

VOTE SHEET

April 21, 2009

Docket No. 080250-SU – Application for increase in wastewater rates in Pinellas County by Mid-County Services, Inc.

Issue 1: Is the quality of service provided by Mid-County Services, Inc. satisfactory?

Recommendation: Yes. The overall quality of service provided by the Utility is satisfactory.

DEFERRED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Five horizontal lines for majority signatures.

Five horizontal lines for dissenting signatures.

REMARKS/DISSENTING COMMENTS: This item has been deferred to the May 5, 2009 Agenda.

DOCUMENT NUMBER-DATE

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Issue 2: Should the audit adjustments to rate base and operating expenses to which the Utility and staff agree be made?

Recommendation: Yes. Based on the audit adjustments agreed to by the Utility and staff, the following adjustments should be made to rate base and operating expenses.

Audit Finding	Wastewater
No. 1 - Decrease Plant in Service	\$385
No. 1 - Decrease Accumulated Depreciation	\$10
No. 1 - Decrease Depreciation Expense	\$23
No. 2 - Decrease CIAC	\$633
No. 3 - Decrease Accumulated Depreciation	\$3,290
No. 6 - Increase RAF Expense (TOTI)	\$7,736
AT No. 4 - Increase Plant in Service	\$18,392
AT No. 5 - Increase Transportation Expense	\$5,422

DEFERRED

Issue 3: Should any adjustments be made to the Utility's pro forma plant additions and associated expenses?

Recommendation: Yes. Mid-County's pro forma plant additions should be decreased by \$30,000 for wastewater. Corresponding adjustments should be made to decrease accumulated depreciation and depreciation expense by \$333, and \$667, respectfully.

DEFERRED

Issue 4: What are the used and useful percentages of the Utility's wastewater collection system?

Recommendation: The wastewater treatment plant is 92 percent used and useful. The collection system is 100 percent used and useful, except that portion of the collection system that is booked in Account 354, which is 92 percent used and useful. Staff has reduced rate base by \$272,407 and has made corresponding adjustments to reduce depreciation expense by \$12,004 and reduce property tax by \$1,422. Staff's adjustments to non-used and useful plant are shown on the rate base and operating income adjustment Schedules 1-B and 3-B of staff's memorandum dated April 9, 2009.

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Issue 5: What is the appropriate working capital allowance?

Recommendation: The appropriate working capital allowance is \$13,356.

DEFERRED

Issue 6: What is the appropriate rate base for the December 31, 2007, test year?

Recommendation: Consistent with other recommended adjustments, the appropriate simple average rate base for the test year ending December 31, 2007, is \$2,907,990.

DEFERRED

Issue 7: What is the appropriate return on common equity?

Recommendation: The appropriate return on common equity is 11.83 percent based on the Commission's leverage formula currently in effect. Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes.

DEFERRED

Issue 8: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year ended December 31, 2007?

Recommendation: The appropriate weighted average cost of capital for the test year ended December 31, 2007, is 8.52 percent.

DEFERRED

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Issue 9: Should an adjustment to Contractual Services-Other be made?

Recommendation: Yes. Contractual Services-Other should be decreased by \$18,872.

DEFERRED

Issue 10: What is the appropriate amount of rate case expense?

Recommendation: The appropriate amount of rate case expense is \$107,968. This expense should be recovered over four years for an annual expense of \$26,992. The Utility's requested annual rate case expense of \$71,711 should be reduced by \$28,748 to remove prior rate case expense of \$28,748, and reduced by \$15,972 for staff's recommended adjustments to current rate case expense, for a total reduction of \$44,720.

DEFERRED

Issue 11: What is the test year wastewater operating income or loss before any revenue increase?

Recommendation: The test year operating income is \$69,406 for wastewater before any revenue increase.

DEFERRED

Issue 12: What is the appropriate revenue requirement?

Recommendation: The following is the appropriate revenue requirement:

	Test Year		Revenue	
	<u>Revenues</u>	<u>\$ Increase</u>	<u>Requirement</u>	<u>% Increase</u>
Wastewater	\$1,712,614	\$299,373	\$2,011,987	17.48%

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Issue 13: What are the appropriate wastewater rates for Mid-County?

Recommendation: The appropriate monthly rates are shown on Schedule No. 4 of staff's memorandum dated April 9, 2009. Staff's recommended rates are designed to produce revenues of \$2,011,987 excluding miscellaneous service charge revenues. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

DEFERRED

Issue 14: In determining whether any portion of the interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The proper refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenue requirement granted. Based on this calculation, no wastewater refunds are required.

DEFERRED

Issue 15: 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 April 9, 2009, to remove \$28,263 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.

DEFERRED

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Issue 16: 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.

DEFERRED

Issue 17: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within twenty-one 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 interim refund, if any, has been completed and verified by staff. Once these actions are complete, this docket should be closed administratively, and the corporate undertaking should be released.

DEFERRED