

VOTE SHEET

DECEMBER 19, 2000

RE: DOCKET NO. 992015-WU - Application for limited proceeding to recover costs of water system improvements in Marion County by Sunshine Utilities of Central Florida, Inc. (Deferred from the 11/28/00 Commission Conference.)

Issue 1: As proposed in Alternative No. 1, is the elimination of five water treatment plants, the construction of a single water treatment plant, and the proposed interconnection of all five systems by constructing approximately nine miles of transmission mains for the purpose of eliminating contamination problems and meeting development demands prudent and justified?

Recommendation: No. The utility's proposal to eliminate five water treatment plants, construct a single water treatment plant, and interconnect all five systems by constructing approximately nine miles of transmission mains for the purpose of eliminating contamination problems and meeting development demands is not prudent or justified.

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

REMARKS/DISSENTING COMMENTS:

Staff to advise

DEFERRED NUMBER-DATE
16204 DEC 20 8

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Issue 2: Should Alternative No. 1 of this limited proceeding for an increase in rates and charges to all the customers of Sunshine be approved?

Recommendation: No. The proposed expansion will only create a slight improvement to a few of Sunshine's customers, and would not benefit all the customers of Sunshine Utilities. Therefore, the limited proceeding to approve Alternative No. 1 should be denied.

Issue 3: Should Alternative No. 2 to this limited proceeding, whereby the utility will only eliminate four water treatment plants, construct a single water treatment plant, interconnect the four systems with approximately six miles of water mains for the purpose of eliminating contamination problems and meeting development demands, with the rate increase passed on to either all of its customers, or only to the customers of the four affected systems, be approved?

Recommendation: No. Alternative No. 2 should be denied. The proposal in Alternative No. 2, although less involved than Alternative No. 1, has very limited benefit to all of the existing customers of Sunshine Utilities. The major benefit again appears to be to the utility, which would gain a greatly enlarged system capable of serving a larger and a future customer base with limited benefit to the customers of the four systems involved. However, if the Commission approves this alternative, staff recommends that a used and useful analysis be performed and the rates set to collect the majority of the modification costs from the future customers who the utility will be capable of serving after the proposed modifications and interconnections.

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Issue 4: Should the Commission, on its own motion, update Sunshine's authorized return on equity (ROE)?

Recommendation: Yes. The utility's authorized ROE should be lowered from 11.89% to 9.38%, with a range of 8.38% to 10.38%, in order to establish a more appropriate return on a going-forward basis.

Issue 5: Should the annual Allowance for Funds Used During Construction (AFUDC) rate for Sunshine be changed?

Recommendation: Yes. The annual AFUDC rate for Sunshine should be changed from 6.50% to 9.04% and the discounted monthly rate should be 0.753021%. The effective date of the new AFUDC rate should be January 1, 2000.

Issue 6: What is the appropriate amount of rate case expense for Docket No. 992015-WU?

Recommendation: Staff recommends that rate case expense for this limited proceeding should be disallowed.

Issue 7: Should this docket be closed?

Recommendation: Yes. If no timely protest is received upon the expiration of the 21-day protest period, the PAA Order will become final upon the issuance of the consummating order, and this docket should be closed.