

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

June 1, 2010

Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

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

Recommendation: The overall quality of service provided by Pennbrooke is satisfactory.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures of three commissioners under the MAJORITY column.

Blank lines under the DISSENTING column.

REMARKS/DISSENTING COMMENTS: Oral modifications (attached, document number 04506-10) are incorporated in this vote.

DOCUMENT NUMBER-DATE

04544 JUN-10

Vote Sheet

June 1, 2010

Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

(Continued from previous page)

**Issue 2:** Should the audit adjustments to rate base to which the Utility agrees be made?

**Recommendation:** Yes. Based on audit adjustments agreed to by the Utility and staff, staff recommends the following adjustments to rate base, O&M expenses, and taxes other than income (TOTI) for water and wastewater.

| Audit Finding                 | Plant            | Accum. Depr.   | Depr. Expense  | O&M Expenses   | TOTI          |
|-------------------------------|------------------|----------------|----------------|----------------|---------------|
| No. 1 - Plant Sample          | (\$1,105)        | \$153          | (\$97)         | \$948          |               |
| No. 2 - Plant Retirements     | (\$807)          | \$807          | (\$37)         |                |               |
| No. 6 - Sampling Errors       | (\$223)          | \$14           | (\$28)         |                |               |
| No. 9 - Employee Not Replaced |                  |                |                | (\$398)        | (\$28)        |
| No. 11 - O&M Sample           | \$37             | \$114          | \$4            | (\$1,010)      |               |
| Total Water Adjustments:      | <u>(\$2,098)</u> | <u>\$1,088</u> | <u>(\$158)</u> | <u>(\$460)</u> | <u>(\$28)</u> |

| Audit Finding                 | Plant            | Accum. Depr.   | Depr. Expense  | O&M Expenses     | TOTI          |
|-------------------------------|------------------|----------------|----------------|------------------|---------------|
| No. 1 - Plant Sample          | (\$2,372)        | \$195          | (\$121)        | \$938            |               |
| No. 2 - Plant Retirements     | (\$2,100)        | \$2,100        | (\$101)        |                  |               |
| No. 6 - Sampling Errors       | (\$190)          | \$12           | (\$23)         |                  |               |
| No. 9 - Employee Not Replaced |                  |                |                | (\$338)          | (\$23)        |
| No. 11 - O&M Sample           | \$175            | \$535          | \$10           | (\$1,920)        |               |
| Total Wastewater Adjustments: | <u>(\$4,487)</u> | <u>\$2,842</u> | <u>(\$235)</u> | <u>(\$1,320)</u> | <u>(\$23)</u> |

**APPROVED**

**Issue 3:** Should any additional adjustments be made to the Utility's test year Plant in Service balance and test year expenses?

**Recommendation:** Yes. Plant should be reduced by \$88,292 for water and \$75,211 for wastewater. In addition, accumulated depreciation should be reduced by \$25,608 for water and \$21,815 for wastewater.

**APPROVED**

Vote Sheet

June 1, 2010

Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

(Continued from previous page)

**Issue 4:** Should any adjustments be made to the Utility's Project Phoenix Financial/Customer Care Billing System (Phoenix Project)?

**Recommendation:** Yes. Plant should be reduced by \$8,406 for water and \$6,605 for wastewater. In addition, accumulated depreciation and depreciation expense both should be reduced \$2,611 for water and \$2,224 for wastewater, respectively.

**APPROVED**

**Issue 5:** Should adjustments be made to the Utility's pro forma plant additions and associated expenses?

**Recommendation:** Yes. The Utility's pro forma plant additions should be increased \$4,538 for wastewater. Pro forma adjustments for water should be denied. Accordingly, accumulated depreciation and depreciation expense should be decreased by \$15,488 for water, and accumulated depreciation and depreciation expense both should be increased by \$138 for wastewater.

**APPROVED**

**Issue 6:** What are the used and useful percentages for the Utility's water and wastewater systems?

**Recommendation:** The Utility's water and wastewater systems are 100 percent used and useful.

**APPROVED**

**Issue 7:** What is the appropriate working capital allowance?

**Recommendation:** The appropriate amount of working capital is \$31,537 for water and \$34,566 for wastewater.

**APPROVED**

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Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

(Continued from previous page)

**Issue 8:** What is the appropriate rate base for the December 31, 2008, test year?

**Recommendation:** Consistent with other recommended adjustments, the appropriate simple average rate base for the test year ended December 31, 2008, is \$810,184 for water and \$1,132,356 for wastewater.

**APPROVED**

**Issue 9:** What is the appropriate return on equity?

**Recommendation:** The appropriate return on equity is 11.13 percent based on the Commission's leverage formula currently in effect. Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes.

**APPROVED**

**Issue 10:** What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year ended December 31, 2008?

**Recommendation:** The appropriate weighted average cost of capital for the test year ended December 31, 2008, is 8.08 percent.

**APPROVED**

**Issue 11:** What are the appropriate annualized revenue adjustments?

**Recommendation:** The appropriate water and wastewater annualized revenue adjustments are \$40,970 and \$66,557, respectively. The Utility's annualized revenue adjustments of \$7,164 and \$6,080 for water and wastewater, respectively, should be increased by \$33,806 for water and \$60,477 for wastewater.

**APPROVED**

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Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

(Continued from previous page)

**Issue 12:** Should any audit adjustments contested by the Utility be made to test year O&M expenses?

**Recommendation:** Yes. O&M expenses should be decreased by \$3,668 for water and \$3,104 for wastewater. Accordingly, corresponding adjustments should be made to increase plant by \$69 for water and \$58 for wastewater. Finally, accumulated depreciation and depreciation expense both should be increased by \$3 for water and \$3 for wastewater.

**APPROVED**

**Issue 13:** Should an adjustment be made to the Utility's salaries and wages, pensions and benefits, and payroll taxes?

**Recommendation:** Yes. Pennbrooke's salaries and wages expense should be decreased by \$48,628 for water and \$34,442 for wastewater. Accordingly, pensions and benefits expense should be reduced by \$10,264 for water and \$7,270 for wastewater. Finally, payroll taxes should be reduced by \$3,720 for water and \$2,635 for wastewater.

**APPROVED**

**Issue 14:** Should any adjustment be made to allocated relocation expense?

**Recommendation:** Yes. Consistent with Commission practice, relocation expense should be based on a 4-year average. Accordingly, Pennbrooke's relocation expense of \$1,535 should be reduced by \$470 for water and \$400 for wastewater.

**APPROVED**

**Issue 15:** Should any adjustments be made to transportation expenses?

**Recommendation:** Yes. Transportation expense should be decreased by \$954 for water and \$812 for wastewater.

**APPROVED**

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June 1, 2010

Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

(Continued from previous page)

**Issue 16:** Should any adjustments be made to irrigation billing expense?

**Recommendation:** Yes. The costs of mailing 1,358 duplicate irrigation bills in the amount of \$6,642 for water should be removed from water O&M expense.

**APPROVED**

**Issue 17:** Should any adjustment be made to unamortized rate case expense from the Utility's prior case?

**Recommendation:** Yes. Consistent with Order No. PSC-07-0088-PAA-WS, test year rate case expense for the Utility's prior case should reduce expenses by \$9,641 for water and \$8,057 for wastewater.

**APPROVED**

**Issue 18:** What is the appropriate amount of current rate case expense?

**Recommendation:** The appropriate amount of rate case expense is \$130,990. This expense should be recovered over four years for an annual expense of \$32,747. Thus, annual rate case expense should be reduced by \$7,664 for water and \$6,528 for wastewater, respectively.

**APPROVED**

**Issue 19:** Should any adjustment be made to bad debt expense?

**Recommendation:** Yes. Pennbrooke should be entitled to bad debt expense of \$365. As a result, Pennbrooke's bad debt expense of \$476 should be reduced by \$111 or \$60 for water and \$51 for wastewater.

**APPROVED**

Vote Sheet

June 1, 2010

Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

(Continued from previous page)

**Issue 20:** What is the test year water and wastewater operating income before any revenue increase?

**Recommendation:** Based on the adjustments discussed in previous issues, the test year operating income is \$29,766 ~~\$26,894~~ for water and \$49,024 for wastewater.

**APPROVED**

**Issue 21:** What is the appropriate revenue requirement for the December 31, 2008 test year?

**Recommendation:** The following revenue requirement should be approved.

|            | <u>Test</u><br><u>Year Revenues</u> | <u>\$ Increase</u> | <u>Revenue</u><br><u>Requirement</u> | <u>% Increase</u> |
|------------|-------------------------------------|--------------------|--------------------------------------|-------------------|
| Water      | \$389,228                           | <u>\$64,736</u>    | \$453,964                            | 16.63%            |
|            |                                     | <u>\$59,835</u>    | <u>\$499,063</u>                     | <u>15.37%</u>     |
| Wastewater | \$440,068                           | <u>\$71,279</u>    | \$511,347                            | 16.20%            |

**APPROVED**

Vote Sheet

June 1, 2010

Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

(Continued from previous page)

**Issue 22:** 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 three-tier inclining-block rate structure. The usage blocks should be set for monthly consumption at: (a) 0-6 kgal; (b) 6.001-12 kgal; and (c) usage in excess of 12 kgal. The usage block rate factors should be set at 1.00, 1.25, and 1.50 respectively. As discussed in the following issue, by restricting any cost recovery due to repression to discretionary usage, an additional fourth tier will be created for non-discretionary usage at or below 3 kgal per month. The appropriate rate structure for the water system's general service customers is a continuation of the traditional base facility charge (BFC)/uniform gallonage charge rate structure. The BFC cost recovery percentage for the water system should be set at 20.22 ~~20~~ percent. The appropriate rate structure for the wastewater system is a continuation of the BFC/gallonage charge rate structure. The residential wastewater monthly gallonage cap should continue at 6 kgal. The general service gallonage charge should remain 1.2 times greater than the corresponding residential charge. The post-repression BFC cost recovery percentage should be set at 40 percent. The appropriate rate structure for the reuse system is a pure consumption-only based charge per kgal.

**APPROVED**

**Issue 23:** Is a repression adjustment to the Utility's water system appropriate in this case, and, if so, what is the appropriate adjustment to make for this Utility?

**Recommendation:** Yes, a repression adjustment is appropriate. Residential water consumption should be reduced by 4.0 percent, resulting in a consumption reduction of approximately 5,125 ~~5,587~~ kgal. Total post-repression residential water consumption for ratesetting is 134,043 ~~133,581~~ kgal. The resulting water system reductions to revenue requirements are \$1,192 ~~\$1,299~~ in purchased power expense, \$622 ~~\$678~~ in chemicals expense and \$85 ~~\$93~~ in RAFs. The post-repression revenue requirement for the water system is \$446,381 ~~\$451,111~~.

In order to monitor the effects of both the changes in revenues and rate structure, the Utility should be ordered to prepare 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 semi-annual 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**



Vote Sheet

June 1, 2010

Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

(Continued from previous page)

**Issue 24:** What are the appropriate monthly rates for the water, wastewater and reuse systems for the Utility?

**Recommendation:** The appropriate monthly water rates are shown on Schedule No. 4-A, and the appropriate monthly wastewater rates are shown on Schedule No. 4-B of staff's memorandum dated May 19, 2010. Excluding miscellaneous service charges, the recommended rates for the water system are designed to produce annual revenues of ~~\$446,381~~ \$451,111. The recommended reuse rate of \$0.85 per kgal is designed to produce annual revenues of \$22,648, which should be used as an offset to wastewater revenues from rates. Therefore, excluding miscellaneous service charges, the recommended rates for the wastewater system are designed to produce annual revenues of \$488,033. The Utility should file revised water, wastewater and reuse tariff sheets and a proposed customer notice to reflect the Commission-approved rates for the respective systems. The approved water, wastewater and reuse 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, wastewater and reuse 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.

**APPROVED**

**Issue 25** Should the Utility be authorized to revise its miscellaneous service charges, and, if so, what are the appropriate charges?

**Recommendation:** Yes. Pennbrooke should be authorized to revise its miscellaneous service charges. The Utility should file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), F.A.C., provided the notice has been approved by staff. The Utility should provide proof the customers have received notice within 10 days after the date that the notice was sent. The appropriate charges are reflected below. This notice may be combined with the notice required in Issue 24.

| Miscellaneous Service Charges |                  |
|-------------------------------|------------------|
|                               | <u>After Hrs</u> |
| Water Initial Connection      | \$42             |
| Wastewater Initial Connection | \$42             |

**APPROVED**

Vote Sheet

June 1, 2010

Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

(Continued from previous page)

**Issue 26:** Should the Utility's request for approval of a Non-Sufficient Funds fee be granted?

**Recommendation:** Yes. The Utility's requested Non-Sufficient Funds (NSF) fee should be approved. The NSF fee should be effective on or after the stamped approval date on the 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. This notice may be combined with the notice required in Issue 24.

**APPROVED**

**Issue 27:** In determining whether any portion of the water and wastewater interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

**Recommendation:** The proper refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenue requirement granted. Based on this calculation, the Utility should be required to refund 22.05 ~~20.96~~ percent of water revenues and 16.77 percent of wastewater revenues collected under interim rates. The refunds should be made with interest in accordance with Rule 25-30.360(4), F.A.C. The Utility should be required to submit proper refund reports, pursuant to Rule 25-30.360(7), F.A.C. The Utility should treat any unclaimed refunds as CIAC, pursuant to Rule 25-30.360(8), F.A.C. Further, the surety bond should be released upon staff's verification that the required refunds have been made.

**APPROVED**

Vote Sheet

June 1, 2010

Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

(Continued from previous page)

**Issue 28:** 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 Schedule Nos. 4-A and 4-B of staff's memorandum dated May 19, 2010, to remove \$18,704 of water and \$15,933 of wastewater rate case expense, grossed up for regulatory assessment fees. 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 30 days prior to the actual date of the required rate reduction. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets, pursuant to Rule 25-40.475(1), F.A.C. The rates should not be implemented until staff has approved the proposed customer notice. Pennbrooke should provide proof of the date notice was given no less than 10 days after the date of the notice.

**APPROVED**

**Issue 29:** Should the Utility be required to provide proof, within 90 days of the final order issued in this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts associated with the Commission approved adjustments?

**Recommendation:** Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, Pennbrooke should provide proof, within 90 days of the final order issued in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

**APPROVED**

Vote Sheet

June 1, 2010

Docket No. 090392-WS – Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke.

(Continued from previous page)

**Issue 30:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action files a protest within twenty-one days of the issuance of the order, a consummating order will 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 that the interim refund has been completed and verified by staff. Once these actions are complete, this docket should be closed administratively.

**APPROVED**

**Ann Cole**

**From:** Chuck Hill  
**Sent:** Friday, May 28, 2010 1:43 PM  
**To:** Cheryl Bulecza-Banks; Tim Devlin; Commissioners Advisors; Mary Anne Helton; Ann Cole; Sharon Allbritton; Selena Chambers  
**Cc:** Marshall Willis; Andrew Maurey; Bart Fletcher; Jennifer Brubaker; Erik Sayler; Patti Daniel  
**Subject:** RE: Request for Oral Modification to Item 8, June 1, 2010 Agenda, Docket No. 090392-WS - Utilities Inc. of Pennbrooke

Approved

**From:** Cheryl Bulecza-Banks  
**Sent:** Friday, May 28, 2010 12:55 PM  
**To:** Tim Devlin  
**Cc:** Chuck Hill; Marshall Willis; Andrew Maurey; Bart Fletcher; Jennifer Brubaker; Erik Sayler; Patti Daniel  
**Subject:** Request for Oral Modification to Item 8, June 1, 2010 Agenda, Docket No. 090392-WS - Utilities Inc. of Pennbrooke  
**Importance:** High

Good Afternoon,

Item 8 relates to a PAA rate increase request by Utilities Inc. of Pennbrooke. The Statutory time frame to process this case has been waived by Pennbrooke through the June 1, 2010, Agenda Conference. Staff requests approval to make an oral modification to the recommendation paragraph of Issue 20 for the above-referenced item. Staff inadvertently failed to include a reduction to O&M expense of \$4,617 for unsupported proforma deferred maintenance expenses. This will affect fall-out issues for revenue requirement, rates, and interim refunds for the water system only. This requested modification has no other effects on Staff's recommendation. The specific modifications are in type and strike format as follows:

1) Page 42, Issue 20

**Issue 20:**

What is the test year water and wastewater operating income before any revenue increase?

**Recommendation:**

Based on the adjustments discussed in previous issues, the test year operating income is \$29,766 ~~\$26,894~~ for water and \$49,024 for wastewater. (Deason)

2) Page 43, Issue 21

**Issue 21:**

What is the appropriate revenue requirement for the December 31, 2008 test year?

**Recommendation:**

The following revenue requirement should be approved. (Deason)

|            | <u>Test<br/>Year Revenues</u> | <u>\$ Increase</u> | <u>Revenue<br/>Requirement</u> | <u>% Increase</u> |
|------------|-------------------------------|--------------------|--------------------------------|-------------------|
|            |                               | <u>\$59,835</u>    | <u>\$449,063</u>               | <u>15.37%</u>     |
| Water      | \$389,228                     | \$64,736           | \$453,964                      | 16.63%            |
| Wastewater | \$440,068                     | \$71,279           | \$511,347                      | 16.20%            |

DOCUMENT NUMBER-CATE  
04506 MAY 28 09  
FFSC-COMMISSIONER CLERK

3) Page 44, Issue 22**Issue 22:**

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 three-tier inclining-block rate structure. The usage blocks should be set for monthly consumption at: (a) 0-6 kgal; (b) 6.001-12 kgal; and (c) usage in excess of 12 kgal. The usage block rate factors should be set at 1.00, 1.25, and 1.50 respectively. As discussed in the following issue, by restricting any cost recovery due to repression to discretionary usage, an additional fourth tier will be created for non-discretionary usage at or below 3 kgal per month. The appropriate rate structure for the water system's general service customers is a continuation of the traditional base facility charge (BFC)/uniform gallonage charge rate structure. The BFC cost recovery percentage for the water system should be set at ~~20.22~~ 20 percent. The appropriate rate structure for the wastewater system is a continuation of the BFC/gallonage charge rate structure. The residential wastewater monthly gallonage cap should continue at 6 kgal. The general service gallonage charge should remain 1.2 times greater than the corresponding residential charge. The post-repression BFC cost recovery percentage should be set at 40 percent. The appropriate rate structure for the reuse system is a pure consumption-only based charge per kgal. (Stallcup, Lingo, Thompson)

4) Page 46, Table 22-1

Table 22-1

| <b>UTILITIES INC. OF PENNBROOKE<br/>STAFF'S RECOMMENDED AND ALTERNATIVE RATE STRUCTURES<br/>FOR TYPICAL RESIDENTIAL CUSTOMERS ON 5/8" x 3/4" METERS</b> |         |   |                               |
|---|---------|---|-------------------------------|
| <b>Current Rate Structure and Rates</b>   |         | <b>Recommended Rate Structure and Rates</b>   |                               |
| 2-Tier Inclining Block Rate Structure<br>Rate Factors 1.00 and 1.25<br>BFC = 25%  |         | 3-Tier Inclining Block Rate Structure<br>Rate Factors 1.00, 1.25 and 1.50<br>BFC = <del>20.22</del> 20% |                               |
| BFC   | \$5.20  | BFC   | \$5.20                        |
| 0-10 kgal   | \$1.76  | 0-3 kgal (no repression)  | \$1.86<br><del>\$1.89</del>   |
| 10+ kgal  | \$2.20  | 3-6 kgal  | \$1.95<br><del>\$1.98</del>   |
|   |         | 6-12 kgal   | \$2.43<br><del>\$2.48</del>   |
|   |         | 12+ kgal  | \$2.92<br><del>\$2.97</del>   |
| <b>Typical Monthly Bills</b>  |         | <b>Typical Monthly Bills</b>  |                               |
| Cons (kgal)   |         | Cons (kgal)   |                               |
| 0   | \$5.20  | 0   | \$5.20                        |
| 1   | \$6.96  | 1   | \$7.06<br><del>\$7.09</del>   |
| 3   | \$10.48 | 3   | \$10.78<br><del>\$10.87</del> |
| 5   | \$14.00 | 5   | \$14.68<br><del>\$14.83</del> |
| 10  | \$22.80 | 10  | \$26.35<br><del>\$26.73</del> |
| 20  |         | 20  | \$54.57                       |

|  |                               |   |                               |
|--|-------------------------------|---|-------------------------------|
|  | \$44.80                       |   | \$55.45                       |
| <b>Alternative 1</b>   |                               | <b>Alternative 2</b>  |                               |
| 3-Tier Inclining Block Rate Structure<br>Rate Factors 1.00, 1.25 and 1.50<br>BFC = 30% |                               | 2-Tier Inclining Block Rate Structure<br>Rate Factors 1.00 and 2.00<br>BFC = 20.22 <del>20%</del> |                               |
| BFC  | \$7.71<br><del>\$7.79</del>   | BFC   | \$5.20                        |
| 0-3 kgals (no repression)  | \$1.63<br><del>\$1.65</del>   | 0-3 kgals (no repression)   | \$1.68<br><del>\$1.70</del>   |
| 3-6 kgals  | \$1.71<br><del>\$1.73</del>   | 3.001-10 kgals  | \$1.78<br><del>\$1.81</del>   |
| 6-12 kgals   | \$2.13<br><del>\$2.17</del>   | 10+ kgals   | \$3.55<br><del>\$3.61</del>   |
| 12+ kgals  | \$2.56<br><del>\$2.60</del>   |   |                               |
| <b>Typical Monthly Bills</b>   |                               | <b>Typical Monthly Bills</b>  |                               |
| <b>Cons (kgal)</b>   |                               | <b>Cons (kgal)</b>  |                               |
| 0  | \$7.71<br><del>\$7.79</del>   | 0   | \$5.20                        |
| 1  | \$9.34<br><del>\$9.44</del>   | 1   | \$6.88<br><del>\$6.90</del>   |
| 3  | \$12.60<br><del>\$12.74</del> | 3   | \$10.24<br><del>\$10.30</del> |
| 5  | \$16.02<br><del>\$16.20</del> | 5   | \$13.80<br><del>\$13.92</del> |
| 10   | \$26.25<br><del>\$26.61</del> | 10  | \$22.70<br><del>\$22.97</del> |
| 20   | \$50.99<br><del>\$51.75</del> | 20  | \$58.20<br><del>\$59.10</del> |

## 5) Page 49, Issue 23

**Issue 23:**

Is a repression adjustment to the Utility's water system appropriate in this case, and, if so, what is the appropriate adjustment to make for this Utility?

**Recommendation:**

Yes, a repression adjustment is appropriate. Residential water consumption should be reduced by 4.0 percent, resulting in a consumption reduction of approximately 5,125 ~~5,587~~ kgals. Total post-repression residential water consumption for ratesetting is 134,043 ~~133,581~~ kgals. The resulting water system reductions to revenue requirements are \$1,192 ~~\$1,299~~ in purchased power expense, \$622 ~~\$678~~ in chemicals expense and \$85 ~~\$93~~ in RAFs. The post-repression revenue requirement for the water system is \$446,381 ~~\$451,111~~.

In order to monitor the effects of both the changes in revenues and rate structure, the Utility should be ordered to prepare 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 semi-annual 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. (Stallcup, Thompson)

## 6) Page 51, Issue 24

**Issue 24:**

What are the appropriate monthly rates for the water, wastewater and reuse systems for the Utility?

**Recommendation:**

The appropriate monthly water rates are shown on Schedule No. 4-A, and the appropriate monthly wastewater rates are shown on Schedule No. 4-B. Excluding miscellaneous service charges, the recommended rates for the water system are designed to produce annual revenues of ~~\$446,381~~ \$451,111. The recommended reuse rate of \$0.85 per kgal is designed to produce annual revenues of \$22,648, which should be used as an offset to wastewater revenues from rates. Therefore, excluding miscellaneous service charges, the recommended rates for the wastewater system are designed to produce annual revenues of \$488,033. The Utility should file revised water, wastewater and reuse tariff sheets and a proposed customer notice to reflect the Commission-approved rates for the respective systems. The approved water, wastewater and reuse 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, wastewater and reuse 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. (Thompson, Lingo, Deason)

7) Page 56, Issue 27

**Issue 27:**

In determining whether any portion of the water and wastewater interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

**Recommendation:**

The proper refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenue requirement granted. Based on this calculation, the Utility should be required to refund 22.05 ~~20.96~~ percent of water revenues and 16.77 percent of wastewater revenues collected under interim rates. The refunds should be made with interest in accordance with Rule 25-30.360(4), F.A.C. The Utility should be required to submit proper refund reports pursuant to Rule 25-30.360(7), F.A.C. The Utility should treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), F.A.C. Further, the surety bond should be released upon staff's verification that the required refunds have been made. (Deason)

8) Page 68, Schedule 4-A

| Utilities Inc. of Pennbrooke<br>Water Monthly Service Rates<br>Test Year Ended 12/31/08 |                             |                                   | Schedule No.4-A<br>Docket No.090392-WS |                           |                             |
|---|-----------------------------|-----------------------------------|--|---------------------------|-----------------------------|
|   | Rates<br>Prior to<br>Filing | Commission<br>Approved<br>Interim | Utility<br>Requested<br>Final          | Staff<br>Recomm.<br>Final | 4-Year<br>Rate<br>Reduction |
| <b>Residential, General Service and Multi-Family</b>                                    |                             |                                   |  |                           |                             |
| Base Facility Charge by Meter Size:   |                             |                                   |  |                           |                             |
| 5/8" x 3/4"   | \$5.20                      | \$7.51                            | \$8.87                                 | \$5.20                    | \$0.21                      |
| 3/4"  | \$0.00                      | \$0.00                            | \$0.00                                 | \$7.80                    | \$0.32                      |
| 1"  | \$12.99                     | \$18.78                           | \$22.15                                | \$13.00                   | \$0.53                      |
| 1-1/2"  | \$25.97                     | \$37.54                           | \$44.29                                | \$26.00                   | \$1.06                      |
| 2"  | \$41.55                     | \$60.05                           | \$70.86                                | \$41.60                   | \$1.70                      |
| 3"  | \$83.10                     | \$120.11                          | \$141.72                               | \$83.20                   | \$3.39                      |



|   |          |          |          |                             |         |
|---|----------|----------|----------|-----------------------------|---------|
| 4"  | \$129.84 | \$187.66 | \$221.43 | \$130.00                    | \$5.30  |
| 6"  | \$0.00   | \$0.00   | \$0.00   | \$260.00                    | \$10.61 |
| <b>Gallonge Charge, per 1,000 gallons</b> |          |          |          |                             |         |
| GS- Gallonge Charge, per 1,000 Gallons    | \$1.87   | \$2.71   | \$3.19   | <del>\$2.28</del><br>\$2.32 | \$0.09  |
| RS- Gallonge Charge, 0-10,000 gallons     | \$1.76   | \$2.54   | \$3.00   | \$0.00                      | \$0.00  |
| RS- Gallonge Charge, over 10,000 gallons  | \$2.20   | \$3.18   | \$3.75   | \$0.00                      | \$0.00  |
| RS- Gallonge Charge, 0-3,000 gallons      | \$0.00   | \$0.00   | \$0.00   | <del>\$1.86</del><br>\$1.89 | \$0.08  |
| RS- Gallonge Charge, 3,000-6,000 gallons  | \$0.00   | \$0.00   | \$0.00   | <del>\$1.95</del><br>\$1.98 | \$0.08  |
| RS- Gallonge Charge, 6,000-12,000 gallons | \$0.00   | \$0.00   | \$0.00   | <del>\$2.43</del><br>\$2.48 | \$0.10  |
| RS- Gallonge Charge, over 12,000 gallons  | \$0.00   | \$0.00   | \$0.00   | <del>\$2.92</del><br>\$2.97 | \$0.12  |
| <b>Irrigation-General Service</b>         |          |          |          |                             |         |
| Base Facility Charge by Meter Size:       |          |          |          |                             |         |
| 5/8" x 3/4"                               | \$5.20   | \$7.51   | \$8.87   | \$5.20                      | \$0.21  |
| 2"  | \$41.55  | \$60.05  | \$70.86  | \$41.60                     | \$1.70  |
| 3"  | \$83.10  | \$120.11 | \$141.72 | \$83.20                     | \$3.39  |
| 4"  | \$129.84 | \$187.66 | \$221.43 | \$130.00                    | \$5.30  |

|                | <b>Typical Residential Bills 5/8" x 3/4" Meter</b> |         |         |                               |  |
|----------------|--|---------|---------|-------------------------------|--|
| 3,000 Gallons  | \$10.48  | \$15.13 | \$17.87 | <del>\$10.78</del><br>\$10.87 |  |
| 5,000 Gallons  | \$14.00  | \$20.21 | \$23.87 | <del>\$14.68</del><br>\$14.83 |  |
| 10,000 Gallons | \$22.80  | \$32.91 | \$38.87 | <del>\$26.35</del><br>\$26.73 |  |