

FLORIDA PUBLIC SERVICE COMMISSION

Item 11

VOTE SHEET

March 31, 2020

FILED 4/1/2020
DOCUMENT NO. 01698-2020
FPSC - COMMISSION CLERK

Docket No. 20190113-WS – Application for staff-assisted rate case in Manatee County by Heather Hills Utilities, LLC.

Issue 1: Is the quality of service provided by Heather Hills satisfactory?

Recommendation: Staff recommends that the overall quality of service for Heather Hills should be considered satisfactory.

APPROVED

Issue 2: Are the infrastructure and operating conditions of Heather Hills’ water and wastewater systems in compliance with DEP regulations?

Recommendation: Yes, Heather Hills’ water and wastewater systems are currently in compliance with DEP regulations.


APPROVED


COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES


MAJORITY


DISSENTING





Donald J. Polmann





REMARKS/DISSENTING COMMENTS:

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Issue 3: What are the used and useful (U&U) percentages for the Utility’s water distribution and wastewater collection system?

Recommendation: Staff recommends that the water distribution system and the wastewater collection system be considered 100 percent U&U. There is no excessive unaccounted for water (EUW). Staff is unable to calculate inflow and infiltration (I&I) due to the nature of the Utility’s provision of wastewater service. Therefore, no adjustment to operating expenses is recommended.

APPROVED

Issue 4: What are the appropriate average test year water and wastewater rate bases for Heather Hills, LLC?

Recommendation: The appropriate average test year rate base for Heather Hills is \$46,622 for water and \$16,998 for wastewater.

APPROVED

Issue 5: What is the appropriate return on equity and overall rate of return for Heather Hills?

Recommendation: The appropriate return on equity (ROE) is 10.55 percent with a range of 9.55 percent to 11.55 percent. The traditional rate of return does not apply in this case due to rate base being less than 125 percent of O&M expenses.

APPROVED

Issue 6: What are the appropriate test year revenues for the water and wastewater systems?

Recommendation: The appropriate test year revenues for Heather Hills’ water is \$65,206 and wastewater is \$117,484.

APPROVED

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Issue 7: What is the appropriate amount of operating expenses for Heather Hills?

Recommendation: The appropriate amount of operating expenses for Heather Hills is \$72,522 for water and \$118,902 for wastewater.

APPROVED

Issue 8: Does the Utility meet the criteria for the application of the Operating Ratio Methodology?

Recommendation: Yes. The Utility meets the requirement for application of the operating ratio methodology for calculating the revenue requirement for Heather Hills. The margin should be 12 percent of O&M expenses.

APPROVED

Issue 9: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$76,385 for water and \$122,432 for wastewater resulting in an annual increase of \$11,179 for water and \$4,788 for wastewater.

APPROVED

Issue 10: What are the appropriate rate structures and rates for the water and wastewater systems of Heather Hills Utilities, LLC?

Recommendation: The recommended rate structures and quarterly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. 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 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 notice was given within 10 days of the date of this notice.

APPROVED

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Issue 11: What is the appropriate amount by which the rates should be reduced after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.081(8), F.S.?

Recommendation: The rates should be reduced as shown on Schedule No. 4, 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 rate case expense recovery period, pursuant to Section 367.081(8), F.S. Heather Hills 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. (Bethea, Bennett)

APPROVED

Issue 12: Should the requested initial customer deposits for Heather Hills Utilities, LLC. be approved?

Recommendation: The appropriate initial customer deposits should be \$106 for the single family residential 5/8 inch x 3/4 inch meter size for water and \$172 for the single family residential 5/8 inch x 3/4 inch meter size for wastewater. 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 and wastewater. The approved initial 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. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

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Issue 13: Should the recommended rates be approved for Heather Hills 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. Heather Hills 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 March 19, 2020. 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. (Bennett)

APPROVED

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. Heather Hills should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Heather Hills should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory and Utility Commissioners Uniform System of Accounts (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. (Bennett)

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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