

VOTE SHEET

JUNE 6, 2000

RE: DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the May 16, 2000 Commission Conference.)

Issue 1: Is the quality of service satisfactory?

Recommendation: Yes, the quality of service is satisfactory.

APPROVED

Issue 2: Were the installations of the two new hydropneumatic tanks necessary? If yes, were the costs prudent?

Recommendation: Yes, because of governmental regulatory requirements and in order to provide adequate service to the community, the installations of both new hydropneumatic tanks were necessary and the cost should be considered prudent.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in the majority column: Max Garcia, Susan J. Clark, and others]

[Empty lines in the dissenting column]

REMARKS/DISSENTING COMMENTS: Chairman Garcia participated in the conference via video teleconference. He agreed with the majority vote and will sign the vote sheet upon return to Tallahassee.

DOCUMENT NUMBER-DATE

07169 JUN 12 8

FPSC-RECORDS/REPORTING

VOTE SHEET

JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 3: What percentage of the utility's water treatment plant and distribution system is used and useful?

Recommendation: The water treatment plant should be considered 79%, and the water distribution system should be considered 90% used and useful. Further, the wastewater treatment plant should be considered 36% and the collection system considered 84% used and useful.

APPROVED

Issue 4: What is the utility's appropriate average amount of utility plant in service (UPIS) for the water system for ratesetting purposes?

Recommendation: The appropriate average amount of UPIS for the water system for ratesetting purposes should be \$243,765.

APPROVED

Issue 5: What is the utility's appropriate average amount of utility plant in service (UPIS) for the wastewater system for ratesetting purposes?

Recommendation: The appropriate average amount of UPIS for the wastewater system for ratesetting purposes should be \$372,808.

APPROVED

VOTE SHEET

JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 6: What is the appropriate land value for this utility during the test year?

Recommendation: The appropriate land value for the water system is \$3,050 and for the wastewater system is \$120,500.

APPROVED

Issue 7: What is the appropriate non-used and useful plant-in-service balance for the water and wastewater systems during the test period?

Recommendation: The appropriate non-used and useful plant-in-service balance for the water system is \$10,975 and for the wastewater system is \$22,128.

APPROVED

Issue 8: Should an acquisition adjustment continue as a component of rate base?

Recommendation: No. An acquisition adjustment is no longer an appropriate component of rate base for this utility. However, Sun Communities should be required to convert the previously approved negative acquisition adjustment to CIAC. Therefore, for the period ending December 31, 1998, the utility should be required to record CIAC in the amount of \$117,170 for water and \$117,844 for wastewater to reflect obligations previously approved by the Commission, as addressed in staff's memorandum dated May 4, 2000. Service availability charges should be reinstated equal to the amount of the remaining prior negative acquisition adjustment. This will be specifically addressed in Issue No. 28.

APPROVED

VOTE SHEET

JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 9: What are the appropriate amounts of contributions in aid of construction and amortization of contributions in aid of construction for water and wastewater for the test period ending December 31, 1998?

Recommendation: If the Commission approves staff's recommendation in Issue 8, the appropriate amount of CIAC associated with the reclassification of the negative acquisition adjustment as of December 31, 1998, is \$117,170 for water and \$207,844 for wastewater. The associated average amount of amortization of CIAC is \$41,595 for water and \$53,095 for wastewater for the test period ending December 31, 1998.

APPROVED

Issue 10: What is the appropriate amount of Accumulated Depreciation for the water and wastewater systems for this utility during the test year?

Recommendation: The appropriate amount of Accumulated Depreciation for the water and wastewater systems for this utility during the test year are \$115,084 and \$253,775, respectively.

APPROVED

Issue 11: What is the appropriate working capital?

Recommendation: The appropriate working capital is \$7,864 for the water system and \$11,357 for the wastewater system.

APPROVED

VOTE SHEET

JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 12: What is the appropriate total rate base for the water and wastewater system for the test period?

Recommendation: The appropriate total rate base for the water system is \$53,045 and \$74,013 for the wastewater system.

APPROVED

Issue 13: 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 8.93% with a range of 7.93% - 9.93% and the overall rate of return is 8.93% with a range of 7.93% - 9.93%.

APPROVED

Issue 14: What are the appropriate test year revenues for the water and wastewater systems, respectively?

Recommendation: The appropriate test year revenues are \$121,731 for the water system and \$163,288 for the wastewater system.

APPROVED

VOTE SHEET

JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 15: What is the appropriate amount of operating and maintenance expenses for the water system?

Recommendation: The appropriate amount of operating and maintenance expenses is \$62,910 for the water system.

APPROVED

Issue 16: What is the appropriate amount of operating and maintenance expenses for the wastewater system?

Recommendation: The appropriate amount of operating and maintenance expenses is \$90,854 for the wastewater system.

APPROVED

Issue 17: Should the utility's proposed rate case expense be allowed, and if so, what are the appropriate amounts for the water and wastewater systems?

Recommendation: Rate case expense should be allowed in the amount of \$13,304 for the water system and \$992 for the wastewater system, which results in annual amortization over four years of \$3,822 for water and \$248 for wastewater.

APPROVED

VOTE SHEET

: JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 18: What is the appropriate depreciation expense associated with the water and wastewater systems for this utility during the test period?

Recommendation: The appropriate depreciation expense associated with the water and wastewater systems for this utility during the test period is \$7,641 and \$9,112, respectively.

APPROVED

Issue 19: What are the appropriate amounts of taxes other than income for the utility during the test year?

Recommendation: The appropriate test year amounts of taxes other than income for the utility are \$19,984 for the water system and \$17,285 for the wastewater system.

APPROVED

Issue 20: What is the appropriate amount of test year net operating income for the water and wastewater system?

Recommendation: The appropriate amount of test year net operating income is \$31,195 for the water system and \$46,037 for the wastewater system.

APPROVED

VOTE SHEET

: JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 21: What is the appropriate revenue requirement for each system?

Recommendation: The appropriate revenue requirement is \$94,025 for the water system and \$122,002 for the wastewater system.

APPROVED

Issue 22: Should the utility's request for a limited proceeding for its water system be approved?

Recommendation: No, the utility's request for a limited proceeding for its water system should be denied.

APPROVED

Issue 23: In order to determine the appropriate level of overearnings on a prospective basis, are any changes necessary to staff's calculations of revenue requirement as previously discussed, and, if so, what are the appropriate changes?

Recommendation: Yes. The calculation of used and useful should be revised to reflect current applicable law.

APPROVED

VOTE SHEET

: JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 24: Based on staff's analysis in Issue 23, what is the appropriate revenue requirement, on a prospective basis, for each system?

Recommendation: The appropriate revenue requirement, on a prospective basis, for the water system is \$95,879 and for the wastewater system is \$125,617.

APPROVED

Issue 25: Should the Commission approve water pro forma conservation expenditures, and if so, what amounts should be approved?

Recommendation: Yes. The Commission should approve the conservation program and expenditures discussed in the staff's memorandum. The utility should be required to implement the recommended conservation program and at a minimum spend the recommended amounts for the first and second years. The Commission should also require the utility to file semiannual reports with the Commission on its conservation program for two years following issuance of the final order in this docket. These reports should list the conservation measures that were performed during the period and the amounts expended.

APPROVED

VOTE SHEET

: JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 26: What is the appropriate disposition of the overearnings associated with the utility's wastewater system?

Recommendation: The utility should be allowed to defer all overearnings associated with its wastewater system, to be applied to the cost of its future reuse system. Accordingly, the utility should be ordered to file a reuse project plan pursuant to Section 367.0817, Florida Statutes, within six months of the final order in this docket. Upon issuance of the final order, the utility should defer 23.07% of monthly wastewater billings and include the deferred revenues as a separate line item in its capital structure with a cost rate equal to the thirty-day commercial paper rate. Once the Commission approves the utility's reuse project plan, the deferred earnings and accrued interest should be booked to CIAC.

APPROVED

Issue 27: What is the appropriate rate structure for this utility for water and wastewater service, and what are the appropriate respective monthly rates for service?

Recommendation: The appropriate rate structure for water and wastewater service is a continuation of the traditional base facility and uniform gallonage charge rate structure. Staff recommends that no change be made to the utility's rates at this time. These rates, as shown on Schedule Nos. 4-A and 4-B, produce water system revenues of \$121,731, and wastewater system revenues of \$163,288. This issue should be revisited in the proceeding arising from the utility's filing of its proposed reuse plan discussed in Issue 26. In order to monitor the effects of the conservation programs on consumption, the utility should be ordered to file monthly reports detailing the number of bills rendered, the consumption billed and the revenue billed. These reports should be provided, by customer class and meter size, on a quarterly basis for a period of two years, beginning with the first billing period after the increased rates go into effect.

APPROVED

VOTE SHEET

JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 28: Should the Commission reinstate service availability charges for Sun Communities, and if so, what amounts?

Recommendation: Yes, the Commission should reinstate service availability charges for Sun Communities as addressed in staff's memorandum.

APPROVED

Issue 29: In the event of a protest, should the utility be required to hold water and wastewater revenues subject to refund?

Recommendation: Yes, the utility should be allowed to continue charging its existing water and wastewater rates on a temporary basis in the event of a timely protest. The utility should be required to hold water and wastewater revenues subject to refund in the amount of 21.24% for the water system and 23.07% for the wastewater system.

APPROVED

Issue 30: In the event of a protest of the PAA portions of the 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 \$27,350 for the water system and \$39,856 for the wastewater system. 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 22.47% of its monthly water revenues and 24.41% of its monthly wastewater revenues as detailed in Issue No. 29.

APPROVED

VOTE SHEET

JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 31: Should Sun Communities 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 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, Sun Communities should be ordered to immediately remit \$4,484 in outstanding regulatory assessment fees. Also, the utility should be required to remit a statutory penalty in the amount of \$1,121 and \$627.76 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 regulatory assessment fees in 1998. Furthermore, Sun Communities should amend its 1999 annual report to include the unreported revenue and pay the RAFs on that amount.

APPROVED

VOTE SHEET

JUNE 6, 2000

DOCKET NO. 990243-WS - Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation. (Deferred from the 5/16/00 Commission Conference.)

(Continued from previous page)

Issue 32: Should the utility be required to show cause, in writing within 21 days, why it should not be fined up to \$5,000 per day for its apparent violation of Rule 25-30.115, Florida Administrative Code, for its failure to maintain its books and records in conformance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA)?

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 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.

APPROVED

Issue 33: Should this docket be closed?

Recommendation: Yes. If no timely protest is received upon expiration of the protest period, the Order will become final and this docket will be closed upon issuance of a Consummating Order.

APPROVED