

FLORIDA PUBLIC SERVICE COMMISSION

Item 13

VOTE SHEET

November 5, 2019

FILED 11/5/2019
DOCUMENT NO. 10772-2019
FPSC - COMMISSION CLERK

Docket No. 20180202-SU – Application for staff-assisted rate case in Polk County by West Lakeland Wastewater, LLC.

Issue 1: Is the quality of service provided by West Lakeland Wastewater, LLC satisfactory?

Recommendation: Yes. West Lakeland has been responsive to customer complaints and is currently in compliance with the DEP; therefore, staff recommends that the quality of service be considered satisfactory.

APPROVED

Issue 2: Are the infrastructure and operating conditions of West Lakeland Wastewater, LLC wastewater system in compliance with DEP regulations?

Recommendation: Yes. The West Lakeland wastewater system is currently in compliance with the DEP.




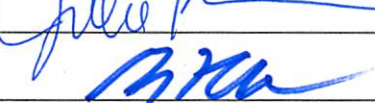
APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

REMARKS/DISSENTING COMMENTS:

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Issue 3: What are the used and useful percentages (U&U) of West Lakeland Wastewater, LLC WWTP and collection systems?

Recommendation: West Lakeland's WWTP and wastewater collection system should both be considered 100 percent U&U. Also, staff recommends that a 20.7 percent adjustment to purchased power and chemicals should be made for excessive infiltration and inflow (I&I).

APPROVED

Issue 4: What is the appropriate average test year rate base for West Lakeland Wastewater, LLC?

Recommendation: The appropriate average test year rate base for West Lakeland for ratemaking purposes is zero.

APPROVED

Issue 5: What is the appropriate return on equity and overall rate of return for West Lakeland Wastewater, LLC?

Recommendation: The appropriate return on equity (ROE) is 10.55 percent with a range of 9.55 percent to 11.55 percent.

APPROVED

Issue 6: What are the appropriate test year revenues for the wastewater system of West Lakeland Wastewater, LLC?

Recommendation: The appropriate test year revenues for West Lakeland are \$136,394.

APPROVED

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Issue 7: What is the appropriate amount of operating expense for West Lakeland Wastewater, LLC?

Recommendation: The appropriate amount of operating expense for West Lakeland is \$125,951.

APPROVED

Issue 8: Should the Commission utilize the operating ratio methodology as an alternative method of calculating the wastewater revenue requirement for West Lakeland Wastewater, LLC and, if so, what is the appropriate margin?

Recommendation: Yes. The Commission should utilize the operating ratio methodology for calculating the revenue requirement for West Lakeland. The margin should be 12 percent of O&M expense.

APPROVED

Issue 9: What is the appropriate revenue requirement for West Lakeland Wastewater, LLC?

Recommendation: The appropriate revenue requirement is \$139,713 resulting in an annual increase of \$3,318 (2.43 percent).

APPROVED

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Issue 10: What are the appropriate rate structure and rates for West Lakeland Wastewater, LLC system?

Recommendation: Staff recommends that the rate increase of 2.55 percent for wastewater should be applied as an across-the-board increase monthly to service rates. The rates, as shown on Schedule No. 4 of staff's memorandum dated October 24, 2019, 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. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. 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 that 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?

Recommendation: The rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated October 24, 2019, 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 367.081(8), F.S. West Lakeland 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: What are the appropriate initial customer deposits for West Lakeland Wastewater, LLC?

Recommendation: The appropriate initial customer deposit is \$78 for all residential meter sizes. The initial customer deposits for all general service meter sizes should be two times the average estimated monthly bill. The approved initial customer deposits should be effective for service 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 collect the approved initial customer deposits until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

Issue 13: Should the recommended rates be approved for West Lakeland Wastewater, LLC 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 the utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility. West Lakeland 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 staff analysis portion of staff's memorandum dated October 24, 2019. 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 20th 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.

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

Recommendation: Yes. West Lakeland should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. West Lakeland should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary 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 the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

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 Proposed Agency Action 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. Once these actions are complete, this docket should be closed administratively.

APPROVED