

VOTE SHEET

December 15, 2009

Docket No. 090230-WU – Application for staff-assisted rate case in St. Johns County by Camachee Island Company, Inc. d/b/a Camachee Cove Yacht Harbor Utility.

Issue 1: Is the quality of service provided by the Utility satisfactory?

Recommendation: Yes, the overall quality of service provided by the Utility should be considered satisfactory.

DEFERRED

Issue 2: What are the used and useful percentages of the Utility’s water treatment plant, ground storage tank, and water distribution lines?

Recommendation: The Utility’s water treatment plant, ground storage tank, and water distribution system are 100 percent used and useful.

DEFERRED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

REMARKS/DISSENTING COMMENTS: Deferred to the January 26, 2010 Commission Conference

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

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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 \$354,776.

DEFERRED

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

Recommendation: The appropriate return on equity is 9.67 percent with a range of 8.67 percent-10.67 percent. The appropriate overall rate of return is 9.67 percent.

DEFERRED

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

Recommendation: The appropriate amount of test year revenues in this case is \$45,077.

DEFERRED

Issue 6: What are the appropriate operating expenses?

Recommendation: The appropriate amount of operating expense for the Utility is \$101,675.

DEFERRED

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$135,982.

DEFERRED

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Issue 8: Should customers with 2” meters be charged a lower base facility charge?

Recommendation: No. Customers with 2” meters should pay a base facility charge (BFC) consistent with the AWWA meter equivalency factor, which for a 2” meter is worth 8 ERCs.

DEFERRED

Issue 9: Should the Utility’s current water system rate structure be changed, and, if so, what is the appropriate adjustment?

Recommendation: Yes. The Utility’s current residential water system rate structure, which includes a 3,000 gallon (3 kgal) allotment in the BFC, should be changed to a three-tier inclining block rate structure. The usage blocks should be set for consumption at: a) 0-6 kgals; b) 6-12 kgals; c) usage in excess of 12 kgals, with appropriate usage block rate factors of 1.00; 1.50; and 2.00, respectively. The Utility’s current non-residential water system rate structure, which also includes a 3 kgal allotment in the BFC, should be changed to a traditional BFC/uniform gallonage charge rate structure. Furthermore, the appropriate rate structure for the unmetered non-residential customers should be a uniform flat rate structure. The BFC cost recovery should be set at 35 percent.

DEFERRED

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Issue 10: 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 19.7 percent, resulting in a consumption reduction of approximately 704 kgals. Purchased power expense should be reduced by \$361; chemical expense should be reduced by \$92, and regulatory assessment fees (RAFS) should be reduced by \$22. The final post-repression revenue requirement for the water system should be \$135,506.

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 usage block, customer class and meter size. The reports should be filed with staff, on a semi-annual 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.

DEFERRED

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

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4 of staff's memorandum dated December 3, 2009. The recommended rates should be designed to produce revenue of \$135,506 for water, 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. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

DEFERRED

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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 memorandum dated December 3, 2009, 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 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.

DEFERRED

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 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 December 3, 2009. 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.

DEFERRED

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Issue 14: 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, Camachee 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.

DEFERRED

Issue 15: Should this docket be closed?

Recommendation: No. The docket should remain open until a final order has been issued, staff has approved the revised tariffs sheets and customer notices, the Utility has sent the notices to its customers, staff has received proof that the customers have received notice within 10 days after the date of the notice, and the Utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Once staff has verified all of the above actions are complete, this docket should be closed administratively.

DEFERRED