

VOTE SHEET

April 24, 2007

Docket No. 060599-WU – Application for staff-assisted rate case in Pasco County by Pasco Utilities, Inc.

Issue 1: Is the quality of service provided by Pasco Utilities, Inc., satisfactory?

Recommendation: Yes. The quality of service provided by Pasco Utilities, Inc., should be considered satisfactory.

APPROVED

Issue 2: What are the used and useful percentages for Pasco's water system?

Recommendation: The water treatment plant should be considered 100% used and useful and the water distribution system should be considered 81.07% used and useful.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Katrina J. McMurrain

Jim Edg

Matt J. CPA

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

03480 APR 24 07

FPSC-COMMISSION CLERK

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

Recommendation: The appropriate average test year rate base for this utility is \$72,556 for water. The utility should be required to complete the pro forma upgrades within nine months of the issuance date of the Consummating Order.

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 return on equity is 11.54% with a range of 10.54% - 12.54%. The appropriate overall rate of return is 8.64%.

APPROVED

Issue 5: What are the appropriate test year revenues?

Recommendation: The appropriate test year revenues are \$135,629.

APPROVED

Issue 6: What is the appropriate amount of pre-repression operating expenses?

Recommendation: The appropriate amount of pre-repression operating expense for the utility is \$148,464. The utility should be required to complete the pro forma repairs within nine months of the issuance date of the Consummating Order.

APPROVED

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Issue 7: What is the appropriate pre-repression revenue requirement?

Recommendation: The appropriate pre-repression revenue requirement is \$154,729.

APPROVED

Issue 8: Should the utility's current water system rate structure be changed, and, if so, what is the appropriate rate structure?

Recommendation: Yes. The utility's current water system rate structure, which includes a 3,000 (3 kgal) water allotment in the base facility charge (BFC) should be changed to the traditional BFC/uniform gallonage charge rate structure with no usage allotments. The BFC cost recovery percentage for the water system should be set at 30%.

APPROVED

Issue 9: Is a repression adjustment appropriate in this case, and, if so, what is the appropriate adjustment, what are the corresponding expense adjustments to make, what are the resulting final revenues from monthly service, and what is the final revenue requirement for the water system?

Recommendation: Yes. A repression adjustment is appropriate for this utility. Test year consumption should be reduced by 839 kgals, or 1.6%. Purchased power expense should be reduced by \$115, chemicals expense should be reduced by \$65, and regulatory assessment fees (RAFs) should be reduced by \$9. The final post-repression revenues from monthly service, which excludes miscellaneous revenues of \$2,631, should be \$151,910. The final revenue requirement should be \$154,541.

In order to monitor the effect of the changes to rate structure and revenue, the utility should be ordered to file reports detailing the number of bills rendered, the consumption billed and the revenues billed on a monthly basis. In addition, the reports should be prepared, by customer class and meter size. The reports should be filed with staff, on a quarterly basis, for a period of two years, beginning the first billing period after the approved rates go into effect. To the extent the utility makes adjustments to consumption in any month during the reporting period, the utility should be ordered to file a revised monthly report for that month within 30 days of any revision.

APPROVED

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Issue 10: What are the appropriate monthly rates for the water system for the utility?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4-A of staff's April 12, 2007, memorandum. Excluding miscellaneous service charges, the recommended water rates produce revenues of \$151,910. The utility should file revised water tariff sheets and a proposed customer notice to reflect the Commission-approved rates for the respective systems. 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), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

APPROVED

Issue 11: Should the recommended rates be approved for the utility on a temporary basis, subject to refund, in the event of a protest 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, 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 April 12, 2007, memorandum. 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 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 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, F.S.?

Recommendation: The water rates should be reduced as shown on Schedule No. 4 of staff's April 12, 2007, 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, F.S. 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.

APPROVED

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Issue 13: Should the utility be authorized to revise its miscellaneous service charges, and, if so, what are the appropriate charges?

Recommendation: Yes. The utility should be authorized to revise its miscellaneous service charges. The appropriate charges are reflected in the analysis portion of staff's April 12, 2007, memorandum. The utility should file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), F.A.C., provided the notice has been approved by staff. Within 10 days of the date the order is final, the utility should be required to provide notice of the tariff changes to all customers. The utility should provide proof the customers have received notice within 10 days after the date that the notice was sent.

APPROVED

Issue 14: Should the utility's service availability charges be revised?

Recommendation: Yes. The utility's existing service availability charges should be revised to include a main extension charge of \$250. 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 the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the service availability charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets.

APPROVED

Issue 15: Should the utility be required to show cause, in writing within 21 days, why it should not be fined for assessing main extension charges without an authorized tariff?

Recommendation: No. Show cause proceedings should not be initiated at this time. The utility should be put on notice that, pursuant to Sections 367.081(1) and 367.091(3), F.S., it may only charge rates and charges approved by the Commission.

APPROVED

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Issue 16: Should the utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA primary accounts associated with the Commission-Approved adjustments?

Recommendation: Yes. To ensure that the utility adjusts its books in accordance with the Commission's decision, Pasco should provide proof, within 90 days of the final order issued in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

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 twenty-one days of the issuance of the order, a consummating order will be issued. The docket should remain open at least nine months after the consummating order for staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff, and the pro forma improvements and repairs have been completed. Upon verification by staff, the docket may be closed administratively.

APPROVED