

VOTE SHEET

October 26, 2010

Docket No. 090349-WS – Application for limited proceeding rate increase in Polk County by Cypress Lakes Utilities, Inc. (Deferred from the June 1, 2010 Commission Conference, revised recommendation filed.)

Issue 1: Is the Utility’s request for a limited proceeding appropriate, pursuant to Section 367.0822, F.S. and Rule 25-30.445, F.A.C.?

Recommendation: Yes. Staff believes that the Utility’s filing is appropriate, pursuant to Section 367.0822, F.S. and Rule 25-30.445, F.A.C. and thus recommends that the Commission grant the Utility’s petition for a limited proceeding with adjustments as detailed in the following issues.

APPROVED

Issue 2: Is the quality of service provided by Cypress Lakes Utilities, Inc., satisfactory?

Recommendation: Yes. The quality of service provided by Cypress Lakes Utilities, Inc., should be considered satisfactory.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures for the majority of commissioners.

Handwritten signature for the dissenting commissioner: nea shg (Item 9)

REMARKS/DISSENTING COMMENTS:

Commissioner Sherg dissents on

Issue No. 9.

DOCUMENT NUMBER: DATE 08935 OCT 27 0

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Issue 3: Should any adjustments be made to the Utility's Project Phoenix Financial/Customer Care Billing System (Phoenix Project)?

Recommendation: Yes. Plant should be increased by \$455 for water and \$418 for wastewater. In addition, accumulated depreciation should be reduced by \$3,977 for water and \$3,654 for wastewater and depreciation expense should be reduced by \$2,173 for water and \$1,996 for wastewater, respectively.

APPROVED

Issue 4: What is the appropriate amount of rate case expense?

Recommendation: The appropriate rate case expense is \$78,480. This expense should be recovered over four years for an annual expense of \$19,620. Thus, rate case expense should be reduced by \$1,274 for water and \$1,170 for wastewater, respectively.

APPROVED

Issue 5: What is the appropriate increase in revenues for this Utility?

Recommendation: The appropriate revenue increase is \$54,673 for water and \$181,814 for wastewater.

APPROVED

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Issue 6: What are the appropriate rate structures for the Utility's water and wastewater systems?

Recommendation: The appropriate rate structure for the water system's residential class is a continuation of its three-tier inclining-block rate structure approved in Cypress Lakes' 2006 rate proceeding. The current usage blocks and usage block rate factors should also remain unchanged. The appropriate rate structure for the water system's non-residential classes is a continuation of its base facility charge (BFC)/uniform gallonage charge rate structure. The appropriate rate structure for the wastewater system is a continuation of the BFC/gallonage charge rate structure. The residential wastewater gallonage cap should remain at 6,000 gallons (6 kgals), with no cap applied to general service gallons.

APPROVED

Issue 7: What are the appropriate monthly rates for the water and wastewater systems for the Utility?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 1-A of staff's memorandum dated October 14, 2010, and the appropriate monthly wastewater rates are shown on Schedule No. 1-B of staff's memorandum dated October 14, 2010. Excluding miscellaneous service charges, the recommended water rate structure is designed to produce revenues of \$54,673. Excluding miscellaneous service, the recommended wastewater rate structure is designed to produce revenues of \$181,814. The Utility should file revised water and wastewater tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved water and wastewater 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 approved water and wastewater 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.

APPROVED

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Issue 8: 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 Nos. 1-A and 1-B in staff's memorandum dated October 14, 2010, to remove \$10,805 from water rates and \$9,926 from wastewater rates for rate case expense, grossed-up for RAFs. 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.

APPROVED

Issue 9: 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 substantially affected person or party other than Cypress Lakes?

Recommendation: Yes. 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 substantially affected person or party other than Cypress Lakes. Prior to implementation of any temporary rates, the Utility should provide appropriate security. UI's total guarantee should be in the amount of \$757,076. 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. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

APPROVED

Commissioner Skop dissented.

Issue 10: 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