

FLORIDA PUBLIC SERVICE COMMISSION

Item 10

VOTE SHEET

July 10, 2018

FILED 7/10/2018
DOCUMENT NO. 04619-2018
FPSC - COMMISSION CLERK

Docket No. 20170147-WS – Application for staff-assisted rate case in Levy County by FIMC Hideaway, Inc.

Issue 1: Is the quality of service provided by FIMC Hideaway, Inc. satisfactory?

Recommendation: Staff recommends that the overall quality of service for FIMC should be considered marginal until the utility can sufficiently demonstrate that it meets the Department of Environmental Protection's (DEP) secondary water standards. Staff additionally recommends that the utility file the results of its next primary and secondary water standards tests with the Commission. Additional action, if any, should be considered after review of these test results.

APPROVED with modification that utility is to provide results of testing by 11/01/18. If the result is not successful, staff will bring the item back to the Commission by 3/01/19.

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

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Issue 2: What are the used and useful (U&U) percentages of FIMC's WTP, WWTP, water distribution system, and wastewater collection system?

Recommendation: FIMC's WTP, WWTP, water distribution system, and wastewater collection system should be considered 100 percent U&U. Staff additionally recommends that no adjustment be made to purchased power and chemical expenses for excessive unaccounted for water (EUW) or infiltration and inflow (I&I).

APPROVED

Issue 3: What is the appropriate average test year water and wastewater rate bases for FIMC Hideaway, Inc.?

Recommendation: The appropriate average test year water rate base for FIMC is \$36,054 and the average test year wastewater rate base is \$7,935.

APPROVED *with modification that the utility will provide notice to the Commission within 60 days for any sale of land.*

Issue 4: What is the appropriate return on equity and overall rate of return for FIMC Hideaway, Inc.?

Recommendation: The appropriate return on equity (ROE) is 9.01 percent with a range of 8.01 percent to 10.01 percent. The appropriate overall rate of return is 9.33 percent.

APPROVED

Issue 5: What are the appropriate test year revenues for the water and wastewater systems of FIMC Hideaway, Inc.?

Recommendation: The appropriate test year revenues are \$41,680 for the water system and \$52,504 for the wastewater system.

APPROVED

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Issue 6: What is the appropriate amount of operating expense for FIMC Hideaway, Inc.?

Recommendation: The appropriate amount of operating expense for the utility is \$44,608 for water and \$53,077 for wastewater.

APPROVED *with modification that staff is to utilize 7.65% payroll tax rate and staff has administrative authority to address any payout calculations.*

Issue 7: Should the Commission utilize the operating ratio methodology as an alternative method for calculating the wastewater revenue requirement for FIMC Hideaway, Inc., and if so, what is the appropriate margin?

Recommendation: Yes. The Commission should utilize the operating ratio methodology for calculating the wastewater revenue requirement for FIMC. The margin should be 10 percent of O&M expense for wastewater.

APPROVED

Issue 8: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$47,972 for water and \$57,646 for wastewater, resulting in an annual increase of \$6,292 for water (15.10 percent) and \$5,142 for wastewater (9.79 percent).

APPROVED

Issue 9: What are the appropriate rate structure and rates for FIMC Hideaway’s water and wastewater systems?

Recommendation: The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B of staff’s memorandum dated June 27, 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 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 this notice.

APPROVED

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Issue 10: What are the appropriate initial customer deposits for FIMC's water and wastewater systems?

Recommendation: The appropriate initial customer deposits should be \$43 for the single family residential 5/8 inch x 3/4 inch meter size for water and \$55 for the single family residential 5/8 inch x 3/4 inch meter size 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 monthly bill. The approved initial customer deposits should be effective for services 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 deposits until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

Issue 11: Should FIMC Hideaway, Inc.'s existing service availability charges be revised, and if so, what are the appropriate charges?

Recommendation: Yes. Staff recommends that FIMC's existing service availability charges be revised. Staff recommends a meter installation charge of \$142.40 for a 5/8 inch x 3/4 inch meter and actual cost for all other meter sizes. Staff recommends a uniform water main extension charge of \$375 per ERC (ERC = 350 gpd). All other service availability charges should be discontinued. FIMC should provide notice to customers who have requested service within 12 calendar months prior to the month the application was filed to the present. The approved charges should be effective for connections made on or after the stamped approval date on the tariff sheets. 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 four years after the published effective date to reflect the removal of the amortized rate case expense?

Recommendation: FIMC's water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated June 27, 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, pursuant to Section 367.081(8), F.S. The utility should be required to file revised tariff sheets 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 FIMC 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 13: Should the recommended rates be approved for FIMC Hideaway, Inc. 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. 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 June 27, 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 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

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Issue 14: Should the utility 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. FIMC 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 Utility Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts, as shown on Schedule Nos. 5-A and 5-B of staff's memorandum dated June 27, 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 not less than 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

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 provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Once these actions are complete, this docket should be closed administratively.

APPROVED *with modification that staff has administrative authority to close the docket if the test results are successful.*