

VOTE SHEET

SEPTEMBER 2, 2003

RE: Docket No. 020010-WS - Application for staff-assisted rate case in Highlands County by The Woodlands of Lake Placid, L.P.
Docket No. 990374-WS - Application for certificates to operate a water and wastewater utility in Highlands County by The Woodlands of Lake Placid, L.P., and for deletion of portion of wastewater territory in Certificate No. 361-S held by Highlands Utilities Corporation.

ISSUE 1: What are the appropriate Contributions in Aid of Construction (CIAC) balances for the test year ended December 31, 2001?

RECOMMENDATION: The appropriate CIAC balances for the test year ended December 31, 2001 are \$234,915 for water and \$65,600 for wastewater.

APPROVED

COMMISSIONERS ASSIGNED: Deason, Bradley, Davidson

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Charles M. Deason
John Davidson
John Bradley

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

08158 SEP-28

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(Continued from previous page)

ISSUE 2: What is the appropriate amount to be included in rate base for working capital?

RECOMMENDATION: Based on staff's recommended adjustments, the appropriate amount to be included in rate base for working capital is \$4,454 for water and \$3,586 for wastewater.

APPROVED

ISSUE 3: What are the appropriate rate base amounts?

RECOMMENDATION: Based on staff's recommended adjustments, the appropriate average test year rate base amounts are \$189,086 for water and \$191,523 for wastewater.

APPROVED

ISSUE 4: What is the appropriate amount of office rent to be included in O&M expenses?

RECOMMENDATION: The appropriate amount of office rent to be included in O&M expenses is \$573 for water and \$479 for wastewater.

APPROVED

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(Continued from previous page)

ISSUE 5: What is the appropriate amount of rate case expense?

RECOMMENDATION: The appropriate amount of rate case expense should be \$3,376 for water and \$2,896 for wastewater, resulting in annual expenses of \$844 and \$724 for water and wastewater, respectively.

APPROVED

ISSUE 6: What is the appropriate test year operating income amount before any revenue increase?

RECOMMENDATION: The appropriate test year operating income before any revenue increase or decrease should be \$16,229 for water and \$13,083 for wastewater.

APPROVED

ISSUE 7: What are the appropriate revenue requirements?

RECOMMENDATION: The following revenue requirements should be approved:

	<u>Total</u>	\$ Increase (Decrease)	% Increase (Decrease)
Water	\$ 62,226	\$ (35,929)	(36.60%)
Wastewater	\$ 57,334	\$ 6,790	13.43%

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(Continued from previous page)

ISSUE 8: What are the appropriate water and wastewater rates for Woodlands?

RECOMMENDATION: Consistent with staff's recommendation in Issue No. 7, the recommended rates should be designed to produce revenues of \$62,226 for water and \$57,334 for wastewater, excluding miscellaneous revenues. The approved rates and miscellaneous service charges should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code. 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 notice.

APPROVED

ISSUE 9: What are the appropriate amounts 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 August 21, 2003 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.

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(Continued from previous page)

ISSUE 10: Should the utility be allowed to offset the underearnings from its wastewater system with the excess earnings from its water system.

RECOMMENDATION: No. The utility should not be allowed to offset the underearnings from its wastewater system with the excess earnings from its water system.

APPROVED

ISSUE 11: Are The Woodlands of Lake Placid, L.P., Highvest Corporation, and L.P. Utilities, Inc., separate legal entities?

RECOMMENDATION: No. The Woodlands of Lake Placid, L.P., Highvest Corporation, and L.P. Utilities Inc. are inter-related and subject to the same regulatory obligations.

APPROVED

ISSUE 12: Whether Highvest and L.P. can be held legally responsible for making the refunds for revenue collected by The Woodlands of Lake Placid, L.P.?

RECOMMENDATION: Yes. The regulation of utilities is an exercise of the state's police power to safeguard the public interest. In this case, the public welfare requires that the Commission hold Highvest Corporation, L.P. Utilities, Inc., and R. Anthony Cozier responsible for refunding the unauthorized rates collected by the Woodlands of Lake Placid, L.P. The utility should refund the unauthorized water rate increase of \$6.29 a month collected from January 1998 until the effective date of the final rates, within 12 months of the Final Order pursuant to Rule 25-30.360, Florida Administrative Code. The refunds should be made with interest in accordance with Rule 25-30.360(4), Florida Administrative Code. The refund and the accrued interest should be paid only to those water customers who paid the unauthorized rates from January 1998 through the implementation of the final rates. In no instance should maintenance and administrative

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(Continued from previous page)

costs associated with any refund be borne by the customers; the costs are the responsibility of, and should be borne by, the utility. The utility should provide refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code. The utility should treat any unclaimed refunds in accordance with Rule 25-30.360(8), Florida Administrative Code.

APPROVED

ISSUE 13: Should ~~this docket~~ these dockets be closed?

RECOMMENDATION: Upon the expiration of the appeal period, if no party timely appeals the order, upon staff's verification that the utility has completed the required refunds, and upon the filing and staff's approval of the revised tariff sheets, ~~this docket~~ these dockets should be closed administratively.

MODIFIED

Approved with noted modification.