

State of Florida

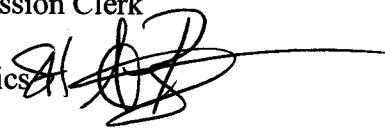


Public Service Commission
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 2, 2016

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: Sonica C. Bruce, Economic Analyst, Division of Economics 

RE: Docket No. 150010-WS - Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.

Please place the attached documents regarding staff's various scenarios of revenue requirement shifts for the potable, non-potable, and wastewater systems.

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2016 NOV -2 PM 12:42
COMMISSION
CLERK

Sonica Bruce

From: Greg Shafer
Sent: Monday, October 31, 2016 11:23 AM
To: Commissioner Brown & Staff; Commissioner Edgar & Staff; Commissioner Graham & Staff; Commissioner Brisé & Staff; Commissioner Patronis & Staff
Cc: Mark Futrell; Kate Hamrick; Braulio Baez; Kathy Shoaf; Sonica Bruce; Shannon Hudson; Curt Mouring; Lee Smith; Charles Murphy; Andrew Maurey; Tom Ballinger; Patti Daniel
Subject: Rate comparison for Item 7, Aquarina SARC, Dkt. 150010-WS
Attachments: Aquarina - Rate comparison.xlsx

Commissioners,

After reviewing staff's recommendation for Item 7, the utility contacted staff regarding the magnitude of the rate increase for non-potable water (irrigation). In particular, the utility is concerned that the largest irrigation customer, an unaffiliated golf course, may leave the system if the staff recommended rates are approved. The golf course is responsible for greater than 60 percent of all non-potable usage. The utility requested that staff limit the increase in non-potable water rates to 10 percent above the existing rate of \$0.78 per thousand gallons and shift the remainder of the revenue requirement to potable water customers. The utility provided no justification for the proposal beyond the fear of losing the golf course as a non-potable customer.

Staff has prepared an analysis of the impact of the utility's proposal on the typical monthly bills for potable and non-potable water and wastewater under several scenarios. The first scenario is staff's recommendation, the second is the utility's proposal of limiting the non-potable rate increase to 10 percent and shifting the remaining non-potable revenue requirement to potable water only. The third scenario spreads the non-potable revenue shortfall to both potable water and wastewater and the final scenario would include staff's recommended BFCs for non-potable, a 10 percent increase to non-potable gallonage and recovery the revenue shortfall only from potable water. The analysis is attached.

The utility will be expressing its concern regarding the magnitude of the non-potable increase at agenda on Tuesday.

If you have questions please contact Sonica Bruce, 413-6994, or Shannon Hudson, 413-7021.

Thanks,
Greg Shafer
413-6958

Impact of Revenue Shift from Limiting Non-potable Increase to 10%

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
	Staff Recommended Rates	Company proposed 10% increase to non-potable Shift rev req to potable	Company proposed 10% increase to non-potable Shift rev req to potable & ww	Retain rec'd BFC 10% increase to gal Shift rev req to potable
Water				
BFC	\$19.16	\$34.31	\$26.19	\$25.68
Gallonage	\$6.95			
0-3,000 gallons		\$11.90	\$9.08	\$8.90
over 3,000 gallons		\$14.78	\$9.86	\$9.60
Non-Potable Irrigation				
BFC	\$13.86	N/A	N/A	\$13.86
Gallonage	\$1.38	\$0.86	\$0.86	\$0.86
Wastewater				
BFC	\$22.83	\$22.22	\$30.85	\$22.22
Gallonage	\$4.94	\$6.18	\$8.67	\$6.18
Bill @ 5,000 gallons				
Water	\$53.91	\$99.57	\$73.15	\$71.58
Irrigation	\$20.76	\$4.30	\$4.30	\$18.16
Wastewater	\$47.53	\$53.12	\$74.20	\$53.12