

VOTE SHEET

DATE: December 17, 1996

RE: DOCKET NO. 960561-SU - Application for staff-assisted rate case in Citrus County by Indian Springs Utilities, Inc.

Quality of Service

Issue 1: Is the quality of service provided by Indian Springs Utilities, Inc., satisfactory?

Recommendation: The quality of service provided by Indian Springs is considered satisfactory.

# DEFERRED

Rate Base

Issue 2: What are the appropriate used and useful percentages for the wastewater treatment plant and wastewater collection system?

Recommendation: The wastewater treatment plant is considered 61% used and useful, and the wastewater collection system is considered 84% used and useful.

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

PSC/RAR33 (5/90)

*Staff to advise*

DOCUMENT NUMBER-DATE

13475 DEC 17 96

FPSC-RECORDS/REPORTING

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Issue 3: What is the average test year rate base for the system?  
Recommendation: The average test year rate base is \$50,638.

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 11.21% with a range of 10.21% - 12.21%, and the appropriate overall rate of return is 10.16% with a range of 9.63% - 10.68%.

Net Operating Income

Issue 5: What is the appropriate test year operating revenue?  
Recommendation: The appropriate test year operating revenue is \$34,099.

Issue 6: What are the appropriate amounts for operating expense for the system?  
Recommendation: The appropriate amounts for operating expenses are \$68,343.

Revenue Requirement

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$73,488.

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 \$73,488 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. 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 9: Should the utility's request to implement a late charge be approved, and, if so, what are the appropriate charges?

Recommendation: Yes, the utility's request to implement a late charge should be approved. The appropriate charge should be \$3.00. The new 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), F.A.C.

Issue 10: Should the utility's service availability charges be revised, and, if so, what are the appropriate charges for the system?

Recommendation: Yes, the utility's current service availability charges should be increased to allow for a main extension charge of \$500 and a plant capacity charge of \$757.

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Other Issues

Issue 11: What is the appropriate amount by which revenues should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense required by Section 367.0816, F.S.?

Recommendation: Revenues should be reduced by a total of \$262 annually to reflect the removal of rate case expense grossed-up for regulatory assessment fees which are 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 the rate decreases shown on Schedule No. 4 of staff's December 5, 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.

Issue 12: 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, subject to refund, in the event of a protest filed by a party other than the utility. If the recommended rates are approved on a temporary basis, the rates collected by the utility shall be subject to the refund provisions discussed in the analysis portion of staff's memorandum.

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Issue 13: Should the Commission order Indian Springs Utility, Inc. to show cause in writing within twenty days why it should not be fined for violation of Rule 25-30.115, F.A.C., and Orders Nos. 24211 and PSC-93-1823-FOF-WS, which require the utility to maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts (USOA)?

Recommendation: No. However, the utility should be required to maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts and should also be put on notice that future violations will result in initiation of a show cause proceeding. The utility should also be admonished for its failure to comply with previous Commission orders.

Issue 14: Should this docket be closed?

Recommendation: Yes, upon expiration of the protest period, if no timely protest is received from a substantially affected person within 21 days from issuance of the order, this docket should be closed administratively.



Public Service Commission

FPSC-RECORDS/REPORTING

-M-E-M-O-R-A-N-D-U-M-

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**DATE:** December 16, 1996  
**TO:** Dr. Mary Bane, Deputy Executive Director/Technical  
**FROM:** Roli Okome, Division of Water and Wastewater *ROO*  
Bobby Reyes, Division of Legal Services  
**RE:** Docket No. 960561-SU - Application for staff-assisted rate case in Citrus County by Indian Springs Utilities, Inc.

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The above referenced docket is scheduled as Item 34 for the December 17, 1996, agenda conference. Staff has received information which may indicate that the utility recorded a cash advance as an inter-company note. In addition, staff has to recalculate CIAC on margin reserve. As a consequence, staff is requesting that this item be deferred until these matters can be resolved. The critical date on the application is not until October 3, 1997.

cc: Noreen Davis  
Lila Jaber  
Charles Hill  
William Lowe  
Greg Shafer  
Neil Bethea

*Recommend Approval.*  
*MDB*