

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

JULY 10, 2001

RE: DOCKET NO. 000584-WS - Application for approval of staff-assisted rate case in Martin County by Laniger Enterprises of America, Inc.

ISSUE 1: Is the quality of service provided by Laniger to its customers satisfactory?

RECOMMENDATION: Yes. The quality of service provided by Laniger should be considered satisfactory. However, the utility should be ordered to provide a written plan detailing its methods of responding to lift station alarms and main breaks within 90 days of the effective date of the Commission Order. This plan should include at a minimum the notifying of every customer of a telephone number to call at the time of an alarm or main break, and the assurance that number will be answered twenty-four hours a day by a utility staff member who is knowledgeable in dealing with these situations.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Joseph A. Palumbo
[Signature]
[Signature]
[Signature]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

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ISSUE 2: Does the utility have excessive unaccounted for water and, if so, what adjustments should be made?

RECOMMENDATION: Yes. Laniger Enterprises of America, Inc., has approximately 2.5% excessive unaccounted for water. Therefore, allowable expenses for purchased electricity and chemicals should be reduced by 2.5%.

APPROVED

ISSUE 3: What portions of the water and wastewater treatment plants and the water distribution and wastewater collection systems should be considered used and useful?

RECOMMENDATION: The water treatment plant should be considered 64.1% used and useful. The water distribution system should be considered 78.8% used and useful. The wastewater treatment plant should be considered 83.8% used and useful, the effluent disposal system should be considered 100% used and useful, and the wastewater collection system should be considered 87.3% used and useful. The utility should be required to test its collection system to determine the level of infiltration and inflow (I&I), as discussed in the analysis portion of staff's June 28, 2001 memorandum.

APPROVED

ISSUE 4: What is the appropriate average test year rate base for the utility?

RECOMMENDATION: The appropriate average test year rate base for the utility is \$229,799 for water and \$225,683 for wastewater. The utility should be required to complete all pro forma additions, as discussed in the staff analysis, within nine months of the effective date of the Commission Order.

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ISSUE 5: 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 9.94% with a range of 8.94% - 10.94%. The appropriate overall rate of return for the utility is 8.85%.

APPROVED

ISSUE 6: What are the appropriate test year revenues?

RECOMMENDATION: The appropriate test year revenues for this utility are \$116,419 for water and \$114,516 for wastewater.

APPROVED

ISSUE 7: What is the appropriate amount of operating expense?

RECOMMENDATION: The appropriate amount of operating expense for this utility is \$90,942 for water and \$148,206 for wastewater. The utility should be required to provide the Commission with proof of the initiation of a pension plan, as discussed in the staff analysis, within 90 days of the effective date of the Commission Order. Moreover, the utility should be reminded to send bills pursuant to Rule 25-30.335, Florida Administrative Code, at regular intervals.

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ISSUE 8: What is the appropriate revenue requirement?

RECOMMENDATION: The appropriate revenue requirement is \$111,279 for water and \$168,179 for wastewater.

APPROVED

ISSUE 9: What is the appropriate disposition of the overearnings associated with the water system?

RECOMMENDATION: The utility should be required to spend the total recommended level of the water system's overearnings to implement the water conservation programs discussed in the staff analysis. The utility should, at a minimum, spend the recommended amount for each of the first two years of its conservation programs, and be required to file quarterly reports with the Commission on its program covering the same two-year period. These reports should list the conservation measures that were implemented during the period and the amounts expended. Staff should confer with the SFWMD in reviewing the reports in order to evaluate the effectiveness of the program and ensure that the program and amounts spent are consistent with the Commission order.

APPROVED

Approved with the modification that the utility will file an affidavit at the end of the two-year period indicating that there were no overearnings.

ISSUE 10: Is a continuation of the utility's current rate structure appropriate in this case?

RECOMMENDATION: Yes. A continuation of the utility's current rate structure is appropriate.

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ISSUE 11: What are the appropriate rates for each system?

RECOMMENDATION: The recommended rates should be designed to produce revenue of \$116,419 for water and \$168,179 for wastewater, as shown in the staff analysis. 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.

APPROVED

ISSUE 12: Is an adjustment to reflect repression of consumption appropriate in this case, and, if so, what is the appropriate repression adjustment?

RECOMMENDATION: No. A repression adjustment is not appropriate in this case.

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ISSUE 13: 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 4 and 4A 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 14: What are the appropriate customer deposits for this utility?

RECOMMENDATION: The appropriate customer deposits should be the recommended charges specified in the staff analysis. 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.

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ISSUE 15: 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 NARUC USOA?

RECOMMENDATION: No. A show cause proceeding should not be initiated. Although the utility was not in compliance with the NARUC USOA during the test year, the utility is currently in compliance with the NARUC USOA.

APPROVED

ISSUE 16: Should the recommended rates 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?

RECOMMENDATION: Yes. Pursuant to Section 367.0814(7), Florida Statutes, 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. 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. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(7), Florida Administrative Code, the utility should file reports with the Division of Economic Regulation no later than 20 days after each monthly billing. These reports should indicate the amount of revenue collected under the increased rates subject to refund.

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ISSUE 17: 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 upon the issuance of a Consummating Order. However, this docket should remain open for an additional nine months from the effective date of the Order to allow staff to verify completion of proforma plant items as described in Issue No. 4. Once staff has verified that this work has been completed, the docket should be closed administratively.

APPROVED