

Ann Cole

From: Tim Devlin
Sent: Friday, July 30, 2010 1:01 PM
To: Commissioners Advisors; Ann Cole; Curt Kiser; Mary Anne Helton; Marshall Willis; Cheryl Bulecza-Banks; Paul Stallcup
Cc: Sharon Allbritton
Subject: FW: Request for Oral Modification to Item 5 - Docket No. 090462-WS - UIF Request for Rate Increase
Attachments: 090462.rev.schedules.rcm.doc

Approved.

From: Paul Stallcup
Sent: Friday, July 30, 2010 10:45 AM
To: Tim Devlin
Cc: Marshall Willis; Cheryl Bulecza-Banks; Connie Kummer; Andrew Lutostanski; Jennifer Crawford; Kim Young; Paul Stallcup
Subject: Request for Oral Modification to Item 5 - Docket No. 090462-WS - UIF Request for Rate Increase

Staff is requesting to make an oral modification to Item 5, Docket No. 090462-WS, rate increase request by Utilities Inc. of Florida. The modification is being requested to correct two errors in the original recommendation.

The first revision corrects a scrivener's error in which the additional rate tier created when a repression adjustment is applied only to discretionary consumption was inadvertently omitted from the rate schedules. This correction adds this additional rate tier to the water rate schedules for the water systems in Orange, Pasco, Pinellas, and Seminole Counties.

The second revision corrects the number of gallons used for calculating rates to properly reflect excessive unaccounted for water due to slow customer meters. This revision applies to the water and wastewater systems in Pasco County, and to the water system in Pinellas County.

These adjustments do not affect pre-repression revenue requirements. Both revisions impact Issues 18 (Rate Structure) and Issue 19 (Repression), as well as the rate schedules for the four above mentioned water systems and one wastewater system.

Changes to the body of the recommendation are described in this e-mail. The revised rate schedules are contained in the attached file. If approved, staff will provide hard copies of this e-mail, the pages of the corrected recommendation in type and strike format with changes highlighted, and the corrected schedules, to all Commissioners' offices.

Issue 18:

page 49, last paragraph, second line: replace "2.8 kgals" with "3.0 kgals"

page 50, insert the following paragraph after the top paragraph ending with the phrase "below 3 kgals per month":

**CLK AGENDA
STAFF COPIED**

DOCUMENT NUMBER DATE

06222 JUL 30 09

7/30/2010

FPSC-COMMISSION CLERK

According to the Utility's MFR Schedule F-1, the water system in Pasco County had excess unaccounted for water of 9.1 percent. In a discussion with staff and the Office of Public Counsel, the Utility indicated that customer meter inaccuracies were the cause of the excessive unaccounted for water, and that they were in the process of replacing the customer meters. Therefore, staff believes that it is appropriate for the purpose of calculating rates to increase the number of gallons sold by 9.1 percent to reflect the gallonage readings that can be expected when the new meters are installed.

page 50, under the "Pinellas County" heading, second paragraph, second line, replace "2.5 kgals" with "2.8 kgals"

page 51, insert the following paragraph before the top paragraph beginning with the phrase "A BFC cost recovery":

According to the Utility's MFR Schedule F-1, the water system in Pinellas County had excess unaccounted for water of 12.4 percent. In a discussion with staff and the Office of Public Counsel, the Utility indicated that customer meter inaccuracies were the cause of the excessive unaccounted for water, and that they were in the process of replacing the customer meters. Therefore, staff believes that it is appropriate for the purpose of calculating rates to increase the number of gallons sold by 12.4 percent to reflect the gallonage readings that can be expected when the new meters are installed.

Issue 19:

page 53, replace the "Recommendation:" paragraph and the three paragraphs that follow, with the following:

Recommendation: Yes, repression adjustments are appropriate for the water systems in Orange, Pasco, Pinellas, and Seminole Counties.

In Orange County, test year consumption should be reduced by 625 kgal., purchased water expense should be reduced by \$1,143, and RAFs should be reduced by \$54. The final post-repression revenue requirement for the water system should be \$117,390.

In Pasco County, test year consumption should be reduced by ~~4,443~~ 4,914 kgal., purchased water expense should be reduced by ~~\$2,800~~ \$2,929, chemicals expense should be reduced by ~~\$348~~ \$364, and RAFs should be reduced by ~~\$149~~ \$155. The final post-repression revenue requirement for the water system should be ~~\$1,020,727~~ \$1,020,574.

In Pinellas County, test year consumption should be reduced by ~~561~~ 736 kgal., purchased water expense should be reduced by ~~\$295~~ \$334, chemicals expense should be reduced by ~~\$49~~ \$55, purchase power expense should be reduced by ~~\$95~~ \$107, and RAFs should be reduced by ~~\$21~~ \$24. The final post-repression revenue requirement for the water system should be ~~\$119,947~~ \$119,887

Please note that the paragraphs 4 and 5, (paragraphs beginning with "In Seminole County" and "In order to monitor") remain unchanged.

page 54, replace the last three paragraphs on the page beginning with "Pasco County" with the following:

Pasco County

In Pasco County, staff is recommending a 28.5 percent increase in revenue requirements. This system consists primarily of single family residences and is very seasonal in nature. Staff estimates that the appropriate threshold for discretionary usage is 3 kgal. per month. Average usage per residential customer is 2.8 kgal. per month. Based on the customer billing data provided by the utility, 42 percent of total residential consumption is discretionary usage and therefore subject to the effects of repression.

Staff calculated its repression adjustment using the same methodology approved in prior cases. These calculations show that residential discretionary consumption can be expected to decline by ~~4,443~~ 4,914 kgal. This represents a ~~4.7~~ 4.9 percent reduction in total residential consumption, and a ~~11.3~~ 12.3 percent reduction in discretionary consumption. Therefore, staff recommends that a repression adjustment is appropriate for this system.

Based on this methodology, staff calculated that test year residential consumption for this utility should be reduced by ~~4,443~~ 4,914 kgal., purchased water expense should be reduced by ~~\$2,800~~ \$2,929, chemicals expense should be reduced by ~~\$348~~ \$364, and RAFs should be reduced by ~~\$149~~ \$155. The final post-repression revenue requirement for the water system should be ~~\$1,020,727~~ \$1,020,574.

page 55, replace the first three paragraphs on the page beginning with the "Pinellas County" with the following:

Pinellas County

In Pinellas County, staff is recommending a 21.1 percent increase in revenue requirements. This system consists primarily of mobile homes and is very seasonal in nature. Staff estimates that the appropriate threshold for discretionary usage is 3 kgal. per month. Average usage per residential customer is 2.5 kgal. per month. Based on the customer billing data provided by the Utility, 34 percent of total residential consumption is discretionary usage and therefore subject to the effects of repression.

Staff calculated its repression adjustment using the same methodology approved in prior cases. These calculations show that residential discretionary consumption can be expected to decline by ~~561~~ 736 kgal. This represents a ~~3.8~~ 4.2 percent reduction in total residential consumption, and a ~~11.4~~ 13.0 percent reduction in discretionary consumption. Therefore, staff recommends that a repression adjustment is appropriate for this system.

Based on this methodology, staff calculated that test year residential consumption for this utility should be reduced by ~~561~~ 736 kgal., purchased water expense should be reduced by ~~\$295~~ \$334, chemicals expense should be reduced by ~~\$49~~ \$55, purchase power expense should be reduced by ~~\$95~~ \$107, and RAFs should be reduced by ~~\$21~~ \$24. The final post-repression revenue requirement for the water system should be ~~\$119,947~~ \$119,887.

page 56, replace the second and third paragraphs from the top of the page (paragraphs that begin with "In Pasco County" and "In Pinellas County") with the following:

In Pasco County, test year consumption should be reduced by ~~4,443~~ 4,914 kgal., purchased water expense should be reduced by ~~\$2,800~~ \$2,929, chemicals expense should be reduced by ~~\$348~~ \$364, and RAFs should be reduced by ~~\$149~~ \$155. The final post-repression revenue requirement for the water system should be ~~\$1,020,727~~ \$1,020,574.

In Pinellas County, test year consumption should be reduced by ~~561~~ 736 kgal., purchased water expense should be reduced by ~~\$295~~ \$334, chemicals expense should be reduced by ~~\$49~~ \$55, purchase

power expense should be reduced by ~~\$95~~ \$107, and RAFs should be reduced by ~~\$21~~ \$24. The final post-repression revenue requirement for the water system should be ~~\$119,947~~ \$119,887.

| Utilities, Inc. of Florida - Orange County | | | | Schedule No. 4-A | |
|---|--------------------------------------|--|--|------------------------------------|---|
| Water Monthly Service Rates | | | | Docket No. 090462-WS | |
| Test Year Ended 12/31/08 | | | | | |
| | Rates Prior to Filing | Commission Approved Interim | Utility Requested Final | Staff Recomm. Final | Four-Year Rate Reduction |
| <u>Residential, General Service and Multi-Family</u> | | | | | |
| Base Facility Charge by Meter Size: | | | | | |
| 5/8" x 3/4" | \$6.63 | \$7.68 | \$8.82 | \$7.99 | \$0.17 |
| 1" | \$16.59 | \$19.20 | \$22.07 | \$19.98 | \$0.44 |
| 1-1/2" | \$33.19 | \$38.41 | \$44.16 | \$39.95 | \$0.87 |
| 2" | \$53.10 | \$61.45 | \$70.64 | \$63.92 | \$1.40 |
| 3" | \$106.19 | \$122.90 | \$141.27 | \$127.84 | \$2.80 |
| 4" | \$165.92 | \$192.02 | \$220.74 | \$199.75 | \$4.37 |
| 6" | \$331.84 | \$384.04 | \$441.48 | \$399.50 | \$8.73 |
| Gallonage Charge, per 1,000 Gallons | | | | | |
| First 8,000 gallons | \$2.74 | \$3.17 | \$3.64 | \$3.25 | \$0.07 |
| First 6,000 gallons | \$2.74 | \$3.17 | \$3.64 | \$3.25 | \$0.07 |
| Next 2,000 gallons | \$2.74 | \$3.17 | \$3.64 | \$3.44 | \$0.07 |
| Next 8,000 gallons | \$3.42 | \$3.96 | \$4.55 | \$4.30 | \$0.09 |
| Over 16,000 gallons | \$4.11 | \$5.47 | \$5.47 | \$5.15 | \$0.11 |
| <u>General Service</u> | | | | | |
| Base Facility Charge by Meter Size: | | | | | |
| 5/8" x 3/4" | \$6.63 | \$7.68 | \$0.44 | \$7.99 | \$0.17 |
| 1" | \$16.59 | \$19.20 | \$0.87 | \$19.98 | \$0.44 |
| 1-1/2" | \$33.19 | \$38.41 | \$1.40 | \$39.95 | \$0.87 |
| 2" | \$53.10 | \$61.45 | \$2.80 | \$63.92 | \$1.40 |
| 3" | \$106.19 | \$122.90 | \$4.37 | \$127.84 | \$2.80 |
| 4" | \$165.92 | \$192.02 | \$8.73 | \$199.75 | \$4.37 |
| 6" | \$331.84 | \$384.04 | \$441.48 | \$399.50 | \$8.73 |
| Gallonage Charge, per 1,000 Gallons | \$2.93 | \$3.39 | \$3.90 | \$3.53 | \$0.08 |
| <u>Typical Residential Bills 5/8" x 3/4" Meter</u> | | | | | |
| 3,000 Gallons | \$14.85 | \$17.19 | \$19.74 | \$17.74 | |
| 5,000 Gallons | \$20.33 | \$23.53 | \$27.02 | \$24.24 | |
| 10,000 Gallons | \$35.39 | \$40.96 | \$47.04 | \$42.59 | |

| Utilities, Inc. of Florida - Pasco County Water Monthly Service Rates Test Year Ended 12/31/08 | | | Schedule No. 4-A Docket No. 090462-WS | | |
|--|-----------------------------|-----------------------------------|--|-------------------------------|--------------------------------|
| | Rates Prior to Filing | Commission Approved Interim | Utility Requested Final | Staff Recomm. Final | Four-Year Rate Reduction |
| <u>Residential, General Service and Irrigation</u> | | | | | |
| Base Facility Charge by Meter Size: | | | | | |
| 5/8" | \$9.61 | \$14.27 | \$16.34 | \$12.55 | \$0.31 |
| 3/4" | \$14.41 | \$21.39 | \$24.49 | \$18.83 | \$0.47 |
| 1" | \$24.03 | \$35.66 | \$40.85 | \$31.38 | \$0.78 |
| 1-1/2" | \$48.06 | \$71.33 | \$81.69 | \$62.75 | \$1.57 |
| 2" | \$76.89 | \$114.12 | \$130.70 | \$100.40 | \$2.51 |
| 3" | \$153.78 | \$228.26 | \$261.40 | \$200.80 | \$5.02 |
| 4" | \$240.28 | \$356.64 | \$408.44 | \$313.75 | \$7.84 |
| 6" | \$480.57 | \$713.29 | \$816.90 | \$627.50 | \$15.68 |
| Gallage Charge, per 1,000 Gallons | \$3.12 | \$4.64 | \$5.30 | \$3.95 | \$0.10 |
| <u>Residential Gallage Charges</u> | | | | | |
| First 3,000 gallons | \$3.12 | \$4.64 | \$5.30 | \$3.73 | \$0.10 |
| Over 3,000 gallons | \$3.12 | \$4.64 | \$5.30 | \$4.04 | \$0.10 |
| <u>General Service Gallage Charge</u> | | | | | |
| All gallons | \$3.12 | \$4.64 | \$5.30 | \$3.85 | \$0.10 |
| <u>Typical Residential Bills 5/8" x 3/4" Meter</u> | | | | | |
| 3,000 Gallons | \$18.97 | \$28.19 | \$32.24 | \$23.74 \$24.73 | |
| 5,000 Gallons | \$25.21 | \$37.47 | \$42.84 | \$31.82 \$32.85 | |
| 10,000 Gallons | \$40.81 | \$60.67 | \$69.34 | \$52.02 \$53.15 | |

| Utilities, Inc. of Florida - Pasco County Wastewater Monthly Service Rates Test Year Ended 12/31/08 | | | Schedule No. 4-B Docket No. 090462-WS | | |
|---|-----------------------------|-----------------------------------|--|----------------------------|--------------------------------|
| | Rates Prior to Filing | Commission Approved Interim | Utility Requested Final | Staff Recomm. Final | Four-Year Rate Reduction |
| Residential | | | | | |
| ALL (Summertree) | \$11.34 | \$17.78 | \$19.11 | \$14.60 | \$0.25 |
| 5/8" (Wis Bar) | \$8.73 | \$13.68 | \$14.71 | \$11.24 | \$0.19 |
| 5/8" (Wis Bar) - Flat | \$25.23 | \$39.55 | \$42.52 | N/A | N/A |
| Multi-Residential | | | | | |
| 5/8" (Wis Bar) | \$21.09 | \$33.05 | \$35.54 | \$27.16 | \$0.47 |
| 1" (Wis Bar) | \$21.82 | \$34.20 | \$36.77 | \$28.10 | \$0.48 |
| General Service | | | | | |
| All areas served by the Company | | | | | |
| Base Facility Charge by Meter Size: | | | | | |
| 5/8" | \$11.45 | \$17.95 | \$19.30 | \$14.60 | \$0.25 |
| 3/4" | \$17.17 | \$26.91 | \$28.94 | \$21.90 | \$0.38 |
| 1" | \$28.62 | \$44.87 | \$48.23 | \$36.50 | \$0.63 |
| 1-1/2" | \$57.25 | \$89.73 | \$96.48 | \$73.00 | \$1.25 |
| 2" | \$91.60 | \$143.57 | \$154.37 | \$116.80 | \$2.01 |
| 3" | \$183.20 | \$287.15 | \$308.74 | \$233.60 | \$4.02 |
| 4" | \$286.25 | \$448.66 | \$482.40 | \$365.00 | \$6.27 |
| 6" | \$572.50 | \$897.32 | \$964.80 | \$730.00 | \$12.55 |
| Gallage Charge (per 1,000 Gallons) | | | | | |
| All Residential (Summertree) | \$9.63 | \$15.10 | \$16.23 | \$12.40 | \$0.21 |
| Max 6,000 Gallons | | | | | |
| All Residential (Wis Bar) | \$6.87 | \$10.77 | \$11.57 | \$8.85 \$8.37 | \$0.15 |
| Max 6,000 Gallons | | | | | |
| All General Service | \$11.56 | \$18.13 | \$19.48 | \$16.43 | \$0.28 |
| Typical Residential Bills 5/8" x 3/4" Meter | | | | | |
| Summertree | | | | | |
| 3,000 Gallons | \$40.23 | \$63.08 | \$67.80 | \$51.80 | |
| 5,000 Gallons | \$59.49 | \$93.28 | \$100.26 | \$76.60 | |
| 6,000 Gallons | \$69.12 | \$108.38 | \$116.49 | \$89.00 | |
| (Wastewater Gallage Cap - 6,000 Gallons) | | | | | |
| Wis-Bar | | | | | |
| 3,000 Gallons | \$29.34 | \$45.99 | \$49.42 | \$37.79 \$36.35 | |
| 5,000 Gallons | \$43.08 | \$67.53 | \$72.56 | \$55.49 \$53.09 | |
| 6,000 Gallons | \$49.95 | \$78.30 | \$84.13 | \$64.34 \$61.46 | |
| (Wastewater Gallage Cap - 6,000 Gallons) | | | | | |

| Utilities, Inc. of Florida - Pinellas County Water Monthly Service Rates Test Year Ended 12/31/08 | | | Schedule No. 4-A Docket No. 090462-WS | | |
|---|-----------------------------|-----------------------------------|--|---------------------------|--------------------------------|
| | Rates Prior to Filing | Commission Approved Interim | Utility Requested Final | Staff Recomm. Final | Four-Year Rate Reduction |
| Residential, General Service and Multi-Family | | | | | |
| Base Facility Charge by Meter Size: | | | | | |
| 5/8" x 3/4" | \$6.43 | \$8.68 | \$9.91 | \$7.30 | \$0.22 |
| 1" | \$16.08 | \$21.70 | \$24.79 | \$18.25 | \$0.56 |
| 1-1/2" | \$32.16 | \$43.39 | \$49.59 | \$36.50 | \$1.12 |
| 2" | \$51.46 | \$69.44 | \$79.35 | \$58.40 | \$1.79 |
| 3" | \$102.92 | \$138.87 | \$158.69 | \$116.80 | \$3.58 |
| 4" | \$160.80 | \$216.98 | \$247.93 | \$182.50 | \$5.59 |
| 6" | \$321.61 | \$433.95 | \$495.88 | \$365.00 | \$11.19 |
| Gallonge Charge, per 1,000 Gallons | \$3.63 | \$4.90 | \$5.59 | \$4.59 | \$0.14 |
| Residential Gallonge Charge | | | | | |
| First 3,000 gallons | \$3.63 | \$4.90 | \$5.59 | \$3.95 | \$0.14 |
| Over 3,000 gallons | \$3.63 | \$4.90 | \$5.59 | \$4.39 | \$0.14 |
| General Service | | | | | |
| Base Facility Charge by Meter Size: | | | | | |
| 5/8" x 3/4" | \$6.43 | \$8.68 | \$9.91 | \$7.30 | \$0.22 |
| 1" | \$16.08 | \$21.70 | \$24.79 | \$18.25 | \$0.56 |
| 1-1/2" | \$32.16 | \$43.39 | \$49.59 | \$36.50 | \$1.12 |
| 2" | \$51.46 | \$69.44 | \$79.35 | \$58.40 | \$1.79 |
| 3" | \$102.92 | \$138.87 | \$158.69 | \$116.80 | \$3.58 |
| 4" | \$160.80 | \$216.98 | \$247.93 | \$182.50 | \$5.59 |
| 6" | \$321.61 | \$433.95 | \$495.88 | \$365.00 | \$11.19 |
| Gallonge Charge, per 1,000 Gallons | \$3.63 | \$4.90 | \$5.59 | \$4.10 | \$0.15 |
| | | | | \$4.74 | \$0.15 |
| Typical Residential Bills 5/8" x 3/4" Meter | | | | | |
| 3,000 Gallons | \$17.32 | \$23.38 | \$26.68 | \$19.14 | \$21.07 |
| | | | | \$27.92 | |
| 5,000 Gallons | \$24.58 | \$33.18 | \$37.86 | \$30.25 | \$49.87 |
| 10,000 Gallons | \$42.73 | \$57.68 | \$65.81 | \$54.70 | |

| Utilities, Inc. of Florida - Seminole County | | Schedule No. 4-A | | | | |
|---|--------------------------------------|--|--|------------------------------------|---|--|
| Water Monthly Service Rates | | Docket No. 090462-WS | | | | |
| Test Year Ended 12/31/08 | | | | | | |
| | Rates Prior to Filing | Commission Approved Interim | Utility Requested Final | Staff Recomm. Final | Four-Year Rate Reduction | |
| <u>Residential, General Service and Irrigation</u> | | | | | | |
| Base Facility Charge by Meter Size: | | | | | | |
| 5/8" x 3/4" | \$6.15 | \$7.56 | \$9.28 | \$7.30 | \$0.17 | |
| 1" | \$15.38 | \$18.89 | \$23.21 | \$18.25 | \$0.43 | |
| 1-1/2" | \$30.76 | \$37.79 | \$46.43 | \$36.50 | \$0.87 | |
| 2" | \$49.21 | \$60.46 | \$74.29 | \$58.40 | \$1.39 | |
| 3" | \$98.42 | \$120.91 | \$148.58 | \$116.80 | \$2.77 | |
| 4" | \$153.79 | \$188.93 | \$232.17 | \$182.50 | \$4.34 | |
| 6" | \$307.58 | \$377.86 | \$464.35 | \$365.00 | \$8.67 | |
| <u>Gallage Charge, per 1,000 Gallons</u> | | | | | | |
| First 8,000 Gallons | \$2.25 | \$2.77 | \$3.40 | \$2.77 | \$0.07 | |
| First 6,000 Gallons | \$2.25 | \$2.77 | \$3.40 | \$2.77 | \$0.07 | |
| Next 2,000 Gallons | \$2.25 | \$2.77 | \$3.40 | \$3.09 | \$0.07 | |
| Next 8,000 Gallons | \$3.95 | \$4.86 | \$5.96 | \$5.41 | \$0.13 | |
| Over 16,000 gallons | \$5.07 | \$6.23 | \$7.65 | \$6.96 | \$0.17 | |
| <u>General Service</u> | | | | | | |
| Gallage Charge, per 1,000 Gallons | \$2.74 | \$3.36 | \$4.13 | \$3.53 | \$0.08 | |
| <u>Typical Residential Bills 5/8" x 3/4" Meter</u> | | | | | | |
| 3,000 Gallons | \$12.90 | \$15.87 | \$19.48 | \$15.61 | | |
| 5,000 Gallons | \$17.40 | \$21.41 | \$26.28 | \$21.15 | | |
| 10,000 Gallons | \$32.05 | \$39.44 | \$48.40 | \$40.28 | | |