

FLORIDA PUBLIC SERVICE COMMISSION

Item 6

VOTE SHEET

FILED 10/30/2018
DOCUMENT NO. 06867-2018
FPSC - COMMISSION CLERK

October 30, 2018

Docket No. 20180021-WU – Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.

yes.
Issue 1: Is the quality of service provided by Country Walk satisfactory?
Recommendation: Country Walk is currently working to incorporate Department of Environmental Protection (DEP) guidance into its operating methodology and ~~is expected to return~~ *has returned* to compliance with disinfection byproduct standards following third quarter sampling results. Country Walk has worked, and continues to work closely with its customers to address complaints in a timely manner and to discuss potential operational solutions to its customers' needs. Finally, Country Walk's water treatment plant was found to be in sound operating condition during the recent site visit. ~~However, because Country Walk is not currently in compliance with DEP standards.~~ Staff recommends that the overall quality of service should be considered ~~marginal.~~ *Satisfactory.*

APPROVED *AS MODIFIED ABOVE.*

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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[Five empty horizontal lines for dissenting signatures]

REMARKS/DISSENTING COMMENTS: *Oral Modification, assigned DN 06803-2018, is attached.*

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Issue 2: What is the used and useful percentage (U&U) of Country Walk’s water treatment plant, storage, and distribution system?

Recommendation: Country Walk’s water treatment plant, storage, and distribution system should be considered 100 percent U&U. There appears to be no excessive unaccounted for water; therefore, no adjustment should be made to operating expenses for chemicals and purchased power.

APPROVED

Issue 3: Should the Commission approve a year-end rate base for Country Walk, and if so, what is the appropriate water rate base for the year-end test year?

Recommendation: Yes, the Commission should approve a year-end rate base. The appropriate water rate base is \$167,776 for the test year ended December 31, 2017.

APPROVED

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

Recommendation: The appropriate return on equity (ROE) is 8.11 percent with a range of 7.11 percent to 9.11 percent. The appropriate overall rate of return is 8.08 percent.

APPROVED

Issue 5: What are the appropriate test year revenues for Country Walk Utilities, Inc.?

Recommendation: The appropriate test year revenues are \$29,364.

APPROVED

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Issue 6: What are the appropriate test year operating expenses for Country Walk?

Recommendation: The appropriate amount of test year total operating expenses for the Utility is \$43,405.

APPROVED

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$56,960, resulting in an annual increase of \$27,596 or 93.98 percent.

APPROVED

Issue 8: What are the appropriate rate structure and rates for Country Walk?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated October 18, 2018. 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 sheets 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 this notice.

APPROVED

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Issue 9: What are the appropriate initial customer deposits for Country Walk?

Recommendation: The appropriate initial customer deposits should be \$120 for the residential 5/8 inch x 3/4 inch 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 monthly bill. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

Issue 10: Should Country Walk's request to implement a \$6.50 late payment charge be approved?

Recommendation: Yes. The Utility's request to implement a \$6.50 late payment charge should be approved. Country Walk should be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge should be effective 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 charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by 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 11: What are the appropriate miscellaneous service charges for Country Walk?

Recommendation: The miscellaneous service charges identified in Table 11-5 of staff's memorandum dated October 18, 2018, are appropriate and should be approved. The charges should be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved charges 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

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Issue 12: What is the appropriate amount by which rates should be reduced in 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-A of staff's memorandum dated October 18, 2018, to remove rate case expense grossed-up for RAFs and amortized over a 4-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 367.081, F.S. Country Walk 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. (Final Agency Action)

APPROVED

Issue 13: Should the recommended rates be approved for the Utility on a temporary basis subject to refund with interest, 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 with interest, in the event of a protest filed by a party other than the Utility. Country Walk 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 October 18, 2018. 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 Office of Commission Clerk 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. (Final Agency Action)

APPROVED

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(Continued from previous page)

Issue 14: Should the Utility be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books consistent with the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) for all Commission-approved adjustments?

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. Country Walk should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA accounts 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 deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days. (Final Agency Action)

APPROVED

Issue 15: 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, and the Utility has submitted a letter to staff confirming that the adjustments to all the applicable NARUC USOA primary accounts as shown on Attachment A of staff's memorandum dated October 18, 2018, have been made to the Utility's books and records. Once these actions are complete, this docket should be closed administratively.

APPROVED

Nickalus Holmes

From: Kate Hamrick
Sent: Friday, October 26, 2018 2:40 PM
To: Andrew Maurey; Lee Smith; Mark Cicchetti; John Hightower; Cheryl Bulecza-Banks; Charles Murphy; Lee Eng Tan; Cindy Muir; Apryl Lynn; Braulio Baez; CLK - Agenda Staff; Commissioners & Staffs; Mark Futrell; Keith Hetrick; Mary Anne Helton; Jacqueline Moore; Kate Hamrick; Asha Maharaj-Lucas
Cc: Judy Harlow; Matthew Sibley; Doug Wright; Clayton Lewis; Luis Salvador; Tom Ballinger
Subject: APPROVED: Request for Oral Modification to Item 6 on the October 30th Agenda, Country Walk Utilities, Inc. - DN 20180021-WU

Please see the APPROVED oral modification to Item 6, Docket No. 20180021-WU, for the October 30, 2018, Commission Conference.

Kate Hamrick
Executive Assistant to
Mark Futrell
Deputy Executive Director: Technical
Florida Public Service Commission
850-413-6304

From: Braulio Baez
Sent: Friday, October 26, 2018 12:23 PM
To: Andrew Maurey; Mark Futrell; Asha Maharaj-Lucas; Kate Hamrick
Cc: Tom Ballinger; Judy Harlow
Subject: Re: Request for Oral Modification to Item 6 on the October 30th Agenda, Country Walk Utilities, Inc. - DN 20180021-WU

Approved. Thank you.

Sent from my T-Mobile 4G LTE Device

----- Original message -----

From: Andrew Maurey <AMaurey@PSC.STATE.FL.US>
Date: 10/26/18 12:11 PM (GMT-05:00)
To: Braulio Baez <BBaez@PSC.STATE.FL.US>, Mark Futrell <MFutrell@PSC.STATE.FL.US>, Asha Maharaj-Lucas <AMaharaj@psc.state.fl.us>, Kate Hamrick <KHamrick@psc.state.fl.us>
Cc: Tom Ballinger <TBalling@PSC.STATE.FL.US>, Judy Harlow <JHarlow@PSC.STATE.FL.US>
Subject: Request for Oral Modification to Item 6 on the October 30th Agenda, Country Walk Utilities, Inc. - DN 20180021-WU

Staff requests approval to make an oral modification to Item 6 scheduled for the October 30, 2018 Commission Conference, Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc. – Docket No. 20180021-WU. Staff’s proposed modification is limited to updating its recommendation in Issue 1 to reflect recent actions taken by the Florida Department of Environmental Protection (DEP).

Staff filed its recommendation on October 18, 2018. On October 19, 2018, staff was informed that the DEP released Country Walk from its quarterly sampling requirement. On October 23, 2018, the DEP confirmed that Country Walk was in full compliance with applicable standards. Therefore, staff is proposing an oral modification to indicate a satisfactory finding regarding quality of service. Included below are the corresponding recommendation page numbers and the proposed changes noted in type/strike format.

(The oral modification is also attached as a Word document.)

(Recommendation Statement – Page 4)

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

Recommendation: Yes. Country Walk is currently working to incorporate Department of Environmental Protection (DEP) guidance into its operating methodology and is expected to return has returned to compliance with disinfection byproduct standards following third quarter sampling results. Country Walk has worked, and continues to work closely with its customers to address complaints in a timely manner and to discuss potential operational solutions to its customers' needs. Finally, Country Walk's water treatment plant was found to be in sound operating condition during the recent site visit. However, because Country Walk is not currently in compliance with DEP standards, staff Staff recommends that the overall quality of service should be considered marginal satisfactory. (Wright)

(Last paragraph on Page 5)

While the design and construction of the forced draft aeration treatment system was underway, Country Walk was still operating on a DEP-imposed quarterly TTHM and HAA5 sampling schedule, under which Country Walk repeatedly reported disinfection byproduct MCL exceedances. By a February 6, 2018 letter, DEP issued Country Walk a draft consent order, finding Country Walk in repeated violation of primary drinking water standards. In a responsive letter to DEP dated February 16, 2018, Country Walk explained that the new system had recently gone into service and that, according to the sampling schedule, it would take some months for Country Walk to return to official compliance. Staff has contacted DEP in regards to this consent order and has been informed that Country Walk is on a monitoring plan to determine if the consent order is required. Staff has reviewed recent TTHM and HAA5 sampling results which show that Country Walk's rolling annual average falls under MCL, indicating the new system is operating as intended. However On October 19, 2018, the DEP has not released Country Walk from its quarterly sampling requirement; instead opting to reevaluate after third quarter sampling results and returned the utility to routine annual monitoring. Staff has also reviewed a June 12, 2018 correspondence between Country Walk and DEP that exhibits Country Walk's continued efforts to incorporate DEP guidance into its treatment methodology.

(Second paragraph on Page 6)

Country Walk is currently working to incorporate DEP guidance into its operating methodology, is cooperating with sampling requirements, and is expected to return has returned to compliance with disinfection byproduct standards following third quarter sampling results.

(Conclusion paragraph on Page 9)

Conclusion

Country Walk is currently working to incorporate DEP guidance into its operating methodology and ~~is expected to return~~ ~~has returned~~ to compliance with disinfection byproduct standards following third quarter sampling results. Country Walk has worked, and continues to work closely with its customers to address complaints in a timely manner and to discuss potential operational solutions to its customers' needs. Finally, Country Walk's water treatment plant was found to be in sound operating condition during the recent site visit. ~~However, since Country Walk is not currently in compliance with DEP standards, staff~~ ~~Staff~~ recommends that the overall quality of service should be considered ~~marginal~~ ~~satisfactory~~.

(Recommendation Statement – Page 4)

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