

VOTE SHEET

July 29, 2008

Docket No. 070416-WS – Application for staff-assisted rate case in Polk County by Plantation Landings, Ltd. (Deferred from the July 1, 2008 Commission Conference, revised recommendation filed.)

Issue 1: Is the quality of service provided by Plantation Landings, Ltd. considered satisfactory?

Recommendation: Yes. The overall quality of service provided by Plantation Landings is satisfactory.

APPROVED

Issue 2: What portions of Plantation Landings, Ltd's systems are used and useful?

Recommendation: The Utility's water and wastewater treatment facilities and distribution and collection systems should be considered 100 percent used and useful.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures of majority commissioners: Ned A. Igo, Katrina J. McMurrian, [unclear], [unclear], and Tony Argenziano.

Blank lines for dissenting signatures.

REMARKS/DISSENTING COMMENTS: Commissioner Argenziano participated by telephone.

DOCUMENT NUMBER-DATE

06661 JUL 30 08

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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 \$105,377 for water and \$170,190 for wastewater.

**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 with a range of 11.01 percent to 13.01 percent. The appropriate overall rate of return is 6.02 percent.

**APPROVED**

**Issue 5:** What are the appropriate amounts of test year revenues in this case?

**Recommendation:** The appropriate amounts of test year revenues in this case are \$41,116 for the water system and \$35,864 for the wastewater system.

**APPROVED**

**Issue 6:** What are the appropriate test year operating expenses?

**Recommendation:** The appropriate amount of operating expenses for the Utility are \$54,110 for water and \$79,985 for wastewater.

**APPROVED**

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**Issue 7:** What are the appropriate revenue requirements?

**Recommendation:** The appropriate revenue requirement is \$61,365 for water and \$92,792 for wastewater.

**APPROVED**

**Issue 8:** What are the appropriate pre-repression billing determinants for ratesetting purposes for the respective water and wastewater systems?

**Recommendation:** The appropriate pre-repression billing determinants for ratesetting are 5,040 ERCs and 24,329.6 kgals for the water system and 4,812 ERCs and 17,490.3 kgals for the wastewater system. The Utility should be ordered to bill all of its connections.

**APPROVED**

**Issue 9:** What are the appropriate rate structures for the Utility's water and wastewater systems?

**Recommendation:** The appropriate rate structure for the Utility's water system is the base facility charge (BFC)/uniform gallonage charge rate structure. The water system's 3 kgals allotment should be removed from the BFC, and the BFC cost recovery allocation should be set at 40 percent. The appropriate rate structure for the Utility's wastewater system is the BFC/gallonage charge rate structure. The wastewater system's 3 kgals allotment should be removed from the BFC, and the BFC cost recovery allocation should be set at 50 percent. The general service gallonage charge should be set at 1.2 times the corresponding residential gallonage charge. Charges for residential wastewater service should be capped at 6 kgals of billed water consumption per month.

**APPROVED**

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**Issue 10:** Are repression adjustments appropriate in this case, and, if so, what are the appropriate adjustments to make for this Utility?

**Recommendation:** Yes, repression adjustments to both the water and wastewater systems are appropriate. Residential water consumption should be reduced by 10.3 percent, resulting in a consumption reduction of approximately 2,363.0 kgals. Total water consumption for ratesetting is 21,966.6 kgals. The corresponding residential wastewater consumption should be reduced by 3.9 percent, resulting in a consumption reduction of approximately 665.9 kgals. Total wastewater consumption for ratesetting is 16,824.4 kgals. The resulting water system reductions to revenue requirements are \$308 in purchased power expense, \$465 in chemicals expense and \$35 in regulatory assessment fees (RAFs). The resulting wastewater system reductions to revenue requirements are \$378 in purchased power expense, \$337 in chemicals expense, \$242 in sludge removal, and \$43 in RAFs. The post-repression revenue requirements are \$60,551 for the water system and \$91,793 for the wastewater system.

In order to monitor the effects of both the changes in revenues and rate structure, the Utility should be ordered to file monthly reports detailing the number of bills rendered, the consumption billed, and the revenues billed 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.

**APPROVED**

**Issue 11:** What are the appropriate rates for this Utility?

**Recommendation:** The appropriate monthly water rates are shown on Schedule No. 4-A of staff's memorandum dated July 17, 2008, and the appropriate monthly wastewater rates are shown on Schedule No. 4-B of staff's memorandum dated July 17, 2008. Excluding miscellaneous service revenues, the recommended water rates are designed to produce revenues of \$60,551, and the recommended wastewater rates are designed to produce revenues of \$91,793. 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.

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**Issue 12:** Should Plantation Landings, Ltd. be ordered to show cause in writing, within 21 days, why it should not be fined for failing to bill certain customers for water and wastewater service?

**Recommendation:** No, a show cause proceeding should not be initiated. The Utility should, however, be put on notice that, pursuant to Sections 367.081(1) and 367.091(4), F.S., it must charge all of its customers the rates and charges approved by the Commission in its tariffs.

**APPROVED**

**Issue 13:** 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, F.S.?

**Recommendation:** The water and wastewater rates should be reduced, as shown on Schedules Nos. 4-A and 4-B of staff's memorandum dated July 17, 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.

**APPROVED**

**Issue 14:** 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 Plantation Landings?

**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, Plantation Landings 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 July 17, 2008. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., Plantation Landings 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 15:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action issues files a protest within 21 days of the issuance of the order, a Consummating Order should be issued. However, 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. When the PAA issues are final and the tariff and notice actions are complete, this docket should be closed administratively.

**APPROVED**