FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

NOVEMBER 2, 1998

RE: DOCKET NO. 950495-WS - Application for rate increase and increase in service availability charges by Southern States Utilities, Inc. for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, St. Johns, St. Lucie, Volusia, and Washington Counties.

Issue 1: Should the Petition to Intervene filed by the City of Marco Island be granted?
Recommendation: Yes. The Petition to Intervene should be granted, but only in the city's capacity as a customer.

DEFERRED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY	**DISSENTING**

REMARKS/DISSENTING COMMENTS: Deferred to Nov. 13, 1998, 9:30 A.M.

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Issue 2: Should parties be allowed to participate?
Recommendation: Yes. Participation should be limited to ten minutes for each party.

Issue 3: What is the appropriate action for the Commission to take on Florida Water Service Corporation's Joint Offer of Settlement and Sugarmill Woods Civic Association's Counter-offer to Proposed Settlement?
Recommendation: The Commission should not unilaterally accept the utility's offer since it was specifically rejected by one of the parties. The counter-offer of Sugarmill Woods was presented to the parties, not the Commission, and therefore, requires no action by the Commission.

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Issue 4: In light of the decision and mandate of the First District Court of Appeal, what is the appropriate action the Commission should take?
Recommendation: Staff recommends that the Commission take the following action:

(a) Authorize the utility to implement rates on a going forward basis for those items for which the Commission admitted error and for which the Court reversed without giving discretion to reopen the record. Allow the utility to surcharge its customers over a two-year period to recover the lost revenues due to these items, as discussed in Issue 6.

(b) Reopen the record to take additional testimony on the use of the lot count methodology and AADF in the used and useful analysis. Authorize the utility to implement a rate increase to reflect the difference in the used and useful methodologies at issue (AADF and lot count), as discussed in Issue 5. Further, the utility should be allowed to surcharge its customers for the difference in the rates during the time since the final rates in this case were implemented, as discussed in Issue 6. The rate increase and surcharge associated with the issues going to hearing should be implemented subject to refund.

(c) Defer the decision with regard to the refund of interim rates and the appropriate AFPI charges, as discussed in Issue 7, until a final decision is reached on the issues that will be the subject of hearing.

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Issue 5: If the Commission approves staff's recommendation in Issue 4, what are the appropriate rates for Florida Water Services Corporation on a prospective basis?
Recommendation: If the Commission approves staff's recommendation in Issue 4, the appropriate rates for Florida Water Services Corporation on a prospective basis are shown on Schedules 2A and 2B of staff's October 21, 1998 memorandum. The part of the rate increase associated with the issues that will be determined at hearing should be held subject to refund. Florida Water Services Corporation should be required to file a corporate undertaking in the amount of $1,713,684. The current bond in the amount of $3,553,766 may be released. The utility should file revised tariff sheets and a proposed customer notice, for approval by staff, to reflect the appropriate rates within 14 days of the date of the order. The utility should be placed on notice that failure to implement the prospective rates will cause it to forfeit its right to collect surcharges beyond this point. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to 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 notice.

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Issue 6: Are surcharges applicable, and, if so, what are the appropriate amount of surcharges that the utility should be allowed to charge?
Recommendation: Florida Water should be allowed to implement two surcharges. The first surcharge relates to the issues for which either the Commission admitted error or for which it was reversed by the Court without any discretion to reopen the record. The second surcharge covers the items which will be decided at hearing and should be collected subject to refund. The utility should be allowed to collect both surcharges over a two year period which is the length of time the rates have been in effect. Pursuant to GTE no new customers should be required to pay a surcharge. The utility should file a corporate undertaking in the amount of $3,601,022. This is in addition to the corporate undertaking addressed in Issue 5. If Florida Water elects to file one corporate undertaking, separate amounts should be listed with language that indicates which portion of revenues each amount relates to. The tariff sheets filed pursuant to the rate increases authorized in Issue 5, should include the surcharge rates applicable to each service area. The utility should be placed on notice that failure to implement the surcharges will cause it to forfeit its right to collect surcharges. The notice to customers required in Issue 5 should include a reference to the surcharges.

Issue 7: What items should the Commission not take action on at this time?
Recommendation: The Commission should not take action on the final revenue requirement determination, and all items that would change because of the evidence obtained at hearing, including rate base, rate case expense, operating expenses, final service rates, final surcharges, interim refunds, and AFPI charges and refunds. These items should be addressed at the point when the Commission makes its decision on the final recommendation in this docket.

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Issue 8: Should this docket be closed?
Recommendation: No. The docket should remain open pending final disposition of the remand.