

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

SEPTEMBER 5, 2000

RE: DOCKET NO. 991627-WU - Application for rate increase in Polk County by Park Water Company Inc.

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

Recommendation: Yes. The quality of service provided by Park Water Company, Inc. should be considered satisfactory.

**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

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Issue 2: Should the Commission approve a year-end rate base for Park?

Recommendation: Yes. The Commission should approve a year-end rate base for Park to allow it an opportunity to earn a fair return on the utility investment made during the test year and to insure compensatory rates in this rate case.

**APPROVED**

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

Recommendation: Yes. Due to recent actual growth activity since the test year, staff recommends that the usual method of regression analysis (based upon historical growth) does not result in a valid growth projection. Instead, staff recommends that the conclusions of the Knepper & Willard, Inc. report estimating a growth of approximately 40 equivalent residential connections (ERCs) per year for the distribution system be adopted, that 40 ERCs times the five-year growth period times 315 gallons per day per ERC or 63,154 gallons per day be used as the growth allowance for the water treatment plant, and that 200 ERCs ~~connections~~ be used as the growth allowance for the water distribution system.

**APPROVED** *as modified by deleted text*

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Issue 4: What portions of water plant and distribution system are used and useful?

Recommendation: The water treatment plant should be considered 46.34% used and useful, and the water distribution system should be considered 55.52% used and useful with the exception of that portion of Account Number 309 (Supply Mains) related to the interconnection with the City of Lake Wales and Account Number 334 (Meters and Meter Installations) which should both be considered 100% used and useful.

**APPROVED**

Issue 5: What adjustments, if any, should be made to the utility's plant-in-service, land and land rights, non-used and useful plant, accumulated depreciation, and depreciation expense?

Recommendation: Plant-in-service should be increased by \$130,930, land and land rights should be increased by \$100, non-used and useful plant should be increased by \$190,128, accumulated depreciation should be decreased by \$29,722, and depreciation expense should be increased by \$1,970.

**APPROVED**

Issue 6: What adjustments, if any, should be made to Contributions-in-Aid-of-Construction, Accumulated Amortization of CIAC, and CIAC amortization?

Recommendation: CIAC should be increased by \$90,110, accumulated amortization should be increased by \$32,390, and CIAC amortization expense should be increased by \$2,997.

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Issue 7: What is the appropriate working capital allowance?

Recommendation: The appropriate amount of working capital should be \$18,183.

**APPROVED**

Issue 8: What is the appropriate rate base?

Recommendation: The appropriate year-end rate base for Park for the test year ended December 31, 1999 should be \$383,388.

**APPROVED**

Issue 9: 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 9.94% with a range of 8.94% - 10.94% and the appropriate overall rate of return should be 9.98% with a range of 9.71% - 10.25%.

**APPROVED**

Issue 10: What is the appropriate test year operating revenue?

Recommendation: The appropriate test year operating revenue should be \$182,486.

**APPROVED**

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Issue 11: What adjustments, if any, should be made to test year operation and maintenance expenses?

Recommendation: Operation and maintenance expenses should be reduced by \$5,821 as detailed in the analysis portion of staff's August 24, 2000 memorandum.

**APPROVED**

Issue 12: What adjustments, if any, should be made to Account No. 407, Amortization?

Recommendation: Amortization should be decreased by \$2,250.

**APPROVED**

Issue 13: What adjustments, if any, should be made to the taxes other than income?

Recommendation: Taxes other than income should be decreased by \$4,147.

**APPROVED**

Issue 14: What is the test year operating income before any revenue increase?

Recommendation: Based on the adjustments discussed in previous issues, staff recommends that the test year operating income before any provision for increased revenues should be \$5,911.

**APPROVED**

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Issue 15: What is the appropriate revenue requirement?

Recommendation:

The following revenue requirement should be approved.

	<u>TOTAL</u>	<u>\$ INCREASE</u>	<u>% INCREASE</u>
WATER	\$216,361	\$33,875	18.56%

**APPROVED**

Issue 16: What is the appropriate rate structure for Park Water and what are the recommended rates for this utility?

Recommendation: The appropriate rate structure should be the existing inverted block rate structure. The recommended rates should be as shown in the staff analysis. 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 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.

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Issue 17: What should be the appropriate amount of customer deposits?

Recommendation: The appropriate amount of residential customer deposits should be \$30. Larger residential meters and all general service meters customer deposits should be calculated at two times the customer's estimated average monthly bill. 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.

**APPROVED**

Issue 18: 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 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 19: Should the utility's existing service availability policy be revised?

Recommendation: Yes. The utility's service availability policy should be revised as detailed in staff's analysis. 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.

**APPROVED**

Issue 20: Should Park be ordered to show cause, in writing within 21 days, why it should not be fined up to \$5,000 per day for failure to maintain its accounts and records in conformance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA), in apparent violation of Rule 25-30.115(1), Florida Administrative Code?

Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be ordered to maintain its accounts and records in conformance with the 1996 NARUC USOA, and submit a statement from its accountant by March 31, 2001, along with its 2000 annual report, stating that its books are in conformance with the NARUC USOA and have been reconciled with the Commission Order.

**APPROVED**

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Issue 21: Should Park be ordered to show cause, in writing within 21 days, why it should not be fined up to \$5,000 per day for collecting unauthorized customer deposits, in apparent violation of Sections 367.081(1) and 367.091(3), Florida Statutes, and Rule 25-30.311(1), Florida Administrative Code?

Recommendation: No. Show cause proceedings should not be initiated. However, the utility should be admonished that, pursuant to Sections 367.081(1), and 367.091(3), Florida Statutes, it may in the future only charge rates and charges approved by the Commission. The utility should be allowed to keep the deposits collected during the test year. The utility should also be put on notice that customer deposits must be maintained in accordance with Rule 25-30.311, Florida Administrative Code, including refund of deposits after the customer has established a satisfactory payment record of 23 months, and payment of interest as prescribed in the Rule.

**APPROVED**

Issue 22: Should Park be ordered to show cause, in writing within twenty-one days, why it should not be fined for its apparent violation of Section 367.071, Florida Statutes?

Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be ordered to file an application for transfer of majority control within 90 days of the effective date of the Commission Order.

**APPROVED**

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Issue 23: Should this docket be closed?

Recommendation: Yes. If no timely protest is received upon expiration of  
the protest period, the PAA Order will become final upon the issuance of  
the Consummating Order and the docket should be closed.

**APPROVED**