

VOTE SHEET

October 30, 2018

Docket No. 20180022-WU – Application for staff-assisted rate case in Lake County by Pine Harbour Waterworks, Inc.

Issue 1: Is the quality of service provided by Pine Harbour satisfactory?

Recommendation: Yes. Pine Harbour is in compliance with the Department of Environmental Protection (DEP) rules and regulations. Additionally, the Utility appears to be responding adequately to the water quality concerns of its customers. Therefore, staff recommends that the overall quality of service provided by Pine Harbour be considered satisfactory.

APPROVED

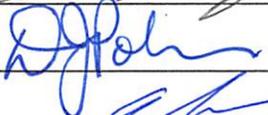
COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

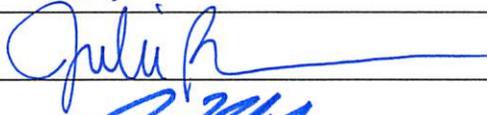
MAJORITY

DISSENTING











REMARKS/DISSENTING COMMENTS:

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

Recommendation: Pine Harbour's water treatment plant, storage and water distribution system should be considered 100 percent U&U. Staff recommends that a 10.1 percent adjustment to operating expenses for chemicals and purchased power should be made for excessive unaccounted for water (EUW).

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

Recommendation: The appropriate average test year rate base for Pine Harbour is \$36,616.

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

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 8.10 percent.

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Issue 5: What are the appropriate test year revenues for Pine Harbour?

Recommendation: The appropriate test year revenues for Pine Harbour are \$23,887.

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

Recommendation: The appropriate amount of operating expense for the Utility is \$31,327.

APPROVED

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$34,292, resulting in an annual increase of \$10,405 (43.56 percent).

APPROVED

Issue 8: What are the appropriate rate structure and rates for Pine Harbour?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated September 28, 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 the notice.

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Issue 9: What are the appropriate initial customer deposits for Pine Harbour?

Recommendation: The appropriate initial customer deposit is \$80 for the residential 5/8" x 3/4" meter size. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved initial customer deposits should be effective for service rendered or 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 initial customer deposits until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

Issue 10: 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?

Recommendation: The water rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated September 28, 2018, 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. 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 Pine Harbour 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)

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Issue 11: Should the recommended rates be approved for Pine Harbour 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 September 28, 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 Office of Commission Clerk 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. (Final Agency Action)

APPROVED

Issue 12: Should Pine Harbour 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. Pine Harbour should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts as shown on Schedule No. 5 of staff's memorandum dated September 28, 2018, 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. (Final Agency Action)

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Item 10

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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, and the Utility has submitted a letter to staff confirming that the adjustments to all the applicable NARUC USOA primary accounts as shown on Schedule No. 5 of staff's memorandum dated September 28, 2018, have been made to the Utility's books and records. Once these actions are complete, this docket should be closed administratively.

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