

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

OCTOBER 5, 1999

RE: DOCKET NO. 980778-SU - Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

Issue 1: Is the quality of service provided by Crooked Lake Park Sewerage Company to its customers satisfactory?

Recommendation: The quality of service provided by the utility is considered unsatisfactory. The utility should be allowed a sufficient pro-forma plant allowance in this rate case to correct any and all infiltration problems, and be given 180 days from the date of the Order to have all scheduled work completed to correct the current infiltration problems.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures under MAJORITY: E. L. [unclear], Susan Clark, J. Terry Deason, and another signature]

[Handwritten signature under DISSENTING: J. Terry Deason]

REMARKS/DISSENTING COMMENTS:

Commissioner Deason dissented on issue 4

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Issue 2: What portions of the wastewater plants-in-service are used and useful?

Recommendation: The wastewater plant should be considered 100% used and useful. The collection system should be 100% used and useful due to assets being contributed property.

APPROVED

Issue 3: Should a margin reserve be included in the calculations of used and useful plant?

Recommendation: No. The wastewater treatment plant is 100% used and useful without a margin reserve which should not be included in the used and useful calculation. A margin reserve for the wastewater collection system is not applicable due to the system being contributed property.

APPROVED

Issue 4: Should an acquisition adjustment be approved in the determination of the utility's rate base at the date of purchase?

Recommendation: No, an acquisition adjustment should not be approved in the determination of the utility's rate base at the date of purchase.

APPROVED

Commissioner Deason dissented

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Issue 5: What is the appropriate average test year rate base for the utility?

Recommendation: The appropriate average test year rate base for Crooked Lake should be \$163,436.

APPROVED

Issue 6: What is the appropriate rate of return on equity and the appropriate overall rate of return for this utility?

Recommendation: The appropriate rate of return on equity is 10.12% with a range of 9.12% - 11.12%. The appropriate overall rate of return is 9.35% with a range of 9.24% - 9.45%.

APPROVED

Issue 7: What are the appropriate test year revenues?

Recommendation: The appropriate test year revenues are \$59,648.

APPROVED

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Issue 8: What is the appropriate amount of operating expense?

Recommendation: The appropriate amount of operating expense should be \$94,333.

APPROVED

Issue 9: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement should be \$109,615.

APPROVED

Issue 10: What is the appropriate conservation rate structure for this utility?

Recommendation: The appropriate conservation rate structure for this utility is the base facility and uniform gallonage charge rate structure.

APPROVED

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Issue 11: What is the appropriate residential gallonage cap for wastewater service?

Recommendation: The appropriate residential gallonage cap for wastewater service should be 8,000 gallons for residential customers only.

APPROVED

Issue 12: Is a repression adjustment to consumption appropriate for this utility, and, if so, what is the appropriate adjustment?

Recommendation: No, a repression adjustment is not appropriate in this case. However, in order to monitor the effects of the rate increase on consumption, the utility should be ordered to file, on a quarterly basis, reports detailing the number of bills rendered, the number of gallons billed and the total revenues billed during the quarter, with the totals shown separately for the residential and general service classes of service. These reports should be required for a period of two years, beginning the first quarter after the revised rates go into effect.

APPROVED

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Issue 13: What are the recommended rates for this utility?

Recommendation: The recommended rates should be designed to produce revenue of \$109,615. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C., provided the customers have received notice. The rates may not be implemented until proper notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days after the date of the notice.

APPROVED

Issue 14: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense required by Section 367.0816, Florida Statutes?

Recommendation: The wastewater rates should be reduced as shown on Schedule 4 of staff's September 23, 1999 memorandum, 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 expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, Florida Statutes (1997). The utility 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.

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Issue 15: What are the appropriate customer deposits for this utility?

Recommendation: The appropriate customer deposits should be the recommended charges specified in the analysis portion of staff's memorandum. The utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the customer deposits should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

APPROVED

Issue 16: Should the utility be authorized to collect miscellaneous charges, and if so, what are the appropriate charges?

Recommendation: Yes. The utility should be authorized to collect the miscellaneous service charges recommended in the staff analysis. The utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the miscellaneous service charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

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Issue 17: Should the utility be required to escrow that portion of rates associated with the \$126,665 pro forma plant and, if so, what is the appropriate amount?

Recommendation: Yes. The utility should be required to escrow that portion of the rates associated with the \$126,665 pro forma plant until verification of the completion of plant improvements has been received by Commission staff. The appropriate amount should be \$1,365 per month.

APPROVED

Issue 18: Should the utility be ordered to show cause, in writing, within 21 days, why it should not be fined for its apparent violation of Rule 25-30.115, Florida Administrative Code?

Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be required to maintain its books and records in conformity with NARUC USOA and should be required to submit a statement from its accountant by March 31, 2000, along with its 1999 annual report, stating that its books are in conformity with NARUC USOA and have been reconciled with the Commission's order.

(Per remarks made by staff at the conference, this issue is not PAA.)

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Issue 19: 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, 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. Prior to implementation of any temporary rates, the utility should provide an appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the utility shall be subject to the refund provisions discussed in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility should file reports with the Division of Water and Wastewater no later than 20 days after each monthly billing. These reports should indicate the amount of revenue collected under the increased rates.

APPROVED

Issue 20: Should this docket be closed?

Recommendation: If no timely protest is received upon expiration of the protest period, the Order becomes final and effective upon issuance of a Consummating Order. However, this docket should remain open for at least 12 months to allow the utility to complete pro forma plant improvements of \$126,665 and provide staff with verification that all improvements have been made. After staff has verified that all improvements have been completed, this docket should be closed administratively. If a protest is filed within 21 days of issuance of the Order, the Commission-approved temporary rates should become effective pending resolution of the protest.

APPROVED