

FLORIDA PUBLIC SERVICE COMMISSION

Item 8

VOTE SHEET

July 7, 2016

FILED JUL 07, 2016
DOCUMENT NO. 04326-16
FPSC - COMMISSION CLERK

Docket No. 150236-WU – Application for staff-assisted rate case in Lake County, by Lake Idlewild Utility Company.

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

Recommendation: Yes. The overall quality of service provided by Lake Idlewild should be considered satisfactory.

APPROVED

Issue 2: What is the Used and Useful percentage (U&U) of Lake Idlewild’s water treatment and distribution system?

Recommendation: The Utility’s water treatment and distribution systems should be considered 100 percent U&U, and no adjustments should be made for excessive unaccounted for water (EUW).

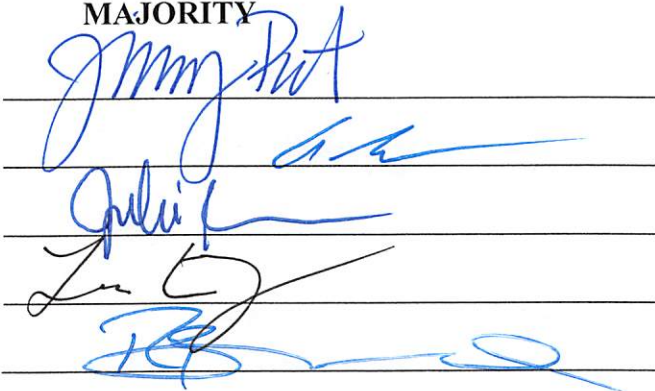
APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING



REMARKS/DISSENTING COMMENTS:

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

Recommendation: The appropriate average test year rate base for Lake Idlewild is \$52,512.

APPROVED

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

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 8.74 percent.

APPROVED

Issue 5: What are the appropriate test year revenues for the Lake Idlewild's water system?

Recommendation: The appropriate test year revenues for Lake Idlewild's water system are \$32,466.

APPROVED

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

Recommendation: The appropriate amount of operating expense for the Utility is \$38,167.

APPROVED

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Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$42,757, resulting in an annual increase of \$10,291 (31.70 percent).

APPROVED

Issue 8: What are the appropriate rate structures and rates for Lake Idlewild's water system?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated June 23, 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

Issue 9: 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?

Recommendation: The water rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated June 23, 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 Lake Idlewild 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

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Issue 10: What are the appropriate initial customer deposits for Lake Idlewild's water service?

Recommendation: The appropriate water initial customer deposit should be \$101 for the residential 5/8 inch x 3/4 inch 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 service. The approved initial 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.

APPROVED

Issue 11: Should the recommended rates be approved for Lake Idlewild 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 June 23, 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 Office of Commission Clerk no later than the 20th 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 12: Should Lake Idlewild 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. Lake Idlewild 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 June 23, 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 the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

APPROVED

Issue 13: 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.

APPROVED