

VOTE SHEET

DATE: May 7, 1996

RE: DOCKET NO. 951234-WB - Application for staff-assisted rate case in Alachua County by Arredondo Utility Company, Inc.

Quality of Service

Issue 1: Is the quality of service provided by Arredondo Utility Company in Alachua County satisfactory?

Recommendation: Yes. The quality of service provided by Arredondo Utility Company should be considered satisfactory.

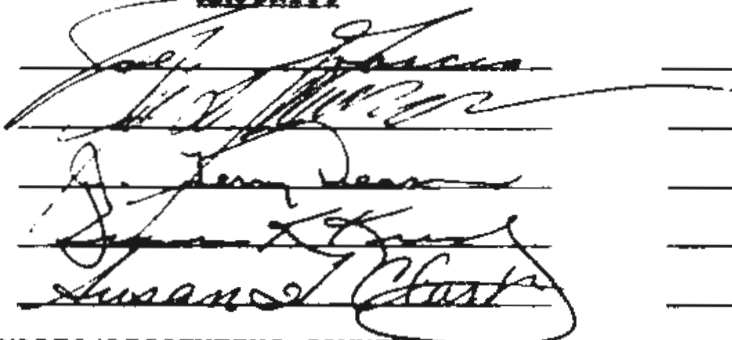
APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

PSC/RAR33 (5/90)

DOCUMENT NUMBER DATE

05270 MAY-96

FPSC-REGS/REGS/REPORTING

Rate Base

Issue 2: What portions of water and wastewater plants-in-service are used and useful?

Recommendation: The water treatment plants serving both the Estates and the Farms are 100% used and useful; Account Numbers 331 (Transmission and Distribution Mains) and 333 (Services) for both the Estates and the Farms are 70.69% used and useful with all other distribution accounts being 100% used and useful. The wastewater plant accounts should be considered 64% used and useful with the exception of Account No. 353 (Land and Land Rights) which is 100% used and useful, the wastewater collection system is 62% used and useful with the exception of account No. 363 (Services) which should be considered 100% used and useful.

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Issue 3: What is the average test year rate base for each system?

Recommendation: The average test year rate base is \$156,994 for water and \$82,748 for wastewater.

APPROVED

Cost of Capital

Issue 4: What is the appropriate rate of return on equity, and what is the appropriate overall rate of return for this utility?

Recommendation: The appropriate rate of return on equity is 11.88% with a range of 10.88% - 12.88% and the appropriate overall rate of return is 9.92% with a range of 9.92% - 9.92%.

APPROVED

Net Operating Income

Issue 5: What is the appropriate test year operating revenue for each system?

Recommendation: The appropriate test year operating revenue should be \$76,158 for water and \$35,795 for wastewater.

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Issue 6: What are the appropriate amounts for operating expense for each system?

Recommendation: The appropriate amounts for operating expense should be \$121,220 for water and \$64,575 for wastewater.

APPROVED

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$136,800 for water and \$72,787 for wastewater.

APPROVED

Rates and Charges

Issue 8: What is the appropriate rate structure and what are the recommended rates for this utility?

Recommendation: The recommended rates should be designed to produce revenue of \$136,800 for water and \$72,787 for wastewater using the base facility charge rate structure. 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 no less than 10 days after the date of the notice.

APPROVED

Other Issues

Issue 9: 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, F.S.?

Recommendation: Revenues should be reduced by a total of \$423 annually for water and \$324 annually for wastewater to reflect the removal of rate case expense grossed-up for regulatory assessment fees which is being amortized over a four year period. Using the utility's current revenues, expenses, capital structure and customer base, the effect of the revenue reduction results in rate decreases as shown on Schedules Nos. 4 and 4A. 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, F.S. 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.

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Issue 10: 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, the recommended rates should be approved for the utility on a temporary basis in the event of a timely protest filed by a party other than the utility. The utility should be authorized to collect the temporary rates after staff's approval of the security for potential refund, the proposed customer notice and revised tariff sheets.

APPROVED

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Docket No. 951234-WS
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Issue 11: Should this docket be closed if a timely protest is not received?
Recommendation: No, upon expiration of the protest period, this docket should remain open for 180 days from the effective date of the order to allow staff to verify completion of all pro forma plant improvements recommended in Issue 3. If all pro forma plant improvements have been completed within the 180 day time frame, this docket should be closed administratively.

APPROVED