

VOTE SHEET

DATE: May 19, 1997

RE: DOCKET NO. 970006-WS - Annual reestablishment of authorized range of returns on common equity for water and wastewater utilities, pursuant to Section 367.0814(4)(f), F.S.

Issue 1: What is the appropriate range of returns on common equity for water and wastewater utilities pursuant to Section 367.081 (4)(f), Florida Statutes?

Recommendation: Based on the current range of returns on equity authorized by the Commission for other regulated utilities, the 10.18% to 11.88% range of returns authorized in Order No. PSC-96-0729-FOF-WS is still reasonable for water and wastewater utilities for the period until the leverage formula is readdressed.


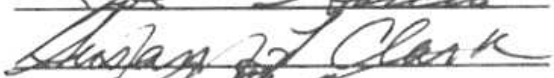


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COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

REMARKS/DISSENTING COMMENTS:

PSC/RAR33 (5/90)

DOCUMENT NUMBER-DATE

04978 MAY 1997

FPSC RECORDS/REPORTING

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Issue 1: (Continued)

Staff recommends the authorized range of returns on common equity for water and wastewater utilities be based upon the following formula:

Return on Common Equity = 9.05% + 1.131/Equity Ratio where the

Equity Ratio = $\frac{\text{Common Equity}}{\text{Common Equity} + \text{Preferred Equity} + \text{Long-Term and Short-Term Debt}}$

Staff further recommends the authorized return on common equity be limited to a maximum of 11.38% for all equity ratios of less than 40% in order to discourage imprudent financial risk.

DENIED

Staff will instead incorporate results of formula shown on page 3 of Staff's recommendation.

Issue 2: Should this docket be closed?
Recommendation: No.

APPROVED