

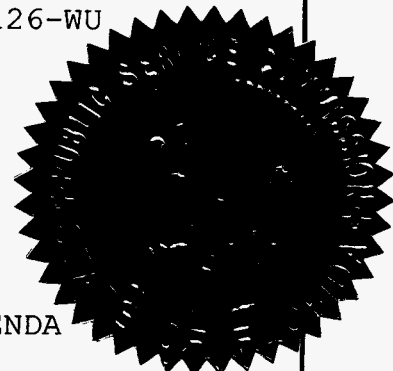
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of:

DOCKET NO. 100126-WU

APPLICATION FOR INCREASE IN
WATER RATES IN MARION COUNTY
BY C.F.A.T. H2O, INC.



PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 19

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER NATHAN A. SKOP
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER EDUARDO E. BALBIS

DATE: Tuesday, November 30, 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

DOCUMENT NUMBER-DATE

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FLORIDA PUBLIC SERVICE COMMISSION

FPSC-COMMISSION CLERK

P R O C E E D I N G S

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3 **CHAIRMAN GRAHAM:** Item Number 19.

4 **MR. FLETCHER:** Commissioners, Bart Fletcher
5 with Commission Staff.

6 Item 19 is Staff's recommendation to
7 suspend the final requested rates of C.F.A.T. H20,
8 Inc., and to approve an interim rate increase
9 subject to refund with interest. Staff has an oral
10 modification which has been previously provided to
11 the Commissioners and all parties.

12 Staff is prepared to answer any questions
13 the Commission may have.

14 **CHAIRMAN GRAHAM:** I have a quick question. I
15 know during, I know during my briefing of the oral
16 modifications, and I was just wondering why such a big
17 difference in the percentages?

18 **MR. FLETCHER:** The percentages, particularly
19 for, on Issue 4, what Staff had reflected originally was
20 the increase which is basically -- the percentage
21 increase in revenues, which is the recommended revenue
22 increase divided by the adjusted test year revenues.
23 That definitely is incorrect. The most appropriate to
24 put in escrow is to the revenue increase recommended
25 divided by the total revenue requirement. So that

1 was -- to answer that question.

2 As far as the revenue increase just in
3 general, the 97 percent percentage revenue increase,
4 it has been 17 years since the Utility's last case.
5 Plant has risen for water approximately almost a
6 half million dollars, and then O&M expenses have
7 increased just from 2000 to the test year by about
8 52 percent. So for interim purposes, given that
9 17-year period went from when the Commission last
10 established rates, that's given rise to the level of
11 interim increase in this case.

12 **CHAIRMAN GRAHAM:** Okay. Thank you.

13 Commissioner Skop.

14 **COMMISSIONER SKOP:** Thank you. Just quick
15 questions for Staff.

16 I guess on page 2 of the Staff
17 recommendation, the last time the Utility had a
18 water rate base established was in '94, and at that
19 time I believe in the footnote an authorized return
20 on equity is not established; is that correct?

21 **MR. FLETCHER:** That is correct. That was a
22 transfer, and rate base is established and basically the
23 rates from the previous owner were basically carried
24 over.

25 **COMMISSIONER SKOP:** Grandfathered in pursuant

1 to statute.

2 **MR. FLETCHER:** Yes. And in this case we have
3 used the current leverage formula pursuant to the
4 interim statute.

5 **COMMISSIONER SKOP:** Okay. And then -- thank
6 you on that point.

7 On page 4 of the Staff recommendation in
8 terms of the requested interim revenue increase, the
9 increase as a percentage of revenue requirement is
10 about almost 100 percent; is that correct? The bill
11 is 97.06 percent increase.

12 **MR. FLETCHER:** That is correct.

13 **COMMISSIONER SKOP:** Okay. And so looking at
14 that as it pertains to monthly rates on a 5,000 gallon
15 usage on page 14 in the Staff recommendation for interim
16 rates, customers are going to see their bills almost
17 double, not so much in the interim. But if the
18 Commission approves the final, effectively it's going
19 from \$18.12 to a Staff recommended \$35.71 for interim at
20 5,000 gallons; is that correct?

21 **MR. FLETCHER:** That's correct.

22 **COMMISSIONER SKOP:** Okay. All right. Thank
23 you.

24 **CHAIRMAN GRAHAM:** Any further discussion?

25 **COMMISSIONER SKOP:** I do, I do have one more

1 point. Thank you.

2 Why, why is the -- I guess what, what
3 drove the rate increase here seems to be the base
4 facility charge, and that's the point that kind of
5 alluded me in the, in the discussion in terms of the
6 gallonage charge which is going up substantially.
7 The base facility charge by meter size is going from
8 \$9.97 to almost \$20 a month under interim rates and
9 stands to go higher in final rates. Can Staff just
10 briefly speak to that, why the, I guess the BFC
11 percentage versus the, you know, rate structure
12 issues there?

13 **MR. FLETCHER:** For interim purposes we just
14 used the across-the-board increase. And for final we
15 have to look further into the detail whether there was
16 an allocation shift between BFC and gallonage for the
17 Utility's final requested rates.

18 **COMMISSIONER SKOP:** Okay. But Staff will be
19 taking a look at that during the formal -- final rates.

20 **MR. FLETCHER:** Yes, Commissioner.

21 **COMMISSIONER SKOP:** Okay. All right. Thank
22 you.

23 **CHAIRMAN GRAHAM:** Can I get a motion?

24 **COMMISSIONER SKOP:** Move Staff recommendation
25 on Issues 1 through 5.

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CHAIRMAN GRAHAM: It's been moved and seconded to move Staff on Item Number 19. Any further discussion? Seeing none, all in favor, say aye.

(Vote taken.)

Those opposed? By your action, you've approved Item Number 19.

That all being said, I've got ten minutes 'til 11:00. I'm told that we need 20 minutes before Internal Affairs. So at ten minutes after 11:00 we will start Internal Affairs. And we are adjourned.

(Adjournment.)

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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 3rd day of December, 2010.

Linda Boles
LINDA BOLES, RPR, CRR
FPSC Official Commission Reporter
(850) 413-6734