

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

NOVEMBER 29, 2005

RE: **Docket No. 040951-WS** - Joint application for approval of sale of Florida Water Services Corporation's land, facilities, and certificates in Brevard, Highlands, Lake, Orange, Pasco, Polk, Putnam, a portion of Seminole, Volusia, and Washington counties to Aqua Utilities Florida, Inc.

Docket No. 040952-WS - Joint application for approval of sale of Florida Water Services Corporation's land, facilities, and certificates for Chuluota systems in Seminole County to Aqua Utilities Florida, Inc.

Issue 1: Should FWSC be ordered to show cause in writing within 21 days why it should not be fined for an apparent violation of Section 367.045, Florida Statutes?

Recommendation: No. FWSC should not be ordered to show cause. Friendly Center, Palms Mobile Home Park, and Park Manor should be included in the territory granted to FWSC. The utility should file revised tariff pages within thirty days of the Commission Order in this docket to reflect the territory descriptions in the name of FWSC so that the proper transition of the current FWSC tariffs can be made to Aqua. Additionally, the new tariff filed by Aqua should include tariff pages with territory descriptions of these three systems.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures of majority commissioners]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

11304 NOV 29 05

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Issue 2: Should the transfer of Florida Water Service Corporation's land, facilities, and certificates in Brevard, Highlands, Lake, Orange, Pasco, Polk, Putnam, Seminole, Volusia, and Washington Counties to Aqua Utilities Florida, Inc. (Aqua) be approved?

Recommendation: Yes. The transfer of FWSC's land, facilities, and certificates in Brevard, Highlands, Lake, Orange, Pasco, Polk, Putnam, Seminole, Volusia, and Washington Counties to Aqua is in the public interest and should be approved. The transfer should be effective on the day of the Commission vote. Aqua should be responsible for the annual reports and regulatory assessment fees (RAFs) for 2005 and the future. In addition, the annual report should be organized alphabetically, by system names, as described in the analysis portion of staff's November 17, 2005 memorandum. Attachment 3 of staff's memorandum lists the Orders granting territory to FWSC, which describes the territory subject to the transfer in these dockets. If the Commission approves Issue 1, the three systems (Friendly Center, Palms Mobile Home Park, and Park Manor) should also be transferred to Aqua.

APPROVED

Issue 3: Should the remaining portion of Florida Water Services Corporation's regulatory asset be transferred to Aqua Utilities Florida, Inc.?

Recommendation: Staff recommends that the portion of FWSC's regulatory asset related to the systems sold to Aqua, \$489,535 and \$174,657 for water and wastewater, respectively, should be included in the assets transferred to Aqua. Staff also recommends that the regulatory asset should be amortized over 10 years beginning on January 1, 2007.

MODIFIED

*Amortization will
begin January 1, 2006
rather than 1/1/07.*

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Issue 4: Should the debit balances in accumulated depreciation resulting from the unamortized losses associated with the 1999 physical inventory be included in rate base for transfer purposes?

Recommendation: No. The debit balances in accumulated depreciation should be recorded as fully amortized losses, resulting in a reduction to rate base of ~~\$219,355~~ 224,753 for water and ~~\$88,819~~ 94,218 for wastewater.

APPROVED

Approved with the noted corrections.

Issue 5: Should the retirements from the 2003 physical inventory be included in rate base for transfer purposes?

Recommendation: No. The ~~\$218,238~~ 199,479 in retirements as a result of the 2003 physical inventory should be removed from rate base for transfer purposes as assets not transferred to Aqua.

APPROVED

Approved with the noted corrections.

Issue 6: Should the property losses associated with the abandonments of the Lake Gibson Estates, Zephyr Shores, and Beecher's Point wastewater plants, the St. Johns Highlands water plant, and the disconnection of the Lake Gibson Estates wastewater septic tanks be included as extraordinary property losses in rate base for transfer purposes?

Recommendation: Yes, an extraordinary property loss of \$-0-, \$-0-, and \$41,094, respectively, for the Lake Gibson Estates, Zephyr Shores, and Beecher's Point wastewater plant abandonments, \$11,503 for the St. Johns Highlands water plant abandonment, and \$159,005 for the Lake Gibson Estates wastewater septic tank disconnections, should be included in rate base for transfer purposes.

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Issue 7: What is the rate base of the Florida Water Services Corporation at the time of transfer?

Recommendation: The staff-recommended rate base for transfer purposes is \$9,847,462 and \$5,894,452 for water and wastewater, respectively, as of June 30, 2004. Aqua should be required to provide a statement within 60 days of the date of the order that it has set up its books and records using the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) and that adjustments to rate base have been made to reflect the approved balances as of June 30, 2004.

APPROVED

Issue 8: Should an acquisition adjustment be included in the calculation of rate base?

Recommendation: No. Pursuant to Rule 25-30.0371(3)(b), Florida Administrative Code, an acquisition adjustment should not be included in rate base.

APPROVED

Issue 9: Should FWSC's existing water and wastewater rates and service availability charges be continued by Aqua?

Recommendation: Yes. FWSC's existing water and wastewater rates and service availability charges should be continued by Aqua until authorized to change by the Commission in a subsequent proceeding. The tariff sheets reflecting these rates and charges should be effective for services rendered or connections made on or after the stamped approval date pursuant to Rule 25-30.475, Florida Administrative Code.

APPROVED

Approved with the correction made to the recommendation first page by staff, that this issue is final action rather than PAA.

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Issue 10: Should Aqua Utilities be authorized to continue collecting AFPI?

Recommendation: Yes. Aqua should be authorized to continue collecting the remaining authorized AFPI charges from new connections. Schedule 6 of staff's November 17, 2005 memorandum shows the charges and remaining ERCs by system. The AFPI over-collected by FWSC, in the amount of \$212,470, should be credited to CIAC. Aqua should maintain a monitoring system that prevents future over collection of AFPI.

APPROVED

Issue 11: Should these dockets be closed?

Recommendation: No. If no timely protest is received to the proposed agency action issues, the Order will become final upon the issuance of a Consummating Order. However, the dockets should remain open pending receipt of the statement within 60 days of the order approving the transfer that it has established its books and records in compliance with the NARUC USOA and that its books have been adjusted to reflect the approved rate base balances as of the date of the transfer. Upon receipt of the statement, the dockets should be administratively closed.

APPROVED

*Approved with correction
made to recommendation
language by staff, that these dockets (rather
than this docket) will be closed.*