

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

March 5, 2013

Docket No. 120078-SU – Application for staff-assisted rate case in Brevard County by TKCB.

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

**Recommendation:** Yes. The Utility is in the process of correcting all deficiencies noted by DEP. The Utility should file a completion letter with the Commission by July 1, 2013.

**APPROVED**

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

**Recommendation:** Staff’s field inspection confirmed the service area is built out, and there are no plans for expansion. Pursuant to Rule 25-30.432, F.A.C., staff recommends that the wastewater treatment plant and collection system be considered 100 percent used and useful (U&U).

**APPROVED**

RECEIVED-FPSC  
13 MAR -5 AM 10:19  
COMMISSION  
CLERK

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

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**REMARKS/DISSENTING COMMENTS:**

DOCUMENT NUMBER-DATE

01150 MAR-5 2013

FPSC-COMMISSION CLERK

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

**Recommendation:** The appropriate average test year rate base for TKCB is \$52,477.

**APPROVED**

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

**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 TKCB is \$69,473.

**APPROVED**

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

**Recommendation:** The appropriate amount of test year operating expense for TKCB is \$66,621.

**APPROVED**

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**Issue 7:** Should the Commission utilize the operating ratio methodology as an alternative means to calculate the revenue requirement for TKCB, 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 TKCB. The margin should be 10 percent of O&M expense.

**APPROVED**

**Issue 8:** What is the appropriate revenue requirement?

**Recommendation:** The appropriate revenue requirement is \$72,835.

**APPROVED**

**Issue 9:** What is the appropriate rate structure for TKCB?

**Recommendation:** The appropriate rate structure should be a continuation of the base facility charge (BFC) and uniform gallonage charge rate structure. Staff recommends the residential wastewater gallonage cap be set at 6,000 gallons a month. Furthermore, staff recommends that the non-residential gallonage charge be 1.2 times greater than the residential gallonage charge.

**APPROVED**

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**Issue 10:** What are the appropriate rates for TKCB?

**Recommendation:** The appropriate monthly wastewater rates are shown on Schedule No. 4 of staff's memorandum dated February 21, 2013. The recommended rates should be designed to produce revenues of \$72,835. 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 after the date of the notice.

**APPROVED**

**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 February 21, 2013, 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 TKCB 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**

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**Issue 12:** Should the recommended rates be approved for TKCB 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. TKCB 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 below in the staff analysis portion of staff's recommendation dated February 21, 2013. 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 13:** Should TKCB 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, TKCB 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**

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**Issue 14:** 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. Once these actions are complete, this docket should be closed administratively.

**APPROVED**