

VOTE SHEET

JUNE 18, 2002

RE: Docket No. 020006-WS - Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4) (f), F.S.

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

RECOMMENDATION: Staff recommends that the current leverage formula methodology be applied using updated financial data. Staff recommends the following leverage formula:

Return on Common Equity = 9.65% + 0.582/Equity Ratio

Where the Equity Ratio = Common Equity / (Common Equity + Preferred Equity + Long-Term and Short-Term Debt)

Range: 10.23% @ 100% equity to 11.10% @ 40% equity

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures of majority commissioners]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

06314 JUN 18 02

FPSC-COMMISSION CLERK

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ISSUE 2: Should the Commission use the water and wastewater leverage formula approved in this docket to reestablish the return on equity (ROE) for all water and wastewater utilities that currently have an authorized ROE?

RECOMMENDATION: Yes. For WAW utilities that have authorized ROEs, the Commission should reestablish the authorized ROE using the water and wastewater leverage formula approved in Issue 1. The appropriate equity ratio for determining the new authorized ROE should be the equity ratio that the Commission used to determine the utility's last authorized ROE. The appropriate range for the new authorized ROE is the ROE plus or minus 100 basis points.

APPROVED

ISSUE 3: Should this docket be closed?

RECOMMENDATION: No.

APPROVED