

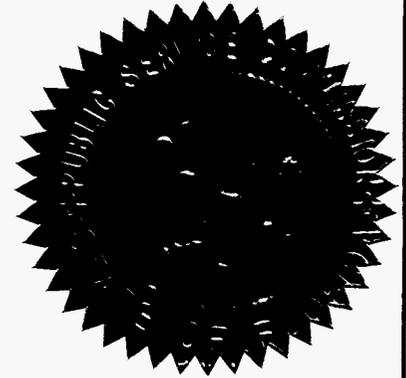
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 090447-WS

APPLICATION FOR STAFF-ASSISTED
RATE CASE IN SEMINOLE COUNTY
BY CWS COMMUNITIES D/B/A PALM
VALLEY UTILITIES.

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PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 12

COMMISSIONERS
PARTICIPATING: CHAIRMAN NANCY ARGENZIANO
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER NATHAN A. SKOP
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ

DATE: Tuesday, September 14, 2010

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

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P R O C E E D I N G S

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CHAIRMAN ARGENZIANO: And we are going to take up Issue 12 first so that people don't have to hang around while we go through all of the DSM issues. So I'm sorry, staff. We'll give everybody a couple of minutes to get together.

And while we're doing that, I know we have some people on the phone I think from Wal-Mart; just bear with us and we'll get to the DSM issues as soon as possible.

(Pause.)

Ms. Hudson.

MS. HUDSON: Good morning, Commissioners.

CHAIRMAN ARGENZIANO: Good morning.

MS. HUDSON: Shannon Hudson on behalf of Commission staff. Item Number 12 is a staff-assisted rate case for CWS Communities doing business as Palm Valley Utilities. Staff has an oral modification that has been previously provided to all the parties. Representatives from the utility are here to answer any questions, if the Commission has any questions for them. They are not here to address the Commission. Also, OPC is here as well. Staff is prepared to answer any questions you may have at this time.

1 **CHAIRMAN ARGENZIANO:** Okay. Any questions,
2 Commissioners?

3 Commissioner Skop.

4 **COMMISSIONER SKOP:** Thank you, Madam Chair.

5 Just a few questions for staff. And on page 3
6 of the staff recommendation, the bottom of the first
7 paragraph indicates the annual report with gross
8 revenues for water and wastewater with net income,
9 positive net income for water and a net loss for
10 wastewater. Can staff explain that a little bit?

11 **MS. HUDSON:** I'm sorry. Repeat the question.

12 **COMMISSIONER SKOP:** Okay. On page 3 of the
13 staff recommendation, first paragraph, the last
14 sentence, the Palm Valley 2009 Annual Report reflects
15 total gross revenues for water and wastewater and it
16 reflects a positive income for water, but a let, excuse
17 me, a net loss for wastewater, and I'm trying to gain a
18 better understanding for why that would be.

19 **MS. HUDSON:** The utility has a net loss for
20 wastewater after all O&M expenses, depreciation and
21 amortization have been taken into consideration. Other
22 than -- staff doesn't really have any other explanation
23 as to why they have a loss. I guess that's why they're
24 here, to increase their rates to cover their O&M expense
25 and earn a return on their investment.

1 **COMMISSIONER SKOP:** Okay. And was there, I
2 guess, in the staff analysis some discussion or
3 corrections to, to I guess better balance, for lack of a
4 better word, some of the accounting issues? I think
5 that during the briefing yesterday that came up.

6 **MS. HUDSON:** We met several times with some of
7 the customers of the utility and that was one of their
8 issues, having a hard time following from year to year
9 the annual report, the utility recording different
10 information in different accounts. And the utility
11 updated their 2009 Annual Report to reflect the correct
12 balances.

13 **COMMISSIONER SKOP:** Okay. All right. Thank
14 you.

15 **CHAIRMAN ARGENZIANO:** Can you go over the
16 increases, what the current costs for water and sewer
17 are, and then tell me what the recommended amounts are
18 again, please?

19 **MS. BRUCE:** Good morning, Madam Chairman.

20 **CHAIRMAN ARGENZIANO:** Good morning.

21 **MS. BRUCE:** Currently a wastewater customer at
22 average consumption pays approximately \$23. Based on
23 our proposed rates, the new bill would be about \$48.18,
24 which would be an increase of about \$25.20 for increase.

25 **CHAIRMAN ARGENZIANO:** That's for the

1 wastewater?

2 **MS. BRUCE:** Yes. Wastewater.

3 **CHAIRMAN ARGENZIANO:** Okay. Any increase in
4 the water?

5 **MS. BRUCE:** Excuse me?

6 **CHAIRMAN ARGENZIANO:** In the, just in the
7 water service.

8 **MS. BRUCE:** Just wastewater. And for the
9 water we just did an across-the-board increase. So the
10 wastewater, BFC and the wastewater, water charge --
11 gallonage charge, I'm sorry. There was a small revenue
12 requirement increase of 5.29, 5.29, and we just applied
13 those. They --

14 **CHAIRMAN ARGENZIANO:** I'm sorry. When was the
15 last time that the company, the utility had an increase
16 for wastewater?

17 **MS. BRUCE:** The utility's last rate case was
18 in 2000. They have applied for some price index
19 increases. The last one they did was in 2007.

20 **CHAIRMAN ARGENZIANO:** And what was it that
21 they received then?

22 **MS. HUDSON:** A price index.

23 **CHAIRMAN ARGENZIANO:** A price index.

24 **MS. HUDSON:** Uh-huh.

25 **CHAIRMAN ARGENZIANO:** Okay. I'm sorry.

1 And -- okay. That's all I need. Any other questions?

2 Commissioner Skop.

3 **COMMISSIONER SKOP:** Thank you, Madam Chair.

4 Just to staff, so on page 40 of the staff
5 recommendation, the majority of the proposed rate
6 increase in the instant case before us deals primarily
7 with the changes to wastewater rates; is that correct?

8 **MS. HUDSON:** That's correct.

9 **COMMISSIONER SKOP:** Okay.

10 **CHAIRMAN ARGENZIANO:** Well, Commissioner Skop,
11 is there any, forgive me because I forgot which one I
12 went through now looking at some of the others, was
13 there an indication that anything of the consumers, I
14 know there were some complaints previously about meters,
15 has that died down and are the customers generally
16 satisfied?

17 **MS. BRUCE:** From my understanding, the
18 customers are satisfied and they support staff's
19 recommendation.

20 **CHAIRMAN ARGENZIANO:** Okay. Thank you.
21 Commissioner Skop.

22 **COMMISSIONER SKOP:** Madam Chair, at this time
23 if there's no further questions, I'd respectfully move
24 the staff recommendation on Item 12.

25 **CHAIRMAN ARGENZIANO:** A second?

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COMMISSIONER GRAHAM: Second.

COMMISSIONER EDGAR: And that would include the oral modification?

COMMISSIONER SKOP: Yes.

CHAIRMAN ARGENZIANO: A second to the oral modification. All those in favor, say aye.

(Unanimous vote.)

Opposed, same sign.

Show that passed. Thank you very much to our staff.

(Agenda item concluded.)

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STATE OF FLORIDA)
 :
COUNTY OF LEON)

CERTIFICATE OF REPORTER

I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 17th day of September, 2010.


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