FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

SEPTEMBER 22, 1998

RE: DOCKET NO. 970991-SU - Investigation into rates and charges of Florida Cities Water Company - Lee County Division (South Ft. Myers Wastewater System) for potential overearnings.

Issue 1: Should the Commission accept FCWC's proposal to defer its overearnings?

Recommendation: Yes. FCWC should be allowed to: defer $21,606 in price index revenues for 1996; defer $222,646 in excess revenues for 1997; continue to file semi-annual earnings reports; include the deferred revenues as a separate line item in the capital structure for the South Ft. Myers wastewater system, with a cost rate equal to the thirty-day commercial paper rate; and use the current leverage graph formula to calculate the excess earnings for 1998. Any remaining balance in deferred revenues as of December 31, 2000, will be added to CIAC. Any excess earnings for 1998 will be addressed in 1999.

MODIFIED *Approved with modification that first full paragraph on p. 7 of recommendation was deleted from issue.*

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY	DISSENTING

REMARKS/DISSENTING COMMENTS:

PSC/RAR33 (5/90)

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Issue 2: What is the appropriate rate of return on equity?
Recommendation: Using the current leverage formula, the rate of return on
equity should be 10.46%, with a range of 9.46% to 11.46%.

APPROVED

Issue 3: Should this docket be closed?
Recommendation: No. This docket should remain open until all overearnings
have been addressed. Staff will address the 1998 excess earnings in 1999
after we have reviewed the utility's calculations and its 1998 rate of
return. However, this proposed agency action shall become final if no
substantially affected person timely files a protest.

APPROVED