

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

JUNE 1, 1999

RE: DOCKET NO. 981198-WS - Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

Issue 1: Is the quality of service provided by Damon satisfactory?  
Recommendation: Yes. The quality of service for the water system is considered satisfactory. The quality of service for the wastewater system is also considered satisfactory.

**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*[Handwritten signatures in majority column]*  
Susan Clark  
Joe Garcia

*[Empty lines in dissenting column]*

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE  
06744 JUN-1 89  
FPSC-RECORDS/REPORTING

VOTE SHEET

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DOCKET NO. 981198-WS - Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

(Continued from previous page)

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

Recommendation: The water treatment plant should be considered 100% used and useful. The water distribution system should be considered 79.18% used and useful with the exception of Account Number 334, which should be 100% used and useful. The wastewater plant should be considered 38.1% used and useful. The collection system should be 72.63% used and useful with the exception of Account Number 363, which should be 100% used and useful.

# APPROVED

Issue 3: Should margin reserve be allowed in the calculation of water and wastewater plants-in-service used and useful?

Recommendation: Yes. The margin reserve for the water distribution system should be 9 Equivalent Residential Connections (ERCs). The margin reserve for the wastewater treatment plant and wastewater collection system should be 6 ERCs.

# APPROVED

Issue 4: 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 \$38,768 for the water system and \$25,861 for the wastewater system.

# APPROVED

VOTE SHEET

JUNE 1, 1999

DOCKET NO. 981198-WS - Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

(Continued from previous page)

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 9.85% with a range of 8.85% - 10.85% and the overall rate of return is 9.21%.

**APPROVED**

Issue 6: What is the appropriate test year revenue?

Recommendation: The appropriate test year revenue is \$36,230 for the water system and \$21,475 for the wastewater system.

**APPROVED**

Issue 7: What is the appropriate amount of operating expenses?

Recommendation: The appropriate amount of operating expenses is \$34,160 for the water system and \$24,509 for the wastewater system.

**APPROVED**

Issue 8: What is the appropriate revenue requirement for each system?

Recommendation: The appropriate revenue requirement is \$37,731 for the water system and \$26,890 for the wastewater system.

**APPROVED**

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JUNE 1, 1999

DOCKET NO. 981198-WS - Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

(Continued from previous page)

Issue 9: What is the appropriate conservation rate structure for this utility?

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

**APPROVED**

Issue 10: Is a repression adjustment to consumption appropriate for this utility, and, if so, what is the appropriate adjustment?

Recommendation: Yes, repression adjustments of 175,180 gallons to water consumption and 167,831 gallons to wastewater consumption are appropriate. In order to monitor the effects of the rate increases on consumption, the utility should be ordered to file, on a quarterly basis, reports for both water and wastewater detailing the number of bills rendered, the number of gallons billed and the total revenues billed during the quarter, with the totals shown separately for the residential and general service classes of service. These reports should be required for a period of two years, beginning the first quarter after the revised rates go into effect.

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JUNE 1, 1999

DOCKET NO. 981198-WS - Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

(Continued from previous page)

Issue 11: What are the appropriate rates?

Recommendation: The recommended rates are designed to produce revenue of \$37,731 for the water system and \$26,890 for the wastewater system. The appropriate residential wastewater cap should be set at 8,000 gallons. 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 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 as required by Section 367.0816, Florida Statutes?

Recommendation: The water and wastewater rates should be reduced as shown on Schedule No. 4 of staff's May 20, 1999 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.

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VOTE SHEET

JUNE 1, 1999

DOCKET NO. 981198-WS - Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

(Continued from previous page)

Issue 13: 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 14: Should Damon Utilities, Inc., be ordered to show cause, in writing, within 21 days, why it should not be fined for its apparent failure to comply with Order No. 25789 in regard to the collection of water and wastewater service availability charges?

Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be ordered to maintain its water and wastewater service availability charges in accordance with Order No. 25789 and should be put on notice that staff will review the utility's collection of water and wastewater service availability charges in six months. If the utility is still in violation of Order No. 25789, staff will initiate show cause proceedings at that time.

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JUNE 1, 1999

DOCKET NO. 981198-WS - Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

(Continued from previous page)

Issue 15: Should the utility be required to refund the unauthorized service availability charges that were collected subsequent to Order No. 25789 being issued?

Recommendation: Yes. The utility should be required to refund unauthorized service availability charges in the amount of \$16,360 which have been collected subsequent to the issuance of Order No. 25789. Further, the utility should be required to submit the proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code.

**APPROVED**

Issue 16: What is the appropriate meter installation charge?

Recommendation: The appropriate meter installation charge is \$155.00. If the utility files revised tariff sheets within 30 days of the effective date of the Order, 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 revised tariff sheets are filed and approved, the meter installation charge should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

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VOTE SHEET

JUNE 1, 1999

DOCKET NO. 981198-WS - Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

(Continued from previous page)

Issue 17: Should Damon Utilities, Inc., be ordered to show cause, in writing within 21 days, why it should not be fined for its apparent violation of Rule 25-30.115, Florida Administrative Code, and Order No. 25789?

Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be ordered to maintain its books and records in conformance with the 1996 NARUC Uniform System of Accounts (USOA) and should be put on notice that staff will check the utility's books and records in six months. If the utility's books and records are not in conformance with the 1996 NARUC USOA, staff will initiate show cause proceedings at that time.

**APPROVED**

Issue 18: Should this docket be closed?

Recommendation: No. Upon expiration of the protest period, this docket should remain open to allow staff to verify that the utility's books and records are in compliance with the NARUC Uniform System of Accounts and to verify that the appropriate service availability charges are being charged to new customers. Further, the docket should remain open so that staff can verify that proper refunds have been made. Once staff has verified this information, this docket should be closed administratively.

**APPROVED**