

FLORIDA PUBLIC SERVICE COMMISSION

Item 4

VOTE SHEET

FILED JUN 18, 2015
DOCUMENT NO. 03724-15
FPSC - COMMISSION CLERK

June 18, 2015

Docket No. 140147-WS – Application for staff-assisted rate case in Sumter County by Jumper Creek Utility Company.

Issue 1: Is the overall quality of service provided by Jumper Creek satisfactory?

Recommendation: Yes. Staff recommends that the condition of the water and wastewater treatment facilities are satisfactory and the water provided by Jumper Creek is meeting applicable water quality standards, including primary and secondary standards, as prescribed in the Florida Department of Environmental Protection's (DEP) rules. It also appears that the Utility has attempted to address the customers' concerns. Therefore, staff recommends that the overall quality of service for the Jumper Creek water and wastewater systems in Sumter County is satisfactory.

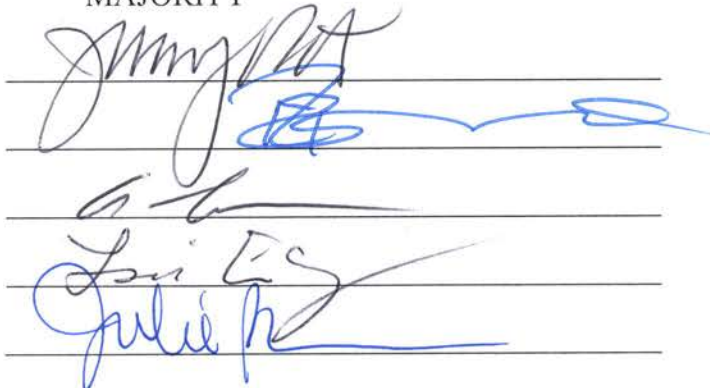
DEFERRED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING



REMARKS/DISSENTING COMMENTS:

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Issue 2: What are the used and useful (U&U) percentages of Jumper Creek's WTP, WWTP, and distribution and collection systems?

Recommendation: Jumper Creek's WTP should be considered 90.6 percent U&U, its WWTP should be considered 7.8 percent U&U, and its distribution and collection systems should each be considered 100 percent U&U. There is no indication of excessive unaccounted for water (EUW) or excessive inflow and infiltration (I&I).

DEFERRED

Issue 3: What is the appropriate average test year water rate base and wastewater rate base for Jumper Creek?

Recommendation: The appropriate average test year water rate base for Jumper Creek is \$53,253 and the average test year wastewater rate base is a negative \$12,038.

DEFERRED

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

Recommendation: The appropriate return on equity (ROE) is 8.74 percent with a range of 7.74 percent to 9.74 percent. The appropriate overall rate of return is 8.62 percent.

DEFERRED

Issue 5: What are the appropriate test year revenues for the Utility's water and wastewater systems?

Recommendation: The appropriate test year revenues for Jumper Creek's water and wastewater systems are \$13,370 and \$20,662, respectively.

DEFERRED

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Issue 6: What is the appropriate amount of total operating expense?

Recommendation: The appropriate amount of total operating expense for the Utility is \$20,095 for water and \$27,024 for wastewater.

DEFERRED

Issue 7: Should the Commission utilize the operating ratio methodology as an alternative means to calculate the wastewater revenue requirement for Jumper Creek, and, if so, what is the appropriate margin?

Recommendation: Yes, the Commission should utilize the operating ratio methodology for calculating the wastewater revenue requirement for Jumper Creek. The margin should be 10.00 percent of O&M expense.

DEFERRED

Issue 8: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$24,683 for water and \$29,461 for wastewater, resulting in an annual increase of \$11,313 for water (84.62 percent), and an annual increase of \$8,799 for wastewater (42.59 percent).

DEFERRED

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

Recommendation: The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B, respectively, of staff's memorandum dated June 4, 2015. 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 the notice.

DEFERRED

Issue 10: 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, if any?

Recommendation: The proper refund amount should be calculated by using the same data used to establish final rates, excluding pro forma and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenue requirement granted. Based on this calculation, no refunds are required. Further, upon issuance of the Consummating Order in this docket, the surety bond should be released.

DEFERRED

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Issue 11: What is the appropriate amount by which rates should be reduced in four years after the published 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 June 4, 2015, 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 367.0816, F.S. Jumper Creek 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.

DEFERRED

Issue 12: What are the appropriate initial customer deposits for Jumper Creek?

Recommendation: The appropriate initial customer deposits should be \$96 and \$118 for the residential 5/8" x 3/4" meter size for water and wastewater, respectively. 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 customer deposits should be effective for services 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 charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

DEFERRED

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Issue 13: Should the recommended rates 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?

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. Jumper Creek 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 June 4, 2015. 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.

DEFERRED

Issue 14: Should the Utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all applicable National Association of Regulatory Commissioners Uniform System of Accounts (NARUC USOA) primary accounts associated with the Commission-approved adjustments?

Recommendation: Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, Jumper Creek should provide proof, within 90 days of the final order in this docket, that the adjustments for all applicable NARUC USOA primary accounts have been made.

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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 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.

DEFERRED