

VOTE SHEET

JANUARY 18, 2000

RE: DOCKET NO. 971220-WS - Application for transfer of Certificates Nos. 592-W and 509-S from Cypress Lakes Associates, Ltd. to Cypress Lakes Utilities, Inc. in Polk County.

Issue 1: What was the condition of the assets sold to Cypress Lakes Utilities, Inc.?

Recommendation: The water and wastewater systems appeared to be in satisfactory condition, with no outstanding operating violations.

**APPROVED**

COMMISSIONERS ASSIGNED: DS CL JC

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*Susan L. Clark*  
*J. Tom Deason*  
*[Signature]*

*J. Tom Deason*

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

00750 JAN 198

PSC/RAR33 (3/90) RECORDS/REPORTING

*Commissioner Deason  
dissented on issue  
of acquisition adjustment.*

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Issue 2: Was Cypress Lakes Associates, Ltd. (CLA) a "troubled" utility?

Recommendation: The record indicates that Cypress Lakes Associates was a functioning utility but was economically troubled.

**APPROVED**

Issue 3: Are there any extraordinary circumstances which warrant an acquisition adjustment to rate base and, if so, what are they?

Recommendation: There are extraordinary circumstances that have supported rate base inclusion of an acquisition adjustment; however, the record in this case does not support a finding that extraordinary circumstances exist and therefore a acquisition adjustment should not be applied.

**APPROVED**

Issue 4: What is the net book value for the water and wastewater systems?

Recommendation: The respective net book values for the water and wastewater systems were \$617,609 and \$921,439 at December 31, 1997.

**APPROVED**

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Issue 5: Should a negative acquisition adjustment be included in the rate base determination?

Recommendation: Rate base inclusion of a negative acquisition adjustment is not appropriate.

**APPROVED**

*Commissioner Deason  
dissented.*

Issue 6: What is the rate base for the water and wastewater systems, for the purposes of this transfer?

Recommendation: The rate base amount should match the net book values of the acquired assets. Rate base is \$617,609 for water and \$921,439 for wastewater.

**APPROVED**

Issue 7: Who bears the burden of proving whether an acquisition adjustment should be included in the rate base?

Recommendation: Rate base inclusion of an acquisition adjustment ultimately affects the utility's rates. The utility must support its rate base balance. A showing of extraordinary circumstances must be made to warrant a rate base inclusion of an acquisition adjustment. Once the utility makes an initial showing that there are not extraordinary circumstances, the burden of persuasion shifts to the opposing party to demonstrate that extraordinary circumstances are present. If the opposing party meets the burden of persuasion, the ultimate burden of rebutting the opposing party's allegations rests upon the utility.

**APPROVED**

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Issue 8: Must extraordinary circumstances be shown in order to warrant rate base inclusion of an acquisition adjustment?

Recommendation: Yes, extraordinary circumstances must be shown in order to warrant rate base inclusion of an acquisition adjustment.

**APPROVED**

Issue 9 (New): Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issues 1 through 8, nothing will remain to be done in this docket and the docket should be closed.

**APPROVED**