

VOTE SHEET

DECEMBER 19, 2000

RE: DOCKET NO. 000467-WU - Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

Issue 1: Is the quality of service provided by Gem Estates Utilities, Inc. satisfactory?

Recommendation: Yes. The quality of service provided by Gem Estates Utilities, Inc. should be considered to be satisfactory.

DEFERRED

Issue 2: What portions of Gem Estates' water treatment plant and distribution system are used and useful?

Recommendation: Both the water treatment plant and the water distribution system should be considered 100% used and useful.

DEFERRED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

REMARKS/DISSENTING COMMENTS:

Deferred to the 1/18/2001 Commission Conference.

DOCUMENT NUMBER-DATE

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VOTE SHEET

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DOCKET NO. 000467-WU - Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

(Continued from previous page)

Issue 3: What is the utility's appropriate average amount of rate base?

Recommendation: The appropriate average amount of rate base should be \$61,840 for the test year. Pro forma plant, as outlined in the analysis portion of staff's December 7, 2000 memorandum, should be completed within six months of the effective date of the Commission Order.

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 should be 9.94% with a range of 8.94% to 10.94% and the appropriate overall rate of return should be 10.28% with a range of 9.59% to 10.96%.

Issue 5: What is the appropriate test year revenue for this utility?

Recommendation: The appropriate test year revenue should be \$12,660.

Issue 6: 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 \$56,281.

VOTE SHEET

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DOCKET NO. 000467-WU - Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

(Continued from previous page)

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

Recommendation: The appropriate revenue requirement should be \$62,674 for the test year.

Issue 8: Is a continuation of the utility's current flat rate structure for its water system appropriate in this case, and, if not, what is the appropriate rate structure?

Recommendation: No. A continuation of the utility's current flat rate structure for its water system is not appropriate in this case. The water system rate structure should be changed to a traditional base facility charge (BFC)/gallorage charge rate structure with a 10% conservation adjustment.

Issue 9: Is an adjustment to reflect repression of consumption due to the rate structure and price changes appropriate in this case, and, if so, what is the appropriate repression adjustment?

Recommendation: Yes, a repression adjustment of 8,913 kgal is appropriate in this case. In order to monitor the effects of both the change in rate structure and the recommended revenue increase, the utility should be ordered to prepare monthly reports detailing the number of bills rendered, the consumption billed and the revenue billed. These reports should be provided, by customer class and meter size, on a quarterly basis for a period of two years, beginning with the first billing period after the increased rates go into effect.

VOTE SHEET

DECEMBER 19, 2000

DOCKET NO. 000467-WU - Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

(Continued from previous page)

Issue 10: What is the appropriate billing period for this utility?

Recommendation: The utility should convert its customers from a Commission-approved quarterly billing cycle to monthly billing. This billing change should be noticed to the customers along with the other rate changes discussed in Issue 11.

Issue 11: What are the appropriate monthly rates for service?

Recommendation: The recommended rates should be designed to produce revenue of \$62,674 as shown in the staff analysis. The approved Step I 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 Step I 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 should be given administrative authority to approve the Step II tariff sheets upon staff's verification that the water meters have been installed, and that the tariffs are consistent with the Commission's decision.

Issue 12: 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.

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(Continued from previous page)

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 25-30.115, Florida Administrative Code, for its failure to maintain its books and records in conformance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA)?

Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be ordered to maintain its books 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 reconciled with the Commission Order.

Issue 14: 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 and effective upon the issuance of a Consummating Order. However, this docket should remain open for an additional 180 days from the effective date of the Order to allow staff to verify that the utility installed water meters for all customers. Once staff has verified that this work has been completed, the docket should be closed administratively.