

VOTE SHEET

MAY 15, 2001

RE: DOCKET NO. 001382-WS - Application for staff-assisted rate case in Lake County by Pennbrooke Utilities, Inc.

ISSUE 1: Should the Commission approve a projected year end rate base for the utility?

RECOMMENDATION: Yes. The Commission should approve a projected year end rate base for the utility to allow it an opportunity to earn a fair return on the utility's investment and to better match rate base with customer growth on a going forward basis. A projected year end test year ending September 30, 2001, should be approved.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Richard A. Pollock
Art Jell
[Signature]
[Signature]
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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

06105 MAY 16 2001

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ISSUE 2: Is the quality of service provided by Pennbrooke Utilities, Inc. satisfactory?

RECOMMENDATION: Yes. The quality of service provided by Pennbrooke Utilities, Inc. should be considered satisfactory.

APPROVED

ISSUE 3: Does Pennbrooke Utilities, Inc., have an excessive unaccounted for water problem?

RECOMMENDATION: No. Pennbrooke's unaccounted for water is estimated to be approximately 31,075 gpd, which is less than 10% of the water pumped.

APPROVED

ISSUE 4: What portions of the utility's water treatment plant, water distribution, wastewater treatment system, and wastewater collection system are used and useful?

RECOMMENDATION: The water treatment plant should be considered 85.65% used and useful; all other systems should be considered 100% used and useful.

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ISSUE 5: What is the appropriate projected year end rate base for this utility?

RECOMMENDATION: The appropriate projected year end rate base for the utility is \$396,269 for water and \$790,364 for wastewater. The utility should be required to complete all pro forma additions, as discussed in the analysis portion of staff's May 3, 2001 memorandum, within ~~nine~~ ¹² months of the effective date of the Commission Order.

MODIFIED

Approved with noted modification

ISSUE 6: 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 this utility is 9.94% with a range of 8.94% - 10.94%. The appropriate overall rate of return for this utility is 9.00%.

APPROVED

ISSUE 7: What are the appropriate projected test year revenues?

RECOMMENDATION: The appropriate projected test year revenues for the utility are \$263,470 for water and \$138,428 for wastewater services.

APPROVED

ISSUE 8: What is the appropriate amount of operating expense?

RECOMMENDATION: The appropriate amount of operating expenses for this utility is \$188,136 for water and \$180,489 for wastewater.

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ISSUE 9: What is the appropriate revenue requirement?

RECOMMENDATION: The appropriate revenue requirement is \$263,470 for water and \$211,952 for wastewater.

APPROVED

ISSUE 10: What is the appropriate disposition of the overearnings associated with the water system?

RECOMMENDATION: The utility should be required to spend \$25,000 of the overearnings to implement a water conservation program. The utility should, at a minimum, spend the recommended amount for each of the first two years of its conservation program, and be required to file quarterly reports with the Commission on its program covering the same two-year period. These reports should list the conservation measures that were implemented during the period and the amounts expended. Staff should confer with the SJRWMD in reviewing the reports in order to evaluate the effectiveness of the program and ensure that the program and amounts spent are consistent with the Commission order. As discussed in Issue 9, the remainder of the water system overearnings should be used to offset the wastewater system revenue requirement increase.

APPROVED

ISSUE 11: What are the appropriate rate structures for this utility's water and wastewater systems?

RECOMMENDATION: The appropriate rate structures for this utility are an inclining-block rate structure for the water system and a continuation of the traditional base facility and uniform gallonage charge rate structure for the wastewater system. For the water system, the recommended usage blocks are 0-10,000 gallons (10 kgal) and over 10 kgal, with usage block rate factors of 1.0 and 1.25, respectively. A 50% conservation adjustment should also be implemented.

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ISSUE 12: Is an adjustment to reflect repression or the anticipated effects of the conservation program appropriate in this case, and, if so, what is the appropriate adjustment?

RECOMMENDATION: Based on the analysis portion of staff's memorandum, neither a repression nor a conservation program adjustment is appropriate in this case. In order to monitor the effects of the conservation programs and rate structure changes on consumption, the utility should be ordered to prepare 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 initial conservation program monies are expended. The utility should be ordered to file a rate restructuring case with the Commission no earlier than one year but no later than two years after the implementation of staff's recommended conservation program, at which time the water system rate structure issue should be revisited.

APPROVED

ISSUE 13: What are the appropriate rates for each system?

RECOMMENDATION: The recommended rates should be designed to produce revenue of \$263,470 for the water system and \$211,952 for the wastewater system, excluding miscellaneous service charges. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), Florida Administrative Code. The rates should not be implemented until 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.

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ISSUE 14: What are the appropriate customer deposits for this utility?

RECOMMENDATION: The appropriate customer deposits should be the recommended charges as specified in the analysis portion of staff's memorandum. 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 revised tariff sheets are filed and approved, the customer deposits should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

APPROVED

ISSUE 15: What are the appropriate miscellaneous charges for this utility?

RECOMMENDATION: The appropriate miscellaneous service charges are those charges recommended in the analysis portion of staff's memorandum. 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 revised tariff sheets are filed and approved, the miscellaneous service charges 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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ISSUE 16: Should the recommended rates be approved for the utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the utility?

RECOMMENDATION: Yes. Pursuant to Section 367.0814(7), Florida Statutes, the recommended rates should be approved for the utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the utility. Prior to implementation of any temporary rates, the utility should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the utility shall be subject to the refund provisions discussed in the analysis portion of staff's memorandum. 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 Commission's Division of Economic Regulation no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

APPROVED

ISSUE 17: 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 a Consummating Order. However, this docket should remain open for an additional 7 months from the effective date of the Order to allow staff to verify completion of meter installations and collection system repairs as described in Issue No. 5. Once staff has verified that this work has been completed, the docket should be closed administratively.

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MODIFIED

*Approved with noted
modification.*