

VOTE SHEET

June 25, 2013

Docket No. 120270-SU – Application for staff-assisted rate case in Polk County by West Lakeland Wastewater, LLC.

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

Recommendation: Yes. West Lakeland is in compliance with DEP rules and regulations, the wastewater treatment plants are operating normally, and the Utility appears to address customer complaints in a timely manner. Therefore, staff recommends that the overall quality of service provided by West Lakeland be considered satisfactory.

APPROVED

RECEIVED FPSC
13 JUN 26 PM 2: 21
COMMISSION
CLERK

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Julie
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REMARKS/DISSENTING COMMENTS:

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Issue 2: What are the used and useful percentages of the West Lakeland WWTP and collection system?

Recommendation: West Lakeland's WWTP should be considered 100 percent used and useful (U&U), consistent with the Commission's previous Order, and the collection system should be considered 100 percent U&U, based upon the system being built out.

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Issue 3: What is the appropriate allocation of common costs from Florida Utility Service to West Lakeland?

Recommendation: The appropriate allocation of common costs from Florida Utility Service to West Lakeland is 29.08 percent for billing and fixed costs and 34.06 percent for maintenance costs.

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Issue 4: What is the appropriate average test year rate base for West Lakeland?

Recommendation: The appropriate average test year rate base for West Lakeland is zero. West Lakeland should complete the pro forma items within 12 months of the issuance of the consummating order. 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 5: What is the appropriate return on equity for West Lakeland?

Recommendation: The appropriate return on equity (ROE) is 11.16 percent with a range of 10.16 percent to 12.16 percent.

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

Recommendation: The appropriate test year revenues for the West Lakeland wastewater system are \$89,977.

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Issue 7: What is the appropriate amount of operating expense?

Recommendation: The appropriate amount of operating expense for the Utility is \$103,955.

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Issue 8: Should the Commission utilize the operating ratio methodology as an alternative means to calculate the revenue requirement for West Lakeland, 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 West Lakeland. The margin should be 10.00 percent of O&M expense.

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Issue 9: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$113,406, resulting in an annual increase of \$23,429 (26.04 percent).

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Issue 10: Should West Lakeland's current wastewater system rate structure be changed, and, if so, what is the appropriate adjustment?

Recommendation: No. West Lakeland's wastewater system rate structure, which consists of a monthly base facility charge (BFC) and uniform gallonage charge rate structure, should remain unchanged. The wastewater system's BFC allocation of 50 percent should remain unchanged. Staff recommends the residential wastewater gallonage cap be set at 6,000 gallons a month. Furthermore, staff recommends that the general service gallonage charge be 1.2 times greater than the residential gallonage charge.

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Issue 11: What are the appropriate rates for West Lakeland?

Recommendation: The appropriate monthly wastewater rates are shown on Schedule No. 3 of staff's memorandum dated June 13, 2013. The recommended rates should be designed to produce service revenues of \$109,054. 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.

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Issue 12: 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. 3 of staff's memorandum dated June 13, 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. West Lakeland 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 13: Should the recommended rates be approved for West Lakeland 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. West Lakeland 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 analysis portion of staff's memorandum dated June 13, 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.

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Issue 14: Should West Lakeland 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, West Lakeland 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 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 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.

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