

VOTE SHEET

January 26, 2010

Docket No. 090230-WU – Application for staff-assisted rate case in St. Johns County by Camachee Island Company, Inc. d/b/a Camachee Cove Yacht Harbor Utility. (Deferred from the December 15, 2009 Commission Conference, revised recommendation filed.)

Issue 1: Is the quality of service provided by the Utility satisfactory?

Recommendation: Yes, the overall quality of service provided by the Utility should be considered satisfactory.

APPROVED

Issue 2: What are the used and useful percentages of the Utility’s water treatment plant, ground storage tank, and water distribution lines?

Recommendation: The Utility’s water treatment plant, ground storage tank, and water distribution system are 100 percent used and useful.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

David E. Klement
[Handwritten signatures of majority commissioners]

[Empty lines for dissenting signatures]

REMARKS/DISSENTING COMMENTS:

issues adopted with possible fallout resulting from vote on Issue 1. Staff's hand out (including alternative 3) is attached to this vote sheet.

DOCUMENT NUMBER-DATE
00596 JAN 26 09

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**Issue 3:** What is the appropriate average test year rate base for the Utility?

**Recommendation:** The appropriate average test year water rate base for the Utility is \$352,235.

**APPROVED**

**Issue 4:** What is the appropriate return on equity and overall rate of return for this Utility?

**Recommendation:** The appropriate return on equity is 9.67 percent with a range of 8.67 percent-10.67 percent. The appropriate overall rate of return is 9.67 percent.

**APPROVED**

**Issue 5:** What are the appropriate amounts of test year revenues in this case?

**Recommendation:** The appropriate amount of test year revenues for the Utility is \$45,077 for water.

**APPROVED**

**Issue 6:** What are the appropriate operating expenses?

**Recommendation:** The appropriate amount of operating expense for the Utility is \$80,378.

**APPROVED**

**Issue 7:** What is the appropriate revenue requirement?

**Recommendation:** The appropriate revenue requirement is \$114,439.

**APPROVED**

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**Issue 8:** Should customers with 2” meters be charged a lower base facility charge?

**Recommendation:** No. Customers with 2” meters should pay a BFC consistent with the AWWA meter equivalency chart, which for a 2” meter is worth 8 ERCs.

**APPROVED**

**Issue 9:** Should the Utility’s current water system rate structure be changed, and, if so, what is the appropriate adjustment?

**Recommendation:** Yes. The Utility’s current residential water system rate structure, which includes a 3,000 gallon (3 kgal) allotment in the BFC, should be changed to a three-tier inclining block rate structure. The usage blocks should be set for consumption at: a) 0-6 kgals; b) 6-12 kgals; c) usage in excess of 12 kgals, with appropriate usage block rate factors of 1.00; 1.50; and 2.00, respectively. The Utility’s current non-residential water system rate structure, which also includes a 3 kgal allotment in the BFC, should be changed to a traditional base facility charge (BFC)/uniform gallonage charge rate structure. Furthermore, the appropriate rate structure for the unmetered non-residential customer should be a uniform flat rate structure. The BFC cost recovery should be set at 35 percent

**MODIFIED;** *adopt rate structure recommended by staff for alternative 3.*

**Issue 10:** Is a repression adjustment appropriate in this case, and if so, what are the appropriate adjustments to make for this Utility, what are the appropriate corresponding expense adjustments to make, and what are the final revenue requirements?

**Recommendation:** No, a repression adjustment is not appropriate for this Utility. However, in order to monitor the effects resulting from the changes in revenues the Utility should prepare monthly reports for the water system, detailing the number of bills rendered, the consumption billed and revenues billed. The reports should be provided to staff. In addition, the reports should be prepared, by customer class and meter size. The reports should be filed with staff, on a semi-annual basis, for a period of two years beginning the first billing period after the approved rates go into effect. To the extent the Utility makes adjustments to consumption in any month during the reporting period, the Utility should be ordered to file a revised monthly report for that month within 30 days of any revision.

**APPROVED**

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**Issue 11:** What are the appropriate rates for this Utility?

**Recommendation:** The appropriate monthly water rates are shown on Schedules No. 4 of staff's memorandum dated January 13, 2010. The recommended rates should be designed to produce revenue \$114,439 for water, excluding miscellaneous service charges. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

**APPROVED**

**Issue 12:** What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, F.S.?

**Recommendation:** The water rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated January 13, 2010, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If the Utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

**APPROVED**

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**Issue 13:** Should the recommended rates be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility?

**Recommendation:** Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility. Prior to implementation of any temporary rates, the Utility should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed in the analysis portion of staff's memorandum dated January 13, 2010. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission's Division of Economic Regulation no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

**APPROVED**

**Issue 14:** Should the Utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA primary accounts associated with the Commission approved adjustments?

**Recommendation:** Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, Camachee should provide proof, within 90 days of the final order issued in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

**APPROVED**

**Issue 15:** Should this docket be closed?

**Recommendation:** No. The docket should remain open until a final order has been issued, staff has approved the revised tariffs sheets and customer notices, the Utility has sent the notices to its customers, staff has received proof that the customers have received notice within 10 days after the date of the notice, and the Utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Once staff has verified all of the above actions are complete, this docket should be closed administratively.

**APPROVED**

Camachee Cove Yacht Harbor  
Docket No. 090230-WU

Parties/Staff Handout  
Internal Affairs/Agenda  
on 1/26/10  
Item No. 9

| Consumption<br>in Kgals | Current<br>Bill | Staff's<br>Recommendation |          | Alternative 1 |          | Alternative 2 |          | Alternative 3 |          |
|-------------------------|-----------------|---------------------------|----------|---------------|----------|---------------|----------|---------------|----------|
|                         |                 | Bill                      | % Change | Bill          | % Change | Bill          | % Change | Bill          | % Change |
| 0                       | \$15.41         | \$12.23                   | -20.7%   | \$15.41       | 0.0%     | \$0.00        | -100.0%  | \$12.23       | -20.7%   |
| 1                       | \$15.41         | \$18.17                   | 17.9%    | \$15.41       | 0.0%     | \$9.15        | -40.6%   | \$13.51       | -12.3%   |
| 2                       | \$15.41         | \$24.12                   | 56.5%    | \$15.41       | 0.0%     | \$18.29       | 18.7%    | \$14.80       | -4.0%    |
| 3                       | \$15.41         | \$30.06                   | 95.1%    | \$15.41       | 0.0%     | \$27.44       | 78.1%    | \$16.08       | 4.4%     |
| 4                       | \$19.39         | \$36.01                   | 85.7%    | \$22.46       | 15.8%    | \$36.59       | 88.7%    | \$23.80       | 22.8%    |
| 5                       | \$23.37         | \$41.95                   | 79.5%    | \$29.52       | 26.3%    | \$45.73       | 95.7%    | \$31.52       | 34.9%    |
| 10                      | \$43.27         | \$83.57                   | 93.1%    | \$78.92       | 82.4%    | \$109.76      | 153.7%   | \$85.54       | 97.7%    |
| 15                      | \$63.17         | \$137.08                  | 117.0%   | \$142.43      | 125.5%   | \$192.08      | 204.1%   | \$154.99      | 145.3%   |
| 20                      | \$83.07         | \$196.54                  | 136.6%   | \$213.00      | 156.4%   | \$283.55      | 241.3%   | \$232.15      | 179.5%   |
| 25                      | \$102.97        | \$255.99                  | 148.6%   | \$283.57      | 175.4%   | \$375.02      | 264.2%   | \$309.32      | 200.4%   |
| 30                      | \$122.87        | \$315.44                  | 156.7%   | \$354.13      | 188.2%   | \$466.49      | 279.7%   | \$386.49      | 214.5%   |

**Staff's Original Rate Structure Recommendation:** BFC with allotments removed; inclining blocks for residential class.

**Alternative 1:** BFC with inclining blocks for residential class; keep 3 kgal allotment in the BFC.

**Alternative 2:** No BFC and no allotments – rates based solely on consumption; inclining blocks for residential class.

**Alternative 3:** BFC with no allotments; inclining blocks for residential class; 0-3 kgals (nondiscretionary consumption) priced at 1/3 the rate for 3.001-6 kgals.