



Florida Public Service Commission

SPECIAL REPORT

APRIL 2010

Application for staff-assisted rate case in Polk County by

Alturas Utilities, L.L.C.

DOCKET NO. 090477-WU

On December 11, 2009, Alturas Utilities, L.L.C. (Alturas) filed an application with the Florida Public Service Commission (PSC or Commission) for a staff-assisted rate case to increase its water rates. Alturas is a Class C utility serving approximately 76 water customers in Polk County.

QUESTIONS & ANSWERS

1 Is there an opportunity for public input on this rate case?

Yes. As part of the evaluation process for Alturas' rate request, the Commission staff will conduct a customer meeting to allow customer feedback about Alturas and the rate setting process. Customer comments, written and oral, will be taken into consideration when the Commission reaches a decision.

2 Why is Alturas requesting a rate increase?

Alturas is requesting a rate increase to cover increasing operating costs and to earn a fair rate of return on its investment.

3 When was Alturas' last rate case?

This is Alturas' first rate case before the Commission.

4 Presently, how much is the average monthly water bill for a residential customer?

Currently, the average monthly water bill for a residential customer is \$29.08.

CUSTOMER MEETING

Wednesday, April 14, 2010

6:00 p.m.

Bartow Civic Center Game Room

2250 South Floral Avenue

Bartow, FL 33820

To check if a meeting has been canceled, look on the Commission's Web site (www.floridapsc.com) under the Hot Topics link on the home page. Cancellation can also be confirmed by calling the Office of the General Counsel at (850) 413-6199.

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5 Using staff's proposed rates, how much would the average monthly water bill be for a residential customer?

Using staff's proposal, the average monthly water bill for a residential customer would be \$46.30.

6 What if I can't make the customer meeting or prefer not to speak? Are there other ways to comment on the issue?

Any person who wants to comment or provide information to the Commission regarding this matter may do so orally at the meeting or in writing. Correspondence will be placed in the docket file. Written comments should be mailed to:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

The PSC will also accept faxes and e-mails.

Fax number: 1-800-511-0809

Internet e-mail address:
contact@psc.state.fl.us

Please be sure to include the docket number, **090477 - WU**.

Customer comments are placed on the consumer side of the docket file and are taken into consideration by the Commissioners in reaching their decision. In accordance with Florida Statutes, the PSC will also consider Alturas' quality of service and other matters. If you have questions, call the Florida Public Service Commission's Division of Service, Safety & Consumer Assistance at 1-800-342-3552.

7 Who can answer technical or legal questions?

For technical questions, contact:

Jared Deason
(850) 413-6844

Bart Fletcher
(850) 413-7017

Robert Simpson
(850) 413-7001

Sonica Bruce
(850) 413-6994

For legal questions, contact:

Ralph Jaeger
(850) 413-6234

8 Where on the Internet can I obtain more detailed information?

Detailed docket information is available on the PSC web site at www.floridapsc.com. Click on **Dockets and Filings/Dockets** and then type in the docket number, **090477**.

9 When will the PSC make a decision?

The PSC staff is scheduled to file a recommendation with the Commission on May 19, 2010. The Commissioners are expected to vote on this matter at the June 1, 2010 Agenda Conference.

PSC Commissioners



COMMISSIONER
Ben A. "Steve" Stevens III



COMMISSIONER
Lisa Polak Edgar



CHAIRMAN
Nancy Argenziano



COMMISSIONER
Nathan A. Skop



COMMISSIONER
David E. Klement

Nancy Argenziano was appointed to the Florida Public Service Commission by Governor Charlie Crist for a four-year term beginning May 2007 and was elected Chairman for the years 2010 and 2011. Before her appointment to the PSC, Chairman Argenziano served more than 10 years in the Florida legislature. She was first elected to the Florida House of Representatives in 1996 (District 43) and served there until her election in 2002 to the Florida Senate (District 3). ♦ While serving in the legislature, she served on many different committee and council assignments including Environmental Preservation, Governmental Oversight (Chair), Comprehensive Planning, Criminal Justice (Chair), Criminal Justice Appropriations, Regulated Industries, Rules and Calendar, Agriculture (Chair), Administrative Procedure, Public Service Commission Oversight, Ethics and Elections, Health Policy, Elder Affairs (Chair), Healthcare Council (Chair), Crime and Punishment, Water Resource Management, and Utilities and Communication. ♦ As a Senator, her legislative career focused on protection of the elderly and other vulnerable citizens, resource protection, and full participation of the citizens in their government. Notable legislation which she has sponsored includes nursing home reform, "local sources first" (water use), two pharmacy discount programs, a law providing for clearing the courtroom for victim sex crime testimony, enhanced penalties for crimes against the elderly, Public Counsel representation in utility rates cases, protection of our springs, a "scambusters" program for the protection of consumers, and protection for our children from sexual predators (the Jessica Lunsford Act), just to mention a few. ♦ Chairman Argenziano has one son, Joseph, who has proudly served his country for 14 years in the United States Air Force. Chairman Argenziano is a member of the National Association of Regulatory Utility Commissioners (NARUC).

Lisa Polak Edgar was appointed to the Florida Public Service Commission (PSC) by Governor Jeb Bush for a four-year term beginning January 2005. From January 2006 to January 2008, she served as Chairman and participated as a member of the Florida Energy Commission and the Governor's Action Team on Energy and Climate Change. Governor Charlie Crist reappointed Commissioner Edgar to a second four-year term, January 2009 through December 2012. ♦ During her first term, Commissioner Edgar worked to develop policies to strengthen the state's electric infrastructure to better prepare for, and withstand, storm events; to establish net metering and interconnection rules that encourage customer participation and renewable energy development; to further the diversification of Florida's fuel supply; to effectively reform the collection and distribution of Universal Service funds; and to broaden stakeholder participation. ♦ Commissioner Edgar served on the Federal Communications Commission Universal Service Joint Board from 2005 through 2009 working for efficient, accountable and fiscally responsible use of Universal Service funds. She is currently a member of the National Association of Regulatory Utility Commissioners Board of Directors, as well as the Committees on Electricity and Consumer Affairs. ♦ Prior to joining the PSC, Commissioner Edgar served as Deputy Secretary for the Florida Department of Environmental Protection (DEP). Her responsibilities at DEP included executive management oversight of the agency's \$2.1 billion budget, fiscal and strategic planning, accountability measures, information technology, administrative services, Florida Geological Survey, and coordination between the state and federal government on environmental issues, including proposed and existing oil and gas drilling on the Outer Continental Shelf. Commissioner Edgar represented the State of Florida on the Minerals Management Service Outer Continental Shelf (OCS) Policy Committee from 1993-2004, and on the Subcommittees on Environmental Studies in OCS Areas under Moratoria and OCS Hard Minerals. ♦ Commissioner Edgar received her Bachelor of Science and Juris Doctorate degrees from Florida State University and is a member of the Florida Bar. She is a member of Leadership Florida and the Capital Bay Tiger Club, and serves on the Board of Directors of Sustainable Florida—Collins Center. ♦ Commissioner Edgar and her husband are members of Killlearn United Methodist Church and are raising their two active children in Tallahassee.

Nathan A. Skop was appointed to the Florida Public Service Commission by Governor Charlie Crist for a four-year term beginning January 2007. ♦ Commissioner Skop currently serves as a faculty instructor for the National Association of Regulatory Utility Commissioners (NARUC) Utility Rate School. Commissioner Skop also serves on the NARUC Committee on Electricity and the Subcommittee on Nuclear Issues - Waste Disposal. Commissioner Skop previously served on the NARUC Committee for Consumer Affairs and the Committee on Energy Resources and the Environment. ♦ Prior to his appointment, Commissioner Skop gained over thirteen years of engineering, manufacturing, operations, program management, and financial management experience working for Fortune 500 corporations. ♦ Commissioner Skop began his professional career as a nuclear project engineer with the Electric Boat Division of General Dynamics Corporation in Groton, Connecticut. As a member of the Advanced Propulsion

PSC Commissioners *continued*

Plant Technology Program he participated in the design, integration, and qualification testing of nuclear submarine propulsion system turbomachinery for the USS SEAWOLF (SSN 21), and participated in the initial criticality and power range testing of the USS SANTA FE (SSN 763) nuclear submarine reactor plant. ♦ Commissioner Skop continued his professional career as a specialist engineer with the Propulsion Systems and Customer Service divisions of the Boeing Commercial Airplane Group in Seattle, Washington. While serving in these positions he participated in the design, integration, and test of Engine Build-Up installations for Pratt & Whitney engines installed on Boeing 777 aircraft, and supported General Electric aircraft engines installed on Boeing 747, 767, and 777 aircraft. ♦ Prior to attending law school, Commissioner Skop gained substantial renewable energy and energy industry experience as a business manager with FPL Energy (an unregulated subsidiary of FPL Group) through managing nine renewable wind energy projects located in Altamont Pass, California, and a coal fired co-generation plant located in Stockton, California. ♦ Commissioner Skop's extensive power generation experience includes renewable energy (wind and solar), fossil fuel (combined cycle, gas turbine, co-generation, and coal), and nuclear power. ♦ Commissioner Skop graduated from the University of Florida with a BS in Aerospace Engineering in 1991. He later earned an MBA with concentrations in financial management and investment analysis from Rensselaer Polytechnic Institute in 1996, and a JD from the University of Florida Levin College of Law in 2006. Commissioner Skop also holds a graduate level certificate in environmental management from the Hartford Graduate Center and attended an executive education program focusing on mergers and acquisitions at the Wharton School of Business at the University of Pennsylvania. ♦ Commissioner Skop has been quoted in BusinessWeek, The New York Times, and NPR Morning Edition on regulatory policy issues, and had a case comment published in the Journal of Technology Law & Policy for the Levin College of Law at the University of Florida. ♦ Commissioner Skop is admitted to practice law in Florida, a member of the Florida Bar, and serves as a Guardian ad Litem for the Circuit Court of the Second Judicial Circuit in Leon County. ♦ Commissioner Skop was raised in Sanford, Florida. Prior to relocating to Tallahassee to serve in his current position, Commissioner Skop previously lived in Gainesville and Palm Beach Gardens, Florida.

David E. Klement was appointed to the Florida Public Service Commission (PSC) by Governor Charlie Crist for a four-year term beginning January 2010. He joined the PSC in October 2009, when Governor Crist selected him to fill a Commissioner vacancy. ♦ Prior to his appointment, Commissioner Klement served as Director of the Institute for Public Policy & Leadership at the University of South Florida, where he created forums to address community needs, anticipated future challenges and the strategies to tackle them, and engaged students in leadership and civic opportunities. ♦ Commissioner Klement worked as a journalist for more than four decades, most recently serving as editorial page editor at *The Bradenton Herald*. In this capacity, he formulated editorial policy for the daily newspaper and authored editorials as well as regular personal columns. He formerly held the business editor and city editor positions at the *Herald*, which involved convening and moderating town hall meetings and creating public affairs programs on government access television. The Commissioner was also an editor and reporter at *The Detroit Free Press* and *The Daily Oklahoman* in Oklahoma City. ♦ He has received honors from the Southern Newspaper Publishers Association, the Society of Professional Journalists, and the Florida Press Association for his editorial writing. Commissioner Klement also shared the prestigious Pulitzer Prize with the newsroom staff of *The Detroit Free Press* in 1968 for coverage of the Detroit riots in 1967. ♦ A recent graduate of Leadership Florida, Commissioner Klement received a bachelor's degree in journalism from the University of North Texas and a master's degree in mass communications from the University of South Florida. He has served as a member of both the Manatee and the Sarasota Chambers of Commerce and served on the Boards of the U.S. Green Building Council, Myakka River Branch, and Manatee Educational Television (METV). ♦ He has been married to his wife, JoAnne, for 31 years. She is a former journalist and now is a public relations marketing consultant. They have two adult children and five grandchildren.

Ben A. "Steve" Stevens III, CPA was appointed to the Florida Public Service Commission (PSC) by Governor Charlie Crist for a four-year term beginning January 2010. Commissioner Stevens most recently served as the chief financial officer for the Escambia County Sheriff's Office for eight years. Before this, he served as interim director and manager of the Office of Management and Budget for the Escambia Board of County Commissioners, where he also worked as a budget research analyst. Commissioner Stevens, a licensed certified public accountant, began his career in 1989 with a private public accounting firm, Saltmarsh, Cleveland & Gund. ♦ He is past president of the 19,000-member professional association, the Florida Institute of Certified Public Accountants, and past president of the Pensacola Cordova Rotary. Commissioner Stevens received B.S. degrees in Accounting and Finance from Florida State University. A small business owner, he is married to wife, Ginny, and they have three children.

Monthly Water Service Rates

| | Utility's Existing Rates | Staff Recommended Rates |
|---|--------------------------------|-------------------------------|
| <u>Residential Service</u> | | |
| <u>Base Facility Charge All Meter Sizes:</u> | | |
| 5/8" x 3/4" | \$ 11.00 | \$ 12.41 |
| 3/4" | \$ 16.50 | \$ 18.62 |
| 1" | \$ 27.50 | \$ 31.03 |
| 1-1/2" | \$ 55.00 | \$ 62.05 |
| 2" | \$ 88.00 | \$ 99.28 |
| 3" | \$ 176.00 | \$ 198.56 |
| 4" | \$ 275.00 | \$ 310.25 |
| 6" | \$ 550.00 | \$ 620.50 |
| <u>Residential Gallonage Charge</u> | | |
| Per 1,000 Gallons | \$ 3.25 | \$ 0.00 |
| Per 1,000 Gallons, 0-5,000 Gallons | \$ 0.00 | \$ 5.83 |
| Per 1,000 Gallons, 5,000-7,000 Gallons | \$ 0.00 | \$ 8.43 |
| Per 1,000 Gallons, above 7,000 Gallons | \$ 0.00 | \$ 10.54 |
| <u>General Service Gallonage Charge</u> | | |
| Per 1,000 Gallons | \$ 3.25 | \$ 7.04 |
| <u>Typical Residential Bills 5/8" x 3/4" Meter</u> | | |
| 3,000 Gallons | \$ 20.75 | \$ 29.90 |
| 5,000 Gallons | \$ 27.25 | \$ 41.56 |
| 10,000 Gallons | \$ 43.50 | \$ 90.04 |

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Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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