

FLORIDA PUBLIC SERVICE COMMISSION

Item 8

VOTE SHEET

March 2, 2021

FILED 3/2/2021
DOCUMENT NO. 02539-2021
FPSC - COMMISSION CLERK

Docket No. 20200169-WS – Application for staff-assisted rate case in Lake County, and request for interim rate increase, by Lake Yale Utilities, LLC.

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

Recommendation: Yes. The Utility is passing all Department of Environmental Protection (DEP) primary and secondary standards and has been responsive to its customer complaints. Therefore, the quality of service provided by Lake Yale should be considered satisfactory.

APPROVED

Issue 2: Are the infrastructure and operating conditions of Lake Yale’s water and wastewater systems in compliance with DEP regulations?

Recommendation: Yes. The Utility’s water and wastewater treatment facilities are currently in compliance with DEP regulations.

APPROVED, as modified.

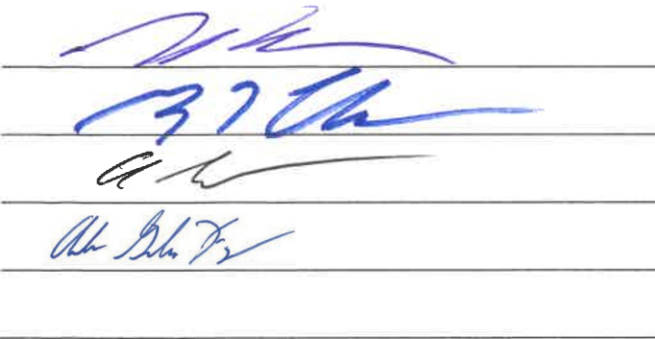
Although the Utility is in compliance with DEP regulations, the Utility's responsiveness and how they got there was unsatisfactory.

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING



REMARKS/DISSENTING COMMENTS:

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Issue 3: What are the used and useful (U&U) percentages of Lake Yale's water treatment plant (WTP), WWTP, water distribution system, and wastewater collection system?

Recommendation: Lake Yale's WTP, WWTP, water distribution system, and wastewater collection system should be considered 100 percent U&U. Additionally, staff recommends no adjustment to purchased power and chemicals should be made for excessive unaccounted for water (EUW) or excessive infiltration and inflow (I&I).

APPROVED

Issue 4: What is the appropriate average test year water rate base and wastewater rate base for Lake Yale?

Recommendation: The appropriate average test year rate bases for Lake Yale are \$117,040 for water and \$34,494 for wastewater.

APPROVED

Issue 5: What is the appropriate return on equity and overall rate of return for Lake Yale?

Recommendation: The appropriate return on equity (ROE) is 10.55 percent with a range of 9.55 percent to 11.55 percent. The appropriate overall rate of return is 6.85 percent. The traditional rate of return does not apply to the Utility's wastewater system in this docket. The Operating Ratio method is employed due to rate base being less than 125 percent of O&M expenses.

APPROVED

Issue 6: Should the Commission approve an Allowance for Funds Used During Construction (AFUDC) rate for Lake Yale?

Recommendation: Yes. The appropriate AFUDC rate for Lake Yale is 6.85 percent. The appropriate monthly compounding rate to maintain an annual rate of 6.85 percent is 0.553265 percent.

APPROVED

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Issue 7: What are the appropriate amounts of test year revenues for Lake Yale?

Recommendation: The appropriate test year revenues for Lake Yale are \$68,461 for water and \$57,090 for wastewater.

APPROVED

Issue 8: What are the appropriate amounts of operating expenses for Lake Yale Utility?

Recommendation: The appropriate amounts of operating expenses are \$81,646 for water and \$90,079 for wastewater.

APPROVED

Issue 9: Does Lake Yale meet the criteria for the application of the Operating Ratio Methodology?

Recommendation: Yes. Lake Yale meets the requirement for application of the Operating Ratio methodology for calculating the wastewater revenue requirement. The margin should be 12 percent of wastewater O&M expenses.

APPROVED

Issue 10: What are the appropriate revenue requirements for Lake Yale?

Recommendation: The appropriate revenue requirements are \$89,660 and \$99,758 for water and wastewater, respectively. These revenue requirements result in annual increases of \$21,199 (30.97 percent) for water and \$41,668 (72.99 percent) for wastewater.

APPROVED

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Issue 11: What are the appropriate rate structures and rates for Lake Yale?

Recommendation: The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. 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 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 12: What are the appropriate initial customer deposits for Lake Yale's water and wastewater systems?

Recommendation: The appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size should be \$37 for water and \$61 for wastewater. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved initial 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 collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

Issue 13: Should Lake Yale be authorized to collect Non-Sufficient Funds (NSF) charges?

Recommendation: Yes. Lake Yale should be authorized to collect NSF charges. Staff recommends that Lake Yale revise its tariffs to reflect the NSF charges currently set forth in Section 68.065, F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given within 10 days of the date of the notice.

APPROVED

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Issue 14: 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?

Recommendation: The rates should be reduced as shown on Schedule No. 4-A and 4-B to remove rate case expense grossed-up for RAFs and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the rate case expense recovery period, pursuant to Section 367.081(8), F.S. Lake Yale 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, the Utility shall file separate data 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

Issue 15: Should the recommended rates be approved for Lake Yale 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 with interest, in the event of a protest filed by a party other than the Utility. Lake Yale 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 in the staff analysis portion of staff's memorandum dated February 18, 2021 . 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's Office of 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.

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Issue 16: Should the Utility be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision?

Recommendation: Yes. Lake Yale should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Lake Yale should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory and Utility Commissioners Uniform System of Accounts (NARUC USOA) primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, notice providing good cause should be filed not less than seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

APPROVED

Issue 17: 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 Proposed Agency Action Order, a consummating order should 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