

VOTE SHEET

NOVEMBER 18, 1997

RE: DOCKET NO. 960234-WS - Investigation of rates of Gulf Utility Company in Lee County for possible overearnings.
DOCKET NO. 960329-WS - Application for increase in rates and service availability charges in Lee County by Gulf Utility Company.

Issue 1: Should Gulf's Request for Administrative Notice be granted?
Recommendation: No.

APPROVED

Issue 2: Should the Commission reconsider Order No. PSC-97-0847-FOF-WS based on Gulf's assertion that the order violates the "end result doctrine"?

Recommendation: No, the Commission should not reconsider Order No. PSC-97-0847-FOF-WS based on Gulf's assertion that it violates the "end result doctrine?"

APPROVED

COMMISSIONERS ASSIGNED: DS CL

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Susan J. Clark
J. Jerry Deane

REMARKS/DISSENTING COMMENTS:

DOCUMENT NO. DATE

11848 NOV 19 97

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(Continued from previous page)

Issue 3: If the Commission approves Gulf's Motion for Reconsideration, should it authorize Gulf to collect the difference between its interim and final rates in the form of a surcharge from those customers who received service during the interim period?

Recommendation: No.

APPROVED

Issue 4: Should the Commission reconsider its decision to exclude the one million gallon reject holding tank for the Corkscrew Water Treatment Plant from rate base?

Recommendation: No.

APPROVED

Issue 5: Should the Commission reconsider its decision to use 1995 flows in lieu of 1996 flows when calculating used and useful percentages for the water and wastewater treatment plants?

Recommendation: Yes. The Commission should reconsider its decision to use the 1995 flows and replace them with 1996 projected flows. The 1996 projected flows should reflect the corrections made by staff as the result of evidence presented at the hearing.

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(Continued from previous page)

Issue 6: Should the Commission reconsider its application of used and useful percentages to the total investment in the wastewater treatment plants and, if yes, what used and useful percentages should be applied to the individual treatment plants?

Recommendation: Yes. Only phase 3 of the Three Oaks WWTP should be considered to be less than 100% used and useful. Based upon the proper application of used and useful percentage and due to the recalculation of flows using projected 1996 flows, as discussed in Issue 5, the used and useful percentages for the wastewater treatment plants should remain 100% for the San Carlos WWTP and phases 1 and 2 of the Three Oaks WWTP and should be 92.49% for phase 3 of the Three Oaks WWTP.

APPROVED

Issue 7: Should the Commission, on its own motion, reconsider its calculation of used and useful investment in additional water treatment plant accounts not addressed in the original recommendation and, if yes, what are the accounts and what used and useful application should be applied to those accounts?

Recommendation: Yes. Due to the recalculation of flows using projected 1996 flows and the inclusion of accounts not addressed in the original recommendation, the used and useful percentages for the following water treatment plant accounts should be:

Account No. 304.3 (Structures and Improvements)	93.80%
(Corkscrew treatment building)	
Account No. 309.2 (Supply Mains)	84.40%
Account No. 320.3 (Water Treatment Equipment)	77.66%
Account No. 339.3 (Other plant and Misc. Eqpt.)	89.20%

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(Continued from previous page)

Issue 8: Should the Commission reconsider its decision to impute CIAC on the margin reserve for the wastewater operations?

Recommendation: No. The Commission did not make a mistake of fact or law on the imputation of CIAC on the margin reserve. However, as a result of the change in used and useful percentages for water and wastewater, the amount of CIAC related to the margin reserve should be decreased. The correct balance of prepaid CIAC included in rate base should be \$90,662 for water and \$240,711 for wastewater. Further, the Final Order on page 33 should be corrected to state that the gross amount of CIAC collected on the margin reserve should be \$594,000, not \$1,594,000.

APPROVED

Issue 9: Was there an issue that addressed the valuation date of CIAC and, if so, should the Commission reconsider its decision?

Recommendation: No, there was no issue identified in the case that dealt with the valuation date of CIAC. Regardless, the Commission should not reconsider its decision in the Final Order.

APPROVED

Issue 10: Should the Commission reconsider its decision to disallow an annual customer satisfaction survey?

Recommendation: No, the Commission should not reconsider its decision. The Commission did not make a mistake of fact or law when it determined that an annual survey is not necessary and the same results could be achieved by including a questionnaire in the monthly bill.

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(Continued from previous page)

Issue 11: Should the Commission consider inclusion of added labor and chemical costs for the water operations that were not included in the utility's minimum filing requirements (MFRs)?

Recommendation: No, the Commission should not consider these costs, because the utility did not ask for recovery of such costs in the MFRs.

APPROVED

Issue 12: Should the Commission reconsider its decision to reallocate the salaries of Gulf's employees that also provide services for the Caloosa Group?

Recommendation: No. The Commission relied on competent substantial evidence in the record to reallocate these common salaries and the utility has not shown that the Commission made any errors of fact or law.

APPROVED

Issue 13: What are the appropriate water and wastewater rate bases?

Recommendation: The appropriate revised rate base amounts should be \$3,483,659 for water and \$4,302,133 for wastewater.

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(Continued from previous page)

Issue 14: What is the appropriate wastewater revenue requirement?

Recommendation: The following revised revenue requirement should be approved:

	Total	\$ Increase	% Increase
Water	\$2,056,775	\$-238,582	-10.39%
Wastewater	\$1,612,895	\$308,165	23.62%

APPROVED

Issue 15: What are the appropriate water and wastewater rates?

Recommendation: Consistent with staff's recommendation in Issue 14, the recommended rates should be designed to allow the utility the opportunity to generate annual operating water revenues in the amount of \$2,056,775 and annual operating wastewater revenues in the amount of \$1,612,895. The utility should be required to file revised tariff sheets and a proposed customer notice to reflect the appropriate rates pursuant to Rule 25-22.0407(10), Florida Administrative Code. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Section 25-30.475(1), Florida Administrative Code, provided the customers have received notice. The rates should not be implemented until proper notice has been received by the customers. The utility should provide proof to staff of the date notice was given within 10 days after the date of notice.

APPROVED

VOILE SHEET

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(Continued from previous page)

Issue 16: What is the appropriate master meter influent service rate?

Recommendation: Consistent with Issues 14 and 15, the appropriate master meter influent service rate is the base facility charge associated with the related meter size along with a gallonage charge of ~~\$4.34~~ per 1,000 gallons.

\$5.04

MODIFIED

Approved as modified.

Issue 17: What is the appropriate amount by which water and wastewater rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense required by Section 367.0816, Florida Statutes?

Recommendation: The water and wastewater rates should be reduced, as shown on Schedules Nos. 5-A and 5-B of staff's memorandum and as set forth in Order No. PSC-97-0847-FOF-WS, to remove annual rate case expense reflecting gross-up for regulatory assessment fees and four-year amortization, in the amount of \$38,010 and \$18,730, respectively. The decrease in rates should become effective immediately following expiration of the four-year recovery period, pursuant to Section 367.0816, Florida Statutes. The utility should be required to file revised tariff sheets and a proposed customer notice setting forth the lower rates and the reason for the reduction not later than one month prior to the actual date of the required rate reduction.

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(Continued from previous page)

Issue 18: What are the appropriate amounts of refunds, if any, for the water revenues held subject to refund and the interim wastewater revenue increase?

Recommendation: The utility should be required to refund 11.97% of the water revenues held subject to refund from April 11, 1996, to November 1, 1996, the date of the interim rate reduction. From November 1, 1996, to the effective date of the final rate, Gulf should refund 4.40% of the water revenues held subject to refund for the period subsequent to the interim rate reduction. No refund is necessary for wastewater. The refund should be made with interest in accordance with Rule 25-30.360(4), FAC. The utility should be required to submit the proper refund reports pursuant to Rule 25-30.360(7), FAC. The utility should treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), FAC.

APPROVED

Issue 19: Should the escrow funds or any portion of the escrow funds be released, as requested in the utility's Motion to Release Escrow Funds which was filed on July 30, 1997?

Recommendation: Yes. Escrow funds in the amount of \$104,000 can be released from the utility's escrow account.

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(Continued from previous page)

Issue 20: Should the docket be closed?

Recommendation: Yes. This docket should be closed after the time for filing an appeal has run, upon staff's verification that the utility has completed the required refunds with interest, and after the proper revised tariff sheets and customer notice have been filed by the utility and approved by staff. Further, the utility's escrow account can be closed upon staff's verification that the refund has been completed.

APPROVED

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