

FLORIDA PUBLIC SERVICE COMMISSION

SPECIAL COMMISSION CONFERENCE

VOTE SHEET

DATE: August 15, 1996

RE: DOCKET NO. 950495-WS - Application for rate increase and increase in service availability charges by Southern States Utilities, Inc. for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, St. Johns, St. Lucie, Volusia, and Washington Counties.

Issue 74: Are any revenue or expense adjustments necessary due to the utility's proposed repression adjustment?

Recommendation: No. At the July 31, 1996 Special Agenda Conference, the Commission increased SSU's test year expenses by \$287,585 to reverse the repression-related expense reductions recorded by SSU. As staff recommends that no adjustments be made to the water service areas' billing determinants to reflect the effects of repression, no additional expense adjustments are necessary.

MODIFIED *Approved with the modification that the company is to provide customer billing and customer gallowage data to allow staff to determine repression or stimulation. The information is to be compiled on a monthly basis and submitted to the Commission quarterly; further the information is to be provided by customer class and meter size.*

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in the Majority column: J. Terry Deason, Susan J. Clark, and James A. ...]

[Handwritten signature in the Dissenting column: J. Terry Deason]

REMARKS/DISSENTING COMMENTS:

Commissioner Clark and Kesting dissented on reconsideration of issues 4 and 5. Commissioner Deason dissented on affirmation of the initial vote. Commissioner Deason dissented on Issue 125, 128

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Issue 75: What are the appropriate projected number of water and wastewater bills and consumption to be used to calculate revenue for the 1996 projected test year and to calculate rates for service?

Recommendation: The appropriate projected number of water bills, wastewater bills and wastewater consumption used to calculate revenue for the 1996 projected test year and to calculate rates for service were presented in Attachment D of staff's memorandum dated July 24, 1996. Those billing determinants were approved by the Commission at the July 31, 1996 Special Agenda Conference. The appropriate projected number of water billing determinants to be used to calculate rates for the water gallonage charge are 10,222,626,547 gallons.

APPROVED

Issue 117: Are SSU's facilities and land functionally related and if so, does the combination of functionally related facilities and land, wherever located, constitute a single system as defined under Section 367.021(11), F.S.?

Recommendation: Yes. SSU's facilities and land are functionally related. In addition, the combination of functionally related facilities and land, wherever located, does constitute a single system as defined under Section 367.021(11), F.S.

APPROVED

Issue 118: Should the utility's proposed weather normalization clause be implemented?

Recommendation: No. The utility's proposed weather normalization clause should not be implemented.

APPROVED

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Issue 119: Should rates be adjusted for any service areas for the purpose of encouraging water conservation?

Recommendation: No. The rates should not be adjusted for any service areas for the purpose of encouraging water conservation. The rate level increase approved in this docket coupled with a usage sensitive rate and the conservation programs should provide a reasonable conservation incentive.

MODIFIED

approved with modification that conservation data is to be provided in company's next rate case request.

Issue 120: What is/are the appropriate bulk rate(s)?

Recommendation: The appropriate bulk raw water rate for Marco Island is \$1.53 per thousand gallons. Furthermore, based upon the Commission's decision at the July 31, 1996 Special Agenda concerning the adjustment to ROE, the appropriate bulk raw water rate after the two year period is \$1.56.

on the Commission's own motion, the vote on issues 4 and 5 was reconsidered. - Commissioners Clark and Kiesling dissented. The Commission's prior decision was reaffirmed. Commissioner Deason dissented.

120:

APPROVED

Issue 121: In light of Section 367.0817, F.S., should any of the revenue requirements associated with reuse be allocated to the water customers of those facilities?

Recommendation: No. No portion of the reuse revenue requirement should be allocated to water customers at this time. The company should be put on notice that this issue will be explored in its next rate filing.

APPROVED

Issue 122: What are the appropriate rates for reuse customers in this case?

Recommendation: The appropriate reuse rates and resulting revenues should be those contained in Attachment D of staff's August 8, 1996 memorandum. Reuse revenues in the amount of \$12,285 should be imputed for Deltona. The utility should be required to file tariff sheets consistent with Issue 129 for all service areas that provide reuse, including those with no charge. It should also be required to charge the staff recommended rate to the Deltona customers for the provision of reuse, or, file a tariff filing with a reuse rate of zero. The utility should also be put on notice that this issue will be explored in its next rate proceeding.

APPROVED

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Issue 123: What are the appropriate miscellaneous charges for this utility?
Recommendation: The current charges are appropriate. Further, the Commission should direct staff to update SAB 2nd revised 13 based upon like charges for all industries on file with the agency. Also, the Commission should direct staff to begin including miscellaneous service charges when processing index applications.

APPROVED

Issue 124: For SSU, what goals and objectives (i.e. safe and efficient service at an affordable price, resource protection, financial viability, regulatory efficiency) should the Commission consider in determining the appropriate rate structure and service availability charges?
Recommendation: For rate structure, the appropriate goals and objectives to consider are, but are not limited to:

1. The affordability of rates to all customers;
2. The ease of administration;
3. Customer acceptance and understandability;
4. Fairness (the degree to which subsidies occur);
5. Rate continuity;
6. Conservation and resource protection;
7. Revenue stability and predictability for the utility;
8. The impact of rate structure on acquisitions.

For service availability, we believe that to the extent practicable, growth should pay for itself, charges should not be unduly high so as to impede growth and reaching minimum CIAC levels for each individual plant not be considered an objective.

APPROVED

Issue 125: What is the appropriate rate structure for SSU in this docket?
Recommendation: A uniform base facility and gallonage charge rate structure should be the long term goal for SSU. However, based on evidence of record, a combination capped and banded rate structure (capband) as described in the staff analysis should be approved for SSU in this docket as a step toward a single uniform rate. The calculation of the capband rate structure should be based on spreading the subsidy on a 40/60 split between the base facility and gallonage charges.

APPROVED

Commissioner Deason dissented

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Issue 126: Should the Commission adopt the rate structure of 40% of revenue collected from the BFC and 60% of revenue collected from the gallonage charge, as proposed by SSU?

Recommendation: Yes. The Commission should adopt the rate structure of 40 percent of revenue collected from the BFC and 60 percent of revenue collected from the gallonage charge, as proposed by SSU.

APPROVED

Issue 127: What are the appropriate rates for Residential Wastewater Only customers?

Recommendation: Flat rates for Residential Wastewater Only (RWO) customers should be calculated on a per service area basis. In order to determine the feasibility of a metered rate for Tropical Isles, SSU should be given 120 days from the effective date of the order to explore whether or not it is feasible to obtain metered information from the City of Ft. Pierce and file a report of their investigation. Such report should detail the steps taken in this investigation, as well as the company's calculation of a metered rate taking into account the wastewater rate structure that is ultimately approved in this docket. Additionally, SSU should explore in this report how a vacation rate can be implemented for the Tropical Isles customers. Further, SSU should be required to notify the customers of Tropical Isles that this issue is being explored and the results will be presented to the Commission in a future docket.

APPROVED

Issue 128: If a capped rate structure is approved, what should be the treatment for indices and pass-throughs on a going forward basis?

Recommendation: If the modified stand alone rate structure is approved, future requests for indexing should be implemented on a company-wide basis and requests for pass-throughs should be implemented on a specific plant/facility basis. If the capband rate structure is approved as discussed in Issue 125, requests for indexing should be handled in the same manner as for the modified stand alone structure. However, pass-throughs for service areas at the cap should be implemented on a specific plant/facility basis, and pass-throughs for service areas within a band should be applied to all facilities within the band in order to keep the banded rate uniform.

APPROVED

Commissioner Reason dissented

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Issue 129: What are the appropriate rates for SSU?

Recommendation: Consistent with the recommendations in Issues 75, 116, 120, 122, 123, 125, 126 and 127 the recommended rates should be designed to allow the utility the opportunity to generate annual operating revenues of \$32,835,742 and \$24,553,319 for its water and wastewater plants respectively, excluding miscellaneous revenues. Furthermore, based upon the Commission's decision at the July 31, 1996 Special Agenda concerning the adjustment to ROE, the recommended annual operating revenues after the two year period are \$33,090,206 and 24,716,690 for its water and wastewater plants respectively, excluding miscellaneous revenues. The approved rates 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., provided the customers have received notice. The rates should not be implemented until the required notice has been received by the customers pursuant to Rule 25-30.475(1)(a), F.A.C. The utility should provide proof of the date notice was given within 10 days after the date of notice.

APPROVED

Issue 130: What are the appropriate amounts by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, F.S.?

Recommendation: The water and wastewater rates of the banded service areas, as referred to in Issue 125, should be reduced as shown on Schedule No. 5 of staff's memorandum for each individual plant, to remove \$238,489 and \$116,609 of amortized rate case expense for the water and wastewater service areas, respectively, grossed-up for regulatory assessment fees. The decrease in rates should become effective immediately following the expiration of the four year recovery period, pursuant to Section 367.0816, F.S. The utility should be required to file revised tariff sheets and a proposed customer notice setting forth the lower rates and the reason for the reduction not later than one month prior to the actual date of the required rate reduction.

APPROVED

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Issue 131: In determining whether any portion of the interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund?

Recommendation: In determining whether any portion of the interim increase granted should be refunded, the refund should be calculated using the plants in Docket No. 920199-WS on a combined uniform basis. The other plants should be analyzed as separate plants. For Lehigh, the utility should refund 5.69 percent of the wastewater service revenues collected under interim rates. For Marco Island, the utility should refund 27.53 percent of the wastewater service revenues collected under interim rates. Since the Enterprise facility was removed from the docket, 100 percent of ~~the water~~ and wastewater service revenues collected under interim rates should be refunded. These refunds should be made with interest in accordance with Rule 25-30.360(4), F.A.C. The utility should be required to submit the proper refund reports pursuant to Rule 25-30.360(7), F.A.C. The utility should treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), F.A.C.

MODIFIED

*Approved with deletion of reference
to water revenues.*

Issue 132 : What are the appropriate meter installation and service installation charges for this utility?

Recommendation: The appropriate meter installation and service installation charges are those proposed by SSU and shown in Schedule No. 6 of staff's memorandum. The meter installation and service installation charges should become effective for connections made on or after the stamped approval date of the tariff sheets pursuant to Rule 25-30.475(2), F.A.C.

APPROVED

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Issue 133: What are the appropriate main extension charges for this utility?

Recommendation: The appropriate main extension charges are \$446 for the water service areas and \$480 for the wastewater service areas. The wastewater main extension charge tariff sheet filed on June 28, 1995 should be approved as filed. The wastewater main extension charges should become effective for connections made on or after the stamped approval date of the tariff sheets pursuant to Rule 25-30.475 (2), F.A.C. However, the water tariff sheets for the water main extension charge, which were filed on June 28, 1995, should be denied as filed. If the utility files revised tariff sheets within thirty days of the issuance date of the order which are consistent with the Commission's vote, staff should be given administrative authority to approve the revised tariff sheets upon verification that the tariffs are consistent with the Commission's decision. If the revised tariff sheets are filed and approved, the water main extension charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets.

APPROVED

Issue 134: Has SSU's sewer main extension charge of \$280 under the heading of "present charges" been approved by PSC order?

Recommendation: No. The sewer main extension charge of \$280 under the heading of "present charges" has not been approved by PSC order and should not be included in the company's tariff. If any customer of Sugarmill Woods presents proof of being incorrectly charged the \$280 sewer main extension charge, SSU should be required to refund the charge with interest. Also, tariff sheets submitted in accordance with Issue No. 133 should reflect the Commission approved main extension charges for wastewater. Issue 138 should be addressed before Issue 135.

APPROVED

Issue 135: Should the utility's plant capacity charges be differentiated by type of treatment?

Recommendation: No, the utility's plant capacity charges should not be differentiated by type of treatment.

APPROVED

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Issue 136: Should the utility's plant capacity charges be differentiated by the level of CIAC of the service area?

Recommendation: No, the utility's plant capacity charges should not be differentiated by CIAC levels.

APPROVED

Issue 137: Should the utility's plant capacity charges include a provision for replacement costs as well as plant added for growth?

Recommendation: No. No specific provision is needed at this time.

APPROVED

Issue 138: What are the appropriate service availability charges for each plant?

Recommendation: A uniform plant capacity charge is appropriate for SSU. A uniform plant capacity charge is in the long term best interest of the customers as well as the utility. The appropriate plant capacity charge for all of SSU's water service areas is \$700, and \$1,300 for its wastewater service areas. Therefore, the tariffs filed on June 28, 1995 for plant capacity charges should be denied as filed. If the utility files revised tariff sheets within thirty days of the issuance date of the order, which are consistent with the Commission's vote, staff should be given administrative authority to approve the revised tariff sheets upon verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the plant capacity charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets. The appropriate meter installation, service installation, and main extension charges are addressed in Issues 132 and 133.

APPROVED

Issue 139: Dropped.

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Issue 140: Should the utility's requested AFPI charges be approved?
Recommendation: No. Adjustments are necessary to reflect the Commission-approved used and useful amounts on a per plant basis and to cap the charges to recommended plant capacity charges. Schedule 9, of staff's memorandum, provides the charges and detailed calculations behind each charge. The effective date of the charges should be January 1, 1997. All of SSU's prior tariff charges for AFPI should be cancelled as of January 1, 1997.

APPROVED

Issue 142: Should the utility be required to offer the option of electronic funds transfer for direct payment of customer bills?
Recommendation: The utility implemented this electronic fund transfer option in April 1996. Therefore, it is not necessary to require the utility to do so.

APPROVED

Issue 143: Dropped.

Issue 146: Are uniform rates as proposed by SSU in the instant case both in accord with statutes and constitutional?
Recommendation: Yes. The Commission may lawfully approve the implementation of a uniform rate structure pursuant to Section 367.021(11), F.S., upon making the requisite finding that SSU is a single system composed of facilities and land functionally related in the provision of water and wastewater utility service to the public.

APPROVED

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Issue 147: Should the docket be closed?

Recommendation: This docket should be closed after the time for filing an appeal has run, upon verification that the utility has completed the required refunds with interest and the proper revised tariff sheets and customer notice have been filed by the utility and approved by staff. Further, the utility's bond may be released upon verification that the refund has been completed.

APPROVED