

VOTE SHEET

September 16, 2008

Docket No. 070722-WS – Application for staff-assisted rate case in Palm Beach County by W.P. Utilities, Inc.

**Issue 1:** Is the quality of service provided by W.P. considered satisfactory?

**Recommendation:** Yes. The Utility’s quality of water and treated wastewater, the operational condition of the water distribution and wastewater collection lines, and W.P.’s attempts to address customer satisfaction are satisfactory; therefore, the Utility’s overall quality of service is satisfactory.

**APPROVED**

**Issue 2:** What portions of the Utility’s water and wastewater facilities are used and useful?

**Recommendation:** The Utility’s water distribution and wastewater collection systems should be considered 100 percent used and useful.

**APPROVED**

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

*Neil A. Kelly*  
*Katrina G. McMurrian*  
*[Signature]*  
*[Signature]*

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**REMARKS/DISSENTING COMMENTS:** *Commissioners approved alternatives in Attachment A for the base facility charge and all other issues to be consistent with this decision.*

DOCUMENT NUMBER - DATE  
08714 SEP 16 08  
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 W.P. is \$36,254 for water and \$73,659 for wastewater.

**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 12.01 percent with a range of 11.01 percent - 13.01 percent. The appropriate overall rate of return is 7.50 percent.

**APPROVED**

**Issue 5:** What are the appropriate amount of test year revenues?

**Recommendation:** The appropriate test year revenue for this Utility is \$33,931 for water and \$55,671 for wastewater.

**APPROVED**

**Issue 6:** What is the appropriate amount of operating expenses?

**Recommendation:** The appropriate amount of operating expense for the Utility is \$58,600 for water and \$56,822 for wastewater.

**APPROVED**

**Issue 7:** What are the appropriate revenue requirements?

**Recommendation:** The appropriate revenue requirement is \$62,610 for water and \$62,661 for wastewater.

**APPROVED**

(Continued from previous page)

**Issue 8:** What are the appropriate rate structures for the Utility's water and wastewater systems?

**Recommendation:** The appropriate rate structure for the water system's residential class is a monthly base facility charge (BFC)/uniform gallonage charge rate structure. The appropriate rate structure for the water system's non-residential class is a traditional BFC/uniform gallonage charge. The water system's BFC cost recovery should be set at 50%. The appropriate rate structure for the wastewater system's residential and non-residential class is a monthly BFC/uniform gallonage. The non-residential gallonage charge should be 1.2 times greater than the corresponding residential charge, and the BFC cost recovery percentage for the wastewater system should be set at 50%. The residential wastewater cap should be changed to 6,000 gallons (6 kgal).

**APPROVED**

**Issue 9:** 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:** No, a repression adjustment is not appropriate in this case. However, 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**

**Issue 10:** What are the appropriate rates for this Utility?

**Recommendation:** The appropriate monthly water and wastewater rates are shown on Schedules Nos. 4-A and 4-B of staff's memorandum dated September 4, 2008, respectively. The recommended water and wastewater rates produce revenues of \$62,610 and \$62,661. 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 11:** Should the W.P. refund wastewater revenues collected from its residential customers that were in excess of the tariffed residential rate?

**Recommendation:** The Utility should refund \$3,029 of test year wastewater revenues to its wastewater customers. A refund should be made to these customers and should be made with interest, as required by Rule 25-30.360(4), F.A.C. W.P. should be required to submit the proper refund reports, pursuant to Rule 25-30.360(7), F.A.C. The refund should be completed within one year of the effective date of this Order. The Utility should treat any unclaimed refunds as CIAC, pursuant to Rule 25-30.360(8), F.A.C. A show cause may be initiated if the Utility fails to make the refunds as prescribed.

**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 and wastewater rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated September 4, 2008, to remove rate case expense grossed up for RAFs 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 W.P. 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 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 W.P.?

**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 W.P. 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 W.P. should be subject to the refund provisions discussed in the analysis portion of staff's memorandum dated September 4, 2008. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., W.P. 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 this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action issues files a protest within 21 days of the issuance of the order, a Consummating Order should be issued. However, 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. When the PAA issues are final and the tariff and notice actions are complete, this docket should be closed administratively.

**APPROVED**