

FLORIDA PUBLIC SERVICE COMMISSION

Item 7

VOTE SHEET

FILED MAR 01, 2016
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FPSC - COMMISSION CLERK

March 1, 2016

Docket No. 140219-WU – Application for staff-assisted rate case in Polk County by Alturas Utilities, L.L.C.

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

Recommendation: No. The overall quality of service provided by Alturas should be considered unsatisfactory because the Utility has failed to address maintenance and repairs recommended by the Polk County Health Department (PCHD) in 2011. As such, staff recommends decreasing the officers' salaries by 25 percent as detailed in Issue 7.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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Issue 1
Issue #1

REMARKS/DISSENTING COMMENTS:

Commissioners Graham and Patronis dissent on Issue 1.

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

Recommendation: Staff recommends Alturas' water treatment plant and its distribution system should both be considered 100 percent U&U. Additionally, staff recommends a 31.77 percent adjustment for Excessive Unaccounted for Water (EUW) should be made to operating expenses for chemicals and purchased power.

APPROVED

Issue 3: What is the appropriate allocation of common costs to Alturas?

Recommendation: The appropriate allocation of common costs to Alturas is 22 percent.

APPROVED

Issue 4: What is the appropriate average test year rate base for Alturas?

Recommendation: The appropriate average test year rate base for Alturas is \$31,718. In the event the Utility is unable to issue customer deposit refunds and interest payments to former customers, staff recommends that the resulting total of the unclaimed refunds and associated accrued interest should be credited to contributions-in-aid-of-construction in the Utility's next rate proceeding.

APPROVED

Issue 5: What is the appropriate rate of return on equity and overall rate of return for Alturas?

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 8.53 percent.

APPROVED

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Issue 6: What are the appropriate test year revenues for Alturas' water system?

Recommendation: The appropriate test year revenues for Alturas' water system are \$28,143.

APPROVED

Issue 7: What is the appropriate amount of operating expense?

Recommendation: The appropriate amount of operating expenses for the Utility is \$28,395. Staff recommends that the Utility be required to file documentation in this docket by December 31, 2016, showing that the pro forma trihalomethane and haloacetic acid tests have been completed. The documentation should include a copy of the test results and final invoices.

APPROVED

Issue 8: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$31,101, resulting in an annual increase of \$2,958 (10.51 percent).

APPROVED

Issue 9: What are the appropriate rate structure and rates for Alturas?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated February 18, 2016. 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

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Issue 10: What is the appropriate amount by which rates should be reduced 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 February 18, 2016, 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. 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 Alturas 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 11: What is the appropriate disposition of the overcollection of rate case expense approved by Order No. PSC-10-0380-PAA-WU for Alturas' water system?¹

Recommendation: The Utility should be required to refund customers the amount of overcollected rate case expense. The refund should be made in accordance with Rule 25-30.360, F.A.C. The Utility should be required to file monthly reports on the status of the refund by the twentieth of the following month, pursuant to Rule 25-30.311(7) F.A.C.

APPROVED

¹Order No. PSC-10-0380-PAA-WU, issued on June 15, 2010, in Docket No. 090477-WU, *In re: Application for staff-assisted rate case in Polk County by Alturas Utilities, L.L.C.*

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Issue 12: What are the appropriate initial customer deposits for Alturas and in what manner should the utility's noncompliance with Rule 25-30.311, F.A.C. be addressed?

Recommendation: The appropriate initial customer deposits should be \$86 for the residential 5/8 inch x 3/4 inch meter size for water. 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. 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.

Staff recommends that the Utility continue to work on its compliance with Rule 25-30.311 F.A.C. Alturas should be required to reconcile its customer deposit accounts and records within a reasonable time. The Utility should be required to provide monthly reports beginning March 31, 2016, until it has satisfactorily refunded the appropriate amount of customer deposits and applied the appropriate interest on customer deposits. Staff should be given administrative authority to determine when the Utility is in compliance with Rule 25-30.311, F.A.C. Staff recommends that enforcement action is not warranted at this time.

APPROVED

Issue 13: Should the recommended rates be approved for Alturas on a temporary basis, subject to refund, 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, in the event of a protest filed by a party other than the Utility. 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 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 February 18, 2016. 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 twentieth of every 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 Alturas be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision?

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. Alturas should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA primary accounts as shown on Schedule No. 5 of staff's memorandum dated February 18, 2016, 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. In addition, the Utility should be required to maintain its books and records on a monthly basis in accordance with the NARUC USOA.

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 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 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 Utility has adjusted its customer deposit records and all deposit amounts that may be owed to customers have been properly refunded and to verify the Utility has properly refunded the rate case expenses it overcollected. Once the above actions are completed this docket will be closed administratively.

APPROVED as modified. Institute the monthly reports requested by OPC for Issues 2, 7, 11 and 12; excludes the OPC recommendation regarding a show cause proceeding. (See handout from OPC, attached.)

OPC's Monthly Reporting Recommendations

Docket No. 140219-WU Alturas Utilities, LLC

OPC requests that the above utility provide six monthly status reports to the PSC on the following issues:

- Recorded amounts for customer deposits, interest on customer deposits, and refunded customer deposits (Staff has already asked for a monthly report) *Issue # 12, p. 33*
- The name and position of each contractual service provider. The purpose of this is to verify that the positions allowed in the staff recommendation continue to be filled *Issue # 7, p. 15*
- The replacement of the Alturas master flow meter *Issue # 2, p. 6*
- Alturas' refund to customers for the over-collection of rate case expense from the 2009 rate case (Staff has already asked for a monthly report) *Issue # 11, p. 32*

OPC requests that a show cause proceeding take place if these issues have not been resolved after six monthly status reports have been submitted per issue.

Parties/Staff Handout
Internal Affairs/Agenda
on 3/1/16
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