

VOTE SHEET

April 22, 2008

Docket No. 070601-WU – Application for staff-assisted rate case in Pasco County by Orangeland Water Supply.

Issue 1: Should the quality of service provided by Orangeland be considered satisfactory?

Recommendation: Yes, Orangeland’s overall quality of service should be considered satisfactory.

APPROVED

Issue 2: What are the used and useful percentages for the utility’s water treatment plant and distribution system?

Recommendation: Orangeland’s used and useful percentages (U&U) should be as follows:

Water Treatment Plant	100%
Water Distribution System	100%

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

Neil A. De...
Katrina J. Morrison
[Signature]
[Signature]
[Signature]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

03262 APR 22 08

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

Recommendation: The appropriate average test year water rate base for the utility is \$8,438.

APPROVED

Issue 4: What is the appropriate rate of return on equity and overall rate of return for this utility?

Recommendation: The appropriate return on equity is 9.07% with a range of 8.07% to 10.07%. The appropriate overall rate of return is 9.07%.

APPROVED

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

Recommendation: The appropriate amount of test year revenues in this case are \$5,668.

APPROVED

Issue 6: What are the appropriate operating expense?

Recommendation: The appropriate amount of operating expense for the utility is \$22,151.

APPROVED

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Issue 7: Is a repression adjustment appropriate in this case, and if so, what are the appropriate adjustments to make for this utility, what are the appropriate corresponding expense adjustments to make, and what are the final revenue requirements?

Recommendation: Yes, a repression adjustment is appropriate for this utility. Test year consumption should be reduced by 3,238 kgals. Purchased power expense should be reduced by \$766, chemical expense should be reduced by \$65, and regulatory assessment fees (RAFs) should be reduced by \$39. The final post-repression revenues from monthly service, which excludes miscellaneous revenues of \$461, should be \$25,366.

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 the Commission, 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

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

Recommendation: Yes, the utility's current water system rate structure, which includes a 5,000 gallons (5 kgal) water allotment in the base facility charge (BFC), should be changed to a traditional BFC/uniform gallonage charge rate structure with no usage allotments. The water system's BFC cost recovery percentage should be set at 50%.

APPROVED *staff's alternate 1 recommendation (attached) to include a 2 tier declining block rate.*

Issue 9: What are the appropriate monthly rates for each system?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4 of staff's memorandum dated April 10, 2008. The recommended water rates produce revenues of \$25,366. 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 on the tariff sheet, 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 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

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Issue 10: 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 memorandum dated April 10, 2008, to remove rate case expense grossed up for regulatory assessment fees and amortized over a four-year period. The decrease in rates of \$271 annually 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

Issue 11: 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), 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 should be subject to the refund provisions discussed in the analysis portion of staff's memorandum dated April 10, 2008. 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: 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. Once staff has verified all of the above actions are complete, this docket should be closed administratively.

APPROVED

Rate and Bill Impact from Various Alternative Rate Structures									
Current Rates		Staff Recommended		Alternate 1		Alternate 2		Alternate 3	
BFC/Uniform Gallonage with 5 Kgal Allotment		BFC/Uniform Gallonage		BFC with 2 Tier Inclining Block		BFC with 3 Tier Inclining Block		BFC with 3 Tier Inclining Block	
BFC	\$5.00	BFC	\$14.36	BFC	\$14.36	BFC	\$14.36	BFC	\$14.36
0-5 Kgal	Free	All Kgals	\$4.41	0-5 Kgal	\$4.29	0-5 Kgal	\$4.23	0-3 Kgal	\$4.16
5+ Kgal	\$0.25			5+ Kgal	\$5.36	5-10 Kgal	\$5.29	3-6 Kgal	\$5.20
						10+ Kgal	\$6.35	6+ Kgal	\$6.23
Typical Bills		Typical Bills		Typical Bills		Typical Bills		Typical Bills	
0 Kgals	\$5.00	0 Kgals	\$14.36	0 Kgals	\$14.36	0 Kgals	\$14.36	0 Kgals	\$14.36
3 Kgals	\$5.00	3 Kgals	\$27.59	3 Kgals	\$27.24	3 Kgals	\$27.07	3 Kgals	\$26.83
5 Kgals	\$5.00	5 Kgals	\$36.40	5 Kgals	\$35.82	5 Kgals	\$35.54	5 Kgals	\$37.22
10 Kgals	\$6.25	10 Kgals	\$58.44	10 Kgals	\$62.63	10 Kgals	\$62.01	10 Kgals	\$67.36
15 Kgals	\$7.50	15 Kgals	\$80.47	15 Kgals	\$89.45	15 Kgals	\$93.77	15 Kgals	\$98.53

Note: All recommended and alternative recommended rates are based on a BFC = 50% and rate factors of 1, 1.25 and 1.5.

Rate and Bill Impact from Various Alternative Rate Structures - 'No Repression' \$/Kgal = \$2.14									
Current Rates		Staff Recommended		Alternate 4		Alternate 5		Alternate 6	
BFC/Uniform Gallonage with 5 Kgal Allotment		BFC/Uniform Gallonage		BFC with 2 Tier Inclining Block 2nd Tier Rate Factor = 2		BFC with 2 Tier Inclining Block 2nd Tier Rate Factor = 3		BFC with 2 Tier Inclining Block 2nd Tier Rate Factor = 4	
BFC	\$5.00	BFC	\$14.36	BFC	\$14.36	BFC	\$14.36	BFC	\$14.36
0-5 Kgal	Free	All Kgals	\$4.41	0-3 Kgal	\$3.84	0-3 Kgal	\$3.40	0-3 Kgal	\$3.05
5+ Kgal	\$0.25			3+ Kgal	\$7.68	3+ Kgal	\$10.20	3+ Kgal	\$12.20
Typical Bills		Typical Bills		Typical Bills		Typical Bills		Typical Bills	
0 Kgals	\$5.00	0 Kgals	\$14.36	0 Kgals	\$14.36	0 Kgals	\$14.36	0 Kgals	\$14.36
3 Kgals	\$5.00	3 Kgals	\$27.59	3 Kgals	\$25.88	3 Kgals	\$24.56	3 Kgals	\$23.52
5 Kgals	\$5.00	5 Kgals	\$36.40	5 Kgals	\$41.23	5 Kgals	\$44.96	5 Kgals	\$47.92
10 Kgals	\$6.25	10 Kgals	\$58.44	10 Kgals	\$79.62	10 Kgals	\$98.95	10 Kgals	\$108.94
15 Kgals	\$7.50	15 Kgals	\$80.47	15 Kgals	\$118.00	15 Kgals	\$146.95	15 Kgals	\$169.98