

FLORIDA PUBLIC SERVICE COMMISSION

Item 7

VOTE SHEET

FILED MAR 03, 2015
DOCUMENT NO. 01244-15
FPSC - COMMISSION CLERK

March 3, 2015

Docket No. 130178-SU – Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

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

Recommendation: Yes. The Utility has taken reasonable actions to comply with DEP’s regulations and to address customer concerns. The DEP judgment has been satisfied and pro forma items should improve quality. All quality of service issues have been resolved. Staff recommends that the quality of service provided by the Utility be considered satisfactory.

APPROVED

Issue 2: What are the used and useful (U&U) percentages for the Utility’s wastewater system?

Recommendation: Staff recommends that the WWTP and collection system be considered 100 percent U&U with no adjustment due to Infiltration and Inflow (I&I).

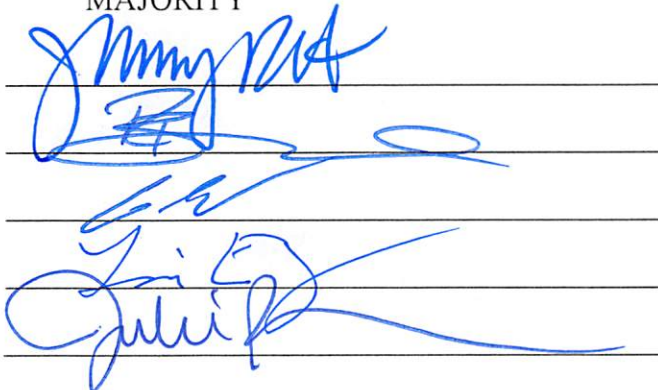
APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING



REMARKS/DISSENTING COMMENTS:

Docket No. 130178-SU – Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

(Continued from previous page)

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

Recommendation: The appropriate average test year rate base for Crooked Lake is \$139,303.

APPROVED

with modification as stated at the conference.

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

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 9.19 percent.

APPROVED

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

Recommendation: The appropriate test year revenues for Crooked Lake are \$143,300.

APPROVED

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

Recommendation: The appropriate amount of operating expenses for the Utility is \$154,475. The Utility should be required to provide proof within 90 days of the effective date of the final order that the commercial general liability insurance has been purchased. Also, the Utility should be required to provide proof of continued payment of the commercial general liability insurance premiums prior to implementation of the Phase II rate increase. In the event that the Utility does not purchase the liability insurance and begin making regular payments, the Phase II rates should be reduced to remove this expense.

APPROVED

Staff is directed to review the adjustments related to depreciation expenses and make corrections if there are errors.

(Continued from previous page)

Issue 7: What is the appropriate Phase I revenue requirement?

Recommendation: The appropriate Phase I revenue requirement is \$167,283, resulting in an annual increase of \$23,983 (16.74 percent).

APPROVED

Issue 8: What are the appropriate rate structures and rates for the Utility's wastewater system?

Recommendation: The recommended rate structures and monthly wastewater rates are shown on Schedule Nos. 4-A and 4-B, respectively, of staff's memorandum dated February 19, 2015. 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 9: 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. 4-B of staff's memorandum dated February 19, 2015, to remove rate case expense grossed up for RAFs 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. The Utility 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 Crooked Lake 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

Docket No. 130178-SU – Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

(Continued from previous page)

Issue 10: Should the Commission approve a Phase II increase for pro forma items for Crooked Lake?

Recommendation: Yes. The Commission should approve a Phase II revenue requirement associated with pro forma items. The Utility's Phase II revenue requirement is \$237,653 which equates to a 42.07 percent increase over the Phase I revenue requirement. Staff recommends that the increase be applied as an across-the-board increase to the Phase I rates.

Crooked Lake should be required to complete the pro forma items within 12 months of the issuance of the consummating order. The Utility should also be required to submit a copy of the final invoices and cancelled checks for all pro forma plant items. In addition, the Utility should be required to provide proof of continued payment of the commercial general liability insurance premiums prior to implementation of the Phase II rates. In the event that the Utility does not purchase the liability insurance and begin making regular payments, the Phase II rates should be reduced to remove this expense. The Utility should be allowed to implement the above rates once all pro forma items have been completed, documentation has been provided showing that the improvements have been made, and the status of the commercial general liability insurance expense has been determined. Once verified, the 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. The rates should not be implemented until notice has been received by the customers. Crooked Lake should provide proof of the date notice was given within 10 days of the date of the notice. 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.

APPROVED

Issue 11: What are the appropriate initial customer deposits for Crooked Lake?

Recommendation: The appropriate initial customer deposit for the residential wastewater customers should be \$76. 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 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.

APPROVED

Docket No. 130178-SU – Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

(Continued from previous page)

Issue 12: Should the recommended rates be approved for Crooked Lake 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. Crooked Lake 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 February 19, 2015. 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.

APPROVED

Issue 13: Should Crooked Lake 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 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, Crooked Lake 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. In addition, the Utility should be required to establish and maintain its records using the accrual basis.

APPROVED

Vote Sheet

March 3, 2015

Item 7

Docket No. 130178-SU – Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

(Continued from previous page)

Issue 14: 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, and the Utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Also, the docket should remain open to allow staff to verify that commercial general liability insurance coverage has been established and payments have begun, Phase II pro forma items have been completed, and the Phase II rates properly implemented. Once these actions are complete, this docket should be closed administratively.

APPROVED