

VOTE SHEET

DATE: APRIL 1, 1997

RE: DOCKET NO. 961418-SU - Response to Commission order to show cause by Mad Hatter Utility, Inc. in Pasco County.

Issue 1: Should Mad Hatter Utilities, Inc.'s request for a waiver of that provision set forth in Order No. PSC-96-1226-FOF-WS requiring the utility to file the information required by Rule 25-30.425(1)(a) through (f), F.A.C., along with a calculation of the rate reduction, be granted?

Recommendation: No. Mad Hatter Utilities, Inc.'s request for a waiver should be denied. Pursuant to Order No. PSC-96-1226-FOF-WS, the utility should have filed the information required by Rule 25-30.425(1)(a) through (f), F.A.C., along with a calculation of the rate reduction. Staff recommends that the Commission reach a decision regarding the proposed decrease based on the information presently available.

**DEFERRED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

PSC/RAR33(5/90) *Staff to advise*

DOCUMENT NUMBER-DATE

03488 APR-4 5

FPSC-RECORDS/REPORTING

Vote Sheet

Docket No. 961418-SU

April 1, 1997

**Issue 2:** Does the Commission have the authority to reduce Mad Hatter Utilities, Inc.'s rates to reflect a reduction in purchased water and/or wastewater costs?

**Recommendation:** The Commission has the authority to reduce Hudson Utilities, Inc.'s rates to reflect a reduction in purchased water and/or wastewater costs only if the utility meets or exceeds the minimum of its authorized range of return on equity.

**Alternative Recommendation:** Yes, the Commission has the authority to reduce Hudson Utilities, Inc.'s rates because Section 367.081(4)(b), F.S., requires a utility's rates to be reduced to reflect a reduction in purchased water and/or wastewater costs.

**Issue 3:** Should Mad Hatter Utility, Inc.'s rates be reduced to reflect a reduction in purchased wastewater treatment costs to bulk wastewater customers in Pasco County?

**Recommendation:** Yes. The reduction in purchased wastewater treatment costs may result in an achieved rate of return on equity for 1995 which exceeds the utility's last authorized rate of return on equity. If the rates are not reduced, it may cause the utility to exceed the maximum range of its last authorized range of return on equity. Therefore, MHU's wastewater rates should be reduced by \$.92 per thousand gallons or \$110,397 to reflect a reduction in wastewater treatment cost for the Foxwood and Turtle Lakes wastewater division. The utility should submit revised tariffs and a proposed customer notice reflecting the appropriate rates and the reason for the reduction. The approved rates should 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 should not be implemented until proof of 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 the notice.

**Alternative Recommendation:** Yes. Section 367.081(4)(b), F.S., requires a utility's rates to be reduced to reflect a reduction in purchased water and/or wastewater costs. MHU's wastewater rates should be reduced by \$.92/per thousand gallons or \$110,397 to reflect a reduction in Pasco County's wastewater treatment cost for its Foxwood and Turtle Lakes wastewater divisions. The utility should submit revised tariffs and a proposed customer notice reflecting the appropriate rates and the reason for the reduction. The approved rates should 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 should not be implemented until proof of 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 the notice.

**Issue 4:** May the Commission require Mad Hatter Utilities, Inc. to refund excess purchased wastewater costs collected from April 1, 1996 to the effective date of the new rates?

**Recommendation:** Yes, the Commission may require Mad Hatter Utilities, Inc. to refund excess purchased wastewater costs collected from April 1, 1996 to the effective date of the new rates.

Vote Sheet

Docket No. 961418-SU

April 1, 1997

**Issue 5:** Should Mad Hatter Utilities, Inc. be required to refund excess purchased wastewater costs collected from April 1, 1996 to the effective date of the new rates?

**Recommendation:** Yes. Staff's calculations show a decrease of \$110,397 for purchased wastewater for MHU's Foxwood and Turtle Lakes divisions. This results in a decrease of \$.92 to the utility's gallonage charge. The utility should refund excess purchased wastewater costs collected from April 1, 1996 to the effective date of the new rates for its Foxwood and Turtle Lakes divisions. Staff does not have the consumption data at this time to calculate the amount of the refunds. Therefore, MHU should be ordered to provide actual consumption data for its Foxwood and Turtle Lakes divisions along with its calculation of the refund.

The utility should calculate the refund due customers based on the difference in the cost of the number of gallons of wastewater treated at the old rate and the new rate. The utility should also submit a schedule showing by month actual water gallons sold and wastewater gallons treated for the period April 1, 1996 through the date the utility implements the new rates and a schedule showing the calculation of the refund per customer. The refunds should be made with interest, as required by Section 25-30.360(4), F.A.C., within 90 days of the effective date of the order. The utility should be required to submit the proper refund reports pursuant to Rule 25-30.360(7), F.A.C. The utility should treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), F.A.C.

**Issue 6:** Should this docket be closed?

**Recommendation:** Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, and upon verification that the utility has reduced its rates to reflect the reduction in purchased wastewater costs to bulk wastewater customers in Pasco County and has refunded the excess purchased wastewater costs collected from April 1, 1996 to the effective date of the new rates, and upon the utility's filing of and staff's approval of the proposed customer notice and the revised tariff sheets, this docket should be closed administratively. If the Commission votes that no reduction or refund is required, then the docket should be closed upon expiration of the protest period.