

VOTE SHEET

June 25, 2013

Docket No. 120269-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

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

**Recommendation:** Yes. Pinecrest is in compliance with Polk County Health Department (PCHD) rules and regulations, and the water treatment plant is operating normally and scheduled to correct remaining deficiencies within 30 days. The Utility appears to be responding adequately to water quality concerns of the customers. Therefore, staff recommends that the overall quality of service provided by Pinecrest be considered satisfactory.

**APPROVED**

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13 JUN 26 PM 2:21  
COMMISSION  
CLERK

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

Vote Sheet

June 25, 2013

Docket No. 120269-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

(Continued from previous page)

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

**Recommendation:** Consistent with the Commission's decision in the Utility's last rate case proceeding, the WTP and the distribution system should be considered 100 percent used and useful (U&U).

**APPROVED**

**Issue 3:** What is the appropriate allocation of common costs from Florida Utility Service to Pinecrest Utilities, LLC?

**Recommendation:** The appropriate allocation of common costs from Florida Utility Service to Pinecrest is 13.51 percent for billing and fixed costs, and 15.83 percent for maintenance costs.

**APPROVED**

**Issue 4:** What is the appropriate average test year rate base for Pinecrest?

**Recommendation:** The appropriate average test year rate base for the Utility is \$82,734.

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Vote Sheet

June 25, 2013

Docket No. 120269-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

(Continued from previous page)

**Issue 5:** What is the appropriate return of equity and overall rate of return for Pinecrest?

**Recommendation:** The appropriate return on equity (ROE) is 11.16 percent with a range of 10.16 percent to 12.16 percent. The appropriate overall rate of return is 6.27 percent.

**APPROVED**

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

**Recommendation:** The appropriate test year revenues for the Pinecrest water system are \$59,303.

**APPROVED**

**Issue 7:** What is the appropriate amount of operating expenses?

**Recommendation:** The appropriate amount of operating expense for Pinecrest is \$58,059.

**APPROVED**

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

**Recommendation:** The appropriate revenue requirement is \$63,247 resulting in an annual increase of \$3,944 (6.65 percent).

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Vote Sheet

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Docket No. 120269-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

(Continued from previous page)

**Issue 9:** Should Pinecrest's current water system rate structure be changed, and, if so, what is the appropriate adjustment?

**Recommendation:** No. Pinecrest's water system rate structure, which consists of a monthly base facility charge (BFC) and uniform gallonage charge rate structure, should remain unchanged.

**APPROVED**

**Issue 10:** Are repression adjustments for Pinecrest's water system appropriate in this case, and, if so, what are the appropriate adjustments to make, what are the corresponding expense adjustments to make, and what are the final revenue requirements for the water system?

**Recommendation:** No, a repression adjustment is not appropriate in this case.

**APPROVED**

**Issue 11:** What are the appropriate rates for Pinecrest?

**Recommendation:** The appropriate monthly water rates are shown on Schedule No. 4 of staff's memorandum dated June 13, 2013. The water rates for Pinecrest should be increased by 7.11 percent to produce service revenues of \$59,449. 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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(Continued from previous page)

**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 water rates should be reduced as shown on Schedule No. 4 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. Pinecrest 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.

**APPROVED**

**Issue 13:** Should the recommended rates be approved for Pinecrest 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. Pinecrest 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'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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Vote Sheet

June 25, 2013

Docket No. 120269-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

(Continued from previous page)

**Issue 14:** Should Pinecrest's tariff be revised to reflect a non-sufficient funds (NSF) fee?

**Recommendation:** Yes. The Utility should be required to file revised tariffs to reflect NSF fees as set forth in Sections 68.065 and 832.08(5), F.S. The revised tariffs should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariffs are filed and approved, the NSF fees should be effective on or after the stamped approval date on the revised tariffs, pursuant to Rule 25-30.475, F.A.C., if no protest is filed and provided customers have been noticed

**APPROVED.**

**Issue 15:** What are the appropriate customer deposits for Pinecrest?

**Recommendation:** Staff recommends an initial customer deposit for water should be \$67 for 5/8" x 3/4" meters. All other classes should be two times the average estimated monthly bill for water. The approved customer deposits should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

**APPROVED**

**Issue 16:** Should Pinecrest 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, Pinecrest 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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June 25, 2013

Docket No. 120269-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

(Continued from previous page)

**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 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**