

Ann Cole

From: Carlotta Stauffer
Sent: Wednesday, November 13, 2013 9:45 AM
To: Ann Cole
Subject: FW: Request for oral modification to Item # 4, Docket No. 120209-WS- November 14, 2013

fyi

From: Lisa Harvey
Sent: Wednesday, November 13, 2013 9:04 AM
To: Chairman Brise & Staff; Commissioner Balbis & Staff; Commissioner Brown & Staff; Commissioner Edgar & Staff; Commissioner Graham & Staff; Mary Anne Helton; Terri Fleming; Curt Kiser; Braulio Baez; Mil Jubinsky; Apryl Lynn; Jacqueline Moore; Marshall Willis; Tom Ballinger; Jim Dean; Jennifer Crawford; Michael Lawson; Carlotta Stauffer; Rachel Arnold; Todd Brown; Cheryl Bulecza-Banks; Bart Fletcher
Subject: FW: Request for oral modification to Item # 4, Docket No. 120209-WS- November 14, 2013

fyi

From: Braulio Baez
Sent: Tuesday, November 12, 2013 11:46 AM
To: Lisa Harvey
Subject: RE: Request for oral modification to Item # 4, Docket No. 120209-WS- November 14, 2013

Approved

Sent from my Windows Phone

From: Lisa Harvey
Sent: 11/12/2013 11:44 AM
To: Braulio Baez
Subject: Fwd: Request for oral modification to Item # 4, Docket No. 120209-WS- November 14, 2013

For your approval.

Begin forwarded message:

From: "Marshall Willis" <MWillis@PSC.STATE.FL.US>
Date: November 12, 2013, 9:57:03 AM EST
To: "Braulio Baez" <BBaez@PSC.STATE.FL.US>
Cc: "Lisa Harvey" <LSHarvey@PSC.STATE.FL.US>, "Curt Kiser" <CKiser@PSC.STATE.FL.US>, "Apryl Lynn" <ALYNN@PSC.STATE.FL.US>, "Carlotta Stauffer" <CStauffe@PSC.STATE.FL.US>, "Jim Dean" <jdean@PSC.STATE.FL.US>, "Tom Ballinger" <TBalling@PSC.STATE.FL.US>, "Cheryl Bulecza-Banks" <CBulecza@PSC.STATE.FL.US>, "Andrew Maurey" <AMaurey@PSC.STATE.FL.US>, "Bart Fletcher" <BFletche@PSC.STATE.FL.US>
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Staff discovered the recommended return on equity (ROE) in Issue 9 and the recommended adjustments in Issue 13 were inadvertently not updated prior to filing the recommendation. Staff notes that these are scrivener's errors and do not impact revenue requirement. To correct these errors, staff requests approval to make oral modifications to the recommendations in Issues 9 and 13. The modifications are necessary in order to accurately reflect staff's recommended ROE of 10.38 percent and staff's recommended adjustments in Issue 13. The statutory time frame to process this case is November 14, 2013, Commission Conference, and therefore the item cannot be deferred. The specific modifications are highlighted in type and strike format as follows:

1) Page 36, Issue 9

COST OF CAPITAL

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 10.38 ~~10.69~~ percent. Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes. (Bullard, T. Brown)

Staff Analysis: The ROE included in the Utility's filing is 10.36 percent. Based on the current leverage formula and an equity ratio of 49.47 percent, the appropriate ROE is 10.38 ~~10.69~~.³⁰ Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes.

2) Page 41, Issue 13

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

Recommendation: Yes. Salaries and wages expense should be reduced by \$27,520 ~~\$29,860~~ for water and \$11,147 ~~\$11,486~~ for wastewater. Corresponding adjustments should also be made to reduce pensions and benefits by \$1,802 ~~\$1,955~~ for water and \$730 ~~\$752~~ for wastewater, and to reduce payroll taxes by \$2,105 ~~\$2,284~~ for water and \$853 ~~\$879~~ for wastewater. (T. Brown)