

**Ann Cole**

**From:** Marshall Willis  
**Sent:** Tuesday, July 31, 2012 11:49 AM  
**To:** Ann Cole; Baldwin English; Roberta Bass; Jim Varian; Cayce Hinton; Katherine Fleming  
**Cc:** Carlotta Stauffer  
**Subject:** FW: Request for Oral Modification to Item 7, August 2, 2012 Agenda, Docket No, 110200-WU - Water Management Services, Inc.

**From:** Braulio Baez  
**Sent:** Tuesday, July 31, 2012 11:47 AM  
**To:** Marshall Willis  
**Cc:** Chuck Hill; Carlotta Stauffer; Andrew Maurey; Cheryl Bulecza-Banks; Bart Fletcher; Todd Brown; Pauline Robinson; Adam Teitzman; Shannon Hudson  
**Subject:** RE: Request for Oral Modification to Item 7, August 2, 2012 Agenda, Docket No, 110200-WU - Water Management Services, Inc.

Approved. Thank you, Marshall.

Sent from my Windows Phone

**From:** Marshall Willis  
**Sent:** 7/31/2012 11:42 AM  
**To:** Braulio Baez  
**Cc:** Chuck Hill; Carlotta Stauffer; Andrew Maurey; Cheryl Bulecza-Banks; Bart Fletcher; Todd Brown; Pauline Robinson; Adam Teitzman; Shannon Hudson  
**Subject:** Request for Oral Modification to Item 7, August 2, 2012 Agenda, Docket No, 110200-WU - Water Management Services, Inc.

Staff requests approval to make an oral modification to the recommendation for the above-referenced item. Item 7 relates to a PAA rate increase request by Water Management Services, Inc. (WMSI or Utility). This recommendation contains a number of adjustments. It has come to staff's attention that certain fall-out adjustments were inadvertently not made. Staff requests approval to make these fall-out adjustments. The impact on Phase I and II revenue requirements is less than \$1,000. The Statutory time frame to process this case has been waived by WMSI through the August 2, 2012, Commission Conference. Staff notes that the specific changes to staff's recommendation are provided in type and strike format, as well as highlighted in yellow, below:

(1) Issue 5, p. 18: Because the recommendation paragraph refers to staff's analysis and adjustments, the following corrections need to be made to Table 5-2.

Table 5-2

Pro Forma Plant and Expense Adjustments - Phase I & Phase II					
Description	Adjusted Test Year Per Utility	Staff Adjustments Phase I (net)	Staff Recomm. Phase I	Staff Adjustments Phase II	Staff Recomm. Phase II

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Plant in Service	\$12,193,911	<del>(\$3,398,846)</del> <del>(\$3,405,311)</del>	\$8,795,065	\$2,847,017	\$11,642,082
Land and Land Rights	\$589,094	(\$501,500)	\$87,594	\$496,221	\$583,815
Accumulated Depreciation	(\$3,163,683)	<del>(\$57,970)</del> <del>(\$57,822)</del>	(\$3,221,653)	\$18,645	(\$3,203,008)
Depreciation Expense	\$252,236	<del>(\$77,864)</del> <del>(\$78,187)</del>	\$174,372	\$90,300	\$264,672
Amortization Expense	\$24,400	(\$10,943)	\$13,457	\$8,243	\$21,700
Taxes Other Than Income	\$151,785	(\$43,501)	\$108,284	\$22,824	\$131,108

(2) Issue 17, p.40:

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Recommendation:

	<u>Test Year</u>		<u>Revenue</u>	
	<u>Revenues</u>	<u>\$ Increase</u>	<u>Requirement</u>	<u>% Increase</u>
Phase I	\$1,305,587	\$132,908	\$1,438,495	10.18%
Phase II	<u>\$1,438,495</u>	<u>\$346,564</u>	<u>\$1,785,059</u>	<u>24.09%</u>
	<del>\$1,437,866</del>	<del>\$346,491</del>	<del>\$1,784,357</del>	<del>24.10%</del>

Staff Analysis, second paragraph:

Consistent with staff's recommendations concerning the underlying rate base, cost of capital, and operating income issues, staff recommends approval of rates in Phase I designed to generate a revenue requirement of \$1,438,495 ~~\$1,437,866~~. The recommended revenue requirement exceeds staff's adjusted test year revenue by \$132,908 ~~\$132,279~~, or 10.18 ~~10.13~~ percent. Staff recommends approval of rates in Phase II designed to generate a revenue requirement of \$1,785,059 ~~\$1,784,357~~. The recommended revenue requirement exceeds staff's adjusted test year revenue by \$346,564 ~~\$346,491~~, or 24.09 ~~24.10~~ percent.

(3) Issue 21, p. 48:

Phase II: The appropriate Phase II monthly rates are shown on Schedule No. 8. Excluding miscellaneous service revenues, the Phase II recommended water rates are designed to produce total Utility revenues of \$1,779,558 ~~\$1,778,856~~. 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. Prior to the implementation of the Phase II rate structure, the Utility should review and report to the Commission the number of ERCs and kgals sold in the 12 months prior to their request to implement the Phase II rates. If either ERCs or kgals increase or decrease by 5 percent or more prior to the implementation of Phase II rates, the repression adjustment should be re-evaluated and amended if necessary. (King, Stallcup)

(4) Issue 21, p. 49:

Excluding miscellaneous service revenues, the recommended water rates for Phase II are designed to produce total Utility revenues of \$1,779,558 ~~\$1,778,856~~ and are shown on Schedule No. 8. These rates were developed using the billing determinants provided by the Utility in its MFR Schedules E-2 and E-14, a BFC cost recovery percentage of 50 percent, and a repression adjustment as discussed in Issue 20.

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