

VOTE SHEET

DATE: October 29, 1996

RE: DOCKET NO. 960517-WU - Application for staff-assisted rate case in Highlands County by Heartland Utilities, Inc.

Issue 1: Is the quality of service provided by Heartland Utilities, Inc. in Highlands County satisfactory?

Recommendation: Yes. The quality of service provided by Heartland Utilities, Inc. should be considered satisfactory.

APPROVED

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

Recommendation: The water treatment plants serving both the Sebring Country Estates and DeSoto City should be considered 100% used and useful. The distribution system serving both the Sebring Country Estates and DeSoto City should be considered to be 34.20% used and useful with the exception of Meter & Meter Installations (Account No. 334) which should be considered 100% used and useful.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

Issue 3: What is the appropriate average amount of test year rate base for the water system?

Recommendation: The appropriate average amount of test year rate base for the Heartland Utilities, Inc. water system should be \$139,226.

APPROVED

Issue 4: 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 should be 11.88% with a range of 10.88% - 12.88% and the appropriate overall rate of return should also be 8.94% with a range of 8.92% - 8.96%.

APPROVED

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

Recommendation: The HUI appropriate test year operating revenue should be \$134,212.

APPROVED

Issue 6: What is the appropriate amount for operating expense?

Recommendation: The appropriate amounts for HUI water operating expense should be \$128,910.

APPROVED

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$141,693 for the water system.

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

Recommendation: The recommended rates are designed to produce revenues of \$141,693. 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), F.A.C. The rates may 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.

APPROVED

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: The revenues should be reduced by a total of \$262 annually to reflect the removal of rate case expense grossed-up for regulatory assessment fees and amortized over a four year period. The effect of the revenue reduction results in rate decreases as shown on Schedule No. 4-A of staff's October 17, 1996 memorandum. 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.

APPROVED

Issue 10: Should the recommended rates be approved for the utility on a temporary basis in the event of a protest filed by a party other than the utility?

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

APPROVED

Vota Sheet

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Issue 11: Should this docket be closed?

Recommendation: Yes, upon expiration of the 21 day protest period if a timely protest is not received, this docket should be closed.

APPROVED