

**CLK AGENDA
STAFF COPIED**

Ann Cole

090381-SU

From: Chuck Hill
Sent: Friday, May 28, 2010 11:04 AM
To: Sharon Allbritton; Ann Cole
Subject: RE: Request for Oral Modification to Item 9, June 1, 2010 Agenda, Docket No. 090381-SU - Utilities Inc. of Longwood

From: Chuck Hill
Sent: Friday, May 28, 2010 11:03 AM
To: Cheryl Bulecza-Banks; Andrew Maurey; Bart Fletcher; Jennifer Brubaker; Caroline Klancke; Patti Daniel
Cc: Commissioners Advisors; Tim Devlin; Mary Anne Helton; Marshall Willis; Sharon Allbritton; Selena Chambers
Subject: RE: Request for Oral Modification to Item 9, June 1, 2010 Agenda, Docket No. 090381-SU - Utilities Inc. of Longwood

Approved.

From: Marshall Willis
To: Tim Devlin
Cc: Cheryl Bulecza-Banks; Andrew Maurey; Bart Fletcher; Jennifer Brubaker; Caroline Klancke; Patti Daniel
Sent: Fri May 28 10:52:25 2010
Subject: Request for Oral Modification to Item 9, June 1, 2010 Agenda, Docket No. 090381-SU - Utilities Inc. of Longwood

Item 9 relates to a PAA rate increase request by Utilities Inc. of Longwood. The Statutory time frame to process this case has been waived by Longwood through the June 1, 2010, Agenda Conference. Staff requests approval to make an oral modification to the recommendation paragraph of Issue 11 for the above-referenced item. Staff inadvertently made an inputting error its annualized revenue calculation for Longwood's 2" General Service customers which decreases staff's annualized revenue adjustment by \$12,269. This will effect fall-out issues for operating income, revenue increase, and rates. This requested modification has no other effects on Staff's recommendation including revenue requirement. The specific modifications are in type and strike format as follows:

1) Page 20, Issue 11**Issue 11:**

What is the appropriate annualized revenue adjustment?

Recommendation:

The appropriate annualized revenue adjustment is \$114,496 ~~\$126,765~~. The Utility's annualized revenue adjustment of \$9,695 should be increased by \$104,801 ~~\$117,070~~. (Fletcher)

2) Page 33, Issue 18**Issue 18:**

What is the test year operating income before any revenue increase?

Recommendation:

Based on the adjustments discussed in other issues, the test year operating income is \$106,467 ~~\$113,775~~ before any revenue increase. (Fletcher)

3) Page 34, Issue 19

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Issue 19:

What is the appropriate revenue requirement?

Recommendation:

The following revenue requirement should be approved:

	<u>Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
	<u>\$833,136</u>	<u>\$53,360</u>		<u>6.40%</u>
(Fletcher) Wastewater	\$845,405	\$41,091	<u>\$886,496</u>	<u>4.86%</u>

4) Page 35, Issue 20

Issue 20:

What are the appropriate rates for this Utility?

Recommendation:

The appropriate monthly rates are shown on Schedule No. 4. Staff's recommended rates are designed to produce revenues of \$860,600 excluding miscellaneous service charge revenues. 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. The rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice. (Fletcher)

Staff Analysis:

Staff's recommended revenue requirement is \$886,496. After excluding miscellaneous service and other revenues of \$26,370, the revenue to be recovered through rates is \$860,600. Longwood's current wastewater rate structure is a flat rate for residential customers and a base facility charge and gallonage charge for general service customers.

Because the revenue requirement increase is very small, staff recommends that an across-the-board increase be applied to the Utility service rates prior to filing. To determine the appropriate percentage increase to apply to the service rates prior to filing, miscellaneous service and other revenues should be removed from the test year revenues.

		<u>Wastewater</u>
1	Total Test Year Revenues	<u>\$833,136</u>
2	Less: Miscellaneous Revenues	\$845,405 <u>26,370</u>
3	Test Year Revenues from Service Rates	<u>\$806,766</u>
4	Revenue Increase	\$819,035 <u>\$53,360</u> \$41,091
5	% Service Rate Increase (Line 4/Line3)	<u>6.61%</u> <u>5.02%</u>

5) Page 49, Schedule 4

Utilities, Inc. of Longwood Wastewater Monthly Service Rates Test Year Ended 12/31/08			Schedule No. 4 Docket No. 090381-SU		
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Staff Recomm. Final	Four-Year Rate Reduction
Residential					
Base Facility Charge All Meter Sizes:	\$34.98	\$40.31	\$39.09	\$36.73 \$37.29	\$1.27 \$1.29
General Service					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$15.14	\$17.45	\$17.14	\$15.90 \$16.14	\$0.55 \$0.56
1"	\$37.83	\$43.60	\$42.85	\$39.73 \$40.33	\$1.37 \$1.39
1-1/2"	\$75.67	\$87.21	\$85.71	\$79.47 \$80.67	\$2.75 \$2.79
2"	\$121.06	\$139.52	\$137.14	\$127.13 \$129.07	\$4.39 \$4.46
3"	\$242.14	\$279.06	\$257.13	\$254.29 \$258.16	\$8.79 \$8.92
Gallage Charge, per 1,000 Gallons	\$2.83	\$3.26	\$3.57	\$2.97 \$3.02	\$0.10
Typical Residential Bills 5/8" x 3/4" Meter					
3,000 Gallons	\$34.98	\$40.31	\$39.09	\$36.73 \$37.29	
5,000 Gallons	\$34.98	\$40.31	\$39.09	\$36.73 \$37.29	
10,000 Gallons	\$34.98	\$40.31	\$39.09	\$36.73 \$37.29	