

VOTE SHEET

NOVEMBER 4, 1997

RE: DOCKET NO. 970521-WS - Application for limited proceeding to increase base facility charges and gallonage rates for water service by Betmar Utilities, Inc. in Pasco County.

Issue 1: Should the utility be allowed to recover the cost associated with the two emergency generators which were required by the DEP Consent Order, issued November 27, 1996, and, if so, what are the appropriate costs?

Recommendation: Yes. However, the utility should only be allowed to recover cost prudently incurred. Based upon staff's analysis, Betmar should be allowed to recover the cost associated with the purchase of the two generators at a cost of \$48,300 for the 100 KW water generator and \$19,305 for the 60 KW wastewater generator, as shown on Schedule No. 2 of staff's 10/23/97 memorandum. Therefore, the utility should be allowed to recover an increase in revenue requirements of \$8,567 for water and \$3,424 for wastewater. In addition, Betmar should be allowed to recover the prudently incurred liability insurance associated with both generators. The utility's proposed annual lease expense of \$16,404 for the 100 KW water generator and \$6,688 for the 60 KW wastewater generator should be disallowed.

DEFERRED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

REMARKS/DISSENTING COMMENTS:

*To the 11-18-97
Commission Conference*

DOCUMENT NUMBER-DATE
11432 NOV-56
FPSC-RECORDS/REPORTING

VOTE SHEET

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DOCKET NO. 970521-WS - Application for limited proceeding to increase base facility charges and gallonage rates for water service by Betmar Utilities, Inc. in Pasco County.

(Continued from previous page)

Issue 2: Should the utility be allowed to recover the operating expense of the water treatment plant operator which was required by the DEP Consent Order, issued November 27, 1996?

Recommendation: No.

Issue 3: Should the utility be allowed to recover all of its requested expenses associated with the water testing, DEP permit application and the modification of the water supply and treatment facilities which were required by the DEP Consent Order, issued November 27, 1996, and, if so, should certain non-recurring expenses be amortized?

Recommendation: No. The utility should be allowed to recover a total of \$8,898, which is a reduction of \$2,045 from the utility's request, for the expenses associated with the water testing, DEP permit application and the modification of the water supply and treatment facilities. In addition, the utility should amortize all non-recurring expenses, except the water testing, over 5 years in accordance with Rule 25-30.433 (9), Florida Administrative Code. The water testing expenses should be amortized over 3 years to coincide with the duration of those tests.

VOTE SHEET

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DOCKET NO. 970521-WS - Application for limited proceeding to increase base facility charges and gallonage rates for water service by Betmar Utilities, Inc. in Pasco County.

(Continued from previous page)

Issue 4: What amount of the additional expenses associated with autodial alarm system and cellular phone service should the utility be allowed to recover?

Recommendation: The utility should be allowed to recover \$750 of the expenses associated with the autodial alarm system and \$413 of the cellular phone service expenses. In addition, the utility should be allowed to recover the autodial's one-time setup charge of \$276; however, it should be amortized over a 5-year period pursuant to Rule 25-30.433(9), Florida Administrative Code.

Issue 5: Should an adjustment be made to correct an error in the total allowable operations and maintenance expenses from Docket No. 941280-WS?

Recommendation: Yes. Betmar's annual revenues should be reduced by \$3,173 for water and \$2,115 for wastewater to correct an error in the total allowable operations and maintenance expenses made in Docket No. 941280-WS.

Issue 6: What is the appropriate provision for rate case expense?

Recommendation: The appropriate amount of rate case expense is \$17,605, resulting in annual amortization expenses of \$3,433 and \$968 for water and wastewater operations, respectively. Therefore, an adjustment should be made to increase the utility's requested test year expenses for water by \$1,433 and reduce wastewater expenses by \$1,032.

VOTE SHEET

NOVEMBER 4, 1997

DOCKET NO. 970521-WS - Application for limited proceeding to increase base facility charges and gallcnage rates for water service by Betmar Utilities, Inc. in Pasco County.

(Continued from previous page)

Issue 7: What is the appropriate water and wastewater revenue increase?

Recommendation: The following water and wastewater revenue requirements should be approved:

	TOTAL	\$ INCREASE	% INCREASE
Water	\$ 213,146	\$ 12,367	6.16%
Wastewater	\$ 222,389	\$ 3,466	1.58%

Issue 8: What are the appropriate water and wastewater rates?

Recommendation: Staff's recommended rates should be designed to allow the utility the opportunity to generate annual operating revenues of \$213,146 for water and \$222,389 for wastewater. The utility should file revised tariff sheets consistent with the decision herein. Further, a proposed customer notice to reflect the appropriate rates should be filed 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.

VOTE SHEET

NOVEMBER 4, 1997

DOCKET NO. 970521-WS - Application for limited proceeding to increase base facility charges and gallonage rates for water service by Betmar Utilities, Inc. in Pasco County.

(Continued from previous page)

Issue 9: 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, Florida Statutes?

Recommendation: The water and wastewater rates should be reduced, as shown on Schedule Nos. 4A and 4B of staff's memorandum, to remove \$3,595 for water and \$1,014 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.

Issue 10: Should this docket be closed?

Recommendation: This docket should be closed if no person whose interests are substantially affected by the proposed action files a protest within the 21-day protest period and the utility's filing of and staff's approval of revised tariff sheets. Once all outstanding requirements have been completed, this docket should be closed administratively.