

VOTE SHEET

August 14, 2012

Docket No. 110282-WS – Application for staff-assisted rate case in Duval County by Regency Utilities, Inc.

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

Recommendation: Yes, the overall quality of service provided by Regency should be considered satisfactory.

APPROVED

Issue 2: What are the used and useful percentages for Regency?

Recommendation: The water distribution and the wastewater collection systems should be considered 100 percent used and useful (U&U).

APPROVED

COMMISSIONERS


All Commissioners

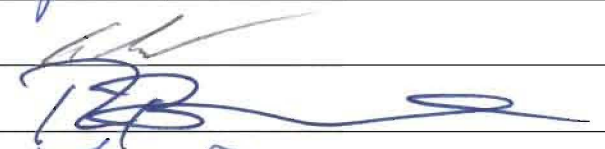
ASSIGNED:


COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING







REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE
 05549 AUG 14 2012
 FPSC-COMMISSION CLERK

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Issue 3: What is the appropriate average test year rate base for Regency?

Recommendation: The appropriate average test year rate base for the Utility is \$368,678 for water and \$48,160 for wastewater.

APPROVED

Issue 4: What is the appropriate rate of return on equity and overall rate of return for Regency?

Recommendation: The appropriate return on equity (ROE) is 8.74 percent with a range of 7.74 percent to 9.74 percent. The appropriate overall rate of return is 8.70 percent.

APPROVED

Issue 5: What is the appropriate amount of test year revenue in this case?

Recommendation: The appropriate test year revenue for this Utility is \$161,813 for water and \$107,009 for wastewater.

APPROVED

Issue 6: What is the appropriate amount of operating expense?

Recommendation: The appropriate amount of operating expense for Regency is \$236,173 for water and \$162,395 for wastewater.

APPROVED

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Issue 7: Should the Commission utilize the operating ratio methodology as an alternative means to calculate the revenue requirement for Regency, and if so, what is the appropriate margin?

Recommendation: Yes, the Commission, on its own motion, should utilize the operating ratio methodology for calculating the revenue requirement for the Utility's wastewater system only. The margin should be 10 percent of O&M expenses.

APPROVED

Issue 8: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$268,248 for water and \$167,925 for wastewater.

APPROVED

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

Recommendation: The appropriate rate structures for the Utility's water and wastewater systems' non-residential class is a continuation of the base facility charge (BFC)/gallonage charge rate structure. The water system's BFC cost recovery should be set at 40 percent and the wastewater BFC cost recovery should be set at 50 percent.

APPROVED

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Issue 10: What are the appropriate rates for Regency?

Recommendation: The appropriate monthly rates are shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated August 2, 2012. The recommended rates should be designed to produce revenue of \$268,248 for water and \$167,925 for wastewater. Regency 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 on the tariff sheet, 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 and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

APPROVED

Issue 11: What is the appropriate amount by which rates should be reduced four years after the published 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 August 2, 2012, to remove rate case expense grossed up for regulatory assessment fees 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. Regency 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

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Issue 12: 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 the Utility?

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. Regency 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 on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Prior to implementation of any temporary rates, the Utility 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 below in the analysis portion of staff's memorandum dated August 2, 2012. 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 Clerk 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.

APPROVED

Issue 13: What are the appropriate customer deposits for Regency?

Recommendation: The appropriate customer deposits for water and wastewater are \$263 and \$158 for 5/8" x 3/4" meters, respectively. The approved customer deposits should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

In addition, the Utility should file verification that the interest has been paid or credited to those customers who had deposits collected since Regency's certification in 2008. Also, the Utility should provide a report that customer deposits have been refunded or higher rate interest has been paid to the customers that met the requirement of Rule 25-30.311(5). The reports for interest and refunds should be provided within 90 days of the effective date of the Commission Order.

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Issue 14: Should the Utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has its books for all applicable National Association of Regulatory Commissioners Uniform System of Accounts (NARUC 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, Regency should provide proof, within 90 days of the final order in this docket, that the adjustments for all applicable NARUC USOA primary accounts have been made.

APPROVED

Issue 15: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 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. Once these actions are complete, this docket should be closed administratively.

APPROVED