

VOTE SHEET

August 2, 2012

Docket No. 110165-SU – Application for staff-assisted rate case in Highlands County by Utility Corporation of Florida, Inc.

Issue 1: Is the quality of service provided by the Utility satisfactory?

Recommendation: Yes. The quality of service for the Utility is satisfactory.

APPROVED

* all issues were approved as modified pursuant to oral modifications presented at the Commission Conference this date.

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

Recommendation: The wastewater treatment plant (WWTP) and collection system should be considered 13 and 69 percent used and useful (U&U), respectively.

APPROVED

COMMISSIONERS

All Commissioners

ASSIGNED:

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures in the majority column.

Empty lines in the dissenting column.

REMARKS/DISSENTING COMMENTS:

* oral modifications, DN 05123-12, attached.

DOCUMENT NUMBER-DATE

05249 AUG-2 12

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

Recommendation: The appropriate average test year rate base for Utility Corporation is \$32,900.

APPROVED

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

Recommendation: The appropriate return on equity (ROE) is 8.74 percent with a range of 7.74 percent to 9.74 percent. The appropriate overall rate of return is 8.74 percent.

APPROVED

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

Recommendation: The appropriate test year revenue for this Utility is \$124,980.

APPROVED

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Issue 6: What is the appropriate amount of test year operating expenses?

Recommendation: The appropriate amount of operating expense for the Utility is \$141,638.

APPROVED

Issue 7: Should the Commission utilize the operating ratio methodology as an alternative means to calculate the revenue requirement for Utility Corporation, 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 for Utility Corporation. The margin should be 7.81 percent of O&M expense.

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Issue 8: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$151,638.

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Issue 9: Should the Utility's current wastewater and reuse systems' rate structures be changed?

Recommendation: No. The Utility's current wastewater and reuse systems' rate structures should remain unchanged.

APPROVED

Issue 10: What are the appropriate rates for Utility Corporation?

Recommendation: The appropriate monthly wastewater rates are shown on Schedules No. 4 of staff's memorandum dated July 20, 2012. The recommended rates should be designed to produce revenues of \$151,638. 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)(c), 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.

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Issue 11: 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 July 20, 2012, 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 Utility Corporation 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 12: Should Utility Corporation's request for a service availability charge be approved?

Recommendation: No. Utility Corporation's request for a service availability charge should not be approved.

APPROVED

Issue 13: Should the Commission approve Utility Corporation's requested \$5.25 late payment charge?

Recommendation: Yes. The Commission should approve the Utility's requested \$5.25 late payment charge. The late payment charge should be effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C.

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Issue 14: Should the Commission approve pro forma plant for Utility Corporation, 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. Staff is recommending the Commission employ the operating ratio methodology in this case. However, even when the operating ratio methodology is used for purposes of setting rates, every utility should have an authorized ROE established. Utility Corporation's appropriate ROE should be 8.74 percent with a range of 7.74 to 9.74 percent. The appropriate overall rate of return is 8.74 percent. The Utility's Phase II revenue requirement is \$155,215 which equates to an increase of 2.36 percent over the Phase I revenue requirement. Staff recommends that the Phase II revenue requirement increase should be applied as an across-the-board increase to Phase I rates.

Utility Corporation 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. Utility Corporation 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.

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Issue 15: Should the recommended rates be approved for Utility Corporation 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. Utility Corporation 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 staff analysis portion of staff's recommendation dated July 20, 2012. 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 Clerk's office 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

Issue 16: Should Utility Corporation be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all applicable NARUC Uniform System of Accounts (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, Utility Corporation 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.

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Issue 17: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order will 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.

APPROVED

Ann Cole

From: Bart Fletcher
Sent: Tuesday, July 31, 2012 2:13 PM
To: Ann Cole
Cc: Commissioners Advisors; Marshall Willis; Cheryl Bulecza-Banks; Andrew Maurey; Shannon Hudson
Subject: FW: Request for Oral Modification for Item No. 6, August 2, 2012, Agenda Conference, Docket No. 110165-SU - Utility Corporation of Florida, Inc.

From: Braulio Baez
Sent: Monday, July 30, 2012 12:44 PM
To: Shannon Hudson
Cc: Chuck Hill; Marshall Willis; Cheryl Bulecza-Banks; Jim Dean; Connie Kummer; Andrew Maurey; Bart Fletcher; Paul Stallcup; Lydia Roberts; Sonica Bruce; Robert Simpson; Tom Ballinger; Pauline Robinson; Adam Teitzman
Subject: RE: Request for Oral Modification for Item No. 6, August 2, 2012, Agenda Conference, Docket No. 110165-SU - Utility Corporation of Florida, Inc.

Approved. Thanks Shannon.

Sent from my Windows Phone

From: Shannon Hudson
Sent: 7/30/2012 12:31 PM
To: Braulio Baez
Cc: Chuck Hill; Marshall Willis; Cheryl Bulecza-Banks; Jim Dean; Connie Kummer; Andrew Maurey; Bart Fletcher; Paul Stallcup; Lydia Roberts; Sonica Bruce; Robert Simpson; Tom Ballinger; Pauline Robinson; Adam Teitzman
Subject: Request for Oral Modification for Item No. 6, August 2, 2012, Agenda Conference, Docket No. 110165-SU - Utility Corporation of Florida, Inc.

Item 6 relates to a staff-assisted rate case for Utility Corporation of Florida, Inc. Staff requests approval to make an oral modification to the wastewater rate schedules (Schedule Nos. 4 and 8) on Pages 41 and 48. The phase I Spring Lake Club monthly charge of \$156.86 for general service customers is a scrivener's error and should be reflected as \$155.32. The phase II flat rate of \$39.22 for residential/general service customers is an error and should be reflected as \$38.83. This requested modification has no other effects on Staff's recommendation. The specific modification is in type and strike format as follows:

UTILITY CORPORATION OF FLORIDA, INC.		DOCK
TEST YEAR ENDING 12/31/10		
MONTHLY WASTEWATER RATES (PHASE I)		
	UTILITY'S EXISTING RATES	STAFF RECOMMENDED RATES
<u>Residential / General Service</u>		
Flat Rate per unit - monthly charge	\$32.00	\$38.83
<u>General Service</u>		
Spring Lake Club		
per unit x 4 - monthly charge	\$128.00	\$156.86 \$155.32
<u>Golf Course Reuse Irrigation Rate</u>		
Per thousand gallons	\$0.50	\$0.61
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>		
3,000 Gallons	\$32.00	\$38.83

DOCUMENT NUMBER-DATE

05123 JUL 31 12

FPSC-COMMISSION CLERK

7/31/2012

5,000 Gallons	\$32.00	\$38.83
10,000 Gallons	\$32.00	\$38.83

UTILITY CORPORATION OF FLORIDA, INC. TEST YEAR ENDING 12/31/10 MONTHLY WASTEWATER RATES (PHASE II)		SCHEDULE NO. 8 DOCKET NO. 110163-SU
	STAFF RECOMMENDED PHASE I RATES	STAFF RECOMMENDED RATES
Residential / General Service		
Flat Rate per unit - monthly charge	\$38.83	\$39.22 \$39.74
Gallage Charge per 1,000 gallons	\$0.00	\$0.00
General Service		
Spring Lake Club	\$155.32	\$158.96
Gallage Charge per 1,000 gallons	\$0.00	\$0.00
Golf Course Reuse Irrigation Rate		
Per thousand gallons	\$0.61	\$0.62
Typical Residential 5/8" x 3/4" Meter Bill Comparison		
3,000 Gallons	\$38.83	\$39.22 \$39.74
5,000 Gallons	\$38.83	\$39.22 \$39.74
10,000 Gallons	\$38.83	\$39.22 \$39.74

Shannon J. Hudson
 Florida Public Service Commission
 2540 Shumard Oak Boulevard
 Tallahassee, FL 32399-0850
 Phone: (850) 413-7021
 Fax: (850) 413-7022