

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

OCTOBER 17, 2000

RE: DOCKET NO. 000090-SU - Application for limited proceeding rate increase in Lee County by Useppa Island Utility, Inc.

Issue 1: Is the quality of service provided by Useppa considered satisfactory?

Recommendation: The quality of service provided by Useppa 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 Useppa for purposes of this investigation?

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

APPROVED

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

Recommendation: No. Staff recommends that no growth be considered for the water and wastewater systems.

APPROVED

Issue 4: What portions of water and wastewater systems are used and useful?

Recommendation: The water treatment plant, water distribution system, wastewater treatment plant, and wastewater collection system should all be considered 100% used and useful.

APPROVED

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Issue 5: What is the utility's appropriate amount of year-end rate base?

Recommendation: The appropriate amount of year-end test year rate base should be \$113,559 for the water system and \$199,389 for the wastewater system. The utility should be required to provide deeds showing the correct description of land owned and used by the utility within 90 days of the effective date of the Commission order issued in this matter.

APPROVED

Issue 6: 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% to 10.94% and the appropriate overall rate of return should be 9.67% with a range of 9.55% to 9.79%.

APPROVED

Issue 7: What is the appropriate test year revenue for this utility?

Recommendation: The appropriate test year revenue should be \$165,009 for the water system and \$80,917 for the wastewater system.

APPROVED

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Issue 8: What is the appropriate amount of operating expenses for rate setting purposes?

Recommendation: The appropriate amount of operating expenses for rate making purposes should be \$133,569 for the water system and \$71,855 for the wastewater system.

APPROVED

Issue 9: What are the appropriate revenue requirements for Useppa?

Recommendation: The appropriate revenue requirements should be \$144,547 for water and \$91,130 for wastewater.

APPROVED

Issue 10: Did Useppa earn in excess of its authorized return on equity on an overall basis for the test year ended December 31, 1999, and if so, how should the overearnings be handled on a prospective basis?

Recommendation: Yes. Useppa's water system had excess earnings of \$20,462 and its wastewater system had \$10,213 in underearnings for the test year ended December 31, 1999. Overall, the utility overearned by \$10,249 in 1999. For purposes of administrative efficiency, the utility should be allowed to defer all overearnings to 2001. Upon issuance of the final order, the utility should defer 6.21% (\$10,249 overearnings/\$165,009 test year water revenue) of monthly water billings and include the deferred revenues as a separate line item in its capital structure with a cost rate equal to the thirty-day commercial paper rate.

APPROVED

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Issue 11: Should the utility's request for a limited proceeding for its wastewater system be approved?

Recommendation: Yes. The utility's request for a limited proceeding for its wastewater system should be approved. However, the new wastewater rates should not be effective until the pro forma water plant has been completed and verified by staff.

APPROVED

Issue 12: What are the appropriate wastewater rates for this limited proceeding?

Recommendation: The recommended rates should be as shown in the analysis portion of staff's October 5, 2000 memorandum. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet. The stamped approval date should be the date the water system pro forma plant has been completed and verified by staff. 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. Staff recommends the utility provide staff with a copy of the new monthly utility bills within 90 days of the effective date of this order to verify the utility is complying with the rule.

APPROVED

Issue 13: Should the utility be required to show cause, in writing within 21 days, why it should not be fined up to \$5,000 per day for its apparent violation of Rule 25-30.335(1), Florida Administrative Code, for its failure to issue bills showing the beginning and ending meter readings?

Recommendation: No. A show cause proceeding should not be initiated because the utility has corrected the problem and has been in compliance since becoming aware of the violation.

APPROVED

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Issue 14: Should Useppa 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 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

Issue 15: Should this docket be closed?

Recommendation: No. 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. However, this docket should remain open for an additional 18 months from the effective date of the Order to verify the utility has submitted deeds showing the correct description of land owned and used by the utility within 90 days of the effective date of the Order; to verify the utility has submitted its new monthly bills within 90 days of the effective date of the Order and is in compliance with Rule 25-30.335, Florida Administrative Code; to verify that the utility submitted a statement from its accountant with its 2000 annual report stating that its books are in conformance with the NARUC USOA and have been reconciled with the Commission Order; to allow staff to verify pro forma water plant has been completed within 18 months of the effective date of the Order; and to establish an effective date for wastewater rates based on completion of the pro forma water plant.

APPROVED