

VOTE SHEET

SEPTEMBER 9, 1997

RE: DOCKET NO. 960451-WS - Application for rate increase in Duval, Nassau, and St. Johns Counties by United Water Florida Inc.

Issue 1: Should the Commission reconsider its decision as to the appropriate date that amortization of the acquisition adjustments should begin, the appropriate amortization period and the amount of accumulated amortization of the acquisition adjustments?

Recommendation: No. The utility should reflect amortization of the acquisition adjustments accumulated from the date the acquisition adjustments were recorded on the Company's books over the utility's previously authorized amortization period of 20 years. The Commission should not change this amortization period. Staff recommends that the final order should be clarified to correct that witness McGuire did not admit that the Commission had established an amortization period for all of UWF's acquisition adjustments and that, instead, he testified that the Commission had used an amortization period of 20 years to amortize a specific acquisition adjustment in the utility's last rate case for the acquisition of the Southern Utilities Company. Staff also recommends that the Commission should reconsider the appropriate amount for total accumulated amortization of the acquisition adjustments for the test year. The total amount of accumulated amortization of the acquisition adjustments should be \$167,947 for the water operation and \$317,096 for the wastewater operation.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in majority column]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

09125 SEP 10 5

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This decreases accumulated amortization, which increases rate base, by \$42,035 for water operations and by \$96,407 for wastewater operations. Test year amortization, as shown in Order No. PSC-97-0618-FOF-WS, should not change.

APPROVED

Issue 2: Should the Commission reconsider its decision with regard to the amount of the unfunded liability associated with Other Postretirement Employee Benefits to be reduced from rate base?

Recommendation: No.

APPROVED

Issue 3: Should UWF's motion for reconsideration be granted as to the Commission's decision on the cost rate of Investment Tax Credits (ITCs)?

Recommendation: No, UWF's motion for reconsideration should be denied as to the Commission's decision on the cost rate of Investment Tax Credits (ITCs).

APPROVED

Issue 4: Should UWF's motion for reconsideration of the Commission's decision to make a parent debt adjustment be granted?

Recommendation: No. UWF's motion for reconsideration of the Commission's decision to make a parent debt adjustment should be denied.

APPROVED

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Issue 5: Should the revenue requirement of UWF be changed to reflect the correction recommended in Issue 1?

Recommendation: Yes, if the Commission approves the change to rate base as recommended in Issue 1, the revenue requirement should be increased by \$18,403.

APPROVED

Issue 6: What are the appropriate water and wastewater rates?

Recommendation: If the Commission approves staff's recommendation in Issue 5, the recommended revised rates should be designed to allow the utility the opportunity to generate annual operating revenues of \$9,567,058 and \$17,976,172 for water and wastewater respectively, excluding miscellaneous revenues. The rate structure should be consistent with that approved in Order No. PSC-97-0618-FOF-WS. The utility should be required to file revised tariff sheets and a proposed customer notice to reflect the appropriate rates and the reason for the increase pursuant to Rule 25-22.0407(10), Florida Administrative Code. 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), Florida Administrative Code, 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.

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Issue 7: 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: The water and wastewater rates should be reduced, as shown on Schedule No. 5 of staff's 8/28/97 memorandum, to remove \$43,310 for water and \$76,996 for wastewater for rate case expense grossed up for regulatory assessment fees which are being amortized over a four-year period. The decreases in rates should become effective immediately following the expiration of the four-year recovery period, pursuant to Section 367.0816, Florida Statutes. The utility should be required to file revised tariff sheets and proposed customer notices setting forth the lower rates and the reason for the reductions no later than one month prior to the actual date of the required rate reductions.

APPROVED

Issue 8: Should this docket be closed?

Recommendation: Yes. Because no further action is necessary, the docket should be closed once the time for the filing of an appeal has run or, if a party files a notice of appeal, upon resolution thereof by the appellate court.

APPROVED