

VOTE SHEET

September 20, 2011

Docket No. 100471-SU – Application for staff-assisted rate case in Marion County by S & L Utilities, Inc.

Issue 1: Is the quality of service provided by S & L satisfactory?

Recommendation: The quality of service provided by S & L is marginal.

APPROVED

Issue 2: What are the used and useful percentages of the wastewater treatment plant and the collection system?

Recommendation: The wastewater treatment plant and the collection system should be considered 100 percent used and useful.

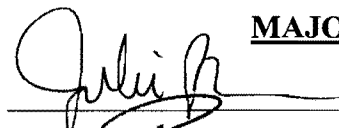
APPROVED

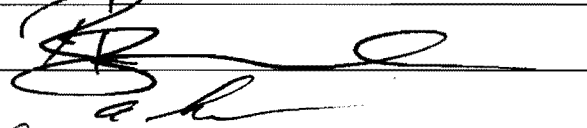
COMMISSIONERS ASSIGNED: All Commissioners

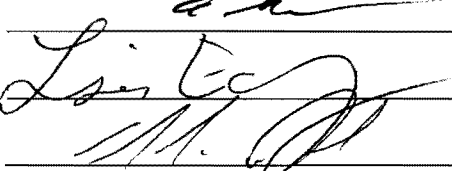
COMMISSIONERS' SIGNATURES

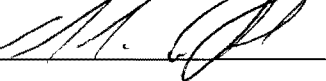
MAJORITY

DISSENTING









REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

06795 SEP 20 =

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Issue 3: What is the appropriate average test year rate base?

Recommendation: The appropriate average test year rate base for S & L is \$27,394.

APPROVED

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

Recommendation: The appropriate return on equity (ROE) is 9.93 percent with a range of 8.93 percent to 10.93 percent. The appropriate overall rate of return is 7.83 percent.

APPROVED

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

Recommendation: The appropriate test year revenues for S & L are \$40,577.

APPROVED

Issue 6: What are the appropriate total operating expenses?

Recommendation: The appropriate amount of total operating expenses for S & L is \$54,955.

APPROVED

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Issue 7: Should the Commission, on its own motion, utilize the operating ratio methodology as an alternative means to calculate the revenue requirement for S & L, and if so, what is the appropriate margin?

Recommendation: Yes, the Commission, on its own motion, should utilize the operating ratio methodology for calculating the revenue requirement. The margin should be 10.00 percent of O&M expenses.

APPROVED

Issue 8: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$59,932.

APPROVED

Issue 9: What are the appropriate rates and rate structure?

Recommendation: The recommended rates should be designed to produce revenue of \$59,638, excluding miscellaneous service charges. The Utility's current wastewater rate structure which consists of a flat rate should remain unchanged. 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 within 10 days of the date of the notice.

APPROVED

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Issue 10: 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 wastewater rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated September 8, 2011, 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 S & L 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.

APPROVED

Issue 11: Should S & L's request for approval of a Non-Sufficient Funds fee be granted?

Recommendation: Yes. The Utility's request for a Non-Sufficient Funds (NSF) fee should be approved. The NSF fee should be effective on or after the stamped approval date on the 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 within 10 days of the date of the notice.

APPROVED

Issue 12: Should S & L be authorized to collect late payment fees, and if so, what are the appropriate charges?

Recommendation: Yes. S & L should be authorized to collect a \$5 late fee. The late fee should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The revised tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the late payment fee should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed and provided customers have been noticed.

APPROVED

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Issue 13: Should the Commission approve pro forma plant and expenses for the Utility, and if so, what is the appropriate return on equity, overall rate of return, revenue requirement and date for implementing the new rates?

Recommendation: Yes. The Commission should approve a Phase II revenue requirement associated with pro forma items. S & L's appropriate ROE should be 11.16 percent with a range of 10.16 to 12.16 percent. The appropriate overall rate of return is 7.17 percent. The Utility's Phase II revenue requirement is \$62,929 which equates to an increase of 5.00 percent over the Phase I revenue requirement. S & L should complete the pro forma items within 12 months of the issuance of the consummating order. The Utility should be allowed to implement the resulting rates once the pro forma items have been completed and documentation provided showing that all improvements have been made to the system. Once verified, the rates should be effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The rates should not be implemented until notice has been received by the customers. S & L should provide proof of the date notice was given within 10 days of the date of the notice. If the Utility encounters any unforeseen events that will impede the completion of the pro forma items, the Utility should immediately notify the Commission in writing.

APPROVED

Issue 14: 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. S & L 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 temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. 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 September 8, 2011. 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.

APPROVED

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Issue 15: 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 applicable National Association of Regulatory Utility Commissioners Uniform System of Accounts (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, S & L should provide proof, within 90 days of the final order in this docket, that the adjustments for all applicable NARUC USOA primary accounts have been made.

APPROVED

Issue 16: 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. Also, the docket should remain open to allow staff to verify that the pro forma items have been completed and the Phase II rates properly implemented. Once these actions are complete, this docket should be closed administratively.

APPROVED