

FLORIDA PUBLIC SERVICE COMMISSION

Item 8

VOTE SHEET

August 9, 2016

FILED AUG 09, 2016
DOCUMENT NO. 06288-16
FPSC - COMMISSION CLERK

Docket No. 150149-WS – Application for staff-assisted rate case in Glades and Highlands Counties by Silver Lake Utilities, Inc.

Issue 1: Is the quality of service provided by Silver Lake Utilities, Inc. satisfactory?

Recommendation: Yes. The overall quality of service provided by Silver Lake Utilities, Inc. should be considered satisfactory.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in blue ink on four lines]

REMARKS/DISSENTING COMMENTS:

Oral Modification, assigned DN 06127-16, is attached.

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Issue 2: What are the used and useful percentages (U&U) of Silver Lake Utilities, Inc. water treatment plant and distribution system and storage?

Recommendation: Staff recommends that Silver Lake Utilities, Inc.'s water treatment plant (WTP) should be considered 75.62 percent U&U and its distribution systems should be considered 100 percent U&U. There appears to be no excessive unaccounted for water (EUW), therefore, staff is not recommending an adjustment be made to operating expenses for chemicals and purchased power.

APPROVED

Issue 3: What is the appropriate average test year rate base for Silver Lake Utilities, Inc.?

Recommendation: The appropriate average test year rate base for Silver Lake Utilities, Inc. is \$519,781.

APPROVED

Issue 4: What is the appropriate return on equity and overall rate of return for Silver Lake Utilities, Inc.?

Recommendation: The appropriate return on equity (ROE) for Silver Lake is 10.58 percent, with a range of 9.58 percent to 11.58 percent, and the appropriate overall rate of return is 6.54 percent.

APPROVED

Issue 5: What are the appropriate test year revenues for Silver Lake Utilities, Inc. water system?

Recommendation: The appropriate test year revenues for Silver Lake Utilities, Inc.'s water system are \$47,162.

APPROVED

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Issue 6: What is the appropriate amount of operating expense for Silver Lake Utilities, Inc.?

Recommendation: The appropriate amount of operating expense for Silver Lake Utilities, Inc. is \$201,132.

APPROVED *as modified*

*land leases be excluded (amount of \$28,303)
* Staff given administrative authority to make fallout adjustments*

Issue 7: What is the appropriate revenue requirement for Silver Lake Utilities, Inc.?

Recommendation: The appropriate revenue requirement for Silver Lake Utilities, Inc. is \$235,126, resulting in an annual increase of \$187,964 (398.55 percent).

APPROVED *

Issue 8: What is the appropriate rate structure and rates for Silver Lake Utilities, Inc. water system?

Recommendation: The recommended rate structure and monthly water rates for Silver Lake Utilities, Inc. are shown on Schedule No. 4 of staff's memorandum dated July 28, 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 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 and the notice has been received by the customers. Silver Lake Utilities, Inc. should provide proof of the date notice was given within 10 days of the date of the notice.

APPROVED *

Issue 9: Should Silver Lake Utilities, Inc.'s existing service availability charges be revised, and if so, what are the appropriate charges?

Recommendation: No. The appropriate service availability charges are the Silver Lake Utilities, Inc.'s existing charges for the water system.

APPROVED *

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Issue 10: What are the Utility's appropriate initial customer deposits for Silver Lake Utilities, Inc. water service?

Recommendation: The appropriate initial water customer deposit should be \$378 for the residential 5/8" x 3/4" meter size. 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 service. The wastewater initial customer deposit should remain unchanged. The approved customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Silver Lake Utilities, Inc. should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

APPROVED *

Issue 11: What is the appropriate amount by which Silver Lake Utilities, Inc.'s 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: Silver Lake Utilities, Inc.'s water rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated July 28, 2016, 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., Silver Lake 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 *

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Issue 12: Should the recommended rates be approved for Silver Lake Utilities, Inc. 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 Silver Lake Utilities, Inc. on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. Silver 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, Silver Lake should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by Silver Lake should be subject to the refund provisions discussed in the analysis portion of staff's memorandum dated July 28, 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's Office of Commission Clerk, no later than the twentieth 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 Silver Lake Utilities, Inc. be required to notify the Commission 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) associated with the Commission-approved adjustments?

Recommendation: Yes. Silver Lake Utilities, Inc. should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The Utility should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA accounts 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.

APPROVED *

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Issue 14: Should this docket be closed?

Recommendation: No. Except for the granting of temporary rates in the event of protest, the four year rate reduction, and proof of adjustment of books and records, which are final actions, 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 Silver Lake and approved by staff, and Silver Lake has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Once these actions are complete, this docket should be closed administratively.

APPROVED as modified

The Commission shall be provided 60 days
notice of any changes made by the
Company

Ashley Quick

From: Kathy Shoaf
Sent: Monday, August 08, 2016 3:30 PM
To: Commissioners & Staffs; CLK - Agenda Staff; Keith Hetrick; Mark Futrell; Apryl Lynn; Mary Anne Helton; Andrew Maurey; Tom Ballinger; Keino Young; Kelley Corbari; Charles Murphy; Cheryl Bulecza-Banks; Laura King; Adam Hill; Mark Cicchetti; Todd Brown; Shannon Hudson; Sonica Bruce
Cc: Kate Hamrick; Jacqueline Moore; Nancy Harrison
Subject: APPROVED - Request for oral modification to Item # 8 on the August 9, 2016 Agenda, Docket No. 150149-WS

Please see attached APPROVED Request for Oral Modification to Item #8, on the August 9, 2016 Agenda, Docket No. 150149-WS.

Kathy Shoaf

Executive Assistant to
Braulio Baez, Executive Director
Florida Public Service Commission
Telephone: (850)413-6053
kshoaf@psc.state.fl.us

From: Braulio Baez
Sent: Monday, August 08, 2016 3:18 PM
To: Mark Futrell; Kathy Shoaf
Cc: Kate Hamrick; Andrew Maurey
Subject: RE: Request for oral modification to Item # 8 on the August 9, 2016 Agenda, Docket No. 150149-WS

Approved.

From: Mark Futrell
Sent: Monday, August 08, 2016 2:41 PM
To: Braulio Baez
Cc: Kathy Shoaf; Kate Hamrick; Andrew Maurey
Subject: Fwd: Request for oral modification to Item # 8 on the August 9, 2016 Agenda, Docket No. 150149-WS

I recommend approval of this oral modification.

Begin forwarded message:

From: Andrew Maurey <AMaurey@PSC.STATE.FL.US>
Date: August 8, 2016 at 2:21:47 PM EDT
To: Mark Futrell <MFutrell@PSC.STATE.FL.US>
Cc: Tom Ballinger <TBalling@PSC.STATE.FL.US>, Greg Shafer <GShafer@PSC.STATE.FL.US>, Mary Anne Helton <MHelton@PSC.STATE.FL.US>, Kelley Corbari <KCorbari@psc.state.fl.us>, Keino Young <KYOUNG@PSC.STATE.FL.US>, Charles Murphy <cmurphy@PSC.STATE.FL.US>

**Subject: FW: Request for oral modification to Item # 8 on the August 9, 2016 Agenda,
Docket No. 150149-WS**

Staff requests approval to make an oral modification to Item 8 scheduled for the August 9, 2016 Commission Conference. Staff's proposed modification relates to Rent of Buildings and Property included in Issue 6 (page 13) of staff's recommendation regarding Silver Lake Utilities, Inc.'s (Utility) application for a staff-assisted rate case (Docket No. 150149-WS).

Subsequent to filing its recommendation, staff determined that modifications are necessary in order to reflect the correct order number and actions previously taken by the Commission. The modification does not affect staff's recommended revenue requirement, and as such, no other changes are necessary to other issues or schedules. Staff's requested oral modification, which includes correction to the referenced footnote, is as follows:

Rent of Buildings and Property (640)

Silver Lake recorded Rental of Buildings and Property expense of \$44,095, which includes the land lease contracts for twenty-five well sites and office space. OPC does not believe this expense is reasonable. However, in Order No. ~~PSC-07-0717-FOF-WS~~ ~~PSC-07-0983-PAA-WS~~,¹³ the Commission ~~approved~~ included these contracts ~~as prudent~~ in the revenue requirement determination. Staff does not believe any adjustment should be made to this account at this time, and staff recommends Rental of Buildings and Property expense of \$44,095.

¹³ Order No. ~~07-0717-FOF-WS, issued September 7, 2007~~ ~~PSC-07-0983-PAA-WS, issued December 10, 2007~~, in Docket No. 060726-WS, *In re: Application for certificates to provide water and wastewater service in Glades County and water service in Highlands County by Silver Lake Utilities, Inc.*