

VOTE SHEET

JANUARY 6, 1998

RE: DOCKET NO. 970633-WS - Application for staff-assisted rate case in Pasco County by Paradise Lakes Utility, Ltd.

Issue 1: Is the quality of service provided by Paradise Lakes Utilities, Ltd. in Pasco County satisfactory?

Recommendation: The quality of service for both the water and the wastewater systems should be considered satisfactory.

APPROVED

Issue 2: What portions of water and wastewater plants-in-service are used and useful?

Recommendation: The water treatment and the water distribution system should be considered 100% used and useful. The used and useful for the wastewater plant should be considered not applicable. The collection system should be 100% used and useful.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

E. J. [Signature]
Susan Clark
[Signature]
A. Tom Dear

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

00240 JAN-7 8

FPSC-RECORDS/REPORTING

98-1619
158226

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Issue 3: What is the appropriate average amount of test year rate base for each system?

Recommendation: The appropriate average amount of test year rate base for Paradise Lakes should be \$115,803 for water and \$417,515 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 rate of return on equity is 10.70% with a range of 9.70% - 11.70% and the appropriate overall rate of return is 10.46% with a range of 9.78% - 11.15%.

APPROVED

Issue 5: What are the appropriate test year operating revenues for each system?

Recommendation: The appropriate test year operating revenues should be \$60,203 for water and \$126,794 for wastewater.

APPROVED

Issue 6: What are the appropriate amounts for operating expense for each system?

Recommendation: The appropriate amounts for operating expense should be \$52,775 for water and \$88,508 for wastewater.

APPROVED

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Issue 7: What is the appropriate revenue requirement for each system?

Recommendation: The appropriate revenue requirement is \$65,112 for water and \$132,447 for wastewater.

APPROVED

Issue 8: What is the appropriate rate structure and what are the recommended rates for this utility?

Recommendation: The recommended rates should be designed to produce revenues of \$65,112 for water and \$132,447 for wastewater. The approved rates will 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, provided the customers have received notice. The rates may not be implemented until proper 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: 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 required by Section 367.0816, Florida Statutes?

Recommendation: Revenues should be reduced by a total of \$262 annually for each water and wastewater system to reflect the removal of rate case expense grossed up for regulatory assessment fees which are being amortized over a four-year period. The effect of the revenue reduction results in the rate decreases shown on Schedules Nos. 4 and 4A of staff's December 23, 1997 memorandum. 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.

APPROVED

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Issue 10: Should the recommended rates be approved for the utility on a temporary basis in the event of a timely protest filed by a party other than the utility?

Recommendation: Yes, the recommended rates should be approved for the utility on a temporary basis in the event of a timely protest filed by a party other than the utility. The utility should be authorized to collect the temporary rates after staff's approval of the security for potential refund, the proposed customer notice, and the revised tariff sheets.

APPROVED

Issue 11: Should this docket be closed?

Recommendation: Yes. Upon expiration of the protest period, if no protest is received from a substantially affected person within 21 days from issuance of the order, this docket should be closed administratively.

APPROVED