

FLORIDA PUBLIC SERVICE COMMISSION

Item 8

VOTE SHEET

FILED MAR 01, 2016  
DOCUMENT NO. 01097-16  
FPSC - COMMISSION CLERK

March 1, 2016

Docket No. 140220-WU – Application for staff-assisted rate case in Polk County by Sunrise Utilities, L.L.C.

**Issue 1:** Should the quality of service provided by Sunrise be considered satisfactory?

**Recommendation:** No. The overall quality of service provided by Sunrise should be considered unsatisfactory because the Utility has failed to address maintenance and repairs recommended by the Polk County Health Department (PCHD) in 2012. Furthermore, the Utility has demonstrated a pattern of non-responsiveness to Commission inquiries. As such, staff recommends decreasing the officers' salaries by 25 percent.

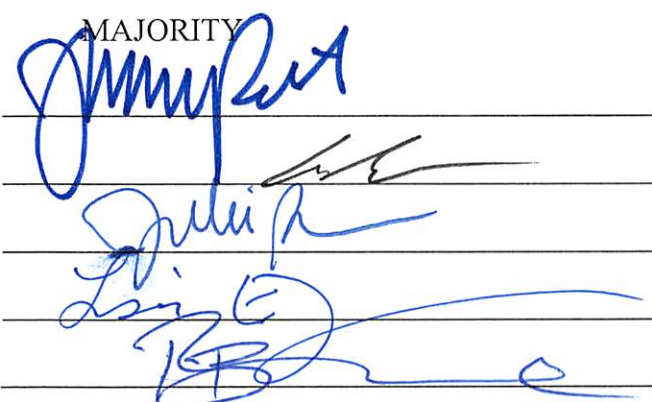
**APPROVED**

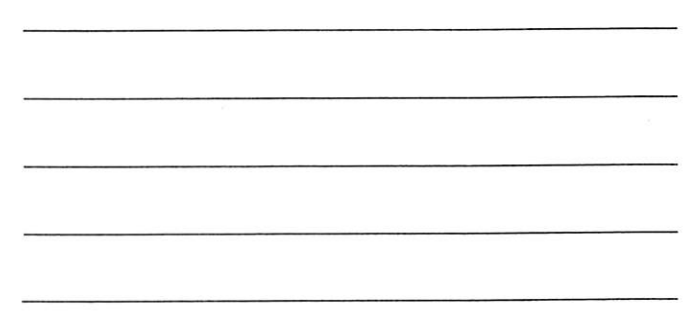
COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING





**REMARKS/DISSENTING COMMENTS:** Oral Modification, assigned DN 01002-16, is attached.

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**Issue 2:** What is the used and useful percentage (U&U) of Sunrise’s water treatment plant and distribution system?

**Recommendation:** Staff recommends Sunrise’s water treatment plant and its distribution system should both be considered 100 percent U&U. Additionally, staff recommends a 9.3 percent adjustment for excessive unaccounted for water (EUW) should be made to operating expenses for chemicals and purchased power.

**APPROVED**

**Issue 3:** What is the appropriate allocation of common costs to Sunrise?

**Recommendation:** The appropriate allocation of common costs to Sunrise is 78 percent.

**APPROVED**

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

**Recommendation:** The appropriate average test year rate base for Sunrise is \$49,773. Staff recommends that the Utility be required to file written documentation in this docket showing that Sunrise owns or has the right to continued long-term use of the land upon which its treatment facilities are located by December 31, 2016. Also, in the event the Utility is unable to issue customer deposit refunds and interest payments to former customers, staff recommends that the resulting total of the unclaimed refunds and associated accrued interest be credited to contributions-in-aid-of-construction in the Utility’s next rate proceeding.

**APPROVED**

**Issue 5:** What are the appropriate return on equity and overall rate of return for Sunrise?

**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 8.13 percent.

**APPROVED**

(Continued from previous page)

**Issue 6:** What are the appropriate test year revenues for Sunrise’s water system?

**Recommendation:** The appropriate test year revenues for Sunrise’s water system are \$74,938.

**APPROVED**

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

**Recommendation:** The appropriate amount of operating expenses for the Utility is \$75,778. Staff recommends that the Utility be required to file documentation in this docket by December 31, 2016, showing that the pro forma trihalomethane and haloacetic acid tests have been completed. The documentation should include a copy of the test results and final invoices.

**APPROVED**

**Issue 8:** Should the Commission utilize the operating ratio methodology as an alternative means to calculate the revenue requirement for Sunrise, 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 Sunrise. The margin should be 10 percent of O&M expense.

**APPROVED**

**Issue 9:** What is the appropriate revenue requirement?

**Recommendation:** The appropriate revenue requirement is \$82,448, resulting in an annual increase of \$7,510 (10.02 percent).

**APPROVED**

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**Issue 10:** What is the appropriate rate structure and rates for Sunrise?

**Recommendation:** The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated February 18, 2016. 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 11:** What is the appropriate amount by which rates should be reduced 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 Schedule No. 4 of staff's memorandum dated February 18, 2016, 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 Sunrise 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**

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**Issue 12:** What are the appropriate initial customer deposits for Sunrise and in what manner should the Utility's noncompliance with Rule 25-30.311, F.A.C. be addressed?

**Recommendation:** The Utility's current initial customer deposits of \$52 for the 5/8 inch x 3/4 inch residential meter size and two times the estimated average bill for all other residential and general service meter sizes should remain unchanged. 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.

Staff recommends that the Utility continue to work on its compliance with Rule 25-30.311 F.A.C. The Utility should complete refunds within three months of the Commission Order. Sunrise should be required to reconcile its customer deposit accounts and records within a reasonable time. The Utility should be required to provide monthly reports beginning March 31, 2016, until it has satisfactorily refunded the appropriate amount of customer deposits and applied the appropriate interest on customer deposits. Staff should be given administrative authority to determine when the Utility is in compliance with Rule 25-30.311, F.A.C. Staff believes the Utility is moving forward to make corrective actions to resolve the issues regarding the customer deposits. Therefore, staff recommends that enforcement action is not warranted at this time.

## APPROVED

**Issue 13:** Should the recommended rates be approved for Sunrise 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. 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 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 18, 2016. 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 twentieth of every 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

**Docket No. 140220-WU** – Application for staff-assisted rate case in Polk County by Sunrise Utilities, L.L.C.

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**Issue 14:** Should Sunrise be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision?

**Recommendation:** Yes. The Utility should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Sunrise should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA primary accounts as shown on Schedule No. 5 of staff's memorandum dated February 18, 2016, have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, notice should be provided within seven days prior to deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days. In addition, the Utility should be required to maintain its books and records on a monthly basis in accordance with the NARUC USOA.

## APPROVED

**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 will 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 the Utility has adjusted its customer deposit records and all deposit amounts that may be owed to customers have been properly refunded ~~and to verify the Utility has properly refunded the rate case expenses it overcollected.~~ Once the above actions are completed this docket will be closed administratively.

**APPROVED** as modified. Institute monthly reports requested by OPC for Issues 1, 4, 7 and 12; excludes recommendation regarding show cause proceeding. (See handout from OPC, attached.)

**Tiffany Brown**

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**From:** Kathy Shoaf  
**Sent:** Wednesday, February 24, 2016 2:35 PM  
**To:** CLK - Agenda Staff; Commissioners & Staffs; Braulio Baez; Lisa Harvey; Apryl Lynn; Mary Anne Helton; Kelley Corbari; Charles Murphy; Keino Young  
**Cc:** Andrew Maurey; Tom Ballinger; Dale Mailhot; Mark Futrell; Kate Hamrick; Jacqueline Moore  
**Subject:** Approved Request for Oral Modification: 140220-WU Request for Oral Modification

Please see [Approved Request for Oral Modification](#).

**Kathy Shoaf**

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Florida Public Service Commission  
Telephone: (850)413-6053  
[kshoaf@psc.state.fl.us](mailto:kshoaf@psc.state.fl.us)

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**From:** Braulio Baez  
**Sent:** Wednesday, February 24, 2016 2:27 PM  
**To:** Kelley Corbari; Lisa Harvey  
**Cc:** Mary Anne Helton; Charles Murphy; Andrew Maurey; Tom Ballinger; Greg Shafer; Kathy Shoaf; Kate Hamrick; Dale Mailhot; Mark Futrell  
**Subject:** RE: 140220-WU Request for Oral Modification

Approved. Thanks

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**From:** Kelley Corbari  
**Sent:** Wednesday, February 24, 2016 1:23 PM  
**To:** Braulio Baez; Lisa Harvey  
**Cc:** Mary Anne Helton; Charles Murphy; Andrew Maurey; Tom Ballinger; Greg Shafer; Kathy Shoaf; Kate Hamrick; Dale Mailhot; Mark Futrell  
**Subject:** 140220-WU Request for Oral Modification

Staff requests approval to make an oral modification to Staff's Recommendation on Item 8 – Docket No. 140220-WU Sunrise Utilities, LLC staff-assisted rate case – scheduled for the March 1, 2016, Commission Agenda Conference. Staff's proposed modification relates to a typographical error in the close docket language of Issue 15 of the recommendation.

The modification is in type-and-strike format and highlighted below. This requested modification has no other effects on Staff's recommendation.

**140220-WU            SUNRISE**

**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 will 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. Also, the docket should remain open to allow staff to verify that the Utility has adjusted its customer deposit records and all deposit amounts that may be owed to customers have been properly refunded ~~and to verify the Utility has properly refunded the rate case expenses it over collected~~. Once the above actions are completed this docket will be closed administratively. (Corbari)

**Staff Analysis:**

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 will 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. Also, the docket should remain open to allow staff to verify that the Utility has adjusted its customer deposit records and all deposit amounts that may be owed to customers have been properly refunded ~~and to verify the Utility has properly refunded the rate case expenses it over collected~~. Once the above actions are completed this docket will be closed administratively.

*Kelley F. Corbari,*

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**PLEASE NOTE:** Florida has a very broad public records law. Most written communications to or from state officials regarding state business are considered to be public records and will be made available to the public and the media upon request. Therefore, your e-mail message may be subject to public disclosure.



# OPC's Monthly Reporting Recommendations

Docket No. 140220-WU Sunrise Utilities, LLC

OPC requests that the above utility provide six monthly status reports to the PSC on the following issues:

- Recorded amounts for customer deposits, interest on customer deposits, and refunded customer deposits (Staff has already asked for a monthly report) *Issue # 12, p. 37*
- The name and position of each contractual service provider. The purpose of this is to verify that the positions allowed in the staff recommendation continue to be filled *Issue # 7, p. 16*
- Sunrise's progress in executing the maintenance requirement of the Polk County Health Department Consent Order *Issue # 1, p. 3*
- The correction of Sunrise's warranty deed (Staff has asked for written documentation of land ownership) *Issue # 4, p. 9-10*

OPC requests that a show cause proceeding take place if these issues have not been resolved after six monthly status reports have been submitted per issue.

Parties/Staff Handout  
Internal Affairs/Agenda  
on 3/1/16  
Item No. 8