

VOTE SHEET

January 26, 2010

Docket No. 080695-WU – Application for general rate increase by Peoples Water Service Company of Florida, Inc. (Issues 12-18 were deferred from the January 5, 2010, Commission Conference, revised recommendation filed.)

Issue 12: What are the appropriate water system rate structures to apply to the Utility’s various customer classes, what is the appropriate method of calculating equivalent residential connections (ERCs), and what is the appropriate BFC cost recovery allocation percentage?

Recommendation: Based upon the Commission’s discussions at the January 5, 2010 Agenda Conference, staff is presenting several alternative rate structures to its originally recommended rate structure that allow the utility to recover the approved revenue requirement. These alternative rate structures include staff’s originally recommended rate structure as well as four additional rate structures designed to minimize the change in customer bills at low levels of consumption.

For those rate structures that incorporate an inclining block rate structure for the residential class, the recommended usage blocks are based upon staff’s originally recommended rate blocks for monthly consumption. These usage blocks are: (1) of 0-6,000 gallons (6 kgal); (2) 6.001-12 kgal; and (3) in excess of 12 kgal. The usage block rate factors should be set at 1.0, 1.5 and 2.0, respectively. The multiple minimum billing (MMB)/uniform gallonage charge rate structure should be applied to the multi-residential customer class. The base facility charge (BFC)/uniform gallonage charge rate structure should be applied to all other customer classes. The appropriate method of calculating ERCs for customer classes other than the multi-residential class should be based on the American Water Works Association (AWWA) meter equivalency factors. The appropriate calculation of ERCs for the multi-residential class should be based on the number of housing units served.

APPROVED, adopting alternative 4

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures of majority commissioners: Daniel E. Klement, [unclear], [unclear], [unclear]

Four horizontal lines for dissenting signatures.

REMARKS/DISSENTING COMMENTS: non-residential rates remain as noted in the original recommendation.

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FPSC-COMMISSION CLERK

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**Issue 13:** Is a repression adjustment to the Utility's water system appropriate in this case, and, if so, what is the appropriate adjustment to make for this Utility?

**Recommendation:** Yes, a repression adjustment is appropriate. The appropriate repression adjustment will be dependent upon the Commission's decision in Issue 12 regarding the appropriate rate structure for this Utility. The appropriate number of kgals repressed and the resulting post-repression revenue requirement for each alternative discussed in Issue 12 is contained in Table 13-1 in the Analysis portion of Staff's Memorandum filed January 20, 2010.

In order to monitor the effects of both the changes in revenues and rate structure, the Utility should be ordered to prepare monthly reports detailing the number of bills rendered, the consumption billed and the revenues billed for each system. In addition, the reports should be prepared by 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 such revision.

**APPROVED,** *noting alternative 4 was adopted in issue 12.*

**Issue 14:** What are the appropriate rates for this Utility?

**Recommendation:** The appropriate monthly water rates are shown on Schedule 4 of Staff's memorandum filed January 20, 2010. Excluding miscellaneous service revenues, the recommended water rates are designed to produce revenues of \$3,410,350. 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 of the revised tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given no less than 10 days after the date of the notice.

**APPROVED,** *noting alternative 4 was adopted in issue 12.*

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**Issue 15:** 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?

**Recommendation:** The rates should be reduced as shown on Schedule 4 to remove the rate case expense, grossed-up for regulatory assessment fees (RAFs), which is being 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. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets, pursuant to Rule 25-40.475(1), F.A.C. The rates should not be implemented until staff has approved the proposed customer notice. Peoples should provide proof of the date notice was given no less than 10 days after the date of the notice. 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 for the reduction in the rates due to the amortized rate case expense.

**APPROVED**, *noting alternative 4 was adopted in issue 12.*

**Issue 16:** 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 refund, if any?

**Recommendation:** The proper refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenue requirement granted. Using these principals, staff recommends that no interim refund is required.

**APPROVED**, *noting alternative 4 was adopted in issue 12.*

**Issue 17:** Should the Utility be required to provide proof that it has adjusted its books for all Commission approved adjustments?

**Recommendation:** Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, Peoples should provide proof, within 90 days of the final order in this docket, that the adjustments for all the applicable National Association of Regulatory Utility Commissioners Uniform System of Accounts primary accounts have been made.

**APPROVED**, *noting alternative 4 was adopted in issue 12.*

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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 files a protest within twenty-one days of the issuance of the order, a consummating order should 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 these actions are complete, this docket should be closed administratively, and the letter of credit should be released.

**APPROVED**, *noting alternative 4 was adopted in issue 12.*