

VOTE SHEET

SEPTEMBER 16, 2003

RE: Docket No. 030106-SU - Application for staff-assisted rate case in Lee County by Environmental Protection Systems of Pine Island, Inc.

ISSUE 1: Is the quality of service provided by EPS considered satisfactory? RECOMMENDATION: Yes. The quality of service provided by EPS should be considered satisfactory. It is recommended that a local emergency phone number, which can be easily seen, be posted at each lift station. The emergency phone number should be posted at all locations no later than 90 days from the date of the Consummating Order for this rate case.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures of majority commissioners: Charles M. Dand, J. Terry Pearson, and others.

Blank lines for dissenting signatures.

REMARKS/DISSENTING COMMENTS:

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ISSUE 2: Should the Commission approve a projected year-end test year for this utility?

RECOMMENDATION: Yes. The Commission should approve a projected year-end test year for EPS to allow it an opportunity to earn a fair return on the increase in plant-in-service and expenses caused by EPS's interconnection with PIRTS, which is projected to occur in 2003, as well as to provide compensatory rates in this rate case. Therefore, a projected year-end test year ending December 31, 2003, should be approved.

APPROVED

ISSUE 3: What portions of the utility's plant and collection system are used and useful?

RECOMMENDATION: The utility wastewater treatment plant should be considered 41.7% used and useful. The wastewater collection system should be considered 98.9% used and useful and the lift station (pro forma) should be considered 72.9% used and useful.

APPROVED

ISSUE 4: Should the interconnection with PIRTS be considered prudent?

RECOMMENDATION: Yes. The interconnection with PIRTS should be considered prudent.

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ISSUE 5: What is the appropriate treatment of the sale and early retirement of utility property?

RECOMMENDATION: The appropriate amount of the gain on the sale of land is \$40,600. The appropriate amount of the early retirement loss associated with the utility's interconnection is \$43,919. The gain on land should be netted with the loss on early retirement and the \$3,319 net loss should be amortized above the line over a five-year period which results in an annual increase to expenses of \$664.

MODIFIED

Staff's recommendation was approved with the modification that the gain on the sale of land will not be recognized as an offset.

ISSUE 6: What is the appropriate test year rate base for the utility?

RECOMMENDATION: The appropriate test year rate base for the utility is \$820,734. On a prospective basis, the utility should use the depreciation rates prescribed in Rule 25-30.140, Florida Administrative Code. The utility should be required to complete the construction and interconnection within nine months of the issuance date of the Consummating Order.

APPROVED

ISSUE 7: 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 11.96% with a range of 10.96% - 12.96%. The appropriate overall rate of return for the utility is 6.25%.

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ISSUE 8: What is the appropriate projected test year revenue?

RECOMMENDATION: The appropriate projected test year revenue for this utility is \$70,829 for wastewater.

APPROVED

ISSUE 9: What is the appropriate amount of operating expense?

RECOMMENDATION: The appropriate amount of operating expense for this utility is \$175,602.

APPROVED

ISSUE 10: What is the appropriate revenue requirement?

RECOMMENDATION: The appropriate revenue requirement is \$226,898 for wastewater.

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ISSUE 11: What are the appropriate rate structure, billing cycle, and rates for the system?

RECOMMENDATION: The appropriate rate structure for this system is the base facility charge/gallonage charge rate structure. Customers should be billed on a monthly basis. The recommended rates should be designed to produce revenue of \$226,898, as shown in the analysis portion of staff's September 4, 2003 memorandum. 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: 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?

RECOMMENDATION: The wastewater rates should be reduced as shown on Schedule No. 4 of staff's September 4, 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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ISSUE 13: Should the utility's service availability charges be revised?

RECOMMENDATION: Yes. The utility's service availability charges should be revised to include a Customer Connection Charge (paid to PIRTS) of \$1,388 for home sites and \$694 for RV sites. One-half of these connection charges should be credited to CIAC when they are collected from the customer. The Plant Capacity Charge should be removed. Further, there should be a hookup charge of \$199 per ERC for the costs of the pro forma lift station upgrades. The utility should file revised tariff sheets which are consistent with the Commission's vote within one month of the Commission's final vote. The revised tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the service availability charges 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 14: Should the utility be authorized to collect late payment fees, and if so what are the appropriate charges?

RECOMMENDATION: Yes. The utility should be authorized to collect a \$5.00 late fee. The utility should file revised tariff sheets which are consistent with the Commission's vote within one month of the Commission's final vote. The revised tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the late payment fee should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed and provided customers have been noticed.

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ISSUE 15: Should the utility be authorized to collect miscellaneous service charges, and if so, what are the appropriate charges?

RECOMMENDATION: Yes. The utility should be authorized to collect miscellaneous service charges as recommended in the analysis portion of staff's September 4, 2003 memorandum. The utility should file revised tariff sheets which are consistent with the Commission's vote within one month of the Commission's final vote. The revised tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the miscellaneous service charges 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 16: What are the appropriate customer deposits for this utility?

RECOMMENDATION: The appropriate customer deposits should be as specified in the analysis portion of staff's September 4, 2003 memorandum. The utility should file revised tariff sheets which are consistent with the Commission's vote within one month of the Commission's final vote. The revised tariff sheets should be approved 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 17: Should EPS be authorized to collect wastewater AFPI charges, and if so, what are the appropriate charges?

RECOMMENDATION: Yes. EPS should be authorized to collect wastewater AFPI charges. The appropriate AFPI charges should be those recommended in the analysis portion of staff's September 4, 2003 memorandum. The wastewater AFPI charges should be effective on January 1, 2004, provided future customers have been noticed pursuant to Rule 25-30.475(2), Florida Administrative Code. In no event should the rates be effective for services rendered prior to the stamped approval date.

APPROVED

ISSUE 18: 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 September 4, 2003 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 the Commission Clerk and Administrative Services 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 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 upon the issuance of a Consummating Order. However, this docket should remain open for an additional ten months from the Consummating Order to allow staff to verify completion of pro forma items as described in Issue No. 6. Once staff has verified that this work has been completed, the docket should be closed administratively.

APPROVED