

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

NOVEMBER 16, 1999

RE: DOCKET NO. 990356-WS - Application for staff-assisted rate case in Polk County by Bieber Enterprises, Inc. d/b/a Breeze Hill Utilities.

Issue 1: Is the quality of service provided by Breeze Hill Utilities in Polk County considered satisfactory?

Recommendation: Yes. The quality of service for both the water system and the wastewater system should be considered satisfactory.

**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*Susan J. Clark*  
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*Joe J. Sanchez*  
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*J. Thompson*  
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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE  
 14175 NOV 18 1999  
 FPSC-RECORDS/REPORTING

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Issue 2: What amount of margin reserve should be included in the calculations of used and useful plant to comply with Section 367.081(2)(a)2., Florida Statutes?

Recommendation: A 33 gallon per minute (gpm) margin reserve should be used for the water treatment plant, a 3,180 gallon per day margin reserve should be used for the wastewater treatment plant, and 15 ERCs margin reserve should be used for both the water distribution and the wastewater collection systems.

**APPROVED**

Issue 3: What portions of water and wastewater plants-in-service are used and useful?

Recommendation: The water treatment plant and the water distribution system should be considered 100% used and useful. The wastewater plant should be considered 56.63% used and useful, and the wastewater collection system should be considered 100% used and useful.

**APPROVED**

Issue 4: What is the utility's appropriate average amount of rate base?

Recommendation: The appropriate average amount of test year rate base should be \$75,755 for the water system and \$53,465 for the wastewater system. Pro forma plant, as outlined in the staff analysis, should be completed within 180 days of the effective date of the Commission Order.

**APPROVED**

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Issue 5: Should a negative acquisition adjustment be approved?

Recommendation: No. A negative acquisition adjustment should not be included in the calculation of rate base for this utility.

**MODIFIED**

*The company agreed to a \$3001.00 reduction in annual revenues (\$912-water; \$2,089-wastewater) on the premise of no protest. If a protest is filed, this issue will be revisited at the hearing*

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 should be 10.12% with a range of 9.12% to 11.12% and the appropriate overall rate of return should be 8.47% with a range of 8.17% to 8.76%.

**APPROVED**

Issue 7: What is the appropriate test year revenue for this utility?

Recommendation: The appropriate test year revenue should be \$14,784 for the water system and \$10,752 for the wastewater system.

**APPROVED**

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Issue 8: What is the appropriate amount of operating expenses for rate setting purposes?

Recommendation: The appropriate amount of operating expenses for rate making purposes should be \$25,889 for the water system and \$32,457 for the wastewater system.

**APPROVED**

Issue 9: What is the appropriate revenue requirement for each system?

Recommendation: The appropriate revenue requirement should be \$32,304 for water and \$36,985 for wastewater.

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

Recommendation: No. However, an average water consumption of 7,500 gallons per residential customer per month and a residential wastewater gallonage cap of 6,000 gallons per month is appropriate for the purpose of calculating rates. In order to monitor the effect of the rate increase on consumption, the utility should be ordered to file, on a quarterly basis, reports for both water and wastewater 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**

Issue 12: What is the appropriate residential gallonage cap for wastewater service?

Recommendation: The appropriate residential gallonage cap for wastewater service should be 6,000 gallons.

**APPROVED**

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Issue 13: What are the appropriate water and wastewater rates?

Recommendation: The recommended rates should be those shown in the analysis portion of staff's November 4, 1999 memorandum. The approved Step I 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), Florida Administrative Code. The Step I rates should not be implemented until 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. Staff should be given administrative authority to approve the Step II tariff sheets upon staff's verification that the Commission-ordered water meters have been installed, and that the tariffs are consistent with the Commission's decision.

**APPROVED**

Issue 14: Should the recommended rates be approved for the utility on a temporary basis in the event of a timely protest filed by a party other than the utility?

Recommendation: Yes, the recommended rates should be approved for the utility on a temporary basis in the event of a timely protest filed by a party other than the utility. The utility should be authorized to collect the temporary rates after staff's approval of the security for potential refund, the proposed customer notice, and the revised tariff sheets. 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**

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Issue 15: Should the utility's existing service availability policy be revised?

Recommendation: Yes, the utility's service availability policy should be revised to change the existing customer connection (tap-in) fees of \$400 for water and \$600 for wastewater to plant capacity charges, and initiate a meter installation charge of \$190 for new customers only. If the Commission approves this new policy, 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 revised service availability charges 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 required to escrow that portion of rates associated with the pro forma water plant and pro forma wastewater plant which has not been completed as of this filing 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 \$42,544 of pro forma water plant and \$952 of pro forma wastewater plant which has not been completed as of this filing, until staff can verify the completion of plant improvements. The appropriate amount should be \$491 per month for water and \$12 per month for wastewater.

**APPROVED**

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Issue 17: 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, for failure to maintain its books and records in conformance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts?

Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be ordered to maintain its books and records in conformance with the 1996 NARUC Uniform System of Accounts (USOA).

**APPROVED**

Issue 18: Should this docket be closed?

Recommendation: No. If no timely protest is received upon expiration of the protest period, the PAA Order will become final upon issuance of the Consummating Order. However, this docket should remain open for an additional 180 days from the effective date of the Order to allow staff to verify that the utility installed a new 5,000-gallon hydro-pneumatic water tank, installed a chlorine alarm with automatic switch-over, installed water meters for all customers, installed a blower at the wastewater plant, and purchased a back-up motor for the well pump. Once staff has verified that this work has been completed, the docket should be closed administratively.

**APPROVED**