

VOTE SHEET

May 22, 2007

Docket No. 070006-WS – Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

Issue 1: What is the appropriate range of returns on common equity for water and wastewater (WAW) utilities, pursuant to Section 367.081(4)(f), Florida Statutes?

Recommendation: Based on updated financial data, staff recommends that the appropriate range of returns on common equity for water and wastewater (WAW) utilities is 9.07% @ 100% equity to 12.01% @ 40% equity. The range is based on the following leverage formula:

$$\text{Return on Common Equity} = 7.10\% + 1.961/\text{Equity Ratio}$$

Where the Equity Ratio equals:

Common Equity / (Common Equity + Preferred Equity + Long-Term and Short-Term Debt)

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Katrina J. McMurrian

[Signature]

[Signature]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER: DATE

04195 MAY 23 06

Vote Sheet

May 22, 2007

Docket No. 070006-WS – Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

(Continued from previous page)

Issue 2: Should the Commission close this docket?

Recommendation: No. Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, the decision should become final and effective upon the issuance of a Consummating Order. However, this docket should remain open to allow staff to monitor changes in capital market conditions and to readdress the reasonableness of the leverage formula as conditions warrant.

APPROVED