

VOTE SHEET

January 11, 2011

Docket No. 090478-WS – Application for original certificates for proposed water and wastewater systems, in Hernando and Pasco Counties, and request for initial rates and charges, by Skyland Utilities, LLC. (Deferred from the December 14, 2010 Commission Conference.)

Issue A: What is the appropriate disposition of the hearsay objections to Exhibits 2, 4, 14, 15, 40, and 45?

Recommendation: The hearsay objections to Exhibits 2, 4, 14, 15, 40, and 45 should be denied.

DEFERRED

Issue 1: Has Skyland presented evidence sufficient to invoke the Commission's exclusive jurisdiction over Skyland's Application for original certificates for proposed water and wastewater systems?

Recommendation: Yes. Skyland has presented evidence sufficient to invoke the Commission's exclusive jurisdiction over Skyland's application, pursuant to Section 367.171(7), F.S.

DEFERRED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Five horizontal lines for majority signatures.

Five horizontal lines for dissenting signatures.

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER DATE

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FPSC-COMMISSION CLERK

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Issue 1A: Did Skyland provide evidence to support that it satisfies the definition of “utility” contained in Section 367.021(12), Florida Statutes?

Recommendation: Yes. Skyland has provided evidence to support that it satisfies the definition of “utility” contained in Section 367.021(12), Florida Statutes.

DEFERRED

Issue 1B: Did Skyland provide evidence to support that the service proposed by Skyland transverses county boundaries, pursuant to Section 367.171(7), Florida Statutes?

Recommendation: Yes. Staff believes that Skyland has provided evidence to support that the service proposed by Skyland transverses county boundaries, pursuant to Section 367.171(7), Florida Statutes.

DEFERRED

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

Recommendation: No. The preponderance of the evidence does not support an immediate need for service or when, or in what form, any future service would be required in the requested territory for which a Commission certificate would be required.

DEFERRED

Issue 3: Is Skyland's application inconsistent with Hernando County's comprehensive plan?

Recommendation: Yes. Skyland's application appears to be inconsistent with the Hernando County Comprehensive Plan. However, in light of the evidence presented in this case, that inconsistency should not cause the Commission to deny the Application.

DEFERRED

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Issue 4: Is Skyland's application inconsistent with Pasco County's comprehensive plan?

Recommendation: Yes. Skyland's application appears to be inconsistent with a number of provisions in the Pasco County Comprehensive Plan, most notably that which prohibits central water and wastewater services in the Northeast Pasco Rural Area, except under very limited circumstances.

DEFERRED

Issue 5: Will the certification of Skyland result in the creation of a utility which will be in competition with, or duplication of, any other system, pursuant to Section 367.045(5)(a), F.S.?

Recommendation: No. The utility will not be in competition with, or duplication of, any other system.

DEFERRED

Issue 6: Does Skyland have the financial ability to serve the requested territory?

Recommendation: Yes, Skyland has demonstrated the financial ability to serve the requested territory.

DEFERRED

Issue 7: Does Skyland have the technical ability to serve the requested territory?

Recommendation: Yes. The utility has the existing and potential technical ability to serve all the needs of the requested territory.

DEFERRED

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

Recommendation: No. The lease agreements provided in the Application do not provide sufficient evidence of continued use of the land upon which the Utility treatment facilities are or will be located, pursuant to Rule 25-30.033(1)(j), F.A.C. If certificates for the proposed water and wastewater systems are granted, the Utility should be required to file an executed and recorded copy of the deed, or executed copy of the lease, showing continued use of the land upon which the Utility water and wastewater treatment facilities are or will be located, within 30 days after the issuance of the order granting certificates.

DEFERRED

Issue 9: Is it in the public interest for Skyland to be granted water and wastewater certificates for the territory proposed in its application?

Recommendation: No. The preponderance of the evidence indicates that granting Skyland's application is not in the public interest. However, if the Commission grants the application, Water Certificate No. 653-W and Wastewater Certificate No. 558-S should be issued to serve the territory described in Attachment A of staff's memorandum dated December 2, 2010. The resultant order should serve as Skyland's water and wastewater certificates and should be retained by the utility. The appropriate rates and charges are discussed in subsequent issues

DEFERRED

Issue 10: If the certificates for the proposed water and wastewater systems are granted, what is the appropriate return on equity for Skyland?

Recommendation: If the certificates for the proposed water and wastewater systems are granted, the appropriate return on equity for Skyland should be 10.85 percent, with a range of plus or minus 100 basis points, based on the leverage graph formula in effect at the time of the Commission vote in this proceeding.

DEFERRED

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Issue 11: If the certificates for the proposed water and wastewater systems are granted, what are the appropriate potable water and wastewater rates for Skyland?

Recommendation: If the certificates for the proposed water and wastewater systems are granted, water and wastewater rates should not be approved at this time. Instead, the utility should be required to file rates and charges at the time that all aspects of cost are reasonably known. However, should the Commission choose to establish rates and charges at this time, the rates and charges contained in the staff analysis are reasonable and should be approved. Skyland should be required to charge these rates and charges until authorized to change them by the Commission in a subsequent proceeding. Within 30 days from the date of the issuance of the order in this proceeding, Skyland should be required to file revised tariffs representing the Commission's vote for administrative approval by staff. Pursuant to Rule 25-30.475, F.A.C., the tariffs should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets.

DEFERRED

Issue 12: If the certificates for water and wastewater systems are granted, what are the appropriate service availability charges for Skyland?

Recommendation: If the certificates for the proposed water and wastewater systems are granted and if the Commission votes to establish rates and charges at this time, Skyland's service availability policy and staff's recommended water and wastewater service availability charges shown on Schedule Nos. 1 and 2 of staff's memorandum dated December 2, 2010, respectively, are consistent with the guidelines of Rule 25-30.580, F.A.C., and should be approved. The charges should be effective for connections made on or after the stamped approval date on the tariff sheets.

DEFERRED

Issue 13: If the certificates for the proposed water and wastewater systems are granted, what is the appropriate Allowance for Funds Used During Construction (AFUDC) rate for Skyland?

Recommendation: If the certificates for the proposed water and wastewater systems are granted, an annual AFUDC rate of 8.70 percent and a discounted monthly rate of 0.69760205 percent should be approved and applied to the qualified construction projects beginning on or after the date the certificates of authorization are issued.

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Issue 14: Should this docket be closed?

Recommendation: If the Commission denies the Application, upon the expiration of the appeal period, if no party timely appeals the order, this docket should be closed. If the proposed certificates for water and wastewater and rates and charges are granted, this docket should remain open pending staff's verification that the Utility has filed evidence of continued use of the land upon which the treatment facilities will be located, and revised tariff sheets. Upon the Utility's filing of this evidence, and upon filing and staff's approval of the revised tariff sheets, this docket should be closed administratively. If the proposed certificates for water and wastewater are granted but rates and charges are not approved, the docket should remain open pending staff's verification that the Utility has filed evidence of continued use of the land and the Utility's filing of rates and charges at the time that all aspects of the case are reasonably know.

DEFERRED