

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

JULY 1, 2003

RE: Docket No. 021192-WS - Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

ISSUE 1: Is the quality of service provided by Damon Utilities, Inc. considered satisfactory?

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

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in the majority column]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

05860 JUL-18

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ISSUE 2: What portions of Damon Utilities, Inc. are used and useful?

RECOMMENDATION: The Damon Utilities, Inc. water treatment plant is considered to be 100%, the water distribution system is considered to be 95.6%, the wastewater treatment plant is considered to be 23.3%, and the wastewater collection system is considered 86.2% used and useful.

APPROVED

ISSUE 3: What is the appropriate average test year rate base for the utility?

RECOMMENDATION: The appropriate average test year rate base for Damon is \$41,033 for water and \$21,309 for wastewater.

APPROVED

ISSUE 4: What is the appropriate rate of return on equity and the appropriate overall rate of return for this utility?

RECOMMENDATION: The appropriate return on equity is 11.10% with a range of 10.10% - 12.10%. The appropriate overall rate of return is 8.04%.

APPROVED

ISSUE 5: What are the appropriate test year revenues?

RECOMMENDATION: The appropriate test year revenues for this utility are \$42,275 for water and \$29,448 for wastewater.

APPROVED

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ISSUE 6: What is the appropriate amount of operating expense?

RECOMMENDATION: The appropriate amount of operating expense for this utility is \$40,382 for water and \$28,603 for wastewater.

APPROVED

ISSUE 7: What is the appropriate revenue requirement?

RECOMMENDATION: The appropriate revenue requirement is \$43,747 for water and \$30,357 for wastewater.

APPROVED

ISSUE 8: What is the appropriate water rate structure for this utility?

RECOMMENDATION: The appropriate water rate structure is a continuation of the current base facility and uniform gallonage charge rate structure. A rate structure should be implemented such that the entire revenue requirement increase is recovered through the gallonage charge.

APPROVED

ISSUE 9: Are adjustments to reflect repression of residential consumption to the water and wastewater systems appropriate in this case, and, if so, what are the appropriate adjustments?

RECOMMENDATION: Yes. A repression adjustment of 274.3 thousand gallons (kgal) to residential water consumption and a corresponding adjustment of 219.4 kgal to residential wastewater consumption is appropriate. In order to monitor the effects of the recommended revenue increase, the utility should be ordered to prepare monthly reports detailing the number of bills rendered, the consumption billed and the revenue billed. These reports

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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

ISSUE 10: What are the appropriate rates for this utility's water and wastewater systems?

RECOMMENDATION: The recommended rates should be designed to produce revenue of \$43,747 for water and \$30,357 for wastewater, as shown in the analysis portion of staff's June 19, 2003 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 11: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, Florida Statutes?

RECOMMENDATION: The water and wastewater rates should be reduced as shown on Schedules 4 and 4A of staff's memorandum, to remove rate case expense grossed up for regulatory assessment fees and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, Florida Statutes. The utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If the utility files this reduction in conjunction with a price index or pass-

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through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

APPROVED

ISSUE 12: 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 approve the revised tariff sheets upon 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 13: Should the utility's service availability charges be revised?

RECOMMENDATION: Yes. The utility's service availability charges should be revised to reflect a plant capacity charge of \$74 and a main extension charge of \$228 for water and a main extension charge of \$138 for wastewater. The utility's existing plant capacity charge for wastewater should be discontinued. The utility should file revised tariff sheets which are consistent with the Commission's vote. Staff will 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 service availability 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 14: 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 should 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 15: Should the docket be closed?

RECOMMENDATION: Yes. If no timely protest is filed by a substantially affected person, this docket should be closed upon the issuance of a Consummating Order. If a protest is filed within 21 days of the issuance of the Order, the tariffs should remain in effect with any increase held subject to refund pending resolution of the protest, and the docket should remain open.

APPROVED