

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

JUNE 29, 1999

RE: DOCKET NO. 981663-WU - Application for staff-assisted rate case in Orange County by Tangerine Water Company, Inc.

Issue 1: Is the quality of service provided by Tangerine Water Company, Inc. satisfactory?

Recommendation: Yes, the quality of service is satisfactory. However, the docket should remain open and the utility should be given 180 days to complete the pro forma projects discussed in the analysis portion of staff's June 17, 1999 memorandum and to loop the one-inch main at one customer's residence to a larger main.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in the Majority column]

REMARKS/DISSENTING COMMENTS:

[Handwritten notes in the Remarks/Dismissing Comments section]

DOCUMENT NUMBER-DATE
07964 JUL-1 99
FPSC-RECORDS/REPORTING

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

Recommendation: The water treatment plant should be considered 100% used and useful, and the water distribution system should be considered 76.32% used and useful with the exception of Account Number 334 which should be considered 100% used and useful.

APPROVED

Issue 3: Should a margin reserve be included in the calculations of used and useful plant?

Recommendation: Yes. A 22 gallon per minute (gpm) margin reserve should be used for the water treatment plant and 11 ERCs should be used for the water distribution system.

APPROVED

Issue 4: What is the appropriate average amount of test year rate base?

Recommendation: The appropriate average amount of test year rate base for Tangerine should be \$85,408.

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Issue 5: 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 should be 8.98% with a range of 7.98% - 9.98%, and the appropriate overall rate of return should be 9.08% with a range of 8.40% - 9.75%.

APPROVED

Issue 6: What is the appropriate test year operating revenue?

Recommendation: The appropriate test year operating revenue should be \$38,340.

APPROVED

Issue 7: What is the appropriate amount of operating expense?

Recommendation: The appropriate amount of operating expense should be \$78,192.

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Issue 8: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement should be \$85,944.

APPROVED

Issue 9: What is the appropriate conservation rate structure for this utility?

Recommendation: The appropriate conservation rate structure is a continuation of the current base facility and gallonage charge rate structure.

APPROVED

Issue 10: Is a repression adjustment to consumption appropriate for this utility, and, if so, what is the appropriate adjustment?

Recommendation: Yes, a repression adjustment of 6,741,770 gallons to water consumption is appropriate. In order to monitor the effect of the rate increase on consumption, the utility should be ordered to file, on a quarterly basis, reports detailing the number of bills rendered, the number of gallons billed and the total revenues billed during the quarter, with the totals shown separately for the residential and general service classes of service. These reports should be required for a period of two years, beginning the first quarter after the revised rates go into effect.

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Issue 11: What are the recommended rates for this utility?

Recommendation: The recommended rates are shown in the analysis portion of staff's 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 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 12: 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: The rates should be reduced as shown on Schedule No. 4 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 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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Issue 13: What is the appropriate amount of customer deposits, should the utility be required to pay interest on customer deposits collected since 1992, and should customers who have established a satisfactory payment record, and have had continuous service for a period of 23 months, have their deposits refunded?

Recommendation: The appropriate amount of residential customer deposits should be \$116.00 per customer. The utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to 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 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. The utility should be ordered to pay interest on all customer deposits, including those collected since 1992, as required by Rule 25-30.311, Florida Administrative Code. Past due monies should include interest calculated in accordance with Rule 25-30.360, Florida Administrative Code. The utility should refund deposits of all customers who have established a satisfactory payment record and have had continuous service for a period of 23 months. Past due interest should be paid and eligible deposits should be refunded within 90 days of the effective date of the Commission order.

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Issue 14: What should the appropriate miscellaneous service charges be for Tangerine?

Recommendation: The appropriate miscellaneous service charges should be those recommended 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 be given administrative authority to 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 miscellaneous service charges should become effective for service rendered on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

APPROVED

Issue 15: Should the utility be allowed to initiate a late payment fee for bills?

Recommendation: Yes, the utility should be allowed a late payment fee of \$3.75 for customer bills paid after the 20-day payment period provided in the utility's tariff. The utility should file a revised tariff sheet, which is consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheet upon staff's verification that the tariff is consistent with the Commission's decision. If a revised tariff sheet is filed and approved, the late payment fee should become effective for service rendered on or after the stamped approval date of the revised tariff sheet, if no protest is filed.

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Issue 16: Should the recommended rates be approved for the utility on a temporary basis in the event of a protest filed by a party other than the utility?

Recommendation: Yes, the recommended rates should be approved on a temporary basis in the event of a 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 a potential refund, the proposed customer notice, and revised tariff sheets.

APPROVED

Issue 17: Should the utility's existing service availability policy be revised?

Recommendation: Yes. The utility's service availability policy should be revised to allow refundable advance agreements for future installation of distribution lines. The existing system capacity charge of \$100 should be separated into a plant capacity charge of \$64, and a main extension charge of \$36. The existing tap-in fee of \$100 should remain as is. If the Commission approves this new policy, the utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to 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 revised 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 18: Should the utility show cause why it should not be fined for violation of Rule 25-30.115(1), Florida Administrative Code, for failure to maintain its accounts and records in conformance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts, for violation of Rule 25-30.311(4)(a), Florida Administrative Code, for failure to pay interest on customer deposits, and for violation of Rule 25-30.311(5), Florida Administrative Code, for failure to refund customer deposits?

Recommendation: No, the utility should not show cause why it should not be fined for violation of Rule 25-30.115(1), Florida Administrative Code, for failure to maintain its accounts and records in conformance with the NARUC Uniform System of Accounts, for violation of Rule 25-30.311(4)(a), Florida Administrative Code, for failure to pay interest on customer deposits, and for violation of Rule 25-30.311(5), Florida Administrative Code, for failure to refund customer deposits. However, the utility should be ordered to maintain its accounts and records in conformity with the NARUC Uniform System of Accounts.

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Issue 19: Should this docket be closed?

Recommendation: No. If no timely protest is received upon expiration of the protest period, the Order becomes final and effective upon the issuance of a consummating Order. The docket should remain open for an additional 180 days from the date of the consummating Order to allow staff to verify that the utility installed a DEP required chlorine alarm, installed a DEP required transfer switch, completed all DEP required electrical work, repaired the number one pump, completed the required line looping, acquired a hand held computer for meter reading, paid interest on all customer deposits, completed the required refunds of deposits to all customers who have a satisfactory payment record for 23 months, and filed revised tariff sheets. Once staff has verified that these requirements have been completed, the docket should be closed administratively.

APPROVED