

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

OCTOBER 21, 2003

RE: Docket No. 030250-WU - Application for staff-assisted rate case in Pasco County, by Floralino Properties, Inc.

ISSUE 1: Is the quality of service provided by Floralino Properties, Inc. considered satisfactory?

RECOMMENDATION: The determination for quality of service provided by Floralino Properties, Inc., should be considered "not satisfactory" until the utility replaces three of its hydro-pneumatic tanks, and installs signs at each plant with emergency phone numbers. The utility should be required to complete these items within twelve months from the date of the Consummating Order.

**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*Charles A. Smith*  
*Michael...*  
*...*  
*...*  
*Jerry Deane*  
*Judy Bradley*

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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

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ISSUE 2: What portions of Floralino Properties, Inc. are used and useful?

RECOMMENDATION: The water treatment plant at Floralino Properties, Inc., should be considered 100% used and useful. The water distribution system should be 100% used and useful.

**APPROVED**

ISSUE 3: What is the appropriate average test year rate base for the utility?

RECOMMENDATION: The appropriate average test year rate base for the utility is \$147,591.

**APPROVED**

ISSUE 4: 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 11.96% with a range of 10.96% - 12.96%. The appropriate overall rate of return for the utility is 6.64%.

**APPROVED**

ISSUE 5: What is the appropriate test year revenue?

RECOMMENDATION: The appropriate test year revenue for this utility is \$136,075.

**APPROVED**

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ISSUE 6: What is the appropriate amount of operating expense?

RECOMMENDATION: The appropriate amount for operating expense for this utility is \$149,833.

**APPROVED**

ISSUE 7: What is the appropriate revenue requirement?

RECOMMENDATION: The appropriate revenue requirement is \$159,633.

**APPROVED**

ISSUE 8: Is a continuation of the utility's current bi-monthly billing appropriate?

RECOMMENDATION: No. The utility's billing should be changed to monthly billing. Monthly customer billing should be implemented consistent with Rule 25-30.335, Florida Administrative Code.

**APPROVED**

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ISSUE 9: 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. A conservation adjustment of 10% should be implemented. In addition, the rate structure should be changed to a two-tier inclining-block rate structure with recommended usage blocks of 0-10,000 gallons (10 kgal) and over 10 kgal. The recommended usage block rate factor for the second block is 1.25.

**APPROVED**

ISSUE 10: Is an adjustment to reflect repression of residential 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: No. A repression adjustment is not appropriate in this case. However, 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, 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**

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ISSUE 11: What are the appropriate monthly rates for service?

RECOMMENDATION: The appropriate monthly rates should be designed to produce revenues of \$158,150, excluding miscellaneous service charge revenues. 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 of the revised tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code. The 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 no less than 10 days after the date of the notice.

**APPROVED**

ISSUE 12: 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 water rates should be reduced as shown on Schedule 4 of staff's October 9, 2003 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. If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

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ISSUE 13: 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 October 9, 2003 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 Economic Regulation 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.

**APPROVED**

ISSUE 14: Should the utility be required to show cause, in writing within 21 days, why it should not be fined up to \$5,000 per day for its apparent violation of Rule 25-30.115, Florida Administrative Code, for its failure to maintain its books and records in conformance with the NARUC Uniform System of Accounts (USOA)?

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 USOA and submit a statement from its accountant by March 31, 2004, along with its 2003 annual report, stating that its books are in conformance with the NARUC USOA and have been reconciled with the Commission Order.

**APPROVED**

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ISSUE 15: Should the 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 twelve months after the Consummating Order to allow staff time to verify the utility has completed the pro forma hydro-tank replacements. Upon verification of the above by staff, the docket may be administratively closed.

**APPROVED**