FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

APRIL 18, 2000

RE: DOCKET NO. 000331-WU - Investigation of possible 1998 overearnings by Mountain Lake Corporation in Polk County.

Issue 1: What percentage of the utility's water treatment plant and distribution system is used and useful?
Recommendation: The water treatment plant and the water distribution system should both be considered 100% used and useful.

DEFERRED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY	DISSENTING

REMARKS/DISSENTING COMMENTS:

Deferred to the 5/16/00 Commission Conference.

PSC/RAR33 (5/90)

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Issue 2: What is the appropriate average amount of test year rate base?
Recommendation: The appropriate average amount of test year rate base for Mountain Lake Corporation should be $54,913.

Issue 3: 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 for MLC should be 9.02% with a range of 8.02% - 10.02% and the appropriate overall rate of return should be 8.90% with a range of 8.00% - 9.80%.

Issue 4: What is the appropriate test year operating revenue?
Recommendation: The appropriate test year operating revenue should be $155,264.

Issue 5: What is the appropriate amount of operating expense?
Recommendation: The appropriate amount of operating expense should be $88,776.

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Issue 6: What is the appropriate revenue requirement?
Recommendation: The appropriate revenue requirement should be $93,664.

Issue 7: Did Mountain Lake earn in excess of its authorized return on equity for the test year ended September 30, 1999?
Recommendation: Yes, the Commission should recognize $61,600 of water revenue which exceeds MLC's recommended authorized return on equity of 9.02%.

Issue 8: What is the appropriate rate structure for this utility and what are the appropriate monthly rates?
Recommendation: The appropriate rate structure for residential customers is the base facility/inclining block rate structure consisting of three tiers (usage blocks). The appropriate rate structure for general service customers is the traditional base facility/uniform gallonage charge rate structure. The recommended rates, as shown in the analysis portion of staff's April 6, 2000 memorandum, are designed to produce revenues of $93,664. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code. The rates should not be implemented until staff has approved the proposed customer notice, and the notice has been received by the customers. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

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Issue 9: In the event of a protest of the Proposed Agency Action (PAA) Order, should any amount of annual water revenues be held subject to refund?
Recommendation: Yes. In the event of a protest of the PAA Order, the utility should be allowed to continue collecting existing rates as temporary rates. However, in order to protect utility customers from potential overearnings, the utility should hold $61,600 of annual revenues subject to refund. The following amount is recommended:

	Test Year Revenue	Amount Subject To Refund	% Subject To Refund
Water	$155,264	$61,600	39.67%

Issue 10: In the event of a protest of the PAA Order, what is the appropriate security to guarantee the amount subject to refund?
Recommendation: The security should be in the form of a bond or letter of credit in the amount of $65,173. Alternatively, the utility could establish an escrow agreement with an independent financial institution. If security is provided through an escrow agreement, the utility should escrow 39.67% of its monthly revenues as detailed in Issue No. 9.

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Issue 11: Should MLC be ordered to show cause, in writing within 21 days, why it should not be fined up to $5,000 per day for non-payment of regulatory assessment fees (RAFs) in apparent violation of Section 350.113, Florida Statutes, and Rule 25-30.120, Florida Administrative Code, and should the utility be required to remit the appropriate past due RAFs with penalties and interest?
Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be required to file a revised 1998 RAF form to include general service revenue in the amount of $53,843.11. Additionally, MLC should be ordered to remit an additional 1998 RAF payment of $2,422.93, a statutory penalty in the amount of $605.75, and $314.99 in interest for its apparent violation of Sections 350.113 and 367.145, Florida Statutes, and Rule 25-30.120, Florida Administrative Code, for failure to pay RAFs on intercompany revenue in 1998, by April 30, 2000. Also, the utility should be ordered to submit a revised 1999 RAF form, annual report and additional RAFs if it has not included its 1999 intercompany revenue.

Issue 12: Should the utility be ordered to make arrangements for installation of an electric meter dedicated strictly to utility operations?
Recommendation: Yes. The utility should be required to have an electrical meter installed which will be dedicated strictly to utility operations within 90 days of the effective date of the Order.

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Issue 13: Should MLC be ordered to show cause, in writing within 21 days, why it should not be fined up to $5,000 per day for failure to maintain its accounts and records in conformity with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts(USOA), in apparent violation of Rule 25-30.115(1), Florida Administrative Code?
Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be ordered to maintain its accounts and records in conformance with the 1996 NARUC USOA, and submit a statement from its accountant by March 31, 2001 along with its 2000 annual report, stating that its books are in conformance with the NARUC USOA and have been reconciled with the Commission Order.

Issue 14: 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 the issuance of the Consummating Order. However, this docket should remain open for an additional 120 days from the effective date of the Order to allow staff to verify that the utility has paid all past due regulatory assessment fees (including penalties and interest), amended its annual report(s) to include intercompany metered revenues, installed an electrical meter dedicated to utility operations, and has submitted revised tariff sheets as recommended in Issue No. 8. Once staff has verified that this work has been completed, the docket should be closed administratively.