

FLORIDA PUBLIC SERVICE COMMISSION

Item 6

VOTE SHEET

December 3, 2015

FILED DEC 03, 2015  
DOCUMENT NO. 07703-15  
FPSC - COMMISSION CLERK

Docket No. 140177-WU – Application for staff-assisted rate case in Pasco County by Holiday Gardens Utilities, LLC.

**Issue 1:** Is the overall quality of service provided by Holiday Gardens satisfactory?

**Recommendation:** Yes, staff recommends that the quality of service provided by the Holiday Gardens be considered satisfactory.

**APPROVED**

**Issue 2:** What are the used and useful (U&U) percentages of Holiday Gardens' water treatment plant (WTP) and water distribution system?

**Recommendation:** Staff recommends Holiday Gardens' water system be considered 100 percent U&U with no adjustment for Excessive Unaccounted For Water (EUW).

**APPROVED**

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*[Handwritten signatures in blue ink on the majority lines]*

*[Empty lines for dissenting signatures]*

**REMARKS/DISSENTING COMMENTS:**

*Oral Modification, assigned DN 07565-15, is attached; also oral modification (DN 07679-15) is attached.*

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**Issue 3:** What is the appropriate average test year water rate base for Holiday Gardens?

**Recommendation:** The appropriate average test year rate base for Holiday Gardens is \$57,727.

**APPROVED**

**Issue 4:** What is the appropriate return on equity and overall rate of return for Holiday Gardens?

**Recommendation:** The appropriate return on equity (ROE) is 11.16 percent with a range of 10.16 percent to 12.16 percent. The appropriate overall rate of return is 8.01 percent.

**APPROVED**

**Issue 5:** What are the appropriate test year revenues for Holiday Gardens?

**Recommendation:** The appropriate test year revenues for the Holiday Gardens' water system are \$79,674.

**APPROVED**

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

**Recommendation:** The appropriate amount of operating expense for the utility is \$130,686.

**APPROVED**

Vote Sheet

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**Issue 7:** What is the appropriate revenue requirement?

**Recommendation:** The appropriate revenue requirement is \$135,310, resulting in an annual increase of \$55,636 (69.83 percent).

**APPROVED**

**Issue 8:** What is the appropriate rate structure and rates for Holiday Gardens?

**Recommendation:** The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated November 18, 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.

**APPROVED**

**Issue 9:** Should Holiday Gardens be authorized to collect Non-Sufficient Funds (NSF) charges?

**Recommendation:** Yes. Holiday Gardens should be authorized to collect NSF charges. Staff recommends that Holiday Gardens revise its tariffs to reflect the NSF charges currently set forth in Sections 68.065 and 832.08(5), F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date the notice was given within 10 days of the date of the notice.

**APPROVED**

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**Issue 10:** What are the utility's appropriate initial customer deposits for Holiday Gardens' water service?

**Recommendation:** The appropriate initial customer deposit for water customers should be \$46 for the residential 5/8" x 3/4" meter size. 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 wastewater service. The approved customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheet, 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.

**APPROVED**

**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 rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated November 18, 2015, 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. Holiday Gardens 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**

(Continued from previous page)

**Issue 12:** Should the Commission approve a Phase II increase for pro forma items for Holiday Gardens?

**Recommendation:** Yes. The Commission should approve a Phase II revenue requirement associated with pro forma items. The utility's Phase II revenue requirement is \$136,913, which equates to a 1.18 percent increase over the Phase I revenue requirement. Staff recommends that the increase be applied as an across-the-board increase to the Phase I rates.

Implementation of the Phase II rates is conditioned upon Holiday Gardens completing the pro forma items within 12 months of the issuance of a consummating order in this docket. The utility should be required to submit a copy of the final invoices and cancelled checks or other payment confirmation documentation for all pro forma plant items. The utility should be allowed to implement the above rates once all pro forma items have been completed and documentation provided showing that the improvements have been made. Once verified, the 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. The rates should not be implemented until notice has been received by the customers. Holiday Gardens should provide proof of the date notice was given within 10 days of the date of the notice. If the utility encounters any unforeseen events that will impede the completion of the pro forma items, the utility should immediately notify the Commission in writing.

**APPROVED**

**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 for Phase I 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. Holiday Gardens 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 analysis portion of staff's memorandum dated November 18, 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 Clerk's office 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**

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

**Recommendation:** Yes. The utility should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Holiday Gardens should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA 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 deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

**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 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 outstanding Phase I pro forma items have been completed, the revised tariff sheets and customer notice have been filed by the utility and approved by staff, and the utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Also, the docket should remain open to allow staff to verify that the Phase II pro forma items have been completed, and the Phase II rates properly implemented. Once these actions are complete, this docket should be closed administratively.

**APPROVED**

Angela Charles

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**From:** Kathy Shoaf  
**Sent:** Wednesday, November 25, 2015 8:43 AM  
**To:** CLK - Agenda Staff; Commissioners & Staffs; Braulio Baez; Lisa Harvey; Apryl Lynn; Charlie Beck; Mary Anne Helton; Cindy Muir; Andrew Maurey; Curt Mouring; Greg Shafer; Kelley Corbari; Kelly Thompson; Keino Young  
**Cc:** Kate Hamrick; Kathy Shoaf; Terri Fleming  
**Subject:** Approved Request for Oral Modification for Item No. 6, December 3, 2015, Agenda Conference, Docket No. 140177-WU - Holiday Gardens Utilities, LLC

Please see attached Approved Request for Oral Modification.

Thank you.

**Kathy Shoaf**  
Executive Assistant to  
Braulio Baez, Executive Director  
Florida Public Service Commission  
Telephone: (850)413-6053  
[kshoaf@psc.state.fl.us](mailto:kshoaf@psc.state.fl.us)

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**From:** Braulio Baez  
**Sent:** Tuesday, November 24, 2015 4:48 PM  
**To:** Greg Shafer; Lisa Harvey  
**Cc:** Kate Hamrick; Kathy Shoaf  
**Subject:** RE: Request for Oral Modification for Item No. 6, December 3, 2015, Agenda Conference, Docket No. 140177-WU - Holiday Gardens Utilities, LLC

Approved. Thanks

Sent from my T-Mobile 4G LTE Device

----- Original message -----

**From:** Greg Shafer <[GShafer@PSC.STATE.FL.US](mailto:GShafer@PSC.STATE.FL.US)>  
**Date:** 11/24/2015 4:47 PM (GMT-05:00)  
**To:** Braulio Baez <[BBaez@PSC.STATE.FL.US](mailto:BBaez@PSC.STATE.FL.US)>, Lisa Harvey <[LSHarvey@PSC.STATE.FL.US](mailto:LSHarvey@PSC.STATE.FL.US)>  
**Cc:** Kate Hamrick <[KHamrick@psc.state.fl.us](mailto:KHamrick@psc.state.fl.us)>, Kathy Shoaf <[kshoaf@psc.state.fl.us](mailto:kshoaf@psc.state.fl.us)>  
**Subject:** Request for Oral Modification for Item No. 6, December 3, 2015, Agenda Conference, Docket No. 140177-WU - Holiday Gardens Utilities, LLC

Item 6 relates to a staff assisted rate case for Holiday Gardens Utilities, LLC. Staff requests approval to make an oral modification to the pages listed below. The changes are highlighted in the tables below. This requested modification has no other effects on Staff's recommendation. The specific modification is in type and strike format.

<b>HOLIDAY GARDENS UTILITIES, LLC.</b> <b>TEST YEAR ENDED SEPTEMBER 30, 2014</b> <b>MONTHLY WATER RATES (PHASE I)</b>		<b>SCHEDULE NO. 4</b> <b>DOCKET NO. 140177-WU</b>	
	<b>RATES AT TIME OF FILING</b>	<b>STAFF RECOMMENDED RATES</b>	<b>4 YEAR RATE REDUCTION</b>
<b><u>Residential and General Service</u></b>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$7.64	\$9.97	\$0.15
3/4"	\$11.45	\$14.96	\$0.22
1"	\$19.14	\$24.93	\$0.37
1-1/2"	\$38.23	\$49.85	\$0.73
2"	\$61.22	\$79.76	\$1.17
3"	\$122.45	\$159.52	\$2.35
4"	\$191.29	\$249.25	\$3.67
6"	\$382.59	\$498.50	\$7.34
Charge per 1,000 gallons - Residential			
0 - 3,000 gallons	\$1.35	N/A	N/A
Over 3,000 gallons	N/A	\$3.26	\$0.05
	N/A	\$5.16	\$0.08
Charge per 1,000 gallons - General Service			
	\$1.35	\$3.91	\$0.06
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
3,000 Gallons	\$13.04	\$11.69	\$24.91
65,000 Gallons	\$15.74	\$14.39	\$35.23
10,000 Gallons	\$21.14	\$55.87	

<b>HOLIDAY GARDENS UTILITIES, LLC</b> <b>TEST YEAR ENDED SEPTEMBER 30, 2014</b> <b>MONTHLY WATER RATES (PHASE II)</b>		<b>SCHEDULE NO. 8</b> <b>DOCKET NO. 140177-WU</b>	
	<b>RATES AT TIME OF FILING</b>	<b>STAFF RECOMMENDED RATES</b>	
<b><u>Residential and General Service</u></b>			
Base Facility Charge by Meter Size			
5/8" x 3/4"		\$9.97	\$10.09
3/4"		\$14.96	\$15.14
1"		\$24.93	\$25.23
1-1/2"		\$49.85	\$50.45

2"	\$79.76	\$80.72
3"	\$159.52	\$161.44
4"	\$249.25	\$252.25
6"	\$498.50	\$504.50
Charge per 1,000 gallons - Residential	N/A	N/A
0 - 3,000 gallons	\$3.26	\$3.30
Over 3,000 gallons	\$5.16	\$5.22
Charge per 1,000 gallons - General Service	\$3.91	\$3.96
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>		
3,000 Gallons	<del>\$24.91</del> 19.75	<del>\$25.21</del> 19.99
5,000 Gallons	<del>\$35.23</del> 30.07	<del>\$35.65</del> 30.43
10,000 Gallons	\$55.87	\$56.53

Thanks, Greg

Angela Charles

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**From:** Lisa Harvey  
**Sent:** Thursday, December 03, 2015 7:42 AM  
**To:** Commissioners & Staffs; Braulio Baez; Apryl Lynn; Charlie Beck; Mary Anne Helton; Andrew Maurey; Curt Mouring; Kelley Corbari; Keino Young; CLK - Agenda Staff  
**Cc:** Kathy Shoaf; Kate Hamrick; Terri Fleming  
**Subject:** FW: Request for Oral Modification to Item 6 on December 3, 2015 Commission Conference, Docket No. 140177-WU, Application for staff-assisted rate case in Pasco County by Holiday Gardens Utilities, LLC.

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**From:** Braulio Baez  
**Sent:** Wednesday, December 02, 2015 5:40 PM  
**To:** Lisa Harvey  
**Subject:** RE: Request for Oral Modification to Item 6 on December 3, 2015 Commission Conference, Docket No. 140177-WU, Application for staff-assisted rate case in Pasco County by Holiday Gardens Utilities, LLC.

Approved, thanks.

Sent from my T-Mobile 4G LTE Device

----- Original message -----

**From:** Lisa Harvey <[LSHarvey@PSC.STATE.FL.US](mailto:LSHarvey@PSC.STATE.FL.US)>  
**Date:** 12/2/2015 5:33 PM (GMT-05:00)  
**To:** Braulio Baez <[BBaez@PSC.STATE.FL.US](mailto:BBaez@PSC.STATE.FL.US)>  
**Subject:** FW: Request for Oral Modification to Item 6 on December 3, 2015 Commission Conference, Docket No. 140177-WU, Application for staff-assisted rate case in Pasco County by Holiday Gardens Utilities, LLC.

For your approval.

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**From:** Andrew Maurey  
**Sent:** Wednesday, December 02, 2015 3:47 PM  
**To:** Lisa Harvey  
**Cc:** Cheryl Bulecza-Banks  
**Subject:** Request for Oral Modification to Item 6 on December 3, 2015 Commission Conference, Docket No. 140177-WU, Application for staff-assisted rate case in Pasco County by Holiday Gardens Utilities, LLC.

Staff requests approval to make an oral modification to Item 6 scheduled for the December 3, 2015, Commission Conference. Staff's proposed modification relates to the typographical error referencing wastewater (Issue 10).

**Issue 10:** What are the utility's appropriate initial customer deposits for Holiday Gardens' water service? (page 19)

**Recommendation:** The appropriate initial customer deposit for water customers should be \$46 for the residential 5/8" x 3/4" meter size. 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 wastewater** service. The approved customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheet 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. (Thompson)

**Staff Analysis:** Rule 25-30.311, F.A.C., contains the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the utility and, ultimately, the general body of ratepayers. Historically, the Commission has set initial customer deposits equal to two times the average estimated bill.<sup>[1]</sup> Currently, the utility's **water wastewater** initial customer deposit is \$24 for 5/8" x 3/4" meter size and two times the average estimated bill for all other meters sizes. Based on the staff recommended **water wastewater** rates, the appropriate initial customer deposit should be \$46 for water to reflect an average residential customer bill for two months.

During the course of staff's audit, it was determined that additional deposits in the amount of \$15 were assessed to 51 customers, which totals \$765. The utility required an additional deposit from those customers who had frequent shut offs due to delinquent bills. The utility confirmed that interest is paid on these accounts as required by Rule 25-30.311(4), F.A.C. Pursuant to Rule 25-30.311(7), F.A.C., a utility may require an additional deposit in order to secure payment of current bills as long as the total amount of the required deposit does not exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. Further, Rule 25-30.311(7), F.A.C. requires that request for an additional deposit be by written notice of not less than 30 days and the notice be separate and apart from any bill for service. However, the utility's request for the additional deposit was included on the bill for service. The utility has affirmed that in the future it will collect additional deposits in the manner required by Rule. Therefore, staff believes no enforcement action should be taken at this time.

Staff recommends the appropriate initial customer deposit should be \$46 for the residential 5/8" x 3/4" meter size for **water 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 wastewater**. The approved customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheet 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.

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<sup>[1]</sup> Order Nos. PSC-13-0611-PAA-WS, issued November 19, 2013, in Docket No. 130010-WS, *In re: Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni Florida, LLC.* and PSC-14-0016-TRF-WU, issued January 6, 2014, in Docket No. 130251-WU, *In re: Application for approval of miscellaneous service charges in Pasco County, by Crestridge Utility Corporation.*