

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

DECEMBER 21, 1999

RE: DOCKET NO. 980670-WS - Investigation of possible overearnings by Sanlando Utilities Corporation in Seminole County.

Issue 1: What is the utility's appropriate average amount of rate base for 1997?

Recommendation: The appropriate average amount of test year rate base should be \$834,067 for the water system and \$2,043,476 for the wastewater system.

**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*Susan J. Clark*  
*Joe Garcia*  
*J. Terry Pearson*  
*[Signature]*

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REMARKS/DISSENTING COMMENTS:

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Issue 2: What is the appropriate rate of return on equity and the appropriate overall rate of return for this utility?

Recommendation: Using the 1997 leverage formula to coincide with the test year, the appropriate rate of return on equity should be ~~10.46%~~ with a range of ~~9.46% to 11.46%~~ and the appropriate overall rate of return should be ~~8.59%~~ with a range of ~~8.45% to 8.70%~~. For purposes of determining the refund regarding the price index adjustments, the upper limit of the last authorized rate of return on equity, 14.51%, should be used, resulting in an overall rate of return of 9.08%.

8.54%

9.12% - 11.12%

9.41% - 9.66%

10.12%

**MODIFIED**

*Approved with noted corrections*

Issue 3: What is the appropriate test year revenue for this utility?

Recommendation: The appropriate test year revenue should be \$2,034,193 for the water system and \$2,898,138 for the wastewater system.

**APPROVED**

Issue 4: What is the appropriate amount of test year operating expenses, prior to any revenue decrease, for this proceeding?

Recommendation: The appropriate amount of operating expenses prior to any revenue decrease for this proceeding should be \$1,860,099 for the water system and \$2,492,966 for the wastewater system.

**APPROVED**

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Issue 5: Did Sanlando earn in excess of its authorized return on equity for 1997?

Recommendation: Yes. The Commission should recognize ~~\$172,140~~ of water revenue and ~~\$385,990~~ of wastewater revenue which exceeds Sanlando's recommended 1997 authorized return on equity of ~~10.46%~~ as final determination of 1997 earnings. For purposes of the index refund using the upper range of 14.51% established in the utility's last rate case order, the Commission should recognize \$165,070 of water revenue and \$368,561 of wastewater revenue which exceeds the upper range of return on common equity.

~~\$385,990~~  
\$387,354

~~10.46%~~  
10.1290

~~\$172,140~~  
\$172,740

**MODIFIED**

*Approved with noted corrections*

Issue 6: What should be the disposition of 1997 and 1998 overearnings which are subject to refund?

Recommendation: The amount of utility overearnings held subject to refund for 1997 and 1998, \$126,940 for water and \$238,763, should be credited to CIAC within 90 days of the effective date of the Commission order. The amount of these credits should be made with interest (\$11,520 for water and \$21,669 for wastewater) as required by Rule 25-30.360 (4), Florida Administrative Code. Staff is recommending deferring any change in rates until a comprehensive analysis of the utility's 1999 books can be concluded. Any potential overearnings for 1999 will be addressed once the utility submits its 1999 annual report and staff completes an audit of the utility's books for 1999.

**APPROVED**

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Issue 7: Should the utility continue to hold annual water and wastewater revenues subject to refund?

Recommendation: Yes. Sanlando should continue to hold 5.17% of annual water and 9.86% of annual wastewater revenues subject to refund as ordered by Commission Order No. PSC-98-0892-PCO-WS, issued July 6, 1998, pending a review of 1999 earnings.

**APPROVED**

Issue 8: Should the existing corporate undertaking submitted by Utilities, Inc. for security to guarantee the amount subject to refund be maintained?

Recommendation: Yes. Utilities, Inc.'s existing corporate undertaking for this proceeding should be maintained as security pending the outcome of an analysis of the utility's 1999 earnings. Further, an accurate and detailed account of all monies received should continue to be kept by the utility. By no later than the twentieth (20th) day of each month, the utility should file a report showing the amount of revenues collected each month subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

**APPROVED**

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Issue 9: Should this docket be closed?

Recommendation: No. If no timely protest is received upon expiration of the protest period, the PAA Order will become final upon issuance of a Consummating Order. However, this docket should remain open pending an audit and analysis of the utility's earnings for 1999.

**APPROVED**