

VOTE SHEET

DATE: May 6, 1997

RE: DOCKET NO. 961434-WS - Application for staff-assisted rate case in Clay County by Point Water and Sewer, Inc.

Quality of Service

Issue 1: Is the quality of service provided by Point Water and Sewer, Inc. in Clay County satisfactory?

Recommendation: Yes. The quality of service provided by Point Water and Sewer, Inc. is considered satisfactory.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in the majority column]

REMARKS/DISSENTING COMMENTS

PSC/RAR33 (5/90)

DOCUMENT NUMBER-DATE

04655 MAY-86

FPSC-RECORDS/REPORTING

Used and Useful

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

Recommendation: The water treatment plant is 57.61% used and useful. The water distribution system is 80.95% used and useful with the exception of account number 334, which should be 100% used and useful. The wastewater plant is 81.33% used and useful with the exception of account number 363, which is 100% used and useful. The collection system is 80.95% used and useful with the exception of account number 363, which is 100% used and useful.

APPROVED

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

Recommendation: The appropriate average amount of test year rate base for Point Water & Sewer is \$4,148 for water and \$4,860 for wastewater.

APPROVED

Issue 4: Should an acquisition adjustment be approved?

Recommendation: No, an acquisition adjustment should not be included in the calculation of rate base for this utility.

APPROVED

Cost of Capital

Issue 5: 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 11.88% with a range of 10.88% - 12.88% and the appropriate overall rate of return is 8.65% with a range of 8.65% - 8.66%.

APPROVED

Net Operating Income

Issue 6: What are the appropriate test year operating revenues for each system?

Recommendation: The appropriate test year operating revenues are \$13,685 for water and \$13,685 for wastewater.

APPROVED

Issue 7: What is the appropriate test year loss for each system?

Recommendation: The appropriate test year losses are \$3,521 for water and \$11,869 for wastewater.

APPROVED

Issue 8: Should the Commission approve the operating ratio methodology permitted in Rule 25-30.456, F.A.C., to be used for calculating the revenue requirements for PWS water and wastewater systems and, if so, what is the appropriate margin?

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

DENIED

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Issue 9: What are the appropriate amounts for operating expense for each system?

Primary Recommendation: Using the "operating ratio method," the appropriate amounts for operating expenses for PWS are \$17,446 for water and \$26,223 for wastewater.

DENIED

Alternate Recommendation: Using the "rate base method," the appropriate amounts for operating expenses for PWS are \$17,389 for water and \$26,133 for wastewater.

APPROVED

Revenue Requirement

Issue 10: What is the appropriate revenue requirement for each system?

Primary Recommendation: The appropriate revenue requirements, using the "operating ratio method" for PWS, are \$19,005 for water and \$28,564 for wastewater.

DENIED

Alternative Recommendation: The appropriate revenue requirements, using the "rate base method" for PWS, are \$17,748 for water and \$26,553 for wastewater.

APPROVED

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Rates and Charges

Issue 11: What is the appropriate rate structure and what are the recommended rates for this utility?

Primary Recommendation: The recommended rates are designed to produce revenues of \$19,005 for water and \$28,564 for wastewater. 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., 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 within 10 days after the date of the notice.

DENIED

Alternative Recommendation: The recommended rates should be designed to produce revenues of \$17,748 for water and \$26,553 for wastewater. 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., 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 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 required by Section 367.0816, F.S.?

Recommendation: Revenues should be reduced by a total of \$1,647.12 and \$2,215.71 annually for water and wastewater, respectively, to reflect the removal of rate case expense grossed up for regulatory assessment fees which are being amortized over a four-year period. The effect of the revenue reduction results in the rate decreases shown on Schedule Nos. 4 through 4C. 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

Other Issues

Issue 13: Should the utility be required to reconcile its books and records to the Commission order as well as maintain them in conformity with the 1984 NARUC Uniform System of Accounts (USOA)?

Recommendation: Yes, the utility should be required to reconcile its books and records to the Commission order as well as maintain them in conformity with the 1984 NARUC Uniform System of Accounts.

APPROVED

Issue 14: Should the recommended rates be approved for the utility on a temporary basis in the event of a timely 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 the revised tariff sheets.

APPROVED

Issue 15: Should this docket be closed?

Recommendation: No. Upon expiration of the protest period, if no timely protest is received from a substantially affected person, this docket should remain open for an additional 90 days from the issuance date of the order to allow the utility time to complete pro forma installation of the 2" meter recommended in Issue 3. After the utility has complied with the order in all respects, and has submitted and has had approved revised tariff sheets reflecting the Phase II rates, this docket should be closed administratively. However, if the utility fails to timely complete the aforementioned pro forma additions, staff will prepare a follow-up recommendation.

APPROVED