

VOTE SHEET

AUGUST 6, 2002

RE: Docket No. 011621-WU - Petition for limited proceeding to implement an increase in water rates in Highlands County, by Placid Lakes Utilities, Inc.

ISSUE 1: Should Placid Lakes's request for a limited proceeding increase be approved?

RECOMMENDATION: Yes. However, several adjustments to the utility's filing are necessary, as detailed in the analysis portion of staff's July 25, 2002 memorandum.

**DEFERRED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER DATE

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FPSC-COMMISSION CLERK

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ISSUE 2: What is the appropriate cost of capital for this limited proceeding and should any provision for income tax expense be allowed?

RECOMMENDATION: Consistent with the utility's last rate case, the appropriate weighted average cost of capital should be 10.50%. Since the utility has negative equity and does not incur income tax expense, no income tax provision should be included in the utility's revenue requirement calculation.

ISSUE 3: What is the appropriate amount of rate case expense for this limited proceeding?

RECOMMENDATION: The appropriate amount of rate case expense for this docket is \$44,400. This expense is to be recovered over four years for an annual expense of \$11,100. This results in a decrease to the utility's filing of \$1,400 in annual amortization.

ISSUE 4: What is the appropriate revenue increase for this limited proceeding?

RECOMMENDATION: The appropriate revenue increase should be \$54,537 or an increase of 11.88%.

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ISSUE 5: What are the appropriate water rates for this limited proceeding?  
RECOMMENDATION: The recommended rates should be designed to allow the utility the opportunity to generate additional annual operating revenues of \$54,537, which represents a rate increase of 11.88%, as reflected on Schedule 2 attached to staff's memorandum. The utility should be required to file revised tariff sheets and a proposed customer notice to reflect the appropriate rates approved by the Commission, pursuant to Rule 25-22.0407(10), F.A.C. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C., provided the customers have received notice. The rates should 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.

ISSUE 6: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of amortized rate case expense as required by Section 367.0816, Florida Statutes?

RECOMMENDATION: The water rates should be reduced as shown on Schedule 2 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 recovery period, pursuant to Section 367.0816, Florida Statutes. The utility should be required to file revised tariff sheets and a proposed customer notice setting forth the lower rates and the reason for the reduction not later than one month prior to the actual date of the required rate reduction.

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ISSUE 7: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within twenty-one days of the issuance of the order, this docket should be closed upon the issuance of a consummating order and staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff.