

VOTE SHEET

DATE: September 3, 1996

RE: DOCKET NO. 960133-WU - Application for staff-assisted rate case in Lee County by MHC-DeAnza Financing Limited Partnership d/b/a Buccaneer Water Service.

Issue 1: Should the utility's petition for a staff-assisted rate case be approved?

Recommendation: Yes, the utility's petition for a staff-assisted rate case should be approved.

DEFERRED

Quality of Service

Issue 2: Is the quality of service provided by Buccaneer Water Service satisfactory?

Recommendation: The quality of service provided by Buccaneer is considered satisfactory.

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

REMARKS/DISSENTING COMMENTS:

PSC/RAR33 (5/90)

Staff to advise

DOCUMENT NUMBER-DATE

09398 SEP-4 8

FPSC-RECORDS/REPORTING

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Rate Base

Issue 3: What portions of water plants-in-service are used and useful?

Recommendation: The utility does not operate a water treatment plant. It is recommended that the water distribution system be considered 100% used and useful.

Issue 4: What is the average test year rate base for the system?

Recommendation: The average test year rate base is \$96,554.

Cost of Capital

Issue 5: What is the appropriate rate of return on equity, and what is the appropriate overall rate of return for this utility?

Recommendation: The appropriate rate of return on equity is 11.10% with a range of 10.10% - 12.10% and the appropriate overall rate of return is 9.47% with a range of 8.92% - 10.03%.

Net Operating Income

Issue 6: What is the appropriate test year operating revenue?

Recommendation: The appropriate test year operating revenue is \$174,223.

Issue 7: Should Buccaneer Water Service be required to pay regulatory assessment fees on the amount of discrepancy in 1995 revenue?

Recommendation: Yes. If the Commission approves Issue No. 6 of this recommendation, the utility should be required to pay \$2,946 in regulatory assessment fees within 30 days of the effective date of the Commission order.

Issue 8: What are the appropriate amounts for operating expense for the system?

Recommendation: The appropriate amount for operating expense is \$196,129.

Revenue Requirement

Issue 9: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$205,274.

Rates and Charges

Issue 10: What is the appropriate rate structure and what are the recommended rates for this utility?

Recommendation: The recommended rates should be designed to produce revenue of \$205,274 using the base facility charge rate structure. These rates should be charged to all customers of the utility. The approved rates will be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The rates may not be implemented until proper notice has been received by the customers. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

Other Issues

Issue 11: What is the appropriate amount by which revenues should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense required by Section 367.0816, F.S.?

Recommendation: Revenues should be reduced by a total of \$2,612 annually to reflect the removal of rate case expense grossed-up for regulatory assessment fees which are being amortized over a four-year period. Using the utility's current revenues, expenses, capital structure and customer base, the effect of the revenue reduction results in the rate decreases shown on Schedule No. 4 of staff's memorandum dated August 22, 1996. 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.

Issue 12: Should the recommended rates be approved for the utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the utility?

Recommendation: Yes, the recommended rates should be approved for the utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the utility. If the recommended rates are approved on a temporary basis, the rates collected by the utility shall be subject to the refund provisions discussed in the analysis portion of staff's memorandum dated August 22, 1996.

Issue 13: Should MHC-DeAnza Financing Limited Partnership d/b/a Buccaneer Water Service be ordered to show cause why it should not be fined for violating Section 367.091(2) and (3), F.S., for failure to charge its existing tariff rates for water service?

Recommendation: No. Based upon the Commission's past orders, a show-cause action is not warranted. However, the utility should be ordered to bill all connections, including lifetimer residents and affiliated general service connections, at the approved, variffed rates.

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Issue 14: Should this docket be closed if a timely protest is not received?
Recommendation: If the Commission approves Issue No. 7, and if no timely protests are received during the 21-day protest period, this docket may be closed administratively upon receipt of the \$2,946 regulatory assessment fee detailed in Issue No. 7. If the Commission denies Issue No. 7, and if no timely protests are received during the 21-day protest period, this docket should be closed.