

VOTE SHEET

June 19, 2012

Docket No. 120076-SU – Investigation of rates of Mid-County Services, Inc. in Pinellas County for possible overearnings.

Issue 1: Should the audit adjustments to rate base and net operating income, to which the Utility agrees, be made?

Recommendation: Yes. Based on audit adjustments agreed to by the Utility and staff, the following adjustments to rate base and net operating income, as set forth in Table 1-1 of the analysis portion of staff's memorandum dated June 7, 2012.

APPROVED

Issue 2: Should any adjustment be made to the Utility's Phoenix Project Financial/Customer Care Billing System (Phoenix Project)?

Recommendation: Yes. Plant should be reduced by \$29,871. In addition, accumulated depreciation should be reduced by \$4,479 and depreciation expense should be decreased by \$11,885.

MODIFIED

, as discussed at the Commission conference this date, the Phoenix Project will be addressed as a separate issue in a separate docket, consistent with the decision of the Eagle Ridge docket (Docket No. 110153-SU), Item No. 22.

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER DATE
03978 JUN 19 09
FPSC-COMMISSION CLERK

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**Issue 3:** What is the appropriate working capital allowance?

**Recommendation:** The appropriate working capital allowance is \$141,681.

**APPROVED**

**Issue 4:** What is the appropriate rate base for the year ended December 31, 2010?

**Recommendation:** Consistent with other recommended adjustments, the appropriate rate base for Mid-County is \$3,245,368.

**APPROVED**

**Issue 5:** What is the appropriate return on equity?

**Recommendation:** The appropriate return on equity is 10.60 percent. Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes.

**APPROVED**

**Issue 6:** What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the year ended December 31, 2010.

**Recommendation:** The appropriate weighted average cost of capital for the year ended December 31, 2010, is 8.33 percent.

**APPROVED**

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**Issue 7:** What is the appropriate amount of regulatory commission expense related to this earnings investigation of Mid-County?

**Recommendation:** Regulatory commission expense of \$6,400 should be allowed for the Mid-County wastewater system. To reflect the 4-year amortization, the O&M expenses of Mid-County should be increased by \$1,600.

**APPROVED**

**Issue 8:** What is the appropriate revenue requirement?

**Recommendation:** The appropriate revenue requirement is \$1,716,866.

**APPROVED**

**Issue 9:** In determining whether any refund is appropriate, how should the refund be calculated and what is the amount of the refund, if any, for 2010?

**Recommendation:** The adjusted final 2010 revenue requirement should be compared with the 2010 operating revenues to determine if a refund is necessary. Based on staff's analysis of Mid-County, the Utility should refund 13.63 percent, which is equal to the amount collected subject to refund, pursuant to Section 367.082(4), F.S. Pursuant to Rule 25-30.360(3), F.A.C., the refund should be made to the customers of record as of the date the PAA Order is final and made on the basis of usage. Mid-County should apply the 13.63 percentage to the monthly revenues from August 16, 2011 until the effective date of the new rates. The refund should be with interest in accordance with Rule 25-30.360(4), F.A.C. Mid-County should provide refund reports in accordance with Rule 25-30.360(7), F.A.C. The Utility should treat any unclaimed refund as CIAC in accordance with Rule 25-30.360(8), F.A.C.

**APPROVED**

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**Issue 10:** Are the present rates for Mid-County appropriate on a going-forward basis?

**Recommendation:** No. The rates for Mid-County should be decreased across-the-board by 14.35 percent. The Utility should file revised tariff sheets and a proposed customer notice reflecting the appropriate rates and the reason for the reduction within 15 days of the date that the Order is final. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff, pursuant to Rule 25-30.475(1), F.A.C., after staff has verified that the proposed customer notice is adequate and this notice has been provided to the customer. The Utility should provide proof that the customers have received notice within 10 days after the date of the notice.

**APPROVED**

**Issue 11:** 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?

**Recommendation:** The rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated June 7, 2012, to remove \$1,955 for rate case expense, grossed up for Regulatory Assessment Fees (RAFs), which is being amortized over a four-year period. 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, F.S. 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**

**Issue 12:** Should the Utility be required to provide proof that it has adjusted its books for all Commission-approved adjustments?

**Recommendation:** Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, Mid-County should provide proof, within 90 days of the final order in this docket, that the adjustments for all the applicable National Association of Regulatory Utility Commissioners Uniform System of Accounts primary accounts have been made.

**APPROVED**

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**Issue 13:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order will be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, and that the refund, if any, has been completed and verified by staff. Once these actions are complete, this docket should be closed administratively.

**APPROVED**

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