

FLORIDA PUBLIC SERVICE COMMISSION

Item 12

VOTE SHEET

March 31, 2020

FILED 4/1/2020
DOCUMENT NO. 01699-2020
FPSC - COMMISSION CLERK

Docket No. 20190071-WS – Application for staff-assisted rate case in Polk County by Deer Creek RV Golf & Country Club, Inc.

Issue 1: Is the quality of service provided by Deer Creek satisfactory?

Recommendation: Yes. Staff recommends that the overall quality of service provided by Deer Creek be considered satisfactory.

APPROVED

Issue 2: Are the infrastructure and operating conditions of Deer Creek’s water and wastewater systems in compliance with DEP regulations?

Recommendation: Yes. Deer Creek’s water and wastewater systems are currently in compliance with DEP regulations.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING





Donald J. Polmann





REMARKS/DISSENTING COMMENTS:

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Issue 3: What are the used and useful (U&U) percentages for Deer Creek’s water distribution system and wastewater collection system?

Recommendation: Staff recommends that the water distribution system and the wastewater collection system be considered 100 percent U&U. A 20.6 percent excessive unaccounted for water (EUW) adjustment should be made to purchased water expense and purchased wastewater expense to reflect excessive water loss. Staff is unable to calculate inflow and infiltration (I&I) due to the nature of the Utility’s provision of wastewater service. Therefore, no adjustment to operating expenses is recommended for I&I.

APPROVED

Issue 4: What is the appropriate average test year water rate base and wastewater rate base for Deer Creek?

Recommendation: The appropriate average test year rate base for Deer Creek is \$58,509 for water and \$110,351 for wastewater.

APPROVED

Issue 5: What is the appropriate return on equity and overall rate of return for Deer Creek?

Recommendation: The appropriate return on equity (ROE) is 10.55 percent with a range of 9.55 percent to 11.55 percent. The appropriate overall rate of return is 4.86 percent.

APPROVED

Issue 6: What are the appropriate test year revenues for Deer Creek?

Recommendation: The appropriate test year revenues are \$120,048 for the water system and \$197,354 for the wastewater system.

APPROVED

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Issue 7: What is the appropriate amount of operating expenses for Deer Creek?

Recommendation: The appropriate amount of operating expenses for Deer Creek are \$222,823 for water and \$225,982 for wastewater.

APPROVED

Issue 8: Does Deer Creek meet the criteria for the application of the Operating Ratio Methodology?

Recommendation: Yes. The Utility meets the requirement for application of the operating ratio methodology for calculating the revenue requirement for Deer Creek. The margin should be 12 percent of O&M expenses.

APPROVED

Issue 9: What is the appropriate revenue requirement for Deer Creek?

Recommendation: The appropriate revenue requirement is \$230,483 for water and \$231,757 for wastewater, resulting in an annual increase of \$110,435 for water (91.99 percent) and \$34,403 for wastewater (17.43 percent).

APPROVED

Issue 10: Should the Commission approve Deer Creek's request to defer legal fees and other related costs associated with the recovery of uncompensated service revenues from a business entity in its certificated service area?

Recommendation: Yes. The Commission should approve the request by Deer Creek to defer the legal fees and other related costs associated with the recovery of uncompensated service revenues from a business entity in its certificated service area pending a final determination of whether any prudent costs incurred should be capitalized, amortized, or expensed.

APPROVED

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Issue 11: What are the appropriate rate structure and rates for Deer Creek?

Recommendation: The recommended rate structure and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. 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.

APPROVED

Issue 12: What are the appropriate initial customer deposits for Deer Creek?

Recommendation: The appropriate initial customer deposits should be \$40 for the single family residential 5/8 inch x 3/4 inch meter size for water and remains \$44 for wastewater. 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. 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 13: 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 367.081(8) F.S.?

Recommendation: The rates should be reduced as shown on Schedule No. 4-A and 4-B, 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 rate case expense recovery period, pursuant to Section 367.081(8), F.S. Deer Creek 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. (Procedural Agency Action)

APPROVED

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Issue 14: Should the recommended rates be approved for Deer Creek 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. Deer Creek 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 staff analysis portion of staff's memorandum dated March 19, 2020. 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. (Procedural Agency Action)

APPROVED

Issue 15: Should Deer Creek be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision?

Recommendation: Yes. Deer Creek should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Deer Creek should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, notice providing good cause should be filed within seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant such an extension for up to 60 days. (Procedural Agency Action)

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Issue 16: Should Deer Creek’s request for a cross connection control and backflow prevention tariff sheet be approved?

Recommendation: Yes. The tariff outlining Deer Creek’s cross connection prevention policy tariff should be approved. The approved tariff should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C.

APPROVED

Issue 17: 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 Proposed Agency Action 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. Also, the docket should remain open to allow the Utility to provide the recommended reporting information. Once these actions are complete, this docket should be closed administratively.

APPROVED