

VOTE SHEET

March 5, 2013

Docket No. 120183-WU – Application for staff-assisted rate case in Lake County by TLP Water, Inc.

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

Recommendation: No. Consistent with the Utility’s last rate case, quality of service should be considered marginal due to the outstanding Department of Environmental Protection (DEP) violations concerning the distribution system. The Utility has been required by DEP to replace the water distribution system, and it is currently in the process of securing funding from the United States Department of Agriculture (USDA). Given the existing compliance status with DEP, the Utility should provide Commission staff with a report within six months of the Proposed Agency Action (PAA) order in this docket, detailing its efforts in obtaining USDA funding to replace the water distribution system and obtain the appropriate DEP permitting.

APPROVED

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

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in blue ink on four lines]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

01151 MAR-5 2013

FPSC-COMMISSION CLERK

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Issue 2: What are the used and useful percentages of the water treatment plant and the water distribution system?

Recommendation: The water treatment plant and distribution system should be considered 100 percent used and useful.

APPROVED

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

Recommendation: The appropriate average test year rate base for the Utility is \$61,537.

APPROVED

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

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.

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

Recommendation: The appropriate test year revenue for TLP is \$33,466.

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

Recommendation: The appropriate amount of operating expense for TLP is \$33,841.

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Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$39,219.

APPROVED

Issue 8: Should the Utility's current rate structure be changed, and if so, what is the appropriate rate structure for the Utility's water system?

Recommendation: No. Staff recommends the continuation of TLP's current rate structure of permanent and seasonal flat rates for unmetered residential and general service customers. The seasonal flat rate is applicable for customers that provide documentation showing that they were inactive for more than 60 days. Customers should be issued a credit of the difference between the permanent and seasonal flat rate for the months the customer was inactive for more than 60 days once documentation has been provided to the Utility. A base facility charge (BFC) and uniform gallonage charge rate structure should be approved for metered general service customers.

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Issue 9: Should an adjustment to billing determinants be made to reflect repression of consumption?

Recommendation: No. An adjustment to billing determinants to reflect repression of consumption should not be made.

APPROVED

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

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4 of staff's memorandum dated February 21, 2013. The recommended rates should be designed to produce service revenues of \$39,034, which excludes miscellaneous revenues of \$185. The appropriate seasonal and permanent monthly rates for unmetered customers and BFC and gallonage charge for metered general service customers are shown on Schedule No. 4 of staff's memorandum dated February 21, 2013. 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

Issue 11: What is the appropriate amount by which rates should be reduced in four years after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816 F.S.?

Recommendation: The water 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 regulatory assessment fees 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. TLP 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 the Utility 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.

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Issue 12: What is the appropriate initial customer deposit for this Utility?

Recommendation: An initial customer deposit of \$130.00 should be approved. The Utility should file a revised tariff sheet and proposed notice consistent with the Commission's vote. The initial customer deposit should become effective for connections made on or after the stamped approval date of the revised tariff sheet after customers have been notified.

APPROVED

Issue 13: Should the recommended rates be approved for the Utility on a temporary basis, subject to refund with interest, 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 with interest, in the event of a protest filed by a party other than the Utility. TLP 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's Office of Commission Clerk 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.

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Issue 14: 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 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, TLP 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, and that the Utility has taken steps to establish and maintain records using the accrual basis.

APPROVED

Issue 15: 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, customer notice, and report concerning USDA funding and DEP permitting to replace the water distribution system have been filed by the Utility and approved by staff. Once these actions are complete, this docket should be closed administratively.

APPROVED