

VOTE SHEET

SEPTEMBER 1, 1998

RE: DOCKET NO. 971401-WS - Application for staff-assisted rate case in Bay County by Bayside Utilities, Inc.

Issue 1: Is the quality of service provided by Bayside Utilities, Inc. in Bay County satisfactory?

Recommendation: The quality of water and wastewater service provided by Bayside Utilities, Inc. should be considered satisfactory. However, the docket should be held open for 90 days from the issuance date of the order to remove all non-utility related users from the power meter at the "Eastern" lift station, and to install emergency lights for each lift station where they can be seen from the nearest road.



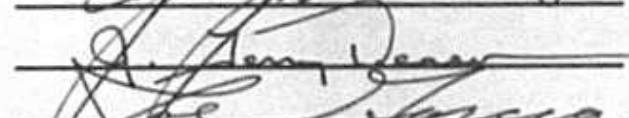
**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

  
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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE  
 09712 SEP-4 88  
 FPSC-RECORDS/REPORTING

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

Recommendation: A used and useful analysis of the water and wastewater treatment plants is not applicable; the water distribution and wastewater collection systems should be considered 100% used and useful.

**APPROVED**

Issue 3: What is the appropriate treatment of the CIAC associated with the wastewater treatment plant?

Recommendation: The appropriate treatment of the CIAC should be to retire the amount associated with the wastewater treatment plant. Staff is recommending that \$40,344 of wastewater CIAC and \$27,662 of wastewater accumulated amortization of CIAC shown on the utility's books be retired.

**APPROVED**

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

Recommendation: The appropriate average amount of test year rate base for Bayside Utilities, Inc. should be \$67,580 for water and \$214,694 for wastewater.

**APPROVED**

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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 10.46% with a range of 9.46% - 11.46% and the appropriate overall rate of return should be 5.53%.

**APPROVED**

Issue 6: What are the appropriate test year operating revenues for each system?

Recommendation: The appropriate test year operating revenues should be \$59,617 for water and \$65,452 for wastewater.

**APPROVED**

Issue 7: What are the appropriate amounts for operating expense for each system?

Recommendation: The appropriate amounts for operating expense should be \$55,971 for water and \$65,284 for wastewater. The utility should be ordered to make arrangements to remove all non-utility related users so as to have a separate electric meter dedicated solely to the Eastern lift station.

**APPROVED**

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Issue 8: What is the appropriate revenue requirement for each system?

Recommendation: The appropriate revenue requirement should be \$62,408 for water and \$85,735 for wastewater.

**APPROVED**

Issue 9: Are repression adjustments to consumption appropriate in this instance, and, if so, what are the appropriate adjustments?

Recommendation: No, repression adjustments are not appropriate in this instance.

**APPROVED**

Issue 10: What is the appropriate rate structure and what are the recommended rates for this utility?

Recommendation: The recommended rates should be designed to produce revenues of \$62,408 for water and \$85,735 for wastewater. The recreational vehicle (RV) base facility charge should be eliminated. 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**

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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 required by Section 367.0816, Florida Statutes?

Recommendation: The water and wastewater rates should be reduced as shown on Schedules No. 4 and 4-A of staff's August 20, 1998 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.

**APPROVED**

Issue 12: Should the utility's tariff have a provision for customer deposits and, if so what should be the appropriate amount of customer deposits?

Recommendation: The utility should be allowed a provision for customer deposits in its tariff. The appropriate amount of customer deposits should be \$40.00 for water and \$55.00 for wastewater for 5/8" x 3/4" meters. The deposit amounts should be effective in accordance with Rule 25-30.475, Florida Administrative Code.

**APPROVED**

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Issue 13: Are the utility's existing miscellaneous service charges appropriate, and, if not, what should they be?

Recommendation: The utility's existing miscellaneous service charges were approved in Commission Order No. 18624, issued January 4, 1988. The appropriate charges should be those recommended in the analysis portion of staff's memorandum. The miscellaneous service charge amounts should be effective in accordance with Rule 25-30.475, Florida Administrative Code.

**APPROVED**

Issue 14: Should the utility's wastewater tariff service availability charges be revised?

Recommendation: Yes, the utility's wastewater service availability charges should be revised. The existing \$300 plant capacity charge should be discontinued, and a main extension charge of \$300 should be initiated for all future customers. The utility should be ordered to file a revised tariff sheet within 10 days of the effective date of the order, 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 tariffs are consistent with the Commission's decision. If the Commission order is protested, the utility should maintain the existing service availability charges until the final order is issued. If no protest is filed and the revised tariff sheet is approved, the charges should become effective for new connections made on or after the stamped approval date of the revised tariff sheet pursuant to Rule 25-30.475(2), Florida Administrative Code.

**APPROVED**

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Issue 15: 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 potential refund, a copy of the proposed customer notice, and revised tariff sheets.

**APPROVED**

Issue 16: Should the Commission order Bayside to show cause, in writing within twenty days, why it should not be fined an amount up to \$5,000 for each violation of Rules 25-30.115 and 25-30.110(1)(a), Florida Administrative Code?

Recommendation: No, show cause proceedings should not be initiated. However, the utility should be ordered to maintain its books and records in conformity with the 1996 NARUC Uniform System of Accounts (USOA), and preserve its records in accordance with the "Regulations to Govern the Preservation of Records of Electric, Gas, and Water Utilities" as issued by the National Association of Regulatory Utility Commissioners (NARUC), as revised May 1985. The utility should also be placed on a monitor status and staff auditors should review the utility books and records within 12 months to verify the utility is following the NARUC system of accounts.

**MODIFIED**

*This issue is not proposed agency action. Approved as modified.*

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Issue 17: Should this docket be closed?

Recommendation: No. If no timely protest is received upon expiration of the protest period, this docket should remain open for an additional ninety days from the effective date of the order to allow staff to verify that the utility removed all non-utility related users from the power meter at the "Eastern" lift station, and properly installed emergency lights for each lift station where they can be seen from the nearest road. Once staff has verified that this work has been completed, the docket should be closed administratively.

**APPROVED**