

VOTE SHEET

JANUARY 16, 2001

RE: DOCKET NO. 000580-WU - Application for staff-assisted rate case in Polk County by Keen Sales, Rentals and Utilities, Inc. (Alturas Water Works).

Issue 1: Is the quality of service provided by Alturas satisfactory?  
Recommendation: Yes. The quality of service provided by Alturas is satisfactory.

**APPROVED**

Issue 2: Are any pro forma adjustments needed for the Alturas plant?  
Recommendation: Yes. Pro forma adjustments are needed for continuation of the meter replacement program (\$3,940), replacement of the hydropneumatic tank (\$17,200), and construction of a plant security fence (\$1,270). The total pro forma cost is \$22,410, and all pro forma plant improvements should be completed within six months of the effective date of the Order.

**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*Michael A. Palastri*  
*[Signature]*  
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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE  
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FPSC-RECORDS/REPORTING

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Issue 3: Should the Commission approve a year end rate base for Alturas and, if so, what is the appropriate year end rate base?

Recommendation: Yes. The Commission should approve a year end rate base for Alturas to allow it an opportunity to earn a fair return on the utility's investment made prior to the test year, to earn a fair rate of return on the pro forma plant improvements, and to insure compensatory rates in this rate case.

**APPROVED**

Issue 4: Should the company have any excessive unaccounted for water recognized in the used and useful calculation?

Recommendation: No. Although any amount over 10% of the water pumped and unaccounted for is considered excessive, in this situation the water is not being lost due to leaks, but due to old, slow meters. Because the customers are receiving this water, the water is only lost for billing purposes.

**APPROVED**

Issue 5: What portions of the water plant and distribution system are used and useful?

Recommendation: The water treatment plant should be considered 100% used and useful. The water distribution system should also be considered 100% used and useful.

**APPROVED**

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Issue 6: Should an acquisition adjustment be approved in the determination of the utility's rate base at the date of purchase?

Recommendation: No. An acquisition adjustment should not be approved in the determination of the utility's rate base at the date of purchase.

**APPROVED**

Issue 7: What is the appropriate allocation of common costs from Keen to Alturas?

Recommendation: The appropriate allocation from Keen to Alturas is 11.68%.

**APPROVED**

Issue 8: What is the appropriate year end rate base?

Recommendation: The appropriate year end rate base should be \$30,217.

**APPROVED**

Issue 9: 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 9.94% with a range of 8.94% to 10.94% and the appropriate overall rate of return should be 7.91% with a range of 7.83% to 7.99%.

**APPROVED**

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Issue 10: What is the appropriate test year revenue for this utility?

Recommendation: The appropriate test year revenue should be \$13,419.

**APPROVED**

Issue 11: What is the appropriate amount of operating expenses for rate setting purposes?

Recommendation: The appropriate amount of operating expenses for rate making purposes should be \$23,472.

**APPROVED**

Issue 12: What is the appropriate revenue requirement for this system?

Recommendation: The appropriate revenue requirement should be \$25,862 for the test year.

**APPROVED**

Issue 13: Is a continuation of the utility's current rate structure for its water system appropriate in this case, and, if not, what is the appropriate rate structure?

Recommendation: No. A continuation of the utility's current rate structure for its water system is not appropriate in this case. The rate structure should be changed to a traditional BFC/gallonage charge rate structure by removing the 3,000 gallon allotment; a 40% conservation adjustment should also be implemented.

**APPROVED**

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Issue 14: Is an adjustment to reflect repression of residential consumption appropriate due to the change in rate structure and price increase in this case, and, if so, what is the appropriate repression adjustment?

Recommendation: Yes. A repression adjustment of 676 kgal to residential consumption is appropriate. In order to monitor the effects of both the change in rate structure and 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 15: What are the appropriate rates for this utility?

Recommendation: The recommended rates should be designed to produce revenue of \$25,862. The utility should maintain its base facility and gallonage charge rate structure with the exception that no gallons be included in the BFC. Once approved, the 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.

**APPROVED**

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Issue 16: What are the appropriate customer deposits for this utility?

Recommendation: The appropriate customer deposits should be the recommended charges specified in the analysis portion of staff's January 4, 2001 memorandum. The utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the customer deposits should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

**APPROVED**

Issue 17: 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.

**APPROVED**

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Issue 18: Should the utility be required to show cause, in writing within 21 days, why it should not be fined up to \$5,000 per day for its apparent violation of Rule 25-30.115, Florida Administrative Code, for its failure to maintain its books and records in conformance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA)?

Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be ordered to maintain its books and records in conformance with the 1996 NARUC USOA and submit a statement from its accountant by March 31, 2001, along with its 2000 annual report, stating that its books are in conformance with the NARUC USOA and reconciled with the Commission Order. Further, staff recommends that the utility reflect each of its systems as an independent company rather than commingling them in its annual report.

**APPROVED**

Issue 19: Should this docket be closed?

Recommendation: No. If no timely protest is received upon expiration of the protest period, the PAA Order will become final and effective upon the issuance of a Consummating Order. However, this docket should remain open for an additional six months from the effective date of the Order to allow staff to verify that the utility has installed its recommended pro forma plant. Once staff has verified that this work has been completed, the docket should be closed administratively.

**APPROVED**