

VOTE SHEET

JULY 23, 2002

RE: Docket No. 011481-WS - Application for staff-assisted rate case in Polk County by Bieber Enterprises, Inc. d/b/a Breeze Hill Utilities, holder of Certificate Nos. 598-W and 513-S.

ISSUE 1: Should the quality of service provided by Breeze Hill be considered satisfactory?

RECOMMENDATION: The quality of service provided by Breeze Hill should be considered satisfactory.

APPROVED

COMMISSIONERS ASSIGNED: Baez, Palecki, Bradley

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Judy Bradley

Michael S.

Arthur A. Palecki

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

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ISSUE 2: What portions of Breeze Hill are used and useful?

RECOMMENDATION: The Breeze Hill water treatment plant, water distribution system, and wastewater collection system are considered 100% used and useful; the wastewater treatment plant is considered to be 56.63% used and useful.

APPROVED

ISSUE 3: What is the utility's appropriate average test year rate base?

RECOMMENDATION: The appropriate average test year rate base should be \$68,257 for the water system and \$45,552 for the wastewater system.

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 rate of return on equity should be 10.69% with a range of 9.69% to 11.69% and the appropriate overall rate of return should be 9.30% with a range of 8.73% to 9.86%.

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ISSUE 5: What is the appropriate test year revenue for this utility?

RECOMMENDATION: The appropriate test year revenue should be \$24,606 for the water system and \$26,314 for the wastewater system.

APPROVED

ISSUE 6: What is the appropriate amount of operating expense?

RECOMMENDATION: The appropriate amount of operating expense is \$23,776 for the water system and \$30,118 for the wastewater system.

APPROVED

ISSUE 7: What is the appropriate revenue requirement for each system?

RECOMMENDATION: The appropriate revenue requirement should be \$30,124 for water and \$34,355 for wastewater.

APPROVED

ISSUE 8: Is a continuation of the current base facility charge (BFC)/gallongage charge rate structure appropriate for this utility?

RECOMMENDATION: Yes. A continuation of the current rate structure is appropriate for this utility. However, a negative (reverse) conservation adjustment of 40% should be made.

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ISSUE 9: Is an adjustment to reflect repression of consumption appropriate due to the price increase in this case, and, if so, what are the appropriate repression adjustments for the water and wastewater systems?

RECOMMENDATION: Yes. A repression adjustment of 331 kgal is appropriate for the water system, with a corresponding adjustment of 265 kgal for the wastewater system. In order to monitor the effects of the recommended revenue increase, the utility should be ordered to prepare monthly reports detailing the number of bills rendered, the consumption billed, and the revenue billed. These reports should be provided, by customer class and meter size, on a quarterly basis for a period of two years, beginning with the first billing period after the increased rates go into effect.

APPROVED

ISSUE 10: What are the appropriate water and wastewater rates?

RECOMMENDATION: The recommended rates should be as shown in the analysis portion of staff's July 11, 2002 memorandum. 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), Florida Administrative Code. The rates should not be implemented until notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days after the date of the notice. Staff should be given administrative authority to approve the tariff sheets upon staff verification that the tariffs are consistent with the Commission's decision.

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ISSUE 11: 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, Florida Statutes?

RECOMMENDATION: The water and wastewater rates should be reduced as shown on Schedules 4A and 4B of staff's memorandum, 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, Florida Statutes. 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 12: Should the recommended rates be approved for the utility on a temporary basis in the event of a timely protest filed by a party other than the utility?

RECOMMENDATION: Yes. The recommended rates should be approved for the utility on a temporary basis in the event of a timely protest filed by a party other than the utility. The utility should be authorized to collect the temporary rates after staff's approval of the security for potential refund, the proposed customer notice, and the revised tariff sheets. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility should file reports with the Division of the Commission Clerk and Administrative Services no later than 20 days after each monthly billing. These reports should indicate the amount of revenue collected under the increased rates.

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ISSUE 13: Should the docket be closed?

RECOMMENDATION: Yes. If no timely protest is filed by a substantially affected person, this docket should be closed upon the issuance of a Consummating Order.

APPROVED