

VOTE SHEET

April 8, 2008

Docket No. 070414-WS – Application for staff-assisted rate case in Polk County by Hidden Cove, Ltd.

Issue 1: Should the quality of service provided by Hidden Cove, Ltd. be considered satisfactory?

Recommendation: Yes. The quality of service provided by Hidden Cove should be considered satisfactory.

APPROVED

Issue 2: What are the used and useful percentages for Hidden Cove’s water and wastewater systems?

Recommendation: The following used and useful percentages are appropriate for the Utility’s water and wastewater systems:

Water Treatment Plant	100%
Water Distribution System	100%
Wastewater Treatment Plant	100%
Wastewater Collection Systems	100%

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

mel a. [signature]

Katrina J. McNussian

[signature]

John Edgar

DISSENTING

[signature]

DOCUMENT NUMBER-DATE
02729 APR -98

FPSC-COMMISSION CLERK

REMARKS/DISSENTING COMMENTS:

all items approved with the understanding that staff will obtain 12 months of billing data. Staff will review this data and bring back recommendation on whether a revenue neutral rate restructuring is appropriate. Commissioner Agenziano dissented on all issues.

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

Recommendation: The appropriate average rate base for this utility is \$32,252 for water and \$27,769 for wastewater. Further, the Utility should be required to complete its meter installations within 6 months from the final order issued in this docket.

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 11.78% with a range of 10.78% to 12.78%. The appropriate overall rate of return is 6.73%.

APPROVED

Issue 5: What are the appropriate amounts of test year revenues in this case?

Recommendation: The appropriate amount of test year revenues in this case are \$11,880 for the water system and \$11,498 for the wastewater system.

APPROVED

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

Recommendation: The appropriate amount of pre-repression operating expense for the Utility is \$22,702 for water and \$27,762 for wastewater.

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

Recommendation: The appropriate pre-repression revenue requirement is \$25,401 for water and \$30,383 for wastewater.

APPROVED

Issue 8: What are the appropriate pre-repression billing determinants for ratesetting purposes for the respective water and wastewater systems?

Recommendation: The appropriate pre-repression billing determinants for ratesetting are 136 ERCs and 7,711.3 thousand gallons (7,711.3 kgal) for the water system and 127 ERCs and 3,078.3 kgal for the wastewater system.

APPROVED

Issue 9: Should the Commission approve the Utility's request to defer the implementation of the approved increased rates until January 1, 2009?

Recommendation: Yes.

APPROVED

Issue 10: What are the appropriate rate structures and BFC cost recovery percentages for the utility's water and wastewater systems?

Recommendation: Beginning January 1, 2009, the appropriate rate structure for the water system is a change to the BFC/uniform gallonage charge rate structure, and the appropriate rate structure for the wastewater system is a change to the BFC/gallonage charge rate structure. The appropriate BFC cost recovery percentages are 60% for the water system and 70% for the wastewater system. For billing purposes, monthly residential wastewater usage should be capped at 6 kgal. The general service wastewater gallonage charge should be 1.2 times greater than the corresponding residential wastewater gallonage charge. In the event the utility has not completed the required meter installations by January 1, 2009, the utility should charge each customer without a meter only the approved BFC per month until the meter for that customer is installed. There should be no rate structure changes until January 1, 2009.

APPROVED

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Issue 11: Are adjustments to reflect repression of consumption due to the price increases appropriate in this case, and, if so, what are the appropriate repression adjustments to be applied in order to calculate rates?

Recommendation: Yes, repression adjustments to both the water and wastewater systems are appropriate. Residential water consumption should be reduced by 48.3%, resulting in a consumption reduction of approximately 3,343.8 kgal. Total water consumption for ratesetting is 4,367.4 kgals, which represents a 43.4% reduction in overall consumption. The corresponding residential wastewater consumption should be reduced by 38.7%, resulting in a consumption reduction of approximately 1,136.2 kgals. Total wastewater consumption for ratesetting is 1,942.1 kgals, which represents a 36.9% reduction in overall consumption. The associated water system reductions to revenue requirements are \$1,508 in purchased power expense, \$447 in chemicals and \$88 in RAFs. The associated wastewater system reductions to revenue requirements are \$796 in purchased power expense, \$1,354 in chemicals, \$1,523 in sludge removal, and \$165 in RAFs. The resulting post-repression revenue requirements are \$23,359 for the water system and \$26,545 for the wastewater system.

In order to monitor the effects of the recommended revenue increases, 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. 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

Issue 12: What are the appropriate rates for this utility?

Recommendation: The appropriate monthly water rates are shown on Schedule 4-A of staff's memorandum dated March 27, 2008, and the appropriate monthly wastewater rates are shown on Schedule 4-B of staff's memorandum dated March 27, 2008. Excluding miscellaneous service revenues, the recommended rates are designed to produce revenues of \$23,359, while the corresponding wastewater rates are designed to produce revenues of \$26,545. The utility should issue two notices to customers. Both notices should be approved by staff. The first notice should be provided to customers within 30 days after the Consummating Order is issued. The second notice to customers should be provided no later than December 31, 2008. In no case should increased rates be implemented until staff has approved the appropriate proposed customer notice. The utility should provide staff with proof of the date each notice was given no less than 10 days after the date of the notice.

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Issue 13: Should the recommended rates be approved for Hidden Cove 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 Hidden Cove 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, Hidden Cove should provide appropriate security consisting of either a bond, letter of credit, or escrow agreement. If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed in the analysis portion of staff's memorandum dated March 27, 2008. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., Hidden Cove 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: 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 and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated March 27, 2008, 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 Hidden Cove 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 15: 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 for staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. In addition, as recommended in Issue 3, the Utility should complete all meter installations with six months from the issuance of a consummating order in this docket. Once staff has verified all of the above actions are complete, this docket should be closed administratively.

APPROVED