

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

FILED NOV 15, 2013  
DOCUMENT NO. 06993-13  
FPSC - COMMISSION CLERK

November 14, 2013

Docket No. 120209-WS – Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.

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

Recommendation: Yes. The Utility is current in meeting water quality standards for all required chemical analyses and the water provided by the Utility is meeting applicable primary and secondary standards as prescribed in the rules of the Department of Environmental Protection (DEP). While some customers state that the water quality at the Summertree and Park Ridge systems have undesirable attributes, including taste, odor, and color, it appears that home treatment systems or point-of-use devices might be the best alternative to help reach customers' expectations for improved water quality. Treatment alternatives can be implemented by the Utility; however, those improvements will result in additional capital costs and ultimately higher rates to customers. Therefore, the overall quality of service for the UIF systems in Pasco, Pinellas, Orange, and Seminole Counties is satisfactory.

MODIFIED

with regard to the water portion of the docket, all systems were found to be satisfactory, with the exception of Summertree, which was found to be unsatisfactory.

The order will direct the utility to work with OPC to develop a customer engagement plan, options, and provide outcomes. Any problems are to be brought back to the Commissioners.

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*[Handwritten signatures]*  
Luis Edgar 3, 15, 24+25

*[Handwritten signatures]*  
13 & 14  
Lily on issues 2, 4, 5  
7, 14, 16, 23  
ISSUE 17

REMARKS/DISSENTING COMMENTS:

Oral modification, assigned Document Number 06909-13, attached.

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**Issue 2:** Should the audit adjustments to rate base and net operating income to which the Utility agrees be made?

**Recommendation:** Yes. Based on the audit adjustments agreed to by the Utility and staff, the following adjustments should be made to rate base and net operating income as set forth in the staff analysis portion of staff's memorandum dated November 1, 2013.

**APPROVED** *Commissioner Edgar dissented*

**Issue 3:** Should any adjustments be made to the Utility's Project Phoenix Financial/Customer Care Billing System (Phoenix Project)?

**Recommendation:** Yes. Plant should be reduced by \$74,020 for water and \$30,119 for wastewater. Corresponding adjustments should be made to reduce accumulated depreciation by \$9,881 for water and \$3,991 for wastewater and reduce depreciation expense by \$7,402 for water and \$3,012 for wastewater. Computer maintenance expense should be reduced by \$11,434 for water and \$4,631 for wastewater. In addition, consistent with the Commission's previous decisions, UIF should be authorized to create a regulatory asset or liability for costs associated with the Phoenix Project, and to accrue interest on the regulatory asset or liability at the 30-day commercial paper rate until the establishment of rates in UIF's next rate proceeding. Finally, when appropriate, the regulatory asset or liability should be amortized over four years.

County	Water Plant In Service	Wastewater Plant In Service	Water Accum. Depr.	Wastewater Accum. Depr.	Water Dep. Expense	Wastewater Dep. Expense	Water Computer Maint. Exp.	Wastewater Computer Maint. Exp.
Orange	(\$3,430)	\$0	\$457	\$0	(\$343)	\$0	(\$550)	\$0
Pasco	(34,371)	(13,646)	4,591	1,805	(3,437)	(1,365)	(5,313)	(2,095)
Pinellas	(5,300)	0	706	0	(530)	0	(793)	0
Seminole	(30,919)	(16,473)	4,127	2,186	(3,092)	(1,647)	(4,778)	(2,535)
Totals	(\$74,020)	(\$30,119)	\$9,881	\$3,991	(\$7,402)	(\$3,012)	(\$11,434)	(\$4,631)

**APPROVED**



(Continued from previous page)

**Issue 4:** Should any additional test year plant adjustments be made?

**Recommendation:** Yes. Pasco County’s Contractual Services – Engineering expense should be decreased by \$1,367 and plant should be increased by \$1,367. Accordingly, corresponding adjustments should be made to increase accumulated depreciation by \$62, depreciation expense by \$62, and taxes other than income by \$20. Accumulated deferred income taxes should also be increased by \$254.

APPROVED, *Commissioner Edgar dissented*

**Issue 5:** Should any adjustments be made to the Utility's pro forma plant additions and associated expenses?

**Recommendation:** Yes. The appropriate amount of pro forma plant additions are \$1,014,737 for water and \$210,001 for wastewater. UIF’s pro forma plant, accumulated depreciation, depreciation expense, and property taxes should be adjusted as shown below. In addition, accumulated deferred income taxes (ADITs) should be increased by \$270,409.

County	Plant		Accum. Dep.		Dep. Expense		Prop. Tax	
	Water	W/water	Water	W/water	Water	W/water	Water	W/water
Pasco	(\$56,299)	\$0	(\$15,188)	\$0	(\$780)	\$0	\$4,514	\$0
Pinellas	(3,216)	0	(1,543)	0	(76)	0	4,936	0
Seminole	(128,545)	(2,999)	4,374	(675)	(4,778)	(88)	8,407	3,334
Total	(\$188,060)	(\$2,999)	(\$12,357)	(\$675)	(\$5,634)	(\$88)	\$17,857	\$3,334

APPROVED, *Commissioner Edgar dissented*

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**Issue 6:** What are the used and useful percentages of the Utility's water and wastewater systems?

**Recommendation:** UIF's water plants, water transmission and distribution systems, and wastewater collection systems should be considered 100 percent used and useful (U&U). Staff recommends that no adjustment be made for excess unaccounted for water for any of the Utility's water systems. Consistent with the last rate case, a 33.02 percent adjustment to purchased wastewater treatment expense for Ravenna Park should be made to reflect the Utility's excessive infiltration and inflow (I&I). Accordingly, purchased wastewater expense should be decreased by \$63,900 for Seminole County – Wastewater.

**APPROVED**

**Issue 7:** What is the appropriate working capital allowance?

**Recommendation:** The appropriate working capital allowance for each system is shown in the table below.

<u>County</u>	<u>Working Cap. Per ERC</u>	<u>Staff Adjustment</u>	<u>Staff Adjusted</u>
Orange – Water	\$24,180	(\$8,006)	\$16,174
Pasco – Water	\$233,719	(\$77,384)	\$156,335
Pasco – Wastewater	\$92,188	(\$30,523)	\$61,665
Pinellas – Water	\$34,835	(\$11,534)	\$23,301
Seminole – Water	\$210,219	(\$69,603)	\$140,616
Seminole – Wastewater	\$111,532	(\$36,928)	\$74,604

**APPROVED,** *Commissioner Edgaw dissented*

(Continued from previous page)

**Issue 8:** What are the appropriate rate bases for the December 31, 2011, test year?

**Recommendation:** The appropriate rate bases for the UIF systems for the test year ended December 31, 2011, are as shown below.

<u>County</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Orange	\$227,634	N/A	\$227,634
Pasco	\$3,189,201	\$1,031,676	\$4,220,877
Pinellas	\$598,683	N/A	\$598,683
Seminole	\$3,070,303	\$2,399,860	\$5,470,163

APPROVED, *Commissioner Edgar dissented*

**Issue 9:** What is the appropriate return on equity?

**Recommendation:** Based on the Commission leverage formula currently in effect, the appropriate return on equity (ROE) is 10.38 ~~10.69~~ percent. Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes.

APPROVED, *Pursuant to Summerline Water, voted to reduce 100 basis points; as modified; Commissioner Edgar dissented; Staff given administrative authority to deal with the fallout issues as a result of the vote on issue 1.*

**Issue 10:** What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year ended December 31, 2011?

**Recommendation:** The appropriate weighted average cost of capital for the test year ended December 31, 2011, is 7.41 percent for all UIF systems.

APPROVED *Commissioner Edgar dissented*



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**Issue 11:** Should adjustments be made to miscellaneous test year revenues?

**Recommendation:** Yes. Miscellaneous revenues should be increased as shown below to reflect the appropriate test year revenues.

<u>System</u>	<u>Increase</u>
Orange County – Water	\$192
Pasco County – Water	\$1,900
Pasco County – Wastewater	\$101
Pinellas County – Water	\$174
Seminole County – Water	\$2,860
Seminole County – Wastewater	\$455

APPROVED, *Commissioner Edgar dissented*

**Issue 12:** Should any adjustments contested by the Utility be made to test year O&M expenses?

**Recommendation:** Yes. UIF's test year Operations & Maintenance (O&M) water expenses should be reduced by \$21 for Orange County, \$212 for Pasco County, \$33 for Pinellas County, and \$190 for Seminole County. Wastewater expenses should be reduced by \$85 for Pasco County, and \$102 for Seminole County.

APPROVED, *Commissioner Edgar dissented*

(Continued from previous page)

**Issue 13:** Should any adjustments be made to the Utility's salaries and wages, pensions and benefits, and payroll taxes?

**Recommendation:** Yes. Salaries and wages expense should be reduced by ~~\$27,520~~ ~~\$29,860~~ for water and ~~\$11,147~~ ~~\$11,486~~ for wastewater. Corresponding adjustments should also be made to reduce pensions and benefits by ~~\$1,802~~ ~~\$1,955~~ for water and ~~\$730~~ ~~\$752~~ for wastewater, and to reduce payroll taxes by ~~\$2,105~~ ~~\$2,284~~ for water and ~~\$853~~ ~~\$879~~ for wastewater.

**MODIFIED**

*Commissioner Graham (CS) dissented*

*updated salary adjustments of ~~\$120,438~~ <sup>\$120,138</sup> for Orange, Seminole, Pinellas & Pasco Counties; incremental adjustments to reduce salaries to \$81,471, payroll \$51,378; and benefits \$33,684 (total \$166,533). Commissioner's Edgar dissents. [CLK Note: corrections.]*

**Issue 14:** What is the appropriate amount of rate case expense?

**Recommendation:** The appropriate amount of rate case expense is \$282,990. This expense of should be recovered over four years for an annual expense of \$70,748. Therefore, annual rate case expense should be adjusted as indicated below:

County	Requested RCE 4-Yr. Amortization	Staff Rec. 4-Yr. Amortization	Staff Rec. Adjustment
Orange - Water	\$4,625	\$2,423	(\$2,202)
Pasco - Water	\$44,699	\$23,400	(\$21,299)
Pasco - Wastewater	\$17,631	\$9,228	(\$8,403)
Pinellas - Water	\$6,662	\$3,491	(\$3,171)
Seminole - Water	\$40,205	\$21,042	(\$19,163)
Seminole - Wastewater	\$21,331	\$11,164	(\$10,167)

**APPROVED**

*with the revisions made @ the Commission conference this date. Commissioner Graham dissented. Commissioner Edgar dissented.*



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**Issue 15:** Should any adjustments be made to bad debt expense?

**Recommendation:** Yes. Bad debt expense should be based on a 3-year average. Accordingly, UIF's bad debt expense should be adjusted as indicated below:

<u>County</u>	<u>Water</u>	<u>Wastewater</u>
Orange	(\$665)	N/A
Pasco	\$4,971	(\$3,914)
Pinellas	\$13	N/A
Seminole	\$5,210	(\$8,196)

APPROVED

*with admin. authority given to staff to address fallout issues.*

**Issue 16:** Should additional adjustments be made to test year O&M expenses?

**Recommendation:** Yes. Based on adjustments set forth above, staff recommends decreasing O&M expense by \$338 for Orange water, \$5,452 for Pasco water, \$534 for Pasco wastewater, \$8,721 for Seminole water, and \$5,370 for Seminole wastewater. Adjustments to O&M expense are shown on Schedule No. 3-C of staff's memorandum dated November 1, 2013, for each system.

APPROVED

*Commissioner Edgar dissented. Staff was given administrative authority to address fallout issues.*

**Issue 17:** Should additional adjustments be made to pro forma O&M expense?

**Recommendation:** No. Based on the information provided by the Utility, no additional adjustments to pro forma O&M expense are necessary.

APPROVED,

*Commissioner Balbis dissents  
Commissioner Edgar dissents*



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**Issue 18:** What is the appropriate revenue requirement for the December 31, 2011, test year?

**Recommendation:** The following revenue requirements should be approved.

<u>System</u>	<u>Test Year Revenues</u>	<u>(\$ Decrease)/ \$ Increase</u>	<u>Revenue Requirement</u>	<u>(% Decrease)/ % Increase</u>
Orange Water	\$116,050	\$30,157	\$146,207	25.99%
Pasco Water	\$905,659	\$239,418	\$1,145,077	26.44%
Pasco Wastewater	\$527,690	\$6,246	\$533,935	1.18%
Pinellas Water	\$105,176	\$65,331	\$170,507	62.12%
Seminole Water	\$876,873	\$254,890	\$1,131,763	29.07%
Seminole Wastewater	\$816,716	\$123,081	\$939,797	15.07%

APPROVED

*Commissioner Edgar dissented.  
Staff was given administrative  
authority to address fallout issues*

(Continued from previous page)

**Issue 19:** What are the appropriate rate structures for the Utility's water and wastewater systems?

**Recommendation:** Staff recommends that 26 percent of the revenues from the Orange County water system should be generated from the BFC. The non-discretionary usage threshold for residential customers should be 5,000 gallons. The appropriate discretionary usage rate blocks are: (1) 5,001-8,000 gallons; (2) 8,001-16,000 gallons; and usage in excess of 16,000 gallons, with discretionary usage block rate factors of 1.00, 1.50, and 1.75, respectively. General service customers should continue to be billed a BFC and gallonage charge.

In Pasco County, the appropriate rate structure should generate 50 percent of the water system revenues from the BFC. Staff recommends that the existing BFC and gallonage charge rate structure, with an additional rate block for the non-discretionary usage below 3,000 gallons be continued for residential customers. General service customers should continue to be billed a BFC and gallonage charge. Residential wastewater customers in Pasco County should continue the existing BFC and gallonage charge rate structure with a 6,000 gallon cap for both the Summertree and Orangewood systems. The multi-residential flat rate for Orangewood wastewater customers should also be continued. The recommended wastewater increase should be applied across-the-board to existing rates.

In Pinellas County, the appropriate rate structure should generate 45 percent of the revenues from the BFC. Staff recommends that the existing BFC and gallonage charge rate structure, with an additional rate block for the non-discretionary usage below 3,000 gallons, be continued for residential customers. General service customers should continue to be billed a BFC and gallonage charge.

Staff recommends that 25 percent of the revenues from the Seminole County water system should be generated from the BFC. The non-discretionary usage threshold should be 4,000 gallons for residential customers. The appropriate discretionary usage rate blocks are: (1) 4,001-8,000 gallons; (2) 8,001-16,000 gallons; and usage in excess of 16,000 gallons, with discretionary usage block rate factors of 1.00, 1.75, and 2.25, respectively. General service customers should continue to be billed a BFC and gallonage charge. Staff recommends that the Seminole County residential wastewater customers' rate structure should consist of a BFC for all meter sizes, based on an allocation of 25 percent of the revenue requirement, with a cap of 8,000 gallons. General service customers should continue to be billed a BFC by meter size and a gallonage charge that is 1.2 times higher than the residential gallonage charge.

**APPROVED**

*with the exception of Orange & Seminole Counties and to revise first tier to match the test year structure and to use alternative 2, Pasco County, as discussed at the Commission Conference this date.*

*Commissioner Edgar dissents.*



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**Issue 20:** Are repression adjustments appropriate in this case, and, if so, what are the appropriate reductions in gallons and corresponding expense for the respective water systems?

**Recommendation:** Yes, repression adjustments are appropriate for the water systems in Orange, Pasco, Pinellas, and Seminole Counties. The appropriate reduction in gallons and corresponding reduction in expenses adjustments are as follows.

<u>Water System</u>	<u>Gallon Reduction</u>	<u>Purchased Power</u>	<u>Chemicals</u>	<u>Purchased Water</u>	<u>RAFs</u>	<u>Total Expense Reduction</u>
Orange	1,098,000	\$0	\$0	\$2,149	\$101	\$2,250
Pasco	3,608,000	\$665	\$345	\$0	\$47	\$1,057
Pinellas	919,000	\$157	\$69	\$21	\$12	\$259
Seminole	11,360,000	\$2,065	\$1,804	\$752	\$218	\$4,839

## **MODIFIED**

*it was voted not to adjust Seminole, Pinellas & Pasco Counties; Orange County reduction rate of 4.9%, as discussed at the Commission Conference this date. Staff was given administrative authority to make necessary fallout adjustments. Commissioner Edgar dissented.*

(Continued from previous page)

**Issue 21:** What are the appropriate rates for monthly service for the water and wastewater systems?

**Recommendation:** The appropriate monthly water and wastewater rates are shown on Schedule Nos. 4-A through 4-D of staff’s memorandum dated November 1, 2013. The recommended water rates are designed to produce the recommended revenue requirements, excluding repression adjustments and miscellaneous revenues. The recommended wastewater rates are designed to produce the recommended revenue requirements less miscellaneous revenues. The appropriate revenue requirements for ratesetting are as follows.

<u>System</u>	<u>Revenue Requirement for Ratesetting</u>
Orange County - Water	\$140,547
Pasco County - Water	\$1,129,675
Pasco County - Wastewater	\$532,250
Pinellas County - Water	\$169,110
Seminole County - Water	\$1,105,374
Seminole County - Wastewater	\$936,867

The Utility should file revised water and wastewater tariff sheets and a proposed customer notice to reflect the Commission-approved rates for the respective systems. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets, 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. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

**APPROVED**, *Commissioner Edgar dissented*  
\* *for issues 21-24, staff was given administrative authority to address fallout issues.*

**Issue 22:** In determining whether any portion of the water or wastewater interim increases granted should be refunded, how should the refunds be calculated, and what are the amounts of the refunds, if any?

**Recommendation:** The appropriate refund amounts should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. The revised revenue requirements for the interim collection period should be compared to the amount of interim revenues granted. The revenue requirements granted in the Interim Order for the test year are less than the revised revenue requirements for the interim collection period, which results in no recommended interim refunds. Upon issuance of the consummating order in this docket, the corporate undertaking should be released.

**APPROVED** *Commissioner Edgar dissented*  
\*




(Continued from previous page)

**Issue 23:** 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 and wastewater rates should be reduced as shown on Schedule Nos. 4-A through 4-D of staff's memorandum dated November 1, 2013, to remove rate case expense grossed up for regulatory assessment fees and amortized over a four-year period.

<u>System</u>	<u>Staff Recommended Reduction</u>	<u>Staff Recommended Rate Reduction</u>
Orange County - Water	\$2,913	2.07%
Pasco County - Water	28,134	2.49%
Pasco County - Wastewater	11,095	2.08%
Pinellas County - Water	4,197	2.48%
Seminole County - Water	25,299	2.29%
Seminole County - Wastewater	13,423	1.43%
Total	<u>\$85,060</u>	

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. UIF 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, *Commissioner Edgar dissented*  


**Issue 24:** 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 the applicable National Association of Regulatory Utility Commissioners (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, UIF should provide proof, within 90 days of the final order in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

APPROVED 

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**Issue 25:** 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**



**Ann Cole**

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**From:** Carlotta Stauffer  
**Sent:** Wednesday, November 13, 2013 9:45 AM  
**To:** Ann Cole  
**Subject:** FW: Request for oral modification to Item # 4, Docket No. 120209-WS- November 14, 2013

fyi

**From:** Lisa Harvey  
**Sent:** Wednesday, November 13, 2013 9:04 AM  
**To:** Chairman Brise & Staff; Commissioner Balbis & Staff; Commissioner Brown & Staff; Commissioner Edgar & Staff; Commissioner Graham & Staff; Mary Anne Helton; Terri Fleming; Curt Kiser; Braulio Baez; Mil Jubinsky; Apryl Lynn; Jacqueline Moore; Marshall Willis; Tom Ballinger; Jim Dean; Jennifer Crawford; Michael Lawson; Carlotta Stauffer; Rachel Arnold; Todd Brown; Cheryl Bulecza-Banks; Bart Fletcher  
**Subject:** FW: Request for oral modification to Item # 4, Docket No. 120209-WS- November 14, 2013

fyi

**From:** Braulio Baez  
**Sent:** Tuesday, November 12, 2013 11:46 AM  
**To:** Lisa Harvey  
**Subject:** RE: Request for oral modification to Item # 4, Docket No. 120209-WS- November 14, 2013

Approved

Sent from my Windows Phone

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**From:** Lisa Harvey  
**Sent:** 11/12/2013 11:44 AM  
**To:** Braulio Baez  
**Subject:** Fwd: Request for oral modification to Item # 4, Docket No. 120209-WS- November 14, 2013

For your approval.

Begin forwarded message:

**From:** "Marshall Willis" <MWillis@PSC.STATE.FL.US>  
**Date:** November 12, 2013, 9:57:03 AM EST  
**To:** "Braulio Baez" <BBaez@PSC.STATE.FL.US>  
**Cc:** "Lisa Harvey" <LSHarvey@PSC.STATE.FL.US>, "Curt Kiser" <CKiser@PSC.STATE.FL.US>, "Apryl Lynn" <ALYNN@PSC.STATE.FL.US>, "Carlotta Stauffer" <CStauffe@PSC.STATE.FL.US>, "Jim Dean" <jdean@PSC.STATE.FL.US>, "Tom Ballinger" <TBallin@PSC.STATE.FL.US>, "Cheryl Bulecza-Banks" <CBulecza@PSC.STATE.FL.US>, "Andrew Maurey" <AMaurey@PSC.STATE.FL.US>, "Bart Fletcher" <BFletche@PSC.STATE.FL.US>  
**Subject:** Request for oral modification to Item # 4, Docket No. 120209-WS- November 14, 2013

Staff discovered the recommended return on equity (ROE) in Issue 9 and the recommended adjustments in Issue 13 were inadvertently not updated prior to filing the recommendation. Staff notes that these are scrivener's errors and do not impact revenue requirement. To correct these errors, staff requests approval to make oral modifications to the recommendations in Issues 9 and 13. The modifications are necessary in order to accurately reflect staff's recommended ROE of 10.38 percent and staff's recommended adjustments in Issue 13. The statutory time frame to process this case is November 14, 2013, Commission Conference, and therefore the item cannot be deferred. The specific modifications are highlighted in type and strike format as follows:

1) Page 36, Issue 9

COST OF CAPITAL

**Issue 9:** What is the appropriate return on equity?

**Recommendation:** Based on the Commission leverage formula currently in effect, the appropriate return on equity (ROE) is 10.38 ~~10.69~~ percent. Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes. (Bullard, T. Brown)

**Staff Analysis:** The ROE included in the Utility's filing is 10.36 percent. Based on the current leverage formula and an equity ratio of 49.47 percent, the appropriate ROE is 10.38 ~~10.69~~.<sup>30</sup> Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes.

2) Page 41, Issue 13

**Issue 13:** Should any adjustments be made to the Utility's salaries and wages, pensions and benefits, and payroll taxes?

**Recommendation:** Yes. Salaries and wages expense should be reduced by \$27,520 ~~\$29,860~~ for water and \$11,147 ~~\$11,486~~ for wastewater. Corresponding adjustments should also be made to reduce pensions and benefits by \$1,802 ~~\$1,955~~ for water and \$730 ~~\$752~~ for wastewater, and to reduce payroll taxes by \$2,105 ~~\$2,284~~ for water and \$853 ~~\$879~~ for wastewater. (T. Brown)