

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

July 15, 2008

Docket No. 070417-WS – Application for staff-assisted rate case in Polk County by Anglers Cove West, Ltd.

Issue 1: Should the quality of service provided by ACW be considered satisfactory?

Recommendation: Yes. The quality of service provided by ACW is satisfactory.

APPROVED

Issue 2: What are the used and useful percentages for ACW's water system, wastewater treatment plant, water distribution and wastewater collection systems?

Recommendation: ACW's used and useful percentages (U&U) should be as follows:

Distribution System	100%
Wastewater Treatment Plant	100%
Collection System	100%

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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Katrina J. McMurrian

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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

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Issue 3: What is the appropriate average test year rate base for ACW?

Recommendation: The appropriate average rate base for ACW is \$86,201 for water and \$169,269 for wastewater.

APPROVED

Issue 4: What is the appropriate rate of return on equity and the appropriate overall rate of return for this utility?

Recommendation: The appropriate return on equity is 11.78 percent with a range of 10.78 percent to 12.78 percent. The appropriate overall rate of return is 7.05 percent.

APPROVED

Issue 5: What are the appropriate amounts of test year revenues in this case?

Recommendation: The appropriate amount of test year revenues in this case are \$32,708 for the water system and \$32,708 for the wastewater system.

APPROVED

Issue 6: What is the appropriate amount of pre-repression operating expenses?

Recommendation: The appropriate amount of pre-repression operating expense for the Utility is \$87,968 for water and \$77,389 for wastewater.

APPROVED

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Issue 7: What is the appropriate pre-repression revenue requirement?

Recommendation: The appropriate pre-repression revenue requirement is \$96,935 for water and \$91,990 for wastewater.

APPROVED

Issue 8: What are the appropriate billing determinants for rate setting purposes for the respective water and wastewater systems?

Recommendation: The appropriate billing determinants for rate setting are 370 ERCs and 10,078.2 thousand gallons (10,078.2 kgals) for the water system, and 356 ERCs and 7,452.4 kgals for the wastewater system.

APPROVED

Issue 9: What are the appropriate rate structures for ACW's water and wastewater systems?

Recommendation: The appropriate rate structure for the water and wastewater systems' residential and non-residential class is a BFC/uniform gallonage charge rate structure. The BFC cost recovery percentage for the water system should be set at 40 percent. The residential wastewater monthly gallonage cap should be set at 6,000 gallons (6 kgals). The non-residential gallonage charge should be 1.2 times greater than the corresponding residential charge, and the BFC cost recovery percentage for the wastewater system should remain at 50 percent.

APPROVED

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Issue 10: Are repression adjustments appropriate in this case, and if so, what are the appropriate adjustments to make for this utility, what are the appropriate corresponding expense adjustments to make, and what are the final revenue requirements?

Recommendation: No, a repression adjustment is not appropriate in this case. However, in order to monitor the effects resulting from the changes in revenues, the Utility should prepare monthly reports for the water system, detailing the number of bills rendered, the consumption billed and revenues billed. In addition, the reports should be prepared by customer class and meter size. The reports should be filed with staff, on a quarterly basis, for a period of two years beginning the first billing period after the approved rates go into effect. To the extent the utility makes adjustments to consumption in any month during the reporting period, the utility should be ordered to file a revised monthly report for that month within 30 days of any revision.

APPROVED

Issue 11: What are the appropriate monthly rates for each system?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4-A of staff's memorandum dated July 2, 2008, and the appropriate wastewater monthly rates are shown on Schedule No. 4-B of staff's memorandum dated July 2, 2008. The recommended water rates produce revenues of \$96,935, and the recommended wastewater rates produce revenues of \$91,990, excluding miscellaneous service charges. 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 no less than 10 days after the date of the notice.

APPROVED

Issue 12: Should ACW be ordered to show cause, in writing, within 21 days, why it should not be fined for charging rates and charges that are not contained in its tariff, in apparent violation of Sections 367.081(1) and 367.091(4), F.S.?

Recommendation: No, a show cause proceeding should not be initiated. The Utility should, however, be put on notice that, pursuant to Sections 367.081(1) and 367.091(4), F.S., it must charge only those rates and charges approved by the Commission in its tariff. Further, ACW must refund, with interest, all unauthorized charges within 60 days of the consummating order. Refunds shall be made in accordance with Rule 25-30.360, F.A.C.

APPROVED

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Issue 13: Should the recommended rates be approved for the Utility on a temporary basis, subject to refund, in the event of a protest 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. 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 shall be subject to the refund provisions discussed in the analysis portion of staff's memorandum dated July 2, 2008. 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 Division of Economic Regulation 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.

APPROVED

Issue 14: What is the appropriate amount 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 should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated July 2, 2008, to remove rate case expense grossed up for regulatory assessment fees 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 367.0816, F.S. 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 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

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 twenty-one days of the issuance of the order, a consummating order will 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 refund has been completed and verified by staff. Once these actions are complete, this docket should be closed administratively.

APPROVED