

VOTE SHEET

JULY 23, 2002

RE: Docket No. 010823-WS - Application for staff-assisted rate case in Seminole County by CWS Communities LP d/b/a Palm Valley.

ISSUE 1: Should the Commission approve a projected year-end rate base for the utility?

RECOMMENDATION: Yes. The Commission should approve a projected year-end rate base to allow the utility an opportunity to earn a fair return on its investment and to better match rate base with customer growth on a going-forward basis. A projected year-end test year ending July 31, 2003, should be approved.

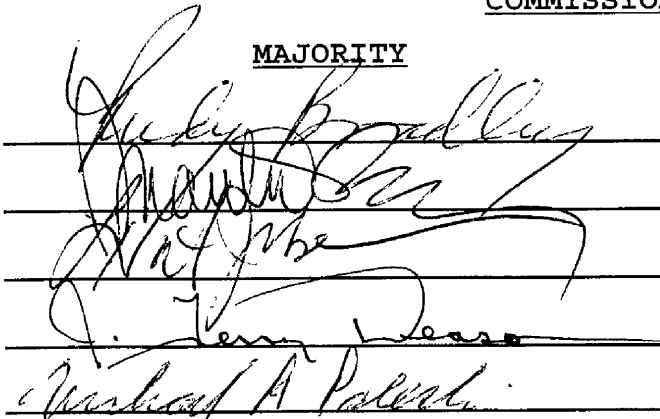
APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING



REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

07658 JUL 23 02

FPSC-COMMISSION CLERK

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ISSUE 2: Is the quality of service provided by CWS Communities LP d/b/a Palm Valley (Palm Valley) satisfactory?

RECOMMENDATION: Yes. The quality of service provided by Palm Valley to its customers should be considered satisfactory.

APPROVED

ISSUE 3: What percentage of the utility's water and wastewater treatment plants, water distribution system, wastewater collection system, and reclaimed water system are used and useful?

RECOMMENDATION: The water treatment plant, wastewater treatment plant, water distribution system, wastewater collection system, and the reclaimed water system should be considered 78%, 81%, 100%, 100%, and 100% used and useful, respectively.

APPROVED

ISSUE 4: Should Palm Valley be required to install new water and reuse meters and to initiate a meter replacement program?

RECOMMENDATION: Yes. Staff is recommending that the utility be required to install water and reuse meters which should be in place within six months from the effective date of the order.

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ISSUE 5: What is the appropriate test year rate base for this utility?

RECOMMENDATION: The appropriate projected year-end rate base for the utility is \$499,732 for water and \$864,049 for wastewater.

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 for this utility is 10.51% with a range of 9.51% - 11.51%. The appropriate overall rate of return for this utility is 9.62%.

APPROVED

ISSUE 7: What are the appropriate projected test year revenues?

RECOMMENDATION: The appropriate projected test year revenues for the utility are \$38,613 for water and \$40,342 for wastewater services.

APPROVED

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

RECOMMENDATION: The appropriate amount of operating expense for this utility is \$65,585 for water and \$240,539 for wastewater.

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ISSUE 9: What is the appropriate revenue requirement?

RECOMMENDATION: The appropriate revenue requirement is \$113,659 for water and \$323,661 for wastewater.

APPROVED

ISSUE 10: What is the appropriate reuse revenue requirement and how should recovery of the reuse revenue requirement be allocated between the water, wastewater, and reuse systems?

RECOMMENDATION: The appropriate reuse revenue requirement is \$130,764. The reuse revenue requirement should be allocated so that \$46,592 (36%) is recovered through reuse rates, \$63,129 (48%) is included in water rates, and \$21,043 (16%) is included in the calculation of wastewater rates. Staff's allocations are consistent with the authority prescribed in Section 367.0817(3), Florida Statutes.

APPROVED

ISSUE 11: What is the appropriate rate for reuse services?

RECOMMENDATION: The appropriate rate for reuse is \$1.15 per 1,000 gallons of usage. 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), Florida Administrative Code, providing the reuse customers have received notice.

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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

ISSUE 13: Is a continuation of the utility's current rate structure for its water system appropriate in this case, and, if not, what is the appropriate rate structure?

RECOMMENDATION: No. A continuation of the utility's current rate structure for its water system is not appropriate in this case. Specifically, the 2,000-gallon allotment should be removed from the rate structure currently applicable to the Fox Run subdivision, and the master meter rate structure should be removed from the corresponding rate structure applicable to the utility's Palm Valley mobile home park customers. The utility's rate structure should be changed to a traditional base facility charge (BFC)/gallonage charge rate structure applicable to all its customers, and a negative (reverse) conservation adjustment of 15% should also be implemented.

APPROVED

ISSUE 14: Is an adjustment to reflect repression of consumption appropriate due to the change in rate structure and price increase in this case, and, if so, what is the appropriate repression adjustment?

RECOMMENDATION: Yes. A repression adjustment of 22,388 kgal is appropriate. In order to monitor the effects of both the change in rate structure and the recommended revenue increase, the utility should be ordered to prepare monthly reports detailing the number of bills rendered,

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the consumption billed and the revenue billed. These reports should be provided, by customer class and meter size, on a quarterly basis for a period of two years, beginning with the first billing period after the increased rates go into effect.

APPROVED

ISSUE 15: Should the utility be required to bill all individually metered customers in its service area?

RECOMMENDATION: Yes. The utility should be required to bill all its individually metered water and reuse customers pursuant to Rule 25-30.335, Florida Administrative Code, with the conditions discussed in the analysis portion of staff's June 11, 2002 memorandum.

APPROVED

ISSUE 16: What are the appropriate rates for each system?

RECOMMENDATION: The recommended rates should be designed to produce revenue of \$176,788 for the water system and \$213,940 for the wastewater system, excluding miscellaneous service charges. 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), Florida Administrative Code. The 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. Once the utility has completed implementation of rates under Section 723, Florida Statutes, the utility should be required to notify the Commission no later than August 31, 2003, to delete its bulk rate tariff. Staff should be given administrative authority to cancel this tariff upon notification by the utility.

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ISSUE 17: 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 as required by Section 367.0816, Florida Statutes?

RECOMMENDATION: The rates should be reduced, as shown on schedule 4 of staff's 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 the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, Florida Statutes. 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.

APPROVED

ISSUE 18: Should the utility's service availability charges be revised?

RECOMMENDATION: Yes. The utility's service availability charges should be revised to include a Plant Capacity Charge of \$1,035, a Main Extension Charge of \$1,178, and a Meter Installation Fee of \$177 for water and reuse customers and a Plant Capacity Charge of \$433 and a Main Extension Charge of \$364 for wastewater. 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. The 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. 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, provided adequate notice is given, if no protest is filed.

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ISSUE 19: What are the appropriate customer deposits for this utility?

RECOMMENDATION: The appropriate customer deposits should be as 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 20: 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), Florida Statutes, 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 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 analysis portion of staff's memorandum. 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 Commission's Division of the Commission Clerk and Administrative Services 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 21: 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 the issuance of a Consummating Order. However, this docket should remain open for an additional six months from the effective date of the Order to allow staff to verify completion of pro forma plant items as described in Issue No. 4. Once staff has verified that this work has been completed, the docket should be closed administratively.

APPROVED