

VOTE SHEET

December 2, 2008

Docket No. 070680-WS – Application for staff-assisted rate case in Pasco County by Orangewood Lakes Services, Inc.

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

Recommendation: Yes. The Utility’s quality of product, operational condition, and attempts to address customer complaints are satisfactory; therefore, the overall quality of service provided by Orangewood should be considered satisfactory.

APPROVED

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

Recommendation: The Utility’s water and wastewater treatment, distribution, and collection facilities are 100 percent used and useful.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures in the Majority column:

Katrina J. McMissian

REMARKS/DISSENTING COMMENTS: Commissioner Argenziano participated in the conference by telephone. She will sign the vote sheet upon return to the office.

DOCUMENT NUMBER-DATE

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

Recommendation: The appropriate average test year rate base for Orangewood is \$32,751 for water and \$46,546 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 7.67 percent.

APPROVED

Issue 5: 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 4,507 equivalent residential connections (ERCs) and 27,816.3 kgals for the water system and 3,991 ERCs and 21,483 kgals for the wastewater system.

APPROVED

Issue 6: What are the appropriate amounts of test year revenues in this case?

Recommendation: The appropriate amount of test year revenues for the Utility is \$110,623 for water and \$89,676 for wastewater.

APPROVED

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Issue 7: What is the appropriate amount of test year operating expenses?

Recommendation: The appropriate amount of operating expense for the Utility is \$77,815 for water and \$181,865 for wastewater.

APPROVED

Issue 8: What are the appropriate revenue requirements?

Recommendation: The appropriate revenue requirements are \$78,900 for the water system and \$189,947 for the wastewater system.

APPROVED

Issue 9: What are the appropriate rate structures for the Utility's various customer classes?

Recommendation: The appropriate rate structure for the water and wastewater systems' residential and non-residential class is a base facility charge (BFC)/uniform gallonage charge rate structure. The unmetered residential customers of the mobile home park should be charged a bulk water rate wherein the BFC should be based on 80 percent of the ERCs. The water system's 2 kgals allotment should be removed from the BFC, and the BFC cost recovery should be set at 50 percent. The appropriate rate structure for Orangewood's wastewater system should be changed to a BFC/gallonage charge rate structure. The unmetered residential customers of the mobile home park should be charged a bulk wastewater rate wherein the BFC should be based on 80 percent of the ERCs. The residential monthly wastewater cap should be set at 6,000 gallons (6 kgal). 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 percent.

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Issue 10: Is a repression adjustment appropriate in this case?

Recommendation: No. However, in order to monitor the effects of the changes in revenues, the Utility should prepare monthly reports for the water and wastewater systems, detailing the number of bills rendered, the consumption billed, and the revenues billed. These reports should be provided to staff. In addition, these reports should be prepared, by customer class and meter size, on a quarterly basis for a period of two years, beginning the first billing period after the approved rates go into effect.

APPROVED

Issue 11: What are the appropriate rates for the Utility?

Recommendation: The appropriate water and wastewater monthly rates are shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated November 18, 2008, respectively. The recommended rates should be designed to produce revenue of \$76,781 for water and \$187,549 for wastewater, excluding miscellaneous service charges. 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. Orangewood should provide proof of the date notice was given no less than 10 days after the date of the notice.

APPROVED

Issue 12: In determining whether any portion of the interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The Utility did not implement the Commission-approved interim rates. Therefore, no refund is necessary.

APPROVED

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Issue 13: Should the Utility be authorized to collect miscellaneous service charges, and, if so, what are the appropriate charges?

Recommendation: Yes. Orangewood should be authorized to collect miscellaneous service charges. The appropriate charges are reflected in staff's memorandum dated November 18, 2008. 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, Orangewood 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: 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 November 18, 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 Orangewood 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 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 Orangewood?

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 Orangewood. 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 Orangewood should be subject to the refund provisions discussed in the analysis portion of staff's memorandum dated November 18, 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 16: Should the Utility be required to show cause, in writing within 21 days, why it should not be fined for assessing additional meter installation charges without an authorized tariff?

Recommendation: No. Show cause proceedings should not be initiated at this time. Orangewood 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

Issue 17: Should the Commission order Orangewood to show cause, in writing within 21 days, why it should not be fined for apparent violation of Section 367.045(2), Florida Statutes?

Recommendation: No. Show cause proceedings should not be initiated; however, the Utility should be given until January 5, 2009, to file an amendment application to include the mobile home community in Orangewood's authorized territory.

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Issue 18: 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 will 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 may be closed administratively.

APPROVED