

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

MARCH 19, 2002

RE: Docket No. 020045-WU - Investigation of overearnings for Morningside Utilities, Inc. in Osceola County.

ISSUE 1: What percentage of the utility's water treatment system and distribution system is used and useful?

RECOMMENDATION: Staff recommends that both the water treatment plant and distribution system be considered 100% used and useful.

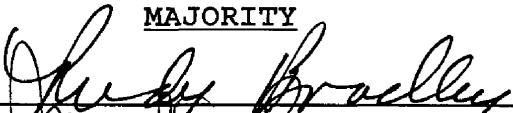
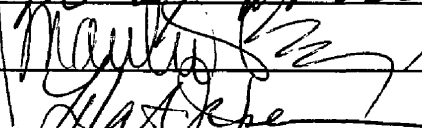
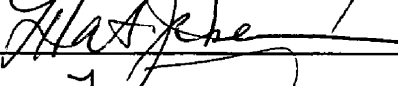


APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER - DATE

03161 MAR 19 02

FPSC-COMMISSION CLERK

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ISSUE 2: What is the appropriate average test year rate base for this utility?

RECOMMENDATION: The appropriate average test year rate base for Morningside is \$52,103.

APPROVED

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 is 11.34% with a range of 10.34% - 12.34%. The appropriate overall rate of return for the utility is 10.30%.

APPROVED

ISSUE 4: What is the appropriate test year operating revenue?

RECOMMENDATION: The appropriate test year operating revenue should be \$101,854.

APPROVED

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ISSUE 5: What is the appropriate amount of operating expense?

RECOMMENDATION: The appropriate amount of operating expenses for this utility is \$81,823.

APPROVED

ISSUE 6: What is the appropriate revenue requirement?

RECOMMENDATION: The appropriate revenue requirement is \$87,190.

APPROVED

ISSUE 7: Did Morningside earn in excess of its authorized return on equity for the test year ended December 31, 2000?

RECOMMENDATION: Yes. The Commission should acknowledge that \$14,664 of the utility's water revenue exceeds staff's recommended 11.34% return on equity.

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ISSUE 8: What are the appropriate rates for the system?

RECOMMENDATION: The approved rates should be designed to produce revenue of \$81,505 excluding miscellaneous service charge revenue, as shown in the analysis portion of staff's March 7, 2002 memorandum. 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.

APPROVED

ISSUE 9: Should the utility's system capacity charge be revised, and if so, what is the appropriate system capacity charge?

RECOMMENDATION: Staff recommends that the utility's system capacity charge be discontinued.

APPROVED

ISSUE 10: 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 \$14,664 (15.25%) of annual service revenues subject to refund.

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ISSUE 11: 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 \$9,916. 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 15.25% of its monthly service revenues as detailed in Issue 10. By no later than the twentieth day of each month, the utility should file a report showing the amount of revenues collected each month and the amount of revenues collected to date relating to the amount 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

ISSUE 12: Should this docket be closed?

RECOMMENDATION: Yes. If no timely protest is received to the PAA issues upon expiration of the protest period, the Order will become final upon issuance of the Consummating Order. In the event of a protest, the utility should be allowed to continue collecting existing rates as temporary rates, but the utility should hold annual revenues subject to refund, as set forth in Issue 10 of this recommendation.

APPROVED