

FLORIDA PUBLIC SERVICE COMMISSION

Item 9

VOTE SHEET

FILED JUN 09, 2016
DOCUMENT NO. 03484-16
FPSC - COMMISSION CLERK

June 9, 2016

Docket No. 150199-WU – Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc.

Issue 1: Should the quality of service provided by Raintree be considered satisfactory?

Recommendation: Yes. The overall quality of service provided by Raintree should be considered satisfactory.

APPROVED

Issue 2: What are the used and useful percentages (U&U) of Raintree’s water treatment plant and distribution system?

Recommendation: Raintree’s water treatment plant (WTP) and distribution system should be considered 100 percent U&U. Staff recommends that WTP purchased power and chemical expenses should be reduced by 8.5 percent for excessive unaccounted for water (EUW).

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

Jimmy Pelt
Quilich
L. G.
[Signature]

REMARKS/DISSENTING COMMENTS:

(Continued from previous page)

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

Recommendation: The appropriate average test year rate base for Raintree is \$51,282.

APPROVED

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

Recommendation: The appropriate return on equity (ROE) is 8.74 percent with a range of 7.74 percent to 9.74 percent. The appropriate overall rate of return is 8.74 percent.

APPROVED

Issue 5: What is the appropriate test year revenue for Raintree's water system?

Recommendation: The appropriate test year revenue for Raintree's water system is \$42,540.

APPROVED

Issue 6: What is the appropriate amount of operating expenses?

Recommendation: The appropriate amount of operating expense for the Utility is \$42,568.

APPROVED

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$47,050, resulting in an annual increase of \$4,510 (10.60 percent).

APPROVED

(Continued from previous page)

Issue 8: What is the appropriate rate structure and rates for Raintree's water system?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated May 26, 2016. 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 within 10 days of the date of the notice.

APPROVED

Issue 9: What is the appropriate amount by which rates should be reduced four years after the published 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 May 26, 2016, 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 Raintree 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

Issue 10: What are the appropriate initial customer deposits for Raintree?

Recommendation: The appropriate water initial customer deposit should be \$64 for the residential 5/8" x 3/4" meter size. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water service. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475, F.A.C.

APPROVED

(Continued from previous page)

Issue 11: Should the recommended rates be approved for Raintree 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. 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 temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. 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 May 26, 2016. 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 Clerk's office no later than the 20th of every 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 12: Should Raintree be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision?

Recommendation: Yes. The Utility should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Raintree should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA primary accounts as shown on Schedule No. 5 of staff's memorandum dated May 26, 2016, have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, notice should be provided within seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

APPROVED

Docket No. 150199-WU – Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc.

(Continued from previous page)

Issue 13: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. Once these actions are complete, this docket should be closed administratively.

APPROVED