue at actual cost.

B. Main Extension Charge

1. *Water*

Our approved cost of the water distribution system is \$4,063,347. The water distribution system has a design capacity of 1,911 ERCs, which results in a main extension charge of \$2,126 per ERC (\$4,063,347/1,911 ERCs). Currently, at a 19.09 percent contribution level, the water system is below its minimum contribution level of 28.55 percent. In order to bring the water system up to a minimum contribution level at least by build out, it would take a charge in excess of the calculated \$2,126 main extension charge. The service territory is approximately 91 percent built out. Historically, customers have paid a \$640 system capacity charge, which includes cost for both plant and lines. We find that it is not appropriate to impose an exorbitant charge on the remaining nine percent of future customers in order to compensate for the below minimum contribution level. As a result, we find the existing charge of \$640 shall remain in place; however, it shall be reclassified as the main extension charge.

2. *Wastewater*

Our approved cost of the collection system is \$2,799,538. The wastewater collection system has a design capacity of 1,911 ERCs, which results in a main extension charge of \$1,465 per ERC (\$2,799,538/1,911 ERCs). Currently, at a 57.46 percent contribution level, the wastewater system is meeting its minimum contribution level of 30.32 percent. However, due to the past \$2,250 system capacity charge, the rate of depreciation on plant, and the rate of amortization of CIAC, the wastewater system will become over-contributed in three years and the over-contribution will continue to escalate. As a result, we find that no main extension charge shall be implemented and the system capacity charge shall be discontinued.

C. Conclusion

Based on the above, Pluris' existing service availability charges shall be revised. The Utility's requested meter installation charge of \$674 shall be approved. The water system capacity charge of \$640 shall be reclassified as the main extension charge. The wastewater system capacity charge shall be discontinued. There are no other service availability charges applicable. The Utility shall file a revised tariff sheet and a proposed notice to reflect the approved meter installation and main extension charges. Pluris shall provide notice to property owners who have requested service beginning 12 months prior to the establishment of this docket. The approved charge shall be effective for connections made on or after the stamped approval date on the tariff sheet. The Utility shall provide proof of noticing within 10 days of rendering the approved notice.

24. Interim Revenue Refund

By Order No. PSC-2023-0387-PCO-WS, issued December 27, 2023, we authorized the collection of interim water and wastewater rates, subject to refund, pursuant to Section 367.082, F.S. An interim revenue requirement of \$2,040,748 and \$1,301,113 was granted for the water and wastewater systems, respectively.

According to Section 367.082, F.S., any refund shall be calculated to reduce the rate of return of the utility during the pendency of the proceeding to the same level within the range of the newly authorized rate of return. Adjustments made in the rate case test period that do not relate to the period interim rates are in effect shall be removed.

In this rate case, the test period for establishment of interim and final rates is the 12-month period ended December 31, 2022. Pluris' approved interim rates did not include any provisions for pro forma plant or projected operating expenses. The interim increase was designed to allow recovery at the lower limit of the last authorized range of return on equity.

To establish the proper refund amount, we calculated a revised interim revenue requirement utilizing the same data used to establish final rates. Pro forma plant and rate case expense were excluded because these items are prospective in nature and did not occur during the interim collection period. Our revised interim revenue requirement is \$1,938,636 and \$1,200,719 for the water and wastewater systems, respectively. These revised amounts reflect a difference of \$102,112 (\$2,040,748 - \$1,938,636) for water and \$100,394 (\$1,301,113 - \$1,200,719) for wastewater.

Based on the above, we find refunds of 5.00 percent ($\$102,112 / \$2,040,748$) and 7.72 percent ($\$100,394 / \$1,301,113$) for the water and wastewater systems, respectively. The refunds shall be made with interest in accordance with Rule 25-30.360(4), F.A.C. The Utility shall be required to submit proper refund reports pursuant to Rule 25-30.360(7), F.A.C. The Utility shall treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), F.A.C. Once the appropriate amounts of interim revenues are refunded and the refund amounts are verified by our staff, the corporate undertaking shall be released.

25. Removal of Amortized Rate Case Expense

The water and wastewater rates shall be reduced, as shown in Schedule Nos. 4-A and 4-B, respectively, to remove the annual amortization of rate case expense grossed-up for RAFs. The decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period. Pluris shall 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 shall 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.

26. Commission Ordered Adjustments

The Utility shall be required to notify us, in writing, that it has adjusted its books in accordance with our decision. Pluris shall submit a letter within 90 days of the final order in this docket confirming that the adjustments to all the applicable NARUC USOA accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, notice shall be provided within seven days prior to deadline. Upon providing good cause, our staff shall be given administrative authority to grant an extension of up to 60 days.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application for increase in water and wastewater rates by Pluris Wedgefield, LLC, is granted in part as set forth in the body of this order. It is further

ORDERED that the Utility is authorized to charge the new rates and charges as set forth in the body of this order and the attachments and schedules attached hereto. The approved rates shall remain in effect until we authorize a change in a subsequent proceeding. It is further

ORDERED that all matters contained in the schedules appended to this Order are incorporated herein by reference. It is further

ORDERED that the Utility shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates shall 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 shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice. It is further

ORDERED that the Utility's miscellaneous service charges shall be revised as set forth in the body of this Order. The Utility shall be required to file a proposed customer notice to reflect our approved charges. The approved charges shall 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 shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by customers. The Utility shall provide proof of the date notice was given no less than 10 days after the date of the notice. It is further

ORDERED that the appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size shall be \$188 for water and \$120 for wastewater. The initial customer deposits for all other residential meter sizes and all general service meter sizes shall be two times the average estimated bill. The approved initial customer deposits shall 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 shall collect the approved deposits until authorized to change them by us in a subsequent proceeding. It is further

ORDERED that Pluris' two private fire protection customers shall be granted a refund. The Utility shall refund the difference between the total revenues collected and the appropriate revenues calculated based on one-twelfth of the BFC that is relative to the size of the line since the fire protection customers began receiving service. Our staff should be given administrative authority to approve the refund amount based on the aforementioned calculation. The refund amount shall be provided to staff for approval within 14 days of issuance of this order. The refunds shall be made with interest in accordance with Rule 25-30.360(4), F.A.C. Pursuant to Rule 25-30.360(7), F.A.C., the refund shall be made within 90 days of issuance of this order. During the processing of the refund, monthly reports on the status of the refund shall be made by the 20th of the following month. It is further

ORDERED that Pluris' requested temporary hydrant meter deposit is approved. Once the temporary meter service is terminated, the Utility shall credit the customer with the reasonable salvage value of the service facilities and materials pursuant to Rule 25-30.315(2), F.A.C. The approved temporary meter deposit shall 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 shall collect the approved deposit until authorized to change it by us in a subsequent proceeding. It is further

ORDERED that Pluris' existing service availability charges are revised as set forth herein. The Utility shall file a revised tariff sheet and a proposed notice to reflect the Commission-approved meter installation and main extension charges. Pluris shall provide notice to property owners who have requested service beginning 12 months prior to the establishment of this docket. The approved charge shall be effective for connections made on or after the stamped approval date on the tariff sheet. The utility shall provide proof of noticing within 10 days of rendering the approved notice. It is further

ORDERED that interim revenue shall be refunded as set forth in the body of this Order. The refunds shall be made with interest in accordance with Rule 25-30.360(4), F.A.C. The Utility shall be required to submit proper refund reports pursuant to Rule 25-30.360(7), F.A.C. The Utility shall treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), F.A.C. Once the appropriate amounts of interim revenues are refunded and the refund amounts are verified by our staff, the corporate undertaking shall be released. It is further

ORDERED that the Utility's water and wastewater rates shall be reduced, as shown in Schedule Nos. 4-A and 4-B, respectively, to remove the annual amortization of rate case expense grossed-up for RAFs. The decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period. Pluris shall 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 shall 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. It is further

ORDERED that in its next rate filing, the Utility shall be responsible for providing information that details the relationship of all parent-level and above related parties, total expenses on all levels, and the allocation of expenses and duties performed by employees associated with each entity. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall remain open for our staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by our staff, the Utility has notified our staff that the adjustments for all the applicable National Association of Regulatory Commissioners Uniform System of Accounts primary accounts have been made, and the interim refund report has been filed. Once these actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 23rd day of April, 2024.



ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action herein, except with regard to the interim refund, the reduction of water rates to reflect removal of amortized rate case expense, and the requirement of proof of adjustments, is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 14, 2024. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Pluris Wedgefield, LLC.				Schedule No. 1-A		
Schedule of Water Rate Base				Docket No. 20230083-WS		
Test Year Ended 12/31/22						
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Comm. Adjust- ments	Comm. Adjusted Test Year	
1 Plant in Service	\$11,966,333	\$2,228,429	\$14,194,762	\$37,064	\$14,231,826	
2 Land and Land Rights	1,443	0	1,443	0	1,443	
3 Non-used and Useful Components	0	0	0	0	0	
4 Accumulated Depreciation	(5,893,414)	228,181	(5,665,233)	38,930	(5,626,303)	
5 CIAC	(3,001,852)	0	(3,001,852)	(8,677)	(3,010,529)	
6 Amortization of CIAC	1,391,204	0	1,391,204	(22,924)	1,368,280	
7 Working Capital Allowance	<u>(3,039,636)</u>	<u>3,427,052</u>	<u>389,416</u>	<u>19,842</u>	<u>409,258</u>	
8 Rate Base	<u>\$1,426,078</u>	<u>\$5,883,662</u>	<u>\$7,309,740</u>	<u>\$64,235</u>	<u>\$7,373,975</u>	

Pluris Wedgefield, LLC.			Schedule No. 1-B		
Schedule of Wastewater Rate Base			Docket No. 20230083-WS		
Test Year Ended 12/31/22					
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Comm. Adjust- ments	Comm. Adjusted Test Year
1 Plant in Service	\$9,152,109	\$0	\$9,152,109	(\$15,765)	\$9,136,344
2 Land and Land Rights	97,402	0	97,402	0	97,402
3 Non-used and Useful Components	0	(8,648)	(8,648)	(97)	(8,745)
4 Accumulated Depreciation	(7,119,861)	0	(7,119,861)	68,782	(7,051,079)
5 CIAC	(4,344,556)	0	(4,344,556)	0	(4,344,556)
6 Amortization of CIAC	3,154,198	0	3,154,198	(63,138)	3,091,060
7 Working Capital Allowance	<u>(3,018,344)</u>	<u>3,405,286</u>	<u>386,942</u>	<u>19,717</u>	<u>406,659</u>
8 Rate Base	<u>(\$2,079,052)</u>	<u>\$3,396,638</u>	<u>\$1,317,586</u>	<u>\$9,499</u>	<u>\$1,327,085</u>

Pluris Wedgefield, LLC.		Schedule No. 1-C	
Adjustments to Rate Base		Docket No. 20230083-WS	
Test Year Ended 12/31/22			
Explanation	Water	Wastewater	
Plant In Service			
1 Staff-Adjusted Audit Finding No. 1	\$36,796	(\$15,765)	
2 To reflect the reclassification of a meter installation charge.	<u>268</u>	<u>0</u>	
Total	<u>\$37,064</u>	<u>(\$15,765)</u>	
Accumulated Depreciation			
1 Staff-Adjusted Audit Finding No. 2	\$39,740	\$68,782	
2 To reflect the appropriate pro-forma accumulated depreciation.	<u>(810)</u>	<u>0</u>	
Total	<u>\$38,930</u>	<u>\$68,782</u>	
Non-Used and Useful			
To reflect net non-used and useful adjustment.	<u>\$0</u>	<u>(\$97)</u>	
CIAC			
1 Audit Finding No. 3	(\$8,409)	\$0	
2 To reflect the reclassification of a meter installation charge.	<u>(268)</u>	<u>0</u>	
Total	<u>(\$8,677)</u>	<u>\$0</u>	
Accumulated Amortization of CIAC			
Audit Finding No. 4	<u>(\$22,924)</u>	<u>(\$63,138)</u>	
Working Capital			
To reflect the unamortized balance of non-recurring expenses.	<u>\$19,842</u>	<u>\$19,717</u>	

Pluris Wedgefield, LLC.						Schedule No. 2		
Capital Structure 13-Mo. Average						Docket No. 20230083-WS		
Test Year Ended 12/31/22								
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro-rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility								
1 Debt	\$1,911,528	\$0	\$1,911,528	\$376,318	\$2,287,846	26.52%	5.70%	1.51%
2 Common Equity	(1,003,979)	6,281,931	5,277,952	1,038,361	6,316,313	73.21%	9.00%	6.59%
3 Customer Deposits	<u>23,168</u>	<u>0</u>	<u>23,168</u>	<u>0</u>	<u>23,168</u>	<u>0.27%</u>	6.00%	<u>0.02%</u>
Total Capital	<u>\$930,717</u>	<u>\$6,281,931</u>	<u>\$7,212,648</u>	<u>\$1,414,679</u>	<u>\$8,627,327</u>	<u>100.00%</u>		<u>8.12%</u>
Description	Adjusted Test Year Total Capital	Pro Forma Adjustments	Subtotal Adjusted Capital	Pro-rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Commission								
4 Debt	\$1,661,528	\$0	\$1,661,528	(\$264,534)	\$1,396,994	16.06%	5.70%	0.92%
5 Common Equity	6,144,387	2,515,214	8,659,601	(1,378,704)	7,280,987	83.68%	8.75%	7.32%
6 Customer Deposits	<u>23,168</u>	<u>0</u>	<u>23,168</u>	<u>0</u>	<u>23,168</u>	<u>0.27%</u>	2.00%	<u>0.01%</u>
Total Capital	<u>\$7,829,083</u>	<u>\$2,515,214</u>	<u>\$10,344,297</u>	<u>(\$1,643,237)</u>	<u>\$8,701,060</u>	<u>100.00%</u>		<u>8.24%</u>
						LOW	HIGH	
						RETURN ON EQUITY	<u>7.75%</u>	<u>9.75%</u>
						OVERALL RATE OF RETURN	<u>7.41%</u>	<u>9.08%</u>

Pluris Wedgefield, LLC. Statement of Water Operations Test Year Ended 12/31/22							Schedule No. 3-A Docket No. 20230083-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Comm. Adjust- ments	Comm. Adjusted Test Year	Revenue Increase	Revenue Requirement	
1 Operating Revenues:	<u>\$1,627,619</u>	<u>\$1,085,570</u>	<u>\$2,713,189</u>	<u>(\$1,113,058)</u>	<u>\$1,600,131</u>	<u>\$652,855</u> 40.80%	<u>\$2,252,986</u>	
Operating Expenses								
2 Operation & Maintenance	\$1,749,162	(\$404,919)	\$1,344,243	(\$318,387)	\$1,025,856	\$0	\$1,025,856	
3 Depreciation	363,029	58,604	421,633	359	421,992	0	421,992	
4 Amortization	0	0	0	273	273	0	273	
5 Taxes Other Than Income	141,262	48,961	190,223	(22,503)	167,720	29,378	197,098	
6 Income Taxes	<u>0</u>	<u>163,539</u>	<u>163,539</u>	<u>(163,539)</u>	<u>0</u>	<u>0</u>	<u>0</u>	
7 Total Operating Expense	<u>2,253,453</u>	<u>(133,815)</u>	<u>2,119,638</u>	<u>(503,798)</u>	<u>1,615,840</u>	<u>29,378</u>	<u>1,645,219</u>	
8 Operating Income	<u>(\$625,834)</u>	<u>\$1,219,385</u>	<u>\$593,551</u>	<u>(\$609,260)</u>	<u>(\$15,709)</u>	<u>\$623,476</u>	<u>\$607,767</u>	
9 Rate Base	<u>\$1,426,078</u>		<u>\$7,309,740</u>		<u>\$7,373,975</u>		<u>\$7,373,975</u>	
10 Rate of Return	<u>(43.88%)</u>		<u>8.12%</u>		<u>(0.21%)</u>		<u>8.24%</u>	

Pluris Wedgefield, LLC. Statement of Wastewater Operations Test Year Ended 12/31/22							Schedule No. 3-B Docket No. 20230083-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Comm. Adjust- ments	Comm. Adjusted Test Year	Revenue Increase	Revenue Requirement	
1 Operating Revenues:	<u>\$1,051,949</u>	<u>\$556,115</u>	<u>\$1,608,064</u>	<u>(\$550,338)</u>	<u>\$1,057,726</u>	<u>\$156,222</u> 14.77%	<u>\$1,213,948</u>	
Operating Expenses								
2 Operation & Maintenance	\$924,958	\$250,836	\$1,175,794	(\$332,260)	\$843,533	\$0	\$843,533	
3 Depreciation	129,820	(845)	128,975	(14,575)	114,400	0	114,400	
4 Amortization	0	0	0	285	285	0	285	
5 Taxes Other Than Income	141,804	25,025	166,829	(27,508)	139,321	7,030	146,351	
6 Income Taxes	<u>0</u>	<u>29,478</u>	<u>29,478</u>	<u>(29,478)</u>	<u>0</u>	<u>0</u>	<u>0</u>	
7 Total Operating Expense	<u>1,196,582</u>	<u>304,494</u>	<u>1,501,076</u>	<u>(403,538)</u>	<u>1,097,538</u>	<u>7,030</u>	<u>1,104,568</u>	
8 Operating Income	<u>(\$144,633)</u>	<u>\$251,621</u>	<u>\$106,988</u>	<u>(\$146,800)</u>	<u>(\$39,812)</u>	<u>\$149,192</u>	<u>\$109,379</u>	
9 Rate Base	<u>(\$2,079,052)</u>		<u>\$1,317,586</u>		<u>\$1,327,085</u>		<u>\$1,327,085</u>	
10 Rate of Return	<u>6.96%</u>		<u>8.12%</u>		<u>(3.00%)</u>		<u>8.24%</u>	

Pluris Wedgefield, LLC.		Schedule No. 3-C	
Adjustments to Net Operating Income		Docket No. 20230083-WS	
Test Year Ended 12/31/22			
Explanation	Water	Wastewater	
Operating Revenues			
1 To remove the requested final revenue increase.	(\$1,085,570)	(\$556,115)	
2 To reflect the appropriate amount of test year revenues.	<u>(27,488)</u>	<u>5,777</u>	
Total	<u>(\$1,113,058)</u>	<u>(\$550,338)</u>	
Operation and Maintenance Expense			
1 Audit Finding No. 8	(\$4,964)	(\$6,059)	
2 To reflect the appropriate amount of test year salaries.	(27,588)	(27,412)	
3 To reflect the appropriate amount of pensions and benefits.	(2,332)	(2,317)	
4 To reflect the appropriate amount of management fees.	(264,427)	(265,903)	
5 To reflect the appropriate amount of rate case expense.	(3,681)	(3,659)	
6 To reflect non-recurring expenses.	(12,978)	(26,580)	
7 To reflect a fuel for power production normalization adjustment.	<u>(2,417)</u>	<u>(331)</u>	
Total	<u>(\$318,387)</u>	<u>(\$332,260)</u>	
Depreciation Expense			
1 Staff-Adjusted Audit Finding No 2	\$6,218	(\$14,964)	
2 To reflect the appropriate pro forma depreciation expense.	(5,859)	0	
3 To reflect the net depreciation on non-U&U adjustment.	<u>0</u>	<u>389</u>	
Total	<u>\$359</u>	<u>(\$14,575)</u>	
Amortization			
Audit Finding No. 4	<u>\$273</u>	<u>\$285</u>	
Taxes Other Than Income			
1 RAFs on revenue adjustment above.	(\$50,088)	(\$24,765)	
2 To remove the property taxes on non-U&U adjustment.	0	(646)	
3 To reflect the fallout of salary adjustment.	(2,110)	(2,097)	
4 To reflect the pro forma property tax.	<u>29,695</u>	<u>0</u>	
Total	<u>(\$22,503)</u>	<u>(\$27,508)</u>	
Income Taxes			
To remove the income tax provision.	<u>(\$163,539)</u>	<u>(\$29,478)</u>	

PLURIS WEDGEFIELD, LLC.					SCHEDULE NO. 4-A
TEST YEAR ENDED DECEMBER 31, 2022					DOCKET NO. 20230083
MONTHLY WATER RATES					
	UTILITY CURRENT RATES	COMMISSION APPROVED INTERIM RATES	UTILITY REQUESTED FINAL RATES	COMMISSION APPROVED FINAL RATES	4 YEAR RATE REDUCTION
Residential and General Service					
Base Facility Charge by Meter Size					
5/8"X3/4"	\$28.10	\$35.30	\$47.12	\$35.25	\$0.20
3/4"	\$42.16	\$52.95	\$70.68	\$52.88	\$0.30
1"	\$70.26	\$88.25	\$117.80	\$88.13	\$0.49
1-1/2"	\$140.52	\$176.50	\$235.60	\$176.25	\$0.99
2"	\$224.84	\$282.40	\$376.96	\$282.00	\$1.58
3"	\$449.68	\$564.80	\$753.92	\$564.00	\$3.16
4"	\$702.62	\$882.50	\$1,178.00	\$881.25	\$4.94
6"	\$1,405.25	\$1,765.00	\$2,356.00	\$1,762.50	\$9.87
8"	\$2,528.88	\$3,177.00	\$4,240.80	\$3,172.50	\$17.77
Gallonge Charge - Residential Service					
0 - 5,000 gallons	\$8.86	\$11.13	\$14.86	\$13.82	\$0.08
5,001 - 10,000 gallons	\$11.01	\$13.83	\$18.46	\$17.28	\$0.10
Over 10,000 gallons	\$16.52	\$20.75	\$27.70	\$27.65	\$0.15
Charge per 1,000 gallons - General Service	\$10.00	\$12.56	\$16.77	\$14.77	\$0.08
Private Fire Protection					
Base Facility Charge by Meter Size					
5/8"X3/4"	\$2.34	\$2.94	\$3.93	\$2.94	\$0.02
3/4"	\$3.51	\$4.41	\$5.89	\$4.41	\$0.02
1"	\$5.86	\$7.35	\$9.82	\$7.34	\$0.04
1-1/2"	\$11.71	\$14.71	\$19.63	\$14.69	\$0.08
2"	\$18.74	\$23.53	\$31.41	\$23.50	\$0.13
3"	\$37.47	\$47.07	\$62.83	\$47.00	\$0.26
4"	\$58.55	\$73.54	\$98.17	\$73.44	\$0.41
6"	\$117.10	\$147.08	\$196.33	\$146.88	\$0.82
8"	\$210.74	\$264.75	\$353.40	\$264.38	\$1.48
Typical Residential 5/8" x 3/4" Meter Bill Comparison					
2,000 Gallons	\$45.82	\$57.56	\$76.84	\$62.89	
4,000 Gallons	\$63.54	\$79.82	\$106.56	\$90.53	
8,000 Gallons	\$105.43	\$132.44	\$176.80	\$156.19	

PLURIS WEDGEFIELD, LLC.					SCHEDULE NO. 4-B
TEST YEAR ENDED DECEMBER 31, 2022					DOCKET NO. 20230083-WS
MONTHLY WASTEWATER RATES					
	UTILITY CURRENT RATE	COMMISSION APPROVED INTERIM RATES	UTILITY REQUESTED FINAL RATES	COMMISSION APPROVED FINAL RATES	4 YEAR RATE REDUCTION
Residential Service					
Base Facility Charge - All Meter Sizes	\$31.21	\$38.42	\$46.19	\$28.68	\$0.29
Charge Per 1,000 gallons					
8,000 gallon cap	\$4.57	\$5.63	\$6.76	N/A	N/A
Charge Per 1,000 gallons					
6,000 gallon cap	N/A	N/A	N/A	\$7.53	\$0.08
General Service					
Base Facility Charge by Meter Size					
5/8" x 3/4"	\$31.21	\$38.42	\$46.19	\$28.67	\$0.29
3/4"	\$46.81	\$57.63	\$69.29	\$43.01	\$0.43
1"	\$78.01	\$96.05	\$115.48	\$71.68	\$0.72
1-1/2"	\$156.03	\$192.10	\$230.95	\$143.35	\$1.44
2"	\$249.64	\$307.36	\$369.25	\$229.36	\$2.30
3"	\$499.29	\$614.72	\$692.85	\$458.72	\$4.61
4"	\$780.14	\$960.50	\$1,154.75	\$716.75	\$7.20
6"	\$1,560.28	\$1,921.00	\$2,309.50	\$1,433.50	\$14.40
8"	\$2,808.69	\$3,457.80	\$4,157.10	\$2,580.30	\$25.92
Charge per 1,000 gallons	\$5.46	\$6.72	\$8.08	\$9.03	\$0.09
Typical Residential 5/8" x 3/4" Meter Bill Comparison					
2,000 Gallons	\$40.35	\$49.68	\$59.71	\$43.74	
6,000 Gallons	\$58.63	\$72.20	\$86.75	\$73.86	
8,000 Gallons	\$67.77	\$83.46	\$100.27	\$73.86	