

VOTE SHEET

July 1, 2008

Docket No. 070627-WU – Application for staff-assisted rate case in Lake County by Raintree Utilities, Inc.

Issue 1: Should the quality of service provided by Raintree Utilities, Inc. be considered satisfactory?

Recommendation: Yes. The quality of service provided by Raintree Utilities, Inc. should be considered satisfactory.

APPROVED

Issue 2: What portions of Raintree Utility’s treatment plants and distribution systems are considered used and useful?

Recommendation: The Raintree Harbor water treatment plant and water distribution systems should be considered 100 percent used and useful.


APPROVED

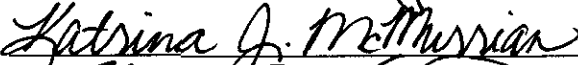
COMMISSIONERS ASSIGNED: All Commissioners


COMMISSIONERS’ SIGNATURES


MAJORITY


DISSENTING











REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

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

Recommendation: The appropriate average test year rate base for the Utility is \$57,852 for Raintree Harbor and \$213,163 for Bentwood.

APPROVED

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

Recommendation: The appropriate return on equity is 12.01 percent for Raintree with a range of 11.01 percent - 13.01 percent. The appropriate overall rate of return is 8.25 percent.

APPROVED

Issue 5: What are the appropriate test year revenues?

Recommendation: The appropriate amount of test year revenue is \$47,425 for the Raintree Harbor system and \$21,991 for the Bentwood system.

APPROVED

Issue 6: What are the appropriate test year operating expense?

Recommendation: The appropriate amount of operating expense for the Utility is \$49,498 for Raintree Harbor and \$43,924 for Bentwood.

APPROVED

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Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate test year revenue requirement in this case is \$54,594 for Raintree Harbor and \$63,372 for Bentwood.

APPROVED

Issue 8: What are the appropriate rate structures for the utility's Raintree Harbor and Bentwood water systems?

Recommendation: The appropriate rate structure for both the Raintree Harbor and Bentwood water systems is a two-tier inclining-block rate structure. The appropriate usage blocks are for monthly consumption of: 1) 0-8,000 (8 kgal); and 2) usage in excess of 8 kgal. The usage block rate factors should be 1.0 and 1.25, respectively. The base facility charge (BFC) cost recovery allocations should be set at 36.82 percent for the Raintree Harbor system and 25 percent for the Bentwood system. The billing cycle for both systems should be on a monthly basis.

APPROVED

Issue 9: Are repression adjustments appropriate in this case, and, if so, what are the appropriate adjustments to make for this utility, and what are the appropriate post-repression revenue requirements for the Raintree Harbor and Bentwood systems?

Recommendation: Yes, a repression adjustment to the Raintree Harbor system is appropriate. Residential water consumption should be reduced by 2.8 percent, resulting in a consumption reduction of approximately 573 kgal. Total water consumption for ratesetting is 20,039 kgals, which represents a 2.8 percent reduction in overall consumption. The resulting water system reductions to revenue requirements are \$126 in purchased power expense, \$18 in chemicals and \$7 in regulatory assessment fees (RAFs). The post-repression revenue requirement is \$54,443. Staff recommends no repression adjustment to the Bentwood system; therefore, the appropriate revenue requirement is \$63,372.

In order to monitor the effects of both the changes in revenues and rate structure for the Raintree Harbor system, and to monitor the consumption patterns of the Bentwood system customers resulting from setting initial rates, the utility should be ordered to file monthly reports detailing the number of bills rendered, the consumption billed by usage block, and the revenues billed by usage block for each system. In addition, the reports should be prepared by customer class and meter size. The reports should be filed with staff, on a quarterly basis, for a period of two years beginning the first billing period after the approved rates go into effect. To the extent the utility makes adjustments to consumption in any month during the reporting period, the utility should be ordered to file a revised monthly report for that month within 30 days of any revision.

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Issue 10: What are the appropriate rates for this utility?

Recommendation: The appropriate monthly water rates are shown on Schedule 4 of staff's memorandum dated June 19, 2008. Excluding miscellaneous service revenues, the recommended water rates for the Raintree Harbor system are designed to produce revenues of \$54,443, while the corresponding rates for the Bentwood system are designed to produce revenues of \$63,372. 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 of the revised tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date the notice was given no less than 10 days after the date of the notice.

APPROVED

Issue 11: What is the appropriate amount the rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, Florida Statutes?

Recommendation: The water rates should be reduced for both Raintree Harbor and Bentwood as shown on Schedule No. 4-A and 4-B of staff's memorandum dated June 19, 2008, 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 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.

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Issue 12: Should the Utility's proposed plant capacity charge of \$2,900 for its Bentwood water system be approved?

Recommendation: No, the Utility's proposed plant capacity charge should be denied. In accordance with Rule 25-30.580, F.A.C., the appropriate plant capacity charge for the Bentwood water system is \$2,600. Accordingly, staff recommends that the Utility refund the \$300 difference for each temporary approved charge of \$2,900 collected. In addition, the Utility should be authorized to collect meter installation fees of \$193 for 5/8" x 3/4" meters and actual cost for all others. If there is no timely protest by a substantially affected person, the Utility should file the appropriate tariff sheets within ten days of the issuance of the Consummating Order for the Commission-approved tariff changes. Staff should be given administrative authority to approve the tariff sheets upon staff's verification that the tariff is consistent with the Commission's decision. If the tariff sheets are filed and approved, the tariff sheets should become effective on or after the stamped approval date. Within ten days of the issuance of the Consummating Order for the Commission-approved tariff charges, the Utility shall also provide notice of the Commission's decision to all persons in the service area who are affected by the recommended plant capacity charges and meter installation fee and the authorization to collect donated property. The notice should be approved by Commission staff prior to distribution. The Utility should provide proof that the appropriate customers or developers have received notice within ten days of the date of the notice. In the event of a protest, the Utility should be allowed to collect staff's recommended charges, subject to refund. The Utility should file revised tariff sheets and a proposed customer notice prior to implementation. These charges should be implemented on a temporary basis pending resolution of the protest.

APPROVED

Issue 13: Should the recommended rates 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?

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. 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 analysis portion of staff's memorandum dated June 19, 2008. 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 Division of Economic Regulation 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.

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Issue 14: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within twenty-one days of the issuance of the order, a consummating order will 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 that the refund has been completed and verified by staff. Once these actions are complete, this docket should be closed administratively.

APPROVED