

VOTE SHEET

NOVEMBER 3, 1998

RE: DOCKET NO. 980445-WU - Application for staff-assisted rate case in Osceola County by Morningside Utility Inc.

Issue 1: Is the quality of service provided by Morningside satisfactory? Recommendation: Yes, the quality of service provided by Morningside to its customers is satisfactory.

APPROVED

Issue 2: What are the appropriate used and useful percentages for the water treatment plant and distribution system? Recommendation: The water treatment plant should be considered 80% used and useful. The distribution system should be considered 100% used and useful. Staff recommends no margin reserve be allowed.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures of majority commissioners: Susan L. Clark, Terry Deane, Joe Garcia.

Blank lines for dissenting signatures.

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

2027 NOV -4 8

FPSC-RECORDS/REPORTING

VOTE SHEET

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DOCKET NO. 980445-WU - Application for staff-assisted rate case in Osceola County by Morningside Utility Inc.

(Continued from previous page)

Issue 3: What is the utility's appropriate average amount of rate base for ratesetting purposes?

Recommendation: The appropriate average amount of test year rate base should be \$49,957.

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 is 8.89% with a range of 7.89% - 9.89% and the overall rate of return is 9.21% with a range of 8.48% - 9.94%.

APPROVED

Issue 5: What is the appropriate test year revenue?

Recommendation: The appropriate test year revenue is \$53,040.

APPROVED

Issue 6: What is the appropriate amount of operating expenses?

Recommendation: The appropriate amount of operating expenses is \$65,512.

APPROVED

VOTE SHEET

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DOCKET NO. 980445-WU - Application for staff-assisted rate case in Osceola County by Morningside Utility Inc.

(Continued from previous page)

Issue 7: What is the appropriate revenue requirement for this utility?

Recommendation: The appropriate revenue requirement is \$70,113.

APPROVED

Issue 8: What is the appropriate conservation rate structure for this utility?

Recommendation: The appropriate conservation rate structure for this utility is a continuation of the current base facility and gallonage charge rate structure.

APPROVED

Issue 9: Is repression of consumption likely to occur in this instance, and, if so, what is the appropriate consumption adjustment?

Recommendation: Yes, repression of consumption is likely to occur in this instance. The appropriate consumption adjustment is a reduction of 525,280 gallons for the water system.

APPROVED

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DOCKET NO. 980445-WU - Application for staff-assisted rate case in Osceola County by Morningside Utility Inc.

(Continued from previous page)

Issue 10: What are the appropriate rates and rate structure?

Recommendation: The recommended rates are designed to produce revenue of \$69,003 which excludes miscellaneous service charges. The utility should retain its base facility and gallonage 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), 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.

APPROVED

Issue 11: 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 rates should be reduced as shown on Schedule No. 4 of staff's October 22, 1998 memorandum, to remove rate case expense grossed up for regulatory assessment fees and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the 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

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DOCKET NO. 980445-WU - Application for staff-assisted rate case in Osceola County by Morningside Utility Inc.

(Continued from previous page)

Issue 12: 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. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility should file reports with the Division of Water and Wastewater no later than 20 days after each monthly billing. These reports should indicate the amount of revenue collected under the increased rates.

APPROVED

Issue 13: Should the Commission order Morningside to show cause, in writing within twenty-one days, why it should not be fined an amount up to \$5,000 for violations of Sections 367.081(1) and 367.091(3), Florida Statutes.

Recommendation: No. A show cause proceeding should not be initiated. Further, the \$1,110 collection of late payments should not be refunded. However, the utility should be placed on notice that, pursuant to Sections 367.081(1) and 367.091(3), Florida Statutes, it may in the future only collect rates and charges approved by the Commission.

APPROVED

VOTE SHEET

NOVEMBER 3, 1998

DOCKET NO. 980445-WU - Application for staff-assisted rate case in Osceola County by Morningside Utility Inc.

(Continued from previous page)

Issue 14: Should the utility's tariff have a provision for a late payment charge along with a customer deposit and, if so, what are the appropriate charges?

Recommendation: Yes. A late payment charge in the amount of \$5.00 and a customer deposit in the amount of \$73.62 should be included as part of this utility's tariff. The utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If the revised tariff sheets are filed and approved, the late payment charges and customer deposits should become effective after the stamped approval date of the revised tariff sheets, if no protest is filed.

APPROVED

Issue 15: Should the Commission order Morningside to show cause, in writing within twenty-one days, why it should not be fined an amount up to \$5,000 for violation of Rule 25-30.115, Florida Administrative Code?

Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be ordered to maintain its books and records in conformity with the 1996 NARUC Uniform System of Accounts (USOA) and should be required to submit a statement from its accountant by March 31, 1999, along with its 1998 annual report, stating that its books are in conformity with NARUC USOA and have been reconciled with the Commission's order.

APPROVED

Issue 16: 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.

APPROVED