

VOTE SHEET

DATE: January 21, 1997

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.

APPROVED

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 61% used and useful, and the wastewater collection system is 84% used and useful.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures of majority commissioners]

[Handwritten signature of dissenting commissioner]

REMARKS/DISSENTING COMMENTS:

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

Recommendation: The average test year rate base is \$~~16,807~~.
29,911

MODIFIED

Approved with modification

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 9.71% with a range of 9.39% - 10.03%.

APPROVED

Net Operating Income

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

Recommendation: The appropriate test year operating revenue is \$34,099. to be used for calculating the revenue requirement for the wastewater system and, if so, what is the appropriate margin?

APPROVED

Issue 6: Should the Commission approve the operating ratio methodology permitted in Rule 25-30.456, F.A.C.,

Recommendation: Yes, the Commission should approve the operating ratio methodology for calculating the revenue requirement for the wastewater system. The margin should be 10% of operation and maintenance expenses.

APPROVED

Issue 7: What are the appropriate amounts for operating expense for the system?

Primary Recommendation: The appropriate amounts for ISU operating expense, based on the "operating margin," are \$68,376.

APPROVED

Alternative Recommendation: The appropriate amount for ISU operating expense, based on the "rate base method," is \$68,178.

DENIED

Revenue Requirement

Issue 8: What is the appropriate revenue requirement?

Primary Recommendation: The appropriate revenue requirement, based on the "operating ratio method" of calculating the revenue requirement, is \$74,205.

APPROVED

Alternative Recommendation: The appropriate revenue requirement, based on the "rate base method" of calculating the revenue requirement, is ~~\$69,810~~.

71,142

DENIED

Rates and Charges

Issue 9: What is the appropriate rate structure, and what are the recommended rates for this utility?

Primary Recommendation: The recommended rates using the operating ratio methodology should be designed to produce revenue of \$74,205 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.

APPROVED

Alternative Recommendation: The recommended rates, using the return on rate base methodology, should be designed to produce revenue of \$69,810 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.

DENIED

Issue 10: 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 is \$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.

APPROVED

Issue 11: 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 \$200 and a plant capacity charge of \$300.

APPROVED

Other Issues

Issue 12: 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 January 9, 1997 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 13: 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 staff analysis portion of staff's memorandum.

APPROVED

Issue 14: 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 Order 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.

APPROVED

Issue 15: Should this docket be closed?

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

APPROVED