

FLORIDA PUBLIC SERVICE COMMISSION

Item 8

VOTE SHEET

FILED APR 10, 2014
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FPSC - COMMISSION CLERK

April 10, 2014

Docket No. 130153-WS – Application for staff-assisted rate case in Highlands County, by L.P. Utilities Corporation c/o LP Waterworks, Inc.

Issue 1: Is the quality of service provided by LP Waterworks, Inc. satisfactory?

Recommendation: Yes. Staff recommends that the quality of service provided by LPWWI be considered satisfactory.

DEFERRED

Issue 2: What are the Used and Useful percentages of the Utility’s water and wastewater systems?


Recommendation: For the water system, the treatment plant and the distribution system should be considered 100 percent and 87 percent Used and Useful (U&U), respectively. For the wastewater system, the treatment plant and the collection system should be considered 59 percent and 100 percent U&U, respectively. The concern regarding the excessive unaccounted for water should be addressed by reducing the test year water treatment cost of purchased power and chemicals by 8.5 percent.

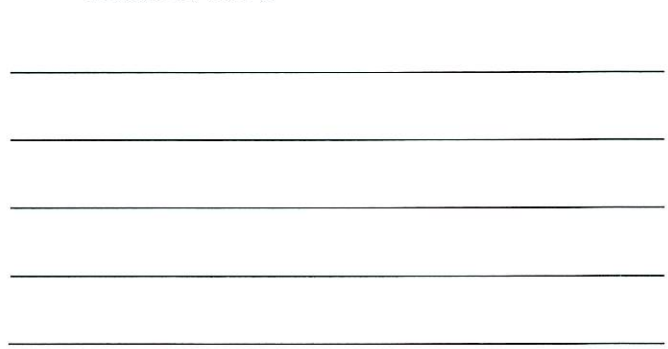
COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING





REMARKS/DISSENTING COMMENTS:

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Issue 3: What is the appropriate average test year rate base for L.P. Waterworks, Inc.?

Recommendation: The appropriate average test year rate base balances for L.P. Waterworks, Inc. are \$86,549 for water and \$104,793 for wastewater.

Issue 4: What is the appropriate rate of return on equity and overall rate of return for L.P. Waterworks, Inc.?

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.

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

Recommendation: The appropriate test year revenues for LP Waterworks, Inc.'s water and wastewater systems are \$59,191 and \$47,642, respectively.

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

Recommendation: The appropriate amounts of operating expense for L.P. Waterworks, Inc. are \$109,046 for water and \$86,324 for wastewater.

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$116,611 for water and \$95,483 for wastewater, resulting in an annual increase of \$57,420 for water (97.01 percent), and an annual increase of \$47,841 for wastewater (100.42 percent).

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Issue 8: What are the appropriate rate structures and rates for LP Waterworks, Inc.'s water and wastewater systems?

Recommendation: The recommended monthly water and wastewater rates are shown on Schedule Nos. 4-B and 4-D of staff's memorandum dated March 27, 2014, respectively. 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 ten days of the date of the notice.

Issue 9: 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 Schedules No. 4-B and 4-D of staff's memorandum dated March 27, 2014, to remove rate case expense grossed up water and wastewater 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. L.P. Waterworks, Inc. 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.

Issue 10: What are the appropriate initial customer deposits for LP Waterworks, Inc.?

Recommendation: The appropriate initial customer deposits should be \$45 and \$50 for the residential 5/8" x 3/4" meter size for water and wastewater, respectively. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water and wastewater. 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.

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Issue 11: 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. L.P. Waterworks, Inc. 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 in the analysis portion of staff's memorandum dated March 27, 2014. 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.

Issue 12: 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, L.P. Waterworks, Inc. 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 13: 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.