

FLORIDA PUBLIC SERVICE COMMISSION

Item 4

VOTE SHEET

November 7, 2017

FILED 11/7/2017  
DOCUMENT NO. 09591-2017  
FPSC - COMMISSION CLERK

Docket No. 20160176-WS – Application for staff-assisted rate case in Polk County by Four Lakes Golf Club, Ltd.

**Issue 1:** Is the quality of service provided by Four Lakes Golf Club, Ltd. satisfactory?

**Recommendation:** Yes. Staff recommends that the overall quality of service provided by the Utility be considered satisfactory.





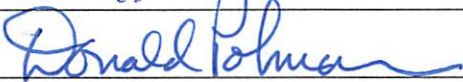
APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

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**Issue 2:** What are the used and useful percentages (U&U) of Four Lakes' water treatment plant (WTP), wastewater treatment plant (WWTP), and distribution and collection systems?

**Recommendation:** Four Lakes' WTP, water distribution system, WWTP, and wastewater collection system should all be considered 100 percent U&U. There is no excessive infiltration and inflow. Staff recommends a 7.2 percent adjustment to purchased power and chemical expenses be made for excessive unaccounted for water.

**APPROVED**

**Issue 3:** What is the appropriate average test year rate base for Four Lakes?

**Recommendation:** The appropriate average test year rate base for Four Lakes is \$331,883 for water and zero for wastewater. Four Lakes should complete the pro forma items within 12 months of the issuance of the consummating order. 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. Also, the Utility should be required to submit a copy of the final invoices and proof of payment for all pro forma plant items.

**APPROVED**

**Issue 4:** What is the appropriate rate of return on equity and overall rate of return for Four Lakes?

**Recommendation:** The appropriate return on equity (ROE) is 9.96 percent with a range of 8.96 percent to 10.96 percent. The appropriate overall rate of return is 7.31 percent.

**APPROVED**

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**Issue 5:** What are the appropriate test year revenues for Four Lakes?

**Recommendation:** The appropriate test year revenues for Four Lakes are \$143,020 for water and \$142,313 for wastewater.

**APPROVED**

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

**Recommendation:** The appropriate amount of operating expense for the Utility is \$192,125 for water and \$215,815 for wastewater.

**APPROVED**

**Issue 7:** Should the Commission utilize the operating ratio methodology as an alternative method of calculating the wastewater revenue requirement for Four Lakes and, if so, what is the appropriate margin?

**Recommendation:** Yes. The Commission should utilize the operating ratio methodology for calculating the wastewater revenue requirement for Four Lakes. The margin should be 5.41 percent of O&M expense.

**APPROVED**

**Issue 8:** What is the appropriate revenue requirement?

**Recommendation:** The appropriate revenue requirement is \$216,386 for water and \$225,815 for wastewater, resulting in an annual increase of \$73,366 for water (51.30 percent) and \$83,502 for wastewater (58.67 percent).

**APPROVED**

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**Issue 9:** What are the appropriate rate structure and rates for Four Lakes' water and wastewater systems?

**Recommendation:** The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated October 26, 2017. 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 provided customers have received notice 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 noticing within 10 days of rendering its approved notice.

APPROVED

*Commission voted to adopt Alternative II  
Water Rates Structure.*

**Issue 10:** Should Four Lakes' service availability charge be discontinued?

**Recommendation:** Yes, Four Lakes' service availability charge should be discontinued. In the event there is new development in Four Lakes' service territory, the utility should file an application for new service availability charges.

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?

**Recommendation:** The water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated October 26, 2017, 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. 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 Four Lakes 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.

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**Issue 12:** Should the recommended rates be approved for Four Lakes 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 October 26, 2017. 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 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**

**Issue 13:** Should Four Lakes 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. Four Lakes 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 Schedules No. 5-A and 5-B of staff's memorandum dated October 26, 2017, 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 no later than seven days prior to deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

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**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 that the pro forma projects have been completed. Once these actions are complete, this docket should be closed administratively.

**APPROVED**