

VOTE SHEET

JULY 15, 1997

RE: DOCKET NO. 960975-WS - Application for staff-assisted rate case in Lee County by Useppa Island Utility, Inc.

Issue 1: Is the quality of service provided by Useppa Island Utility in Lee County considered satisfactory?

Recommendation: The quality of service for the water system should be considered satisfactory. The quality of service for the wastewater system should be considered unsatisfactory.

**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*[Handwritten signatures in majority column]*

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REMARKS/DISSENTING COMMENTS:

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

Recommendation: The water treatment plant should be considered 91.12% used and useful. The water distribution system should be considered 91.22% used and useful with the exception of Account Number 334, which should be 100% used and useful. The wastewater plant should be considered 100% used and useful. The collection system should be 91.22% used and useful with the exception of Account Number 363, which should be 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 Useppa Island Utility, Inc. should be \$101,752 for water and \$24,583 for wastewater.

**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 10.46% with a range of 9.46% - 11.46% and the appropriate overall rate of return should be 9.75%.

**APPROVED**

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Issue 5: What are the appropriate test year operating revenues for each system?

Recommendation: The appropriate test year operating revenue should be \$71,453 for water and \$34,590 for wastewater.

**APPROVED**

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

Recommendation: The appropriate amounts for operating expense should be \$128,069 for water and \$67,364 for wastewater.

**APPROVED**

Issue 7: What is the appropriate revenue requirement for each system?

Recommendation: The appropriate revenue requirement should be \$137,989 for water and \$69,760 for wastewater.

**APPROVED**

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Issue 8: Should the utility be allowed to continue charging the base facility charge to owners of undeveloped lots?

Recommendation: Yes. The utility should be allowed to continue charging owners of undeveloped lots a base facility charge.

**APPROVED**

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

Recommendation: The recommended rates should be designed to produce revenues of \$137,989 for water and \$69,760 for wastewater. The approved rates will be effective for service rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. 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.

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Issue 10: 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, Florida Statutes?

Recommendation: Revenues should be reduced by a total of \$131 annually for each water and wastewater system to reflect the removal of rate case expense grossed-up for regulatory assessment fees which is being amortized over a four year period. The effect of the revenue reduction results in rate decreases as shown on Schedules Nos. 4 and 4A of staff's July 2, 1997 recommendation. 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, Florida Statutes. 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 11: Should the Commission order Useppa to show cause, in writing within twenty days, why it should not be fined an amount up to \$5,000 for violation of Sections 367.081(1), and 367.091(3), Florida Statutes, and should the utility be required to make refunds to customers for charging unauthorized finance charges?

Recommendation: No. Show cause proceedings should not be initiated. However, the utility should be ordered to refund \$1,185 collected during the test year along with any additional finance charges collected since the end of the test year. These refunds should be made with interest as required by Rule 25-30.360 (4), Florida Administrative Code, within 30 days of the effective date of the order. The utility should treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), Florida Administrative Code. The utility should also provide the Commission with proof of the customer refunds within 10 days of the refund. In addition, the utility should be admonished that, pursuant to Sections 367.081(1) and 367.091(3), Florida Statutes, it may in the future only charge rates and charges approved by the Commission.

**APPROVED**

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Issue 12: What are the appropriate service availability charges for this utility?

Recommendation: The appropriate service availability charge is the existing water meter installation charge of \$115 and customer tap-in charge of \$105 for a 5/8" x 3/4" meter.

**APPROVED**

Issue 13: 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 for the utility on a temporary basis in the event of a 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, a copy of the proposed customer notice, and revised tariff sheets.

**APPROVED**

Issue 14: Should the utility be required to maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts (USOA)?

Recommendation: Yes. The utility should be required to maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts.

**APPROVED**

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Issue 15: Should this docket be closed?

Recommendation: No. If no timely protest is received upon expiration of the protest period, this docket should remain open for an additional ninety days from the effective date of the order to allow staff to verify that refunds of finance charges, as outlined in Issue No. 11, have taken place, and allow the staff engineer to verify pro forma plant has been completed. If the utility fails to timely complete the refunds or pro forma plant, staff may prepare a follow-up recommendation and show cause proceedings may be initiated. Once staff has verified pro forma plant is complete and refunds have been made, the docket should be closed administratively.

**APPROVED**