

Ashley Quick

From: Kathy Shoaf
Sent: Thursday, March 30, 2017 8:40 AM
To: Shannon Hudson; Marissa Friedrich; Lynn Deamer; Cheryl Bulecza-Banks; Robert Graves; Apryl Lynn; Braulio Baez; Carlotta Stauffer; Cayce Hinton; Cindy Muir; CLK - Agenda Staff; Commissioners & Staffs; Jacqueline Moore; Kate Hamrick; Kathy Shoaf; Keith Hetrick; Mark Futrell; Mary Anne Helton
Cc: Kate Hamrick; Jacqueline Moore; Nancy Harrison
Subject: APPROVED: Request approval for Oral Modification - Item 7 - Docket. 160143-WU, Application for increase in water rates in Hardee County by Charlie Creek Utilities, LLC -

Please see the attached APPROVED Oral Modification for Item 7, Docket No. 160143-WU.

Thank you .

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: Wednesday, March 29, 2017 7:48 PM
To: Greg Shafer
Cc: Mark Futrell; Kate Hamrick; Kathy Shoaf; Patti Daniel; Marissa Friedrich; Shannon Hudson; Andrew Maurey; Tom Ballinger; Lee Eng Tan
Subject: RE: Request approval for Oral Modification - Item 7 - Docket. 160143-WU, Application for increase in water rates in Hardee County by Charlie Creek Utilities, LLC -

Approved, thank you.

Sent from my T-Mobile 4G LTE Device

----- Original message -----

From: Greg Shafer <GShafer@PSC.STATE.FL.US>
Date: 3/29/17 4:10 PM (GMT-05:00)
To: Braulio Baez <BBaez@PSC.STATE.FL.US>
Cc: Mark Futrell <MFutrell@PSC.STATE.FL.US>, Kate Hamrick <KHamrick@psc.state.fl.us>, Kathy Shoaf <kshoaf@psc.state.fl.us>, Patti Daniel <PDaniel@PSC.STATE.FL.US>, Marissa Friedrich <mfriedri@psc.state.fl.us>, Shannon Hudson <SHudson@PSC.STATE.FL.US>, Andrew Maurey <AMaurey@PSC.STATE.FL.US>, Tom Ballinger <TBalling@PSC.STATE.FL.US>, Lee Eng Tan <LTAN@PSC.STATE.FL.US>
Subject: Request approval for Oral Modification - Item 7 - Docket. 160143-WU, Application for increase in water rates in Hardee County by Charlie Creek Utilities, LLC -

7 (CP) 3-30-17

Staff requests approval to make an oral modification to Item 9 scheduled for the April 4, 2016 Commission Conference (Docket. 160143-WU, Application for increase in water rates in Hardee County by Charlie Creek Utilities, LLC). Staff inadvertently did not remove additional miscellaneous revenues from the revenue requirement that would be generated from staff's recommended increase to miscellaneous service, late payment, and convenience charges and the recommended addition of a meter tampering charge. Modifications are necessary in order for final rates to reflect the appropriate removal of miscellaneous revenues on a prospective basis. As a result of these changes, staff increased the BFC allocation from 40 percent to 43 percent and the repression adjustment was removed. Additionally, Schedule No. 4 containing staff's recommended monthly water rates should be modified to reflect these changes. Staff's proposed modifications are shown below.

Corrections to Issue 9 (pages 26-27) are contained within Staff's Analysis.

In order to design gallonage charges that will send the appropriate pricing signals to target non-discretionary usage, staff believes 40.43 percent of the revenue requirement should be recovered through the BFC. At the 40.43 percent BFC allocation, the percentage increase in price increases as consumption increases, which is one of the rate design goals. In addition, the average number of people per household served by the water system is two and one half; therefore, based on the number of persons per household, 50 gallons per day per person, and the number of days per month, the non-discretionary usage threshold should be 4,000 gallons per month instead of 3,000 gallons. Staff recommends a BFC and a two-tier gallonage charge rate structure for residential customers. The rate tiers should be: (1) 0-4,000 gallons and (2) all usage in excess of 4,000 gallons per month. Staff recommends a BFC and uniform gallonage charge rate structure for general service customers.

As discussed in Issue Nos. 12, 13, and 14, staff recommends increases to the utility's miscellaneous service, late payment, and convenience charges and the addition of a meter tampering charge. As a result, test year miscellaneous revenues should be increased to \$10,834 to reflect the appropriate miscellaneous revenues on a prospective basis. Further, based on the recommended revenue increase of approximately 16.3 percent excluding miscellaneous revenues, there is no anticipated repression. residential consumption can be expected to decline by 292,000 gallons, resulting in anticipated average residential demand of 4,619 gallons per month. Staff recommends a 3.5 percent reduction in total test year residential gallons for rate setting purposes and corresponding reductions of \$13 for purchased power, \$6 for chemical expense, and \$1 for RAFs to reflect the anticipated repression. These adjustments result in a post repression revenue requirement of \$69,333. The recommended rate structure and monthly water rates are shown on Schedule No. 4. Additionally, staff evaluated alternative rate structures with varying BFC allocation and found that the alternatives were not in accordance with the rate design parameters.

Corrections to Schedule No. 4 Monthly Water Rates (page 51).

CHARLIE CREEK UTILITIES, LLC. TEST YEAR ENDED 12/31/15 MONTHLY WATER RATES		SCHEDULE NO. 4 DOCKET NO. 160143-WU	
	UTILITY CURRENT RATES	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
Residential and General Service			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$15.00	\$15.89	\$0.14-\$0.15
3/4"	\$22.50	\$23.84	\$0.21-\$0.23
1"	\$37.50	\$39.73	\$0.35-\$0.38
1-1/2"	\$75.00	\$79.45	\$0.71-\$0.76

2"	\$120.00	\$127.12	\$1.13 \$1.22
3"	\$240.00	\$254.24	\$2.26 \$2.44
4"	\$375.00	\$397.25	\$3.54 \$3.81
6"	\$750.00	\$794.50	\$7.07 \$7.63
Charge per 1,000 gallons - Residential			
0 - 3,000 gallons	\$3.50	N/A	N/A
Over 3,000 gallons	\$4.50	N/A	N/A
0 - 4,000 gallons	N/A	\$4.72 \$4.00	\$0.04
Over 4,000 gallons	N/A	\$5.90 \$5.01	\$0.05
Charge per 1,000 gallons - General Service			
0 - 3,000 gallons	\$3.50	N/A	
Over 3,000 gallons	\$4.50	N/A	
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
4,000 Gallons	\$30.00	\$34.77 \$31.89	
6,000 Gallons	\$39.00	\$46.57 \$41.91	
8,000 Gallons	\$48.00	\$58.57 \$51.93	