

VOTE SHEET

June 1, 2010

Docket No. 090349-WS – Application for limited proceeding rate increase in Polk County by Cypress Lakes Utilities, Inc.

Issue 1: Is the quality of service provided by Cypress Lakes Utilities, Inc. satisfactory?

Recommendation: Yes. The quality of service provided by Cypress Lakes Utilities, Inc., should be considered satisfactory.

DEFERRED

Issue 2: Should any adjustments be made to the Utility’s Project Phoenix Financial/Customer Care Billing System (Phoenix Project)?

Recommendation: Yes. Plant should be increased by \$455 for water and \$418 for wastewater. In addition, accumulated depreciation should be reduced by \$3,977 for water and \$3,654 for wastewater and depreciation expense should be reduced by \$2,173 for water and \$1,996 for wastewater, respectively.

DEFERRED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures of three commissioners under the MAJORITY column.

Four horizontal lines under the DISSENTING column, with no signatures.

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

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**Issue 3:** What is the appropriate amount of rate case expense?

**Recommendation:** The appropriate rate case expense is \$64,641. This expense should be recovered over four years for an annual expense of \$16,160. Thus, rate case expense should be reduced by \$3,077 for water and \$2,827 for wastewater, respectively.

## **DEFERRED**

**Issue 4:** What is the appropriate increase in revenues for this Utility?

**Recommendation:** The appropriate revenue increase is \$63,415 for water and \$234,316 for wastewater.

## **DEFERRED**

**Issue 5:** What are the appropriate rate structures for the Utility's water and wastewater systems?

**Recommendation:** The appropriate rate structure for the water system's residential class is a continuation of its three-tier inclining-block rate structure approved in Cypress Lakes' 2006 rate proceeding. The current usage blocks and usage block rate factors should also remain unchanged. The appropriate rate structure for the water system's non-residential classes is a continuation of its base facility charge (BFC)/uniform gallonage charge rate structure. The appropriate rate structure for the wastewater system is a continuation of the BFC/gallonage charge rate structure. The residential wastewater gallonage cap should remain at 6,000 gallons (6 kgals).

## **DEFERRED**

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**Issue 6:** What are the appropriate monthly rates for the water and wastewater systems for the Utility?

**Recommendation:** Excluding miscellaneous service charges, the recommended water rate structure is designed to produce revenues of \$63,415. Excluding miscellaneous service, the recommended wastewater rate structure is designed to produce revenues of \$234,316. The approved water and wastewater 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 approved water and wastewater rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

**DEFERRED**

**Issue 7:** 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?

**Recommendation:** The rates should be reduced, as shown on Schedule Nos. 1-A and 1-B of staff's memorandum dated May 19, 2010, to remove \$8,899 from water rates and \$8,175 from wastewater rates for rate case expense, grossed up for Regulatory Assessment Fees (RAFs). 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.

**DEFERRED**

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**Issue 8:** 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 substantially affected person?

**Recommendation:** Yes. The recommended rates should be approved for the Utility, subject to refund, in the event of a protest filed by a substantially affected person. Prior to implementation of any temporary rates, the Utility should provide appropriate security. UI's total guarantee should be in the amount of \$800,801. 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 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. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

**DEFERRED**

**Issue 9:** Should this docket be closed?

**Recommendation:** If a protest is not received from a substantially affected person within 21 days of issuance of the Proposed Agency Action Order, a Consummating Order will be issued. If a Consummating Order is issued, the docket should be closed upon its issuance and upon staff's approval of the revised tariff sheets.

**DEFERRED**