

VOTE SHEET

JUNE 3, 2003

RE: Docket No. 021067-WS - Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

ISSUE 1: Should the quality of service provided by River Ranch Water Management, L.L.C. (River Ranch or Utility), be considered satisfactory?

RECOMMENDATION: Yes. The quality of service provided by River Ranch should be considered satisfactory. Although the utility currently is not in full compliance status for wastewater, DEP's inspector believes that the utility's new owner is cooperating and currently bringing the plant into compliance status. Therefore, the utility should complete any and all improvements to the system that are necessary to satisfy the standards set by the DEP. Also, the utility should be required to provide a local emergency phone number and the number should be posted at the plant and at each lift station. The emergency phone number should be posted at all locations no later than 90 days from the date of the Consummating Order for this rate case.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Charles R. Dand
[Signature]
[Signature]
[Signature]
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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

04924 JUN-3 8

FPSC-COMMISSION CLERK

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ISSUE 2: Should the Commission approve a year-end rate base for this utility?

RECOMMENDATION: Yes. The Commission should approve a year-end rate base for this utility to allow it an opportunity to earn a fair return on the utility investment made during the test year and to insure compensatory rates on a prospective basis.

APPROVED

ISSUE 3: What portions of River Ranch Water Management, L.L.C., are used and useful?

RECOMMENDATION: The water treatment plant should be considered 100% used and useful, water distribution system should be considered 79.8% used and useful, wastewater treatment plant should be considered 17.5% used and useful, and the wastewater collection system should be considered 79.7% used and useful.

APPROVED

ISSUE 4: What is the appropriate year-end test year rate base for this utility?

RECOMMENDATION: The appropriate year-end test year rate base for this utility is \$245,608 for water and \$427,090 for wastewater. The utility should be required to complete the pro forma fence installation, meter installation, and line lining within 180 days from the date of the Consummating Order.

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ISSUE 5: What is the appropriate rate of return on equity and the appropriate overall rate of return for this utility?

RECOMMENDATION: The appropriate rate of return on equity is 10.97% with a range of 9.97% - 11.97%. The appropriate overall rate of return for the utility is 10.43%.

APPROVED

ISSUE 6: What are the appropriate year-end test year revenues?

RECOMMENDATION: The appropriate year-end test year revenues for this utility are \$51,877 for water and \$39,838 for wastewater.

APPROVED

ISSUE 7: What is the appropriate amount of operating expense?

RECOMMENDATION: The appropriate amount of operating expense for this utility is \$103,578 for water and \$111,321 for wastewater. The utility should be required to provide staff with proof of insurance and billing contract within 90 days of the Consummating Order.

APPROVED

ISSUE 8: What are the appropriate revenue requirements?

RECOMMENDATION: The appropriate revenue requirements for water and wastewater are \$129,194 and \$155,866, respectively.

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ISSUE 9: Should all connections be individually metered, and what is the appropriate resulting rate structure for the utility at this time?

RECOMMENDATION: No. Not all connections should be individually metered. Staff recommends that only general service customers, plus the residential customers of the Countryside subdivision, be individually metered. Due to the lack of metered data, the appropriate rate structure for the utility at this time is a continuation of the flat rate structure.

APPROVED

ISSUE 10: Is an adjustment to reflect repression of consumption appropriate at this time?

RECOMMENDATION: No. A repression adjustment is not appropriate at this time.

APPROVED

ISSUE 11: Should the utility be ordered to file a rate restructuring case with the Commission, and, if so, when should this case be filed and what reports should be filed with the Commission in preparation of the rate restructuring case?

RECOMMENDATION: In order to eliminate the recommended flat rate structure in favor of the Commission's preferred BFC/gallonage charge rate structure, the utility should be ordered to file a rate restructuring case with the Commission during the first quarter of 2005. In order to obtain actual consumption data for use in the rate restructuring case, the utility should be ordered to provide actual monthly consumption reports, by meter, for the 15-month period of October 2003 - December 2004. A conservation adjustment and a repression adjustment will be reconsidered in the rate restructuring case.

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ISSUE 12: Should the Commission approve a guaranteed revenue charge for this utility?

RECOMMENDATION: No. The Commission should not approve a guaranteed revenue charge for this utility.

APPROVED

ISSUE 13: What are the appropriate rates for each system?

RECOMMENDATION: The recommended rates should be designed to produce revenue of \$129,194 for water and \$155,866 for wastewater excluding miscellaneous service charges, as shown in the analysis portion of staff's memorandum. 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), Florida Administrative Code. The rates should not be implemented until staff has approved the proposed customer notice, the notice has been received by the customers, and staff has verified that the tariffs are consistent with the Commission's decision. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice. Customers should be billed in accordance with Rule 25-30.335(1), Florida Administrative Code.

APPROVED

ISSUE 14: What is the appropriate amount by which 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 and wastewater rates should be reduced as shown on Schedule 4 of staff's memorandum, 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, Florida Statutes. The utility should be required to file revised tariffs

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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.

APPROVED

ISSUE 15: What are the appropriate customer deposits for this utility?

RECOMMENDATION: The appropriate customer deposits should be as specified in the staff analysis. The utility should file revised tariff sheets and proposed notice which are consistent with the Commission's vote. The customer deposits should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed and provided customers have been noticed.

APPROVED

ISSUE 16: Should the utility's service availability charges be revised?

RECOMMENDATION: Yes. The utility's existing service availability charges should be revised to reflect a plant capacity charge of \$335 for water and \$1,073 for wastewater and a main extension charge of \$522 for water and \$891 for wastewater. The utility should also be granted a \$250 meter installation fee. The utility should file revised tariff sheets and proposed notice which are consistent with the Commission's vote. The service availability charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed and provided that customers have been noticed.

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ISSUE 17: 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), Florida Statutes, 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 in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(7), Florida Administrative Code, the utility should file reports with the Division of the Commission Clerk and Administrative Services no later than 20 days after each monthly billing. These reports should indicate the amount of revenue collected under the increased rates subject to refund.

APPROVED

ISSUE 18: Should the docket be closed?

RECOMMENDATION: No. If no timely protest is received upon expiration of the protest period, the PAA Order will become final upon the issuance of a Consummating Order. However, this docket should remain open for an additional 270 days from the effective date of the Order to allow staff time to verify the utility has completed the pro forma improvements, posted emergency phone number at the plant and lift stations, and provide staff with proof of insurance and billing contract. Upon verification of the above by staff, the docket may be administratively closed.

APPROVED