

VOTE SHEET

August 3, 2010

Docket No. 090462-WS – Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas and Seminole Counties by Utilities, Inc. of Florida.

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

Recommendation: Yes. The overall quality of service for the UIF systems in Marion, Pasco, Pinellas, Orange, and Seminole Counties is satisfactory.

APPROVED in part. The quality of service is satisfactory for all systems, except for Summerlee water, which is indeterminate at this time, pending further testing of water quality. Within 60 days, additional testing results to be submitted to the Commission for review by staff to make a determination if primary and secondary standards are met. Reduce the rates to PAA rates, pending test results. If quality of service meets the primary and secondary standards, after staff review, rates will automatically go into effect.

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in the majority column]

Item 14 only

REMARKS/DISSENTING COMMENTS:

attached to the vote sheet. on Issue 14.

Oral modification, DNO 6222-10, Commissioner Edgar dissented

DOCUMENT NUMBER DATE

6352 AUG-3 0

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Docket No. 090462-WS – Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas and Seminole Counties by Utilities, Inc. of Florida.

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Issue 2: Should the audit adjustments to rate base and net operating income to which the Utility agrees be made?

Recommendation: Yes. Based on the agreed to audit adjustments, the adjustments shown below should be made to rate base and net operating income.

Summary of UIF's Agreed to Audit Adjustments						
<u>System</u>	<u>Plant</u>	<u>Land</u>	<u>Accum. Deprec.</u>	<u>Deprec. Expense</u>	<u>O & M Expenses</u>	<u>Taxes Other Than Income</u>
Marion Water	\$552	\$0	\$1,151	\$36	(\$3,622)	(\$94)
Marion Wastewater	81	0	172	4	(523)	(14)
Orange Water	4	0	754	(37)	(2,267)	(72)
Pasco Water	3,260	(1,673)	6,561	221	(31,413)	(20)
Pasco Wastewater	1,280	0	2,580	86	(12,378)	(7)
Pinellas Water	470	0	905	32	(1,819)	(3)
Seminole Water	72	(3,564)	6,579	(272)	(20,722)	(1,336)
Seminole Wastewater	<u>331</u>	<u>0</u>	<u>3,484</u>	<u>(105)</u>	<u>(5,191)</u>	<u>(781)</u>
Adjustment Totals	<u>\$6,050</u>	<u>(\$5,237)</u>	<u>\$22,186</u>	<u>(\$35)</u>	<u>(\$77,935)</u>	<u>(\$2,327)</u>

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Issue 3: Should any adjustments be made to the Utility’s Project Phoenix Financial/Customer Care Billing System (Phoenix Project)?

Recommendation: Yes. Plant, accumulated depreciation, and depreciation expense should be decreased by the amounts shown in the table below:

<u>County</u>	<u>Water Plant in Service</u>	<u>Wastewater Plant in Service</u>	<u>Water Accumulated Depreciation</u>	<u>Wastewater Accumulated Depreciation</u>	<u>Water Depreciation Expense</u>	<u>Wastewater Depreciation Expense</u>
Marion	(\$2,910)	(\$431)	\$937	\$139	(\$937)	(\$139)
Orange	(1,660)	0	534	0	(534)	0
Pasco	(16,478)	(6,480)	5,306	2,087	(5,306)	(2,087)
Pinellas	(2,370)	0	763	0	(763)	0
Seminole	<u>(14,383)</u>	<u>(7,685)</u>	<u>4,632</u>	<u>2,475</u>	<u>(4,632)</u>	<u>(2,475)</u>
Totals	<u>(\$37,801)</u>	<u>(\$14,596)</u>	<u>\$12,172</u>	<u>\$4,701</u>	<u>(\$12,172)</u>	<u>(\$4,701)</u>

APPROVED

Issue 4: Should any adjustments be made to the Utility’s pro forma plant additions?

Recommendation: Yes. UIF’s pro forma plant, accumulated depreciation, and depreciation expense should be adjusted as shown below.

County	Plant		Accumulated Depreciation		Depreciation Expense	
	Water	W/Water	Water	W/Water	Water	W/Water
Pasco	(\$258,234)	\$0	(\$34,310)	\$0	(\$6,375)	\$0
Seminole	(\$505,573)	(\$120,000)	(\$72,427)	\$2,667	(\$18,117)	(\$2,667)
Total	(\$763,807)	(\$120,000)	(\$106,737)	\$2,667	(\$24,492)	(\$2,667)

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Issue 5: Should any further adjustments be made to the Utility's pro forma plant additions?

Recommendation: Yes. UIF's pro forma adjustments for replacement telephone system should be adjusted as shown below.

County	Plant		Accumulated Depreciation		Depreciation Expense	
	Water	W/Water	Water	W/Water	Water	W/Water
Marion	\$250	\$37	\$693	\$102	\$27	\$4
Orange	\$143	N/A	\$396	N/A	\$15	N/A
Pasco	\$1,419	\$558	\$3,925	\$1,544	\$154	\$60
Pinellas	\$204	N/A	\$564	N/A	\$22	N/A
Seminole	(\$43,340)	(\$23,156)	(\$10,654)	(\$5,693)	(\$4,324)	(\$2,309)
Total	(\$41,324)	(\$22,561)	(\$5,076)	(\$4,047)	(\$4,106)	(\$2,245)

APPROVED

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

Recommendation: Except for the Crownwood wastewater treatment plant, UIF's water plants, water transmission and distribution systems, and wastewater collection systems should be considered to be 100 percent used and useful (U&U). The Crownwood wastewater treatment plant should be considered 68.65 percent U&U. Staff recommends that no adjustment be made for excess unaccounted for water for any of the Utility's water systems. A 20.02 percent adjustment to purchase wastewater treatment expense for Summertree and a 40.79 percent adjustment to purchase wastewater treatment expense for Ravenna Park should be made to reflect the Utility's excessive infiltration and inflow (I&I). Accordingly, purchased wastewater expense should be decreased by \$63,391 for Pasco County – Wastewater and by \$87,662 for Seminole County – Wastewater.

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Issue 7: What is the appropriate working capital allowance?

Recommendation: The appropriate working capital allowance for each system is shown in the table below.

<u>County</u>	<u>As Filed</u>	<u>Staff Adjustment</u>	<u>Staff Adjusted</u>
Marion – Water	\$157,348	(\$110,946)	\$46,402
Marion - Wastewater	\$23,248	(\$15,288)	\$7,960
Orange – Water	\$89,873	(\$59,116)	\$30,757
Pasco - Water	\$891,638	(\$586,463)	\$305,175
Pasco – Wastewater	\$350,701	(\$230,672)	\$120,029
Pinellas – Water	\$128,146	(\$84,283)	\$43,863
Seminole – Water	\$778,234	(\$511,867)	\$266,367
Seminole – Wastewater	\$415,909	(\$273,559)	\$142,350
TOTAL	<u>\$2,835,097</u>	<u>(\$1,872,194)</u>	<u>\$962,903</u>

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Issue 8: What are the appropriate rate bases for the December 31, 2008, test year?

Recommendation: The appropriate rate bases for the UIF systems for the test year ended December 31, 2008, are as shown below.

County	Water	Wastewater	Total
Marion	\$444,429	\$111,892	\$556,321
Orange	\$225,363	N/A	\$225,363
Pasco	\$3,368,786	\$792,657	\$4,161,443
Pinellas	\$336,788	N/A	\$336,788
Seminole	\$3,141,040	\$2,124,710	\$5,265,750
Total	\$7,516,406	\$3,029,259	\$10,545,665

APPROVED

Issue 9: What is the appropriate return on equity?

Recommendation: Based on the Commission leverage formula currently in effect, the appropriate return on equity (ROE) is 10.69 percent. Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes.

APPROVED;

*as modified -
may potentially impact Pasco County as
a result of the decision on Issue 1.*

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 6.89 percent for Marion County, 6.61 percent for Orange County, 6.98 percent for Pasco County, 6.68 percent for Pinellas County, and 7.25 percent for Seminole County.

APPROVED;

*as modified -
may potentially impact Pasco County as
a result of the ~~decision~~ decision on Issue 1.*

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Issue 11: Should an adjustment be made to the Utility's salaries and wages, pensions and benefits, and payroll taxes?

Recommendation: Yes. UIF's salaries and wages expense should be decreased by the amounts shown in the chart below:

<u>County</u>	<u>Water Salaries</u>	<u>Wastewater Salaries</u>	<u>Water Pension and Benefits</u>	<u>Wastewater Pension and Benefits</u>	<u>Water Payroll Taxes</u>	<u>Wastewater Payroll Taxes</u>
Marion	(\$1,065)	(\$130)	(\$354)	(\$43)	(\$81)	(\$10)
Orange	(1,066)	0	(254)	0	(82)	0
Pasco	(107,015)	(42,083)	(25,431)	(10,000)	(8,187)	(3,219)
Pinellas	(11,848)	0	(3,142)	0	(906)	0
Seminole	(1,827)	(62)	(480)	(16)	(140)	(5)
Totals	<u>(\$122,821)</u>	<u>(\$42,275)</u>	<u>(\$29,661)</u>	<u>(\$10,059)</u>	<u>(\$9,396)</u>	<u>(\$3,234)</u>

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Issue 12: Should there be an adjustment made to relocation expenses?

Recommendation: Yes. Consistent with Commission practice, relocation expense should be based on a 4-year average. Accordingly, UIF's allocated relocation expense of \$5,420 should be reduced by \$1,874 for water and \$1,199 for wastewater as indicated below:

<u>County</u>	<u>Water</u>	<u>Wastewater</u>
Marion	(\$169)	(\$27)
Orange	(\$98)	N/A
Pasco	(\$631)	(\$719)
Pinellas	(\$142)	N/A
Seminole	(\$835)	(\$453)
Total:	(\$1,875)	(\$1,199)

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Issue 13: Should any adjustments be made to transportation expense?

Recommendation: Yes, the Utility's transportation expense should be decreased as shown below.

<u>County</u>	<u>Water Fuel Expense in Transportation</u>	<u>Water Fuel Costs Adjustment</u>	<u>Wastewater Fuel Expense in Transportation</u>	<u>Wastewater Fuel Expense Adjustment</u>
Marion	\$3,280	(\$503)	\$613	(\$75)
Orange	\$1,571	(\$241)	N/A	N/A
Pasco	\$17,540	(\$2,690)	\$6,898	(\$1,058)
Pinellas	\$3,873	(\$594)	N/A	N/A
Seminole	\$13,523	(\$2,074)	\$7,225	(\$1,108)

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Issue 14: What is the appropriate amount of rate case expense?

Recommendation: The appropriate amount of rate case expense is \$303,552. This expense should be recovered over four years for an annual expense of \$75,888. Thus, rate case expense should be decreased as indicated below:

County	Requested RCE	Staff Recommended	
	4-Year Amortization	4-Year Amortization	Adjustment
Marion - Water	\$6,594	\$4,206	(\$2,388)
Marion - Wastewater	983	627	(356)
Orange - Water	3,761	2,399	(1,362)
Pasco - Water	37,341	23,818	(13,523)
Pasco - Wastewater	14,789	9,433	(5,356)
Pinellas - Water	5,369	3,425	(1,945)
Seminole - Water	32,597	20,792	(11,805)
Seminole - Wastewater	17,541	11,188	(6,352)
Total:	<u>\$118,975</u>	<u>\$75,888</u>	<u>(\$43,087)</u>

APPROVED

Commissioner Edger dissented.

Issue 15: Should any adjustments be made to bad debt expense?

Recommendation: Yes. Bad debt expense should be based on a 3-year average. Accordingly, UIF's bad debt expense should be reduced as indicated below:

County	Water	Wastewater	Total
Marion	(\$23)	(\$3)	(\$26)
Orange	(\$1,167)	N/A	(\$1,167)
Pasco	(\$4,182)	(\$1,645)	(\$5,827)
Pinellas	(\$66)	N/A	(\$66)
Seminole	(\$2,509)	(\$1,341)	(\$3,850)

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Issue 16: What is the test year water and wastewater operating income by county before any revenue increase?

Recommendation: Based on the adjustments discussed in previous issues, the following is the test year operating income by county.

<u>County</u>	<u>Water Operating Income</u>	<u>Wastewater Operating Income</u>
Marion	\$34,041	\$749
Orange	\$4,241	N/A
Pasco	\$100,029	(\$21,048)
Pinellas	\$9,981	N/A
Seminole	\$126,521	\$97,633

APPROVED

as modified; may potentially impact Pasco County as a result of the decision on Issue 1.

Issue 17: What is the appropriate revenue requirement for the December 31, 2008 test year?

Recommendation: The following revenue requirements should be approved.

<u>System</u>	<u>Test Year Revenues</u>	<u>(\$ Decrease) \$ Increase</u>	<u>Revenue Requirement</u>	<u>(% Decrease) % Increase</u>
Marion Water	\$180,504	(\$5,770)	\$174,734	(3.20%)
Marion Wastewater	\$39,829	\$11,678	\$51,507	29.32%
Orange Water	\$100,789	\$17,895	\$118,684	17.76%
Pasco Water	\$806,112	\$227,103	\$1,033,215	28.17%
Pasco Wastewater	\$446,272	\$128,287	\$574,559	28.75%
Pinellas Water	\$99,904	\$21,002	\$120,906	21.02%
Seminole Water	\$779,689	\$170,036	\$949,725	21.81%
Seminole Wastewater	\$743,954	\$94,788	\$838,742	12.74%

APPROVED

as modified; may potentially impact Pasco County as a result of the decision on Issue 1.

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Issue 18: What are the appropriate rate structures for the water and wastewater systems in Marion, Orange, Pasco, Pinellas, and Seminole Counties?

Recommendation: The appropriate rate structures for the five counties are as follows:

The appropriate rate structures for the systems in Marion County are continuations of the current base facility charge (BFC)/uniform gallonage charge rate structure for the water system and the traditional BFC/gallonage charge rate structure for the wastewater system. The general service wastewater gallonage charge should be 1.2 times the corresponding residential charge. The BFC cost recovery percentages should remain at 33 percent for the water system and 50 percent for the wastewater system.

The appropriate rate structure for the water systems in Orange County is a continuation of the current three-tier inclining block rate structure for the residential customers. However, as discussed in the following issue, by restricting any cost recovery due to repression from being applied to non-discretionary usage, an additional fourth tier will be created for non-discretionary usage below 6 kgals per month. The usage blocks and usage block rate factors should remain unchanged. The BFC/uniform gallonage charge rate structure should be continued for the general service customers. The BFC cost recovery percentage for the water system should remain at 26 percent.

The appropriate rate structures for the water systems in Pasco County is a continuation of the current BFC/uniform gallonage charge rate structure. However, as discussed in the following issue, by restricting any cost recovery due to repression from being applied to non-discretionary usage, an additional tier will be created for non-discretionary usage below 3 kgals per month. The BFC/gallonage charge rate structure for metered customers on the wastewater system should be retained. The flat rate structure for the unmetered multi-residential Wis-Bar wastewater customers should also be retained. The general service wastewater gallonage charge should be 1.2 times the corresponding residential charge. The BFC cost recovery percentages should be set at 45 percent for the water system and 30 percent for the wastewater system.

In Pinellas County, the appropriate rate structure for the water system is the current BFC/uniform gallonage charge rate structure. However, as discussed in the following issue, by restricting any cost recovery due to repression from being applied to non-discretionary usage, an additional tier will be created for non-discretionary usage below 3 kgals per month. The BFC cost recovery percentage should be set at 40 percent.

In Seminole County, the appropriate rate structure for the water systems is the current three-tier inclining block rate structure. The usage blocks and usage block rate factors should remain unchanged. However, as discussed in the following issue, by restricting any cost recovery due to repression from being applied to non-discretionary usage, an additional fourth tier will be created for non-discretionary usage below 6 kgals per month. The BFC/gallonage charge rate structure should be continued for the wastewater system. The general service wastewater gallonage charge should be 1.2 times the corresponding residential charge. The BFC cost recovery percentages should be set at 25 percent for the water system and 25 percent for the wastewater system.

APPROVED, *as modified; may potentially impact Pasco County as a result of the decision on Issue 1. Oral modification to Staff Analysis per DN 06222-10.*

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Issue 19: Are repression adjustments appropriate in this case, and, if so, what are the appropriate adjustments to make for the water and wastewater systems, what are the corresponding expense adjustments to make, and what are the resulting final revenue requirements for the respective systems?

Recommendation: Yes, repression adjustments are appropriate for the water systems in Orange, Pasco, Pinellas, and Seminole Counties.

In Orange County, test year consumption should be reduced by 625 kgal., purchased water expense should be reduced by \$1,143, and RAFs should be reduced by \$54. The final post-repression revenue requirement for the water system should be \$117,390.

In Pasco County, test year consumption should be reduced by ~~4,443~~ 4,914 kgal., purchased water expense should be reduced by ~~\$2,800~~ \$2,929, chemicals expense should be reduced by ~~\$348~~ \$364, and RAFs should be reduced by ~~\$149~~ \$155. The final post-repression revenue requirement for the water system should be ~~\$1,020,727~~ \$1,020,574.

In Pinellas County, test year consumption should be reduced by ~~561~~ 736 kgal., purchased water expense should be reduced by ~~\$295~~ \$334, chemicals expense should be reduced by ~~\$49~~ \$55, purchase power expense should be reduced by ~~\$95~~ \$107, and RAFs should be reduced by ~~\$21~~ \$24. The final post-repression revenue requirement for the water system should be ~~\$119,947~~ \$119,887.

In Seminole County, test year consumption should be reduced by 7,464 kgal., chemicals expense should be reduced by \$1,115, purchase power expense should be reduced by \$1,422, and RAFs should be reduced by \$119. The final post-repression revenue requirement for the water system should be \$937,890.

In order to monitor the effect of the rate changes, the Utility should be ordered to file reports for the water systems in Orange, Pasco, Pinellas, and Seminole Counties detailing the number of bills rendered, the consumption billed, and the revenues billed on a monthly basis. In addition, the reports should be prepared by customer class, usage block, and meter size. The reports should be filed with staff, on a semi-annual basis, for a period of two years beginning with 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, *as modified in DNO6222-10.*

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Issue 20: What are the appropriate rates for monthly service for the water and wastewater systems?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4-A of staff's memorandum dated July 22, 2010, and the appropriate monthly wastewater rates are shown on Schedule No. 4-B of staff's memorandum dated July 22, 2010. Excluding miscellaneous service charges, the recommended water and wastewater rates produce revenues as shown below.

System	Revenues
Marion County - Water	\$173,642
Marion County - Wastewater	\$51,405
Orange County - Water	\$117,390
Pasco County - Water	\$1,020,727
Pasco County - Wastewater	\$574,460
Pinellas County - Water	\$119,947
Seminole County - Water	\$937,890
Seminole County - Wastewater	\$837,631

The Utility should file revised water and wastewater tariff sheets and a proposed customer notice to reflect the Commission-approved rates for the respective systems. 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 approved 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

as modified; may potentially impact Pasco County as a result of the decision on Issue 1.

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Issue 21: In determining whether any portion of the water or wastewater interim increases granted should be refunded, how should the refunds be calculated, and what are the amounts of the refunds, if any?

Recommendation: The appropriate refund amounts 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 revenues granted. With the exception of Orange County – Water, the appropriate refund percentages for the systems are shown below.

County	(A) Interim Test Year Revenues Granted	(B) Recalculated Interim Period Revenues	(C) Excess Revenue Collected from Rates (A)-(B)	(D) Refund Percentage (C)/(A)
Marion – Water	N/A	N/A	N/A	N/A
Marion – Wastewater	\$51,869	\$49,907	(\$1,962)	3.78%
Orange – Water	\$116,368	\$116,165	(\$203)	0.17%
Pasco – Water	\$1,192,914	\$983,342	(\$209,572)	17.57%
Pasco – Wastewater	\$699,438	\$555,541	(\$143,897)	20.57%
Pinellas - Water	\$134,731	\$113,687	(\$21,044)	15.62%
Seminole - Water	\$956,813	\$905,533	(\$51,280)	5.36%
Seminole - Wastewater	\$806,028	\$815,192	\$9,164	No Refund

The Utility would ordinarily be required to refund the difference for Orange County – Water. However, because the amount is immaterial, the total amount of what would have been the interim refund plus interest should be credited to Contributions in Aid of Construction (CIAC). Upon issuance of the consummating order in this docket, the corporate undertaking should be released after the appropriate amounts of interim revenues are refunded and the refund amounts are verified by staff.

APPROVED

as modified; may potentially impact Pasco County as a result of the decision on Issue 1.

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Issue 22: What are the appropriate amounts 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 rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated July 22, 2010, to remove the revenue impact of rate case expense. This amount was calculated by taking the annual amount of rate case expense and the return on the provision included in working capital allowance by system, as well as grossed up for regulatory assessment fees as shown below.

	Staff Recommended Amount
Marion Water	\$4,556
Marion Wastewater	\$680
Orange Water	\$2,595
Pasco Water	\$25,811
Pasco Wastewater	\$9,878
Pinellas Water	\$3,706
Seminole Water	\$22,561
Seminole	\$11,716
Total	\$81,502

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 proposed customer notices for each system 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. The rates should not be implemented until staff has approved the proposed customer notices, and the notice has been received by the customers. The Utility should provide proof of the date notices were given no less than ten days after the date of the notices. 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 for the reduction in the rates due to the amortized rate case expense.

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Issue 23: Should the utility be required to provide proof, within 90 days of an effective order finalizing 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, UIF should provide proof, within 90 days of the final order in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

APPROVED

Issue 24: 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,

*as modified.
The company is to sit down with the customers within a period of eight months to discuss their water quality improvement options. Better communication to be embodied within the order.*

Ann Cole

From: Tim Devlin
Sent: Friday, July 30, 2010 1:01 PM
To: Commissioners Advisors; Ann Cole; Curt Kiser; Mary Anne Helton; Marshall Willis; Cheryl Bulecza-Banks; Paul Stallcup
Cc: Sharon Allbritton
Subject: FW: Request for Oral Modification to Item 5 - Docket No. 090462-WS - UIF Request for Rate Increase
Attachments: 090462.rev.schedules.rcm.doc

Approved.

From: Paul Stallcup
Sent: Friday, July 30, 2010 10:45 AM
To: Tim Devlin
Cc: Marshall Willis; Cheryl Bulecza-Banks; Connie Kummer; Andrew Lutostanski; Jennifer Crawford; Kim Young; Paul Stallcup
Subject: Request for Oral Modification to Item 5 - Docket No. 090462-WS - UIF Request for Rate Increase

Staff is requesting to make an oral modification to Item 5, Docket No. 090462-WS, rate increase request by Utilities Inc. of Florida. The modification is being requested to correct two errors in the original recommendation.

The first revision corrects a scrivener's error in which the additional rate tier created when a repression adjustment is applied only to discretionary consumption was inadvertently omitted from the rate schedules. This correction adds this additional rate tier to the water rate schedules for the water systems in Orange, Pasco, Pinellas, and Seminole Counties.

The second revision corrects the number of gallons used for calculating rates to properly reflect excessive unaccounted for water due to slow customer meters. This revision applies to the water and wastewater systems in Pasco County, and to the water system in Pinellas County.

These adjustments do not affect pre-repression revenue requirements. Both revisions impact Issues 18 (Rate Structure) and Issue 19 (Repression), as well as the rate schedules for the four above mentioned water systems and one wastewater system.

Changes to the body of the recommendation are described in this e-mail. The revised rate schedules are contained in the attached file. If approved, staff will provide hard copies of this e-mail, the pages of the corrected recommendation in type and strike format with changes highlighted, and the corrected schedules, to all Commissioners' offices.

Issue 18:

page 49, last paragraph, second line: replace "2.8 kgals" with "3.0 kgals"

page 50, insert the following paragraph after the top paragraph ending with the phrase "below 3 kgals per month":

**CLK AGENDA
STAFF COPIED**

DOCUMENT NUMBER-DATE

06222 JUL 30 0

7/30/2010

FPSC-COMMISSION CLERK

According to the Utility's MFR Schedule F-1, the water system in Pasco County had excess unaccounted for water of 9.1 percent. In a discussion with staff and the Office of Public Counsel, the Utility indicated that customer meter inaccuracies were the cause of the excessive unaccounted for water, and that they were in the process of replacing the customer meters. Therefore, staff believes that it is appropriate for the purpose of calculating rates to increase the number of gallons sold by 9.1 percent to reflect the gallonage readings that can be expected when the new meters are installed.

page 50, under the "Pinellas County" heading, second paragraph, second line, replace "2.5 kgals" with "2.8 kgals"

page 51, insert the following paragraph before the top paragraph beginning with the phrase "A BFC cost recovery":

According to the Utility's MFR Schedule F-1, the water system in Pinellas County had excess unaccounted for water of 12.4 percent. In a discussion with staff and the Office of Public Counsel, the Utility indicated that customer meter inaccuracies were the cause of the excessive unaccounted for water, and that they were in the process of replacing the customer meters. Therefore, staff believes that it is appropriate for the purpose of calculating rates to increase the number of gallons sold by 12.4 percent to reflect the gallonage readings that can be expected when the new meters are installed.

Issue 19:

page 53, replace the "Recommendation:" paragraph and the three paragraphs that follow, with the following:

Recommendation: Yes, repression adjustments are appropriate for the water systems in Orange, Pasco, Pinellas, and Seminole Counties.

In Orange County, test year consumption should be reduced by 625 kgal., purchased water expense should be reduced by \$1,143, and RAFs should be reduced by \$54. The final post-repression revenue requirement for the water system should be \$117,390.

In Pasco County, test year consumption should be reduced by ~~4,443~~ 4,914 kgal., purchased water expense should be reduced by ~~\$2,800~~ \$2,929, chemicals expense should be reduced by ~~\$348~~ \$364, and RAFs should be reduced by ~~\$149~~ \$155. The final post-repression revenue requirement for the water system should be ~~\$1,020,727~~ \$1,020,574.

In Pinellas County, test year consumption should be reduced by ~~561~~ 736 kgal., purchased water expense should be reduced by ~~\$295~~ \$334, chemicals expense should be reduced by ~~\$49~~ \$55, purchase power expense should be reduced by ~~\$95~~ \$107, and RAFs should be reduced by ~~\$21~~ \$24. The final post-repression revenue requirement for the water system should be ~~\$119,947~~ \$119,887

Please note that the paragraphs 4 and 5, (paragraphs beginning with "In Seminole County" and "In order to monitor") remain unchanged.

page 54, replace the last three paragraphs on the page beginning with "Pasco County" with the following:

Pasco County

7/30/2010

In Pasco County, staff is recommending a 28.5 percent increase in revenue requirements. This system consists primarily of single family residences and is very seasonal in nature. Staff estimates that the appropriate threshold for discretionary usage is 3 kgals per month. Average usage per residential customer is 2.8 kgals per month. Based on the customer billing data provided by the utility, 42 percent of total residential consumption is discretionary usage and therefore subject to the effects of repression.

Staff calculated its repression adjustment using the same methodology approved in prior cases. These calculations show that residential discretionary consumption can be expected to decline by ~~4,443~~ 4,914 kgals. This represents a ~~4.7~~ 4.9 percent reduction in total residential consumption, and a ~~11.3~~ 12.3 percent reduction in discretionary consumption. Therefore, staff recommends that a repression adjustment is appropriate for this system.

Based on this methodology, staff calculated that test year residential consumption for this utility should be reduced by ~~4,443~~ 4,914 kgal., purchased water expense should be reduced by ~~\$2,800~~ \$2,929, chemicals expense should be reduced by ~~\$348~~ \$364, and RAFs should be reduced by ~~\$149~~ \$155. The final post-repression revenue requirement for the water system should be ~~\$1,020,727~~ \$1,020,574.

page 55, replace the first three paragraphs on the page beginning with the "Pinellas County" with the following:

Pinellas County

In Pinellas County, staff is recommending a 21.1 percent increase in revenue requirements. This system consists primarily of mobile homes and is very seasonal in nature. Staff estimates that the appropriate threshold for discretionary usage is 3 kgals per month. Average usage per residential customer is 2.5 kgals per month. Based on the customer billing data provided by the Utility, 34 percent of total residential consumption is discretionary usage and therefore subject to the effects of repression.

Staff calculated its repression adjustment using the same methodology approved in prior cases. These calculations show that residential discretionary consumption can be expected to decline by ~~561~~ 736 kgals. This represents a ~~3.8~~ 4.2 percent reduction in total residential consumption, and a ~~11.4~~ 13.0 percent reduction in discretionary consumption. Therefore, staff recommends that a repression adjustment is appropriate for this system.

Based on this methodology, staff calculated that test year residential consumption for this utility should be reduced by ~~561~~ 736 kgal., purchased water expense should be reduced by ~~\$295~~ \$334, chemicals expense should be reduced by ~~\$49~~ \$55, purchase power expense should be reduced by ~~\$95~~ \$107, and RAFs should be reduced by ~~\$21~~ \$24. The final post-repression revenue requirement for the water system should be ~~\$119,947~~ \$119,887.

page 56, replace the second and third paragraphs from the top of the page (paragraphs that begin with "In Pasco County" and "In Pinellas County") with the following:

In Pasco County, test year consumption should be reduced by ~~4,443~~ 4,914 kgal., purchased water expense should be reduced by ~~\$2,800~~ \$2,929, chemicals expense should be reduced by ~~\$348~~ \$364, and RAFs should be reduced by ~~\$149~~ \$155. The final post-repression revenue requirement for the water system should be ~~\$1,020,727~~ \$1,020,574.

In Pinellas County, test year consumption should be reduced by ~~561~~ 736 kgal., purchased water expense should be reduced by ~~\$295~~ \$334, chemicals expense should be reduced by ~~\$49~~ \$55, purchase

power expense should be reduced by ~~\$95~~ \$107, and RAFs should be reduced by ~~\$21~~ \$24. The final post-repression revenue requirement for the water system should be ~~\$119,947~~ \$119,887.

Utilities, Inc. of Florida - Orange County Water Monthly Service Rates Test Year Ended 12/31/08				Schedule No. 4-A Docket No. 090462-WS	
	Rate Prior to Filing	Commission Approved Interim	Utility Requested Final	Staff Recomm. Final	Four-Year Rate Reduction
<u>Residential, General Service and Multi-Family</u>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$6.63	\$7.68	\$8.82	\$7.99	\$0.17
1"	\$16.59	\$19.20	\$22.07	\$19.98	\$0.44
1-1/2"	\$33.19	\$38.41	\$44.16	\$39.95	\$0.87
2"	\$53.10	\$61.45	\$70.64	\$63.92	\$1.40
3"	\$106.19	\$122.90	\$141.27	\$127.84	\$2.80
4"	\$165.92	\$192.02	\$220.74	\$199.75	\$4.37
6"	\$331.84	\$384.04	\$441.48	\$399.50	\$8.73
Gallonge Charge, per 1,000 Gallons					
First 8,000 gallons	\$2.74	\$3.17	\$3.64	\$3.25	\$0.07
First 6,000 gallons	\$2.74	\$3.17	\$3.64	\$3.25	\$0.07
Next 2,000 gallons	\$2.74	\$3.17	\$3.64	\$3.44	\$0.07
Next 8,000 gallons	\$3.42	\$3.96	\$4.55	\$4.30	\$0.09
Over 16,000 gallons	\$4.11	\$5.47	\$5.47	\$5.15	\$0.11
<u>General Service</u>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$6.63	\$7.68	\$0.44	\$7.99	\$0.17
1"	\$16.59	\$19.20	\$0.87	\$19.98	\$0.44
1-1/2"	\$33.19	\$38.41	\$1.40	\$39.95	\$0.87
2"	\$53.10	\$61.45	\$2.80	\$63.92	\$1.40
3"	\$106.19	\$122.90	\$4.37	\$127.84	\$2.80
4"	\$165.92	\$192.02	\$8.73	\$199.75	\$4.37
6"	\$331.84	\$384.04	\$441.48	\$399.50	\$8.73
Gallonge Charge, per 1,000 Gallons	\$2.93	\$3.39	\$3.90	\$3.53	\$0.08
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>					
3,000 Gallons	\$14.85	\$17.19	\$19.74	\$17.74	
5,000 Gallons	\$20.33	\$23.53	\$27.02	\$24.24	
10,000 Gallons	\$35.39	\$40.96	\$47.04	\$42.59	

Utilities, Inc. of Florida - Pasco County Water Monthly Service Rates Test Year Ended 12/31/08			Schedule No. 4-A Docket No. 090462-WS		
	Rates Prior to Filing	Commission Approved Historical	Utility Requested Fees	Staff Proposed Fees	Four-Year Rate Reduction
<u>Residential, General Service and Irrigation</u>					
Base Facility Charge by Meter Size:					
5/8"	\$9.61	\$14.27	\$16.34	\$12.55	\$0.31
3/4"	\$14.41	\$21.39	\$24.49	\$18.83	\$0.47
1"	\$24.03	\$35.66	\$40.85	\$31.38	\$0.78
1-1/2"	\$48.06	\$71.33	\$81.69	\$62.75	\$1.57
2"	\$76.89	\$114.12	\$130.70	\$100.40	\$2.51
3"	\$153.78	\$228.26	\$261.40	\$200.80	\$5.02
4"	\$240.28	\$356.64	\$408.44	\$313.75	\$7.84
6"	\$480.57	\$713.29	\$816.90	\$627.50	\$15.68
Gallage Charge, per 1,000 Gallons	\$3.12	\$4.64	\$5.30	\$3.95	\$0.10
<u>Residential Gallage Charges</u>					
First 3,000 gallons	\$3.12	\$4.64	\$5.30	\$3.73	\$0.10
Over 3,000 gallons	\$3.12	\$4.64	\$5.30	\$4.04	\$0.10
<u>General Service Gallage Charge</u>					
All gallons	\$3.12	\$4.64	\$5.30	\$3.85	\$0.10
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>					
				\$23.74	
3,000 Gallons	\$18.97	\$28.19	\$32.24	\$24.73	
				\$31.82	
5,000 Gallons	\$25.21	\$37.47	\$42.84	\$32.85	
				\$52.02	
10,000 Gallons	\$40.81	\$60.67	\$69.34	\$53.15	

Utilities, Inc. of Florida - Pasco County Wastewater Monthly Service Rates Test Year Ended 12/31/08			Schedule No. 4-B Docket No. 090462-WS		
	Rates Prior to Filing	Commission Approved Interest	Utility Requested Final	Staff Recommendation Final	Four-Year Rate Reduction
Residential					
ALL (Summertree)	\$11.34	\$17.78	\$19.11	\$14.60	\$0.25
5/8" (Wis Bar)	\$8.73	\$13.68	\$14.71	\$11.24	\$0.19
5/8" (Wis Bar) - Flat	\$25.23	\$39.55	\$42.52	N/A	N/A
Multi-Residential					
5/8" (Wis Bar)	\$21.09	\$33.05	\$35.54	\$27.16	\$0.47
1" (Wis Bar)	\$21.82	\$34.20	\$36.77	\$28.10	\$0.48
General Service					
All areas served by the Company					
Base Facility Charge by Meter Size:					
5/8"	\$11.45	\$17.95	\$19.30	\$14.60	\$0.25
3/4"	\$17.17	\$26.91	\$28.94	\$21.90	\$0.38
1"	\$28.62	\$44.87	\$48.23	\$36.50	\$0.63
1-1/2"	\$57.25	\$89.73	\$96.48	\$73.00	\$1.25
2"	\$91.60	\$143.57	\$154.37	\$116.80	\$2.01
3"	\$183.20	\$287.15	\$308.74	\$233.60	\$4.02
4"	\$286.25	\$448.66	\$482.40	\$365.00	\$6.27
6"	\$572.50	\$897.32	\$964.80	\$730.00	\$12.55
Gallonge Charge (per 1,000 Gallons)					
All Residential (Summertree)	\$9.63	\$15.10	\$16.23	\$12.40	\$0.21
Max 6,000 Gallons					
All Residential (Wis Bar)	\$6.87	\$10.77	\$11.57	\$8.85 \$8.37	\$0.15
Max 6,000 Gallons					
All General Service	\$11.56	\$18.13	\$19.48	\$16.43	\$0.28
Typical Residential Bills 5/8" x 3/4" Meter					
Summertree					
3,000 Gallons	\$40.23	\$63.08	\$67.80	\$51.80	
5,000 Gallons	\$59.49	\$93.28	\$100.26	\$76.60	
6,000 Gallons	\$69.12	\$108.38	\$116.49	\$89.00	
(Wastewater Gallonge Cap - 6,000 Gallons)					
Wis-Bar					
3,000 Gallons	\$29.34	\$45.99	\$49.42	\$37.79 \$36.35	
5,000 Gallons	\$43.08	\$67.53	\$72.56	\$55.49 \$53.09	
6,000 Gallons	\$49.95	\$78.30	\$84.13	\$64.34 \$61.46	
(Wastewater Gallonge Cap - 6,000 Gallons)					

Utilities, Inc. of Florida - Pinellas County Water Monthly Service Rates Test Year Ended 12/31/08			Schedule No. 4-A Docket No. 090462-WS		
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Staff Recomm. Final	Four-Year Rate Reduction
Residential, General Service and Multi-Family					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$6.43	\$8.68	\$9.91	\$7.30	\$0.22
1"	\$16.08	\$21.70	\$24.79	\$18.25	\$0.56
1-1/2"	\$32.16	\$43.39	\$49.59	\$36.50	\$1.12
2"	\$51.46	\$69.44	\$79.35	\$58.40	\$1.79
3"	\$102.92	\$138.87	\$158.69	\$116.80	\$3.58
4"	\$160.80	\$216.98	\$247.93	\$182.50	\$5.59
6"	\$321.61	\$433.95	\$495.88	\$365.00	\$11.19
Gallage Charge, per 1,000 Gallons	\$3.63	\$4.90	\$5.59	\$4.59	\$0.14
Residential Gallage Charge					
First 3,000 gallons	\$3.63	\$4.90	\$5.59	\$3.95	\$0.14
Over 3,000 gallons	\$3.63	\$4.90	\$5.59	\$4.39	\$0.14
General Service					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$6.43	\$8.68	\$9.91	\$7.30	\$0.22
1"	\$16.08	\$21.70	\$24.79	\$18.25	\$0.56
1-1/2"	\$32.16	\$43.39	\$49.59	\$36.50	\$1.12
2"	\$51.46	\$69.44	\$79.35	\$58.40	\$1.79
3"	\$102.92	\$138.87	\$158.69	\$116.80	\$3.58
4"	\$160.80	\$216.98	\$247.93	\$182.50	\$5.59
6"	\$321.61	\$433.95	\$495.88	\$365.00	\$11.19
Gallage Charge, per 1,000 Gallons	\$3.63	\$4.90	\$5.59	\$4.10 \$4.74	\$0.15 \$0.16
Typical Residential Bills 5/8" x 3/4" Meter					
3,000 Gallons	\$17.32	\$23.38	\$26.68	\$19.14 \$21.07 \$27.92	
5,000 Gallons	\$24.58	\$33.18	\$37.86	\$30.25 \$49.87	
10,000 Gallons	\$42.73	\$57.68	\$65.81	\$54.70	

**Utilities, Inc. of Florida - Seminole County
 Water Monthly Service Rates
 Test Year Ended 12/31/08**

**Schedule No. 4-A
 Docket No. 090462-WS**

	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Staff Recomm. Final	Four-Year Rate Reduction
<u>Residential, General Service and Irrigation</u>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$6.15	\$7.56	\$9.28	\$7.30	\$0.17
1"	\$15.38	\$18.89	\$23.21	\$18.25	\$0.43
1-1/2"	\$30.76	\$37.79	\$46.43	\$36.50	\$0.87
2"	\$49.21	\$60.46	\$74.29	\$58.40	\$1.39
3"	\$98.42	\$120.91	\$148.58	\$116.80	\$2.77
4"	\$153.79	\$188.93	\$232.17	\$182.50	\$4.34
6"	\$307.58	\$377.86	\$464.35	\$365.00	\$8.67
<u>Gallage Charge, per 1,000 Gallons</u>					
First 8,000 Gallons	\$2.25	\$2.77	\$3.40	\$2.77	\$0.07
First 6,000 Gallons	\$2.25	\$2.77	\$3.40	\$2.77	\$0.07
Next 2,000 Gallons	\$2.25	\$2.77	\$3.40	\$3.09	\$0.07
Next 8,000 Gallons	\$3.95	\$4.86	\$5.96	\$5.41	\$0.13
Over 16,000 gallons	\$5.07	\$6.23	\$7.65	\$6.96	\$0.17
<u>General Service</u>					
Gallage Charge, per 1,000 Gallons	\$2.74	\$3.36	\$4.13	\$3.53	\$0.08
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>					
3,000 Gallons	\$12.90	\$15.87	\$19.48	\$15.61	
5,000 Gallons	\$17.40	\$21.41	\$26.28	\$21.15	
10,000 Gallons	\$32.05	\$39.44	\$48.40	\$40.28	