

VOTE SHEET

DATE: November 12, 1996

RE: DOCKET NO. 960523-WS - Application for staff-assisted rate case in Citrus County by J & J Water and Sewer Corporation.

Issue 1: Is the quality of service provided by J & J Water and Sewer Corporation satisfactory?

Recommendation: No. The quality of service provided by J & J Water and Sewer Corporation should be considered unsatisfactory. The utility should be ordered to install a water meter at the wastewater plant, submit nine additional months of monthly operation reports (MORs) to the Commission, install a meter box at one customer connection (church), and improve general customer relations.

**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

PSC/RAR33 (5/90)

*Commissioner Deason dissented on Issue 6.*

DOCUMENT NUMBER-DATE

12029 NOV 12 96

FPSC-RECORDS/REPORTING

Issue 2: Should the utility be required to make refunds to customers for charging unauthorized rates and unauthorized reconnection fees?

Recommendation: Yes, the utility should be required to refund \$3,044 in rate overcharges and \$104 in unauthorized reconnection fees. For the rate overcharges, customer accounts should be credited on a monthly basis over a period of 12 months and include interest in accordance with Rule 25-30.360, F.A.C. For the reconnection fees, customer accounts should be credited within 30 days of issuance of the order and include interest in accordance with Rule 25-30.360, F.A.C. The utility should provide the Commission with proof of the customer credits on a monthly basis beginning with the first billing period after the issuance of the order.

**MODIFIED**

*Refund should be for total amount that was overcharged.*

Issue 3: Should the Commission order J & J to show cause, in writing within twenty days, why it should not be fined an amount up to \$5,000 for each violation of Sections 367.081(1) and 367.091(3), F.S. and Rules 25-30.320(2)(g) and 25-30.335(4), F.A.C.?

Recommendation: No, show cause proceedings should not be initiated. However, the utility should be admonished that, pursuant to Sections 367.081(1) and 367.091(3), F.S., it may in the future only charge rates and charges approved by the Commission and must follow proper billing and shutoff procedures, as provided in Rules 25-30.320(2)(g) and 25-30.335(4), F.A.C.

**APPROVED**

Issue 4: What percentage of the utility's water and wastewater treatment system is used and useful?

Recommendation: The water treatment plant is considered 14% used and useful, the water distribution system is considered 36% used and useful, the wastewater treatment plant is considered 100% used and useful, and the wastewater collection system is considered 36% used and useful.

**APPROVED**

Issue 5: What is the appropriate average amount of test year rate base for each system?

Recommendation: The appropriate average amount of test year rate base for J & J Water and Sewer Corporation is \$15,458 for water and \$23,210 for wastewater.

**APPROVED**

Issue 6: Should a negative acquisition adjustment be approved?

Recommendation: No, a negative acquisition adjustment should not be included in the calculation of rate base for this utility.

**APPROVED**

*Commissioner Deason  
dissented.*

Issue 7: 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 is 11.88% with a range of 10.88% - 12.88% and the appropriate overall rate of return is 10.65% with a range of 10.31% - 11.00%.

**APPROVED**

Issue 8: What are the appropriate test year operating revenues for each system?

Recommendation: The appropriate test year operating revenue is \$5,079 for water and \$4,695 for wastewater.

**APPROVED**

Issue 9: What are the appropriate amounts for operating expense for each system?

Recommendation: The appropriate amounts for operating expense are \$13,728 for water and \$21,635 for wastewater.

**APPROVED**

Issue 10: What is the appropriate revenue requirement for each system?

Recommendation: The appropriate revenue requirement is \$15,375 for water and \$24,107 for wastewater.

**APPROVED**

Issue 11: What is the appropriate rate structure and what are the recommended rates for this utility?

Recommendation: The recommended rates are designed to produce revenues of \$15,375 for water and \$24,107 for wastewater. The approved rates will 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., provided the customers have received notice. The rates may not be implemented until proper 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.

**APPROVED**

Issue 12: 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 required by Section 367.0816, F.S.?

Recommendation: Revenues should be reduced by a total of \$213 annually for each water and wastewater system to reflect the removal of rate case expense grossed up for regulatory assessment fees, which are being amortized over a four-year period. The effect of the revenue reduction results in the rate decreases shown on Schedules Nos. 4 and 4A of staff's memorandum dated October 31, 1996. 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.

**APPROVED**

Issue 13: What are the appropriate service availability charges for this utility?

Recommendation: The appropriate service availability charge is the existing water meter installation charge of \$120 for a 5/8" meter or 3/4" meter.

**APPROVED**

Issue 14: Should the Commission approve miscellaneous service charges for J & J Water and Sewer Corporation?

Recommendation: Yes, the Commission should approve miscellaneous service charges as outlined in Staff Advisory Bulletin (SAB) 13, Second Revised.

**APPROVED**

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Docket No. 960523-WS

November 12, 1996

Issue 15: Should the recommended rates be approved for the utility on a temporary basis in the event of a protest filed by a party other than the utility?

Recommendation: Yes, the recommended rates should be approved on a temporary basis in the event of a 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, a copy of the proposed customer notice, and revised tariff sheets.

**APPROVED**

Issue 16: Should the utility be required to maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts (USOA)?

Recommendation: Yes, the utility should be required to maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts.

**APPROVED**

Issue 17: Should this docket be closed?

Recommendation: No. If no timely protest is received upon expiration of the protest period, this docket should remain open for an additional ninety days from the effective date of the order to allow staff to verify that pro forma plant has been completed and refunds of overcharges are taking place. If the utility fails to timely complete the pro forma and/or initiate refunds, staff will prepare a follow-up recommendation and show cause proceedings may be initiated.

**APPROVED**