

Case Assignment and Scheduling Record

Section 1 - Division of Records and Reporting (RAR) Completes

Docket No. 000467-WU Date Docketed: 04/20/2000 Title: Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.
Company: Gem Estates Utilities, Inc.

Official Filing Date: _____
Last Day to Suspend: _____ Expiration: _____

Referred to: _____
("()" indicates OPR)

ADM	AFA	APP	CAF	CMU	EAG	GCL	LEG	RAR	PAI	(WAW)
_____	<u>X</u>	_____	_____	_____	_____	_____	<u>X</u>	_____	_____	<u>X</u>

Section 2 - OPR Completes and returns to RAR in 10 workdays.

Time Schedule

Program/Module A1(b)

Staff Assignments

OPR Staff

Staff Counsel

OCRs ()

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Recommended assignments for hearing and/or deciding this case:

Full Commission _____ Commission Panel _____
Hearing Examiner _____ Staff _____

Date filed with RAR: _____

Initials: OPR _____
Staff Counsel _____

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
IT IS TENTATIVE AND SUBJECT TO REVISION.
FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770
Current CASR revision level

0

Due Dates

Previous Current

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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	GR	DS	CL	JC	JB		

- Prehearing Officer

Commissioners						ADM
GR	DS	CL	JC	JB		

DOCUMENT NO.

Where panels are assigned the senior Commissioner is Panel Chairman: the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved: _____

Date: ____ / ____ / ____

16237-01

Case Scheduling/Rescheduling Advice

Last Revised 02/07/2001 at 08:53

Page 1 of 1

Printed on 02/12/2001 at 16:25

To:

<input checked="" type="checkbox"/> Commissioner Deason	<input checked="" type="checkbox"/> Deputy Executive Director/Tech	<input type="checkbox"/> Safety & Electric Reliability Director
<input checked="" type="checkbox"/> Commissioner Jaber	<input checked="" type="checkbox"/> Appeals Director	<input checked="" type="checkbox"/> Records & Reporting Director
<input checked="" type="checkbox"/> Commissioner Baez	<input checked="" type="checkbox"/> Legal Director	<input checked="" type="checkbox"/> PAI Director
<input type="checkbox"/> Commissioner Palecki	<input checked="" type="checkbox"/> Economic Regulation Director	<input checked="" type="checkbox"/> Regulatory Oversight Director
<input checked="" type="checkbox"/> Executive Director	<input type="checkbox"/> Competitive Services Director	<input checked="" type="checkbox"/> Court Reporter
<input checked="" type="checkbox"/> Public Information Officer	<input checked="" type="checkbox"/> Consumer Affairs Director	<input checked="" type="checkbox"/> Staff Contact - Johnny Butts

From: Office of Chairman E. Leon Jacobs

Docket Number: 000467-WU

Docket Title: Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

1. Schedule Information

Event	Former Date	New Date	Location	Time
Prehearing Conference	06/11/2001	Cancelled	Tallahassee, Room 152	1:30 PM - 5:00 PM
Service Hearing	07/11/2001	Cancelled	Pasco County	10:00 AM - 12:00 PM
Hearing	07/11/2001	Cancelled	Pasco County	12:00 PM - 5:00 PM
Service Hearing	07/11/2001	Cancelled	Pasco County	6:00 PM - 8:00 PM
Hearing	07/12/2001	Cancelled	Pasco County	10:00 AM - 5:00 PM

2. Hearing/Prehearing Assignment Information

Former Assignments

Hearing Officers

Commissioners						Hearing Exam.	Staff
ALL	JC	DS	JB	BZ	PL		

Current Assignments

Commissioners						Hearing Exam.	Staff
ALL	JC	DS	JB	BZ	PL		
		X	X	X			

Prehearing Officer

Commissioners					
JC	DS	JB	BZ	PL	ADM

Commissioners					
JC	DS	JB	BZ	PL	ADM
		X			

Reason for Revision: A. New Assignment 1. Unavailability 2. Good Cause 3. Recused 4. Disqualified 5. See Remarks

Remarks:

Case Scheduling/Rescheduling Advice

Last Revised 05/11/2000 at 14:52

Page 1 of 1

Printed on 05/11/2000 at 16:54

To:

<input checked="" type="checkbox"/> Commissioner Deason <input type="checkbox"/> Commissioner Clark <input type="checkbox"/> Commissioner Jacobs <input checked="" type="checkbox"/> Commissioner Jaber <input checked="" type="checkbox"/> Executive Director <input checked="" type="checkbox"/> Public Information Officer	<input checked="" type="checkbox"/> Deputy Executive Director/Technical <input checked="" type="checkbox"/> Appeals Director <input checked="" type="checkbox"/> Legal Director <input checked="" type="checkbox"/> Auditing & Financial Analysis Director <input type="checkbox"/> Telecommunications Director <input checked="" type="checkbox"/> Consumer Affairs Director	<input type="checkbox"/> Electric & Gas Director <input checked="" type="checkbox"/> Records & Reporting Director <input checked="" type="checkbox"/> PAI Director <input checked="" type="checkbox"/> Water & Wastewater Director <input checked="" type="checkbox"/> Court Reporter <input type="checkbox"/> Staff Contact
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From: Office of Chairman Joe Garcia

Docket Number: 000467-WU

Docket Title: Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

1. Schedule Information

Event	Former Date	New Date	Location	Time
Prehearing Conference		06/11/2001	Tallahassee, Room 152	9:30 AM - 12:00 PM
Service Hearing		07/10/2001	Pasco County	10:00 AM - 12:00 PM
Hearing		07/10/2001	Pasco County	12:00 PM - 5:00 PM
Service Hearing		07/10/2001	Pasco County	6:00 PM - 8:00 PM
Hearing		07/11/2001	Pasco County	10:00 AM - 5:00 PM

2. Hearing/Prehearing Assignment Information

Former Assignments

Hearing Officers

Commissioners						Hearing Exam.	Staff
ALL	GR	DS	CL	JC	JB		

Current Assignments

Commissioners						Hearing Exam.	Staff
ALL	GR	DS	CL	JC	JB		
	X	X			X		

Prehearing Officer

Commissioners					
GR	DS	CL	JC	JB	ADM

Commissioners					
GR	DS	CL	JC	JB	ADM
				X	

Reason for Revision: A. New Assignment 1. Unavailability 2. Good Cause 3. Recused 4. Disqualified 5. See Remarks

Remarks:

Case Assignment and Scheduling Record

Section 1 - Division of Records and Reports, (RAR) Completes

Docket No. 000467-WU Date Docketed: 04/20/2000 Title: Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

Official Filing Date: Last Day to Suspend: Expiration:

Referred to: ("()") indicates OPR ADM AFA APP CAF CMU EAG GCL LEG RAR PAI (WAW)

Section 2 - OPR Completes and returns to RAR in 10 workdays.

Time Schedule

Program/Module A1(b)

Staff Assignments

OPR Staff J Butts, T Rendell, M Willis

Staff Counsel J Brubaker

OCRs (AFA) J McPherson, D Vandiver

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Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel
Hearing Examiner Staff

Date filed with RAR: 05/17/2000

Initials: OPR
Staff Counsel

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT. IT IS TENTATIVE AND SUBJECT TO REVISION. FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770 Current CASR revision level

0

Due Dates

Previous Current

1. Forms Requesting Assistance Filed	NONE	04/20/2000
2. AFA's Initial Review Report	NONE	05/15/2000
3. Committee Meets to Discuss	NONE	05/16/2000
4. AFA Audit Request	NONE	05/18/2000
5. SARC Approval/Denial Letter	NONE	05/22/2000
6. Company Pays Filing Fee	NONE	06/15/2000
7. Audit Report Due	NONE	07/18/2000
8. Engineering Report Due	NONE	07/18/2000
9. Preliminary Accounting Report to PDS for Analysis	NONE	08/17/2000
10. Repression/Conservation Report to Staff	NONE	08/24/2000
11. Preliminary Accounting Report to Supervisor	NONE	08/31/2000
12. OPR Provides Legal with Customer Notice Data	NONE	09/05/2000
13. Legal Sends Notice and Reports to Company	NONE	09/07/2000
14. Customer Meeting	NONE	10/09/2000
15. Staff Recommendation	NONE	12/07/2000
16. Agenda	NONE	12/19/2000
17. PAA Order	NONE	01/12/2001
18. Protest Period Expires	NONE	02/02/2001
19. Consummating Order if No Protest	NONE	02/09/2001
20. Close Docket or Revise CASR	NONE	02/16/2001
21. Prehearing, if PAA Protested	NONE	06/11/2001
22. Hearing, if PAA Protested (07/10-11/01)	NONE	07/10/2001
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	GR	DS	CL	JC	JB		
X							

- Prehearing Officer

Commissioners					ADM
GR	DS	CL	JC	JB	
				X	

Where panels are assigned the senior Commissioner is Panel Chairman: the identical panel decides the case. Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved:

Date: 05/17/2000

Case Scheduling/Rescheduling Advice

Last Revised 07/05/2000 at 09:42

Page 1 of 1

Printed on 07/05/2000 at 17:12

To: ☐ Commissioner Clark ☒ Deputy Executive Director/Tech ☐ Safety & Electric Reliability Director
☐ Commissioner Jacobs ☒ Appeals Director ☒ Records & Reporting Director
☒ Commissioner Jaber ☒ Legal Director ☒ PAI Director
☒ New Commissioner ☒ Economic Regulation Director ☒ Regulatory Oversight Director
☒ Executive Director ☐ Competitive Services Director ☒ Court Reporter
☒ Public Information Officer ☒ Consumer Affairs Director ☒ Staff Contact - Johnny Butts

From: Office of Chairman Terry Deason

Docket Number: 000467-WU

Docket Title: Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

1. Schedule Information

Event	Former Date	New Date	Location	Time

2. Hearing/Prehearing Assignment Information

Former Assignments

Hearing Officers

Commissioners						Hearing Exam.	Staff
ALL	DS	CL	JC	JB	NC		

Current Assignments

Commissioners						Hearing Exam.	Staff
ALL	DS	CL	JC	JB	NC		
	X			X	X		

Prehearing Officer

Commissioners					
DS	CL	JC	JB	NC	ADM

Commissioners					
DS	CL	JC	JB	NC	ADM
			X		

Reason for Revision: A. New Assignment 1. Unavailability 2. Good Cause 3. Recused 4. Disqualified 5. See Remarks

Remarks: NEW COMMISSIONER REPLACED COM. GARCIA

Case Assignment and Scheduling Record

Section 1 - Division of Records and Report (RAR) Completes

Docket No. 000467-WU Date Docketed: 04/20/2000 Title: Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

Official Filing Date: 06/17/2000

Last Day to Suspend:

Expiration:

Referred to:
 ("()" indicates OPR)

ADM AFA APP CAF CMP CMU EAG (ECR) GCL LEG PAI RAR RGO SER WAW
 X X X

Section 2 - OPR Completes and returns to RAR in 10 workdays.

Time Schedule

Program/Module Al(b)

Staff Assignments

OPR Staff J Butts, T Davis, T Rendell,
 M Willis

Staff Counsel J Brubaker

OCRs (RGO) J McPherson, D Vandiver,
 C Winston

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
 IT IS TENTATIVE AND SUBJECT TO REVISION.
 FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770
 Current CASR revision level

1

Due Dates

Previous Current

1. Audit Report Due	SAME	07/18/2000
2. Engineering Report Due	SAME	07/18/2000
3. Preliminary Accounting Report to PDS for Analysis	SAME	08/17/2000
4. Repression/Conservation Report to Staff	SAME	08/24/2000
5. Preliminary Accounting Report to Supervisor	SAME	08/31/2000
6. OPR Provides Legal with Customer Notice Data	SAME	09/05/2000
7. Legal Sends Notice and Reports to Company	SAME	09/07/2000
8. Customer Meeting	10/09/2000	10/19/2000
9. Staff Recommendation	SAME	12/07/2000
10. Agenda	SAME	12/19/2000
11. PAA Order	SAME	01/12/2001
12. Protest Period Expires	SAME	02/02/2001
13. Consummating Order if No Protest	SAME	02/09/2001
14. Close Docket or Revise CASR	SAME	02/16/2001
15. Prehearing, if PAA Protested	SAME	06/11/2001
16. Hearing, if PAA Protested (07/10-11/01)	SAME	07/10/2001
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Recommended assignments for hearing
 and/or deciding this case:

Full Commission X Commission Panel
 Hearing Examiner Staff

Date filed with RAR: 05/17/2000

Initials: OPR

Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	DS	CL	JC	JB	NC		
X							

- Prehearing Officer

Commissioners					ADM
DS	CL	JC	JB	NC	
			X		

Where panels are assigned the senior Commissioner is Panel Chairman;
 the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is
 assigned the full Commission decides the case.

Approved:

20/2m

Date: 07/18/2000

Case Scheduling/Rescheduling Advice

Last Revised 08/07/2000 at 15:30

Page 1 of 1

Printed on 08/08/2000 at 12:03

To:

<input type="checkbox"/> Commissioner Jacobs	<input checked="" type="checkbox"/> Deputy Executive Director/Tech	<input type="checkbox"/> Safety & Electric Reliability Director
<input checked="" type="checkbox"/> Commissioner Jaber	<input checked="" type="checkbox"/> Appeals Director	<input checked="" type="checkbox"/> Records & Reporting Director
<input checked="" type="checkbox"/> New Commissioner	<input checked="" type="checkbox"/> Legal Director	<input checked="" type="checkbox"/> PAI Director
<input type="checkbox"/> New Commissioner-SC	<input checked="" type="checkbox"/> Economic Regulation Director	<input checked="" type="checkbox"/> Regulatory Oversight Director
<input checked="" type="checkbox"/> Executive Director	<input type="checkbox"/> Competitive Services Director	<input checked="" type="checkbox"/> Court Reporter
<input checked="" type="checkbox"/> Public Information Officer	<input checked="" type="checkbox"/> Consumer Affairs Director	<input checked="" type="checkbox"/> Staff Contact - Johnny Butts

From: Office of Chairman Terry Deason

Docket Number: 000467-WU

Docket Title: Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

1. Schedule Information

Event	Former Date	New Date	Location	Time
Prehearing Conference		06/11/2001	Tallahassee, Room 152	1:30 PM - 5:00 PM

2. Hearing/Prehearing Assignment Information

Hearing Officers

Former Assignments

Commissioners						Hearing Exam.	Staff
ALL	DS	JC	JB	NC	SC		

Current Assignments

Commissioners						Hearing Exam.	Staff
ALL	DS	JC	JB	NC	SC		
	X		X	X			

Prehearing Officer

Commissioners					
DS	JC	JB	NC	SC	ADM

Commissioners					
DS	JC	JB	NC	SC	ADM
		X			

Reason for Revision: A. New Assignment 1. Unavailability 2. Good Cause 3. Recused 4. Disqualified 5. See Remarks

Remarks: PH date changed. H - 7/11-12/2001.

Case Scheduling/Rescheduling Advice

Last Revised 08/07/2000 at 14:41

Page 1 of 1

Printed on 08/08/2000 at 12:03

To:

<input type="checkbox"/> Commissioner Jacobs <input checked="" type="checkbox"/> Commissioner Jaber <input checked="" type="checkbox"/> New Commissioner <input type="checkbox"/> New Commissioner-SC <input checked="" type="checkbox"/> Executive Director <input checked="" type="checkbox"/> Public Information Officer	<input checked="" type="checkbox"/> Deputy Executive Director/Tech <input checked="" type="checkbox"/> Appeals Director <input checked="" type="checkbox"/> Legal Director <input checked="" type="checkbox"/> Economic Regulation Director <input type="checkbox"/> Competitive Services Director <input checked="" type="checkbox"/> Consumer Affairs Director	<input type="checkbox"/> Safety & Electric Reliability Director <input checked="" type="checkbox"/> Records & Reporting Director <input checked="" type="checkbox"/> PAI Director <input checked="" type="checkbox"/> Regulatory Oversight Director <input checked="" type="checkbox"/> Court Reporter <input checked="" type="checkbox"/> Staff Contact - Johnny Butts
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From: Office of Chairman Terry Deason

Docket Number: 000467-WU

Docket Title: Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

1. Schedule Information

Event	Former Date	New Date	Location	Time
Service Hearing	07/10/2001	07/11/2001	Pasco County	10:00 AM - 12:00 PM
Hearing	07/10/2001	07/11/2001	Pasco County	12:00 PM - 5:00 PM
Service Hearing	07/10/2001	07/11/2001	Pasco County	6:00 PM - 8:00 PM
Hearing	07/11/2001	07/12/2001	Pasco County	10:00 AM - 5:00 PM

2. Hearing/Prehearing Assignment Information

Former Assignments

Hearing Officers

Commissioners						Hearing Exam.	Staff
ALL	DS	JC	JB	NC	SC		

Current Assignments

Commissioners						Hearing Exam.	Staff
ALL	DS	JC	JB	NC	SC		
	X		X	X			

Prehearing Officer

Commissioners					
DS	JC	JB	NC	SC	ADM

Commissioners					
DS	JC	JB	NC	SC	ADM
		X			

Reason for Revision: A. New Assignment 1. Unavailability 2. Good Cause 3. Recused 4. Disqualified 5. See Remarks

Remarks:

Case Assignment and Scheduling Record

Section 1 - Division of Records and Reports (RAR) Completes

Docket No. 000467-WU Date Docketed: 04/20/2000 Title: Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

Official Filing Date: 06/17/2000

Last Day to Suspend: _____ Expiration: _____

Referred to: ADM AFA APP CAF CMP CMU EAG (ECR) GCL LEG PAI RAR RGO SER WAW
 ("()") indicates OPR

Section 2 - OPR Completes and returns to RAR in 10 workdays.

Time Schedule

Program/Module Al(b)

Staff Assignments

OPR Staff J Butts, T Davis, T Rendell, M Willis

Staff Counsel J Brubaker

OCRs (RGO) J McPherson, D Vandiver, C Winston

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Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel _____
 Hearing Examiner _____ Staff _____

Date filed with RAR: 05/17/2000

Initials: OPR _____
 Staff Counsel _____

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
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 FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770
 Current CASR revision level

2

Due Dates

Previous Current

1. Engineering Report Due	SAME	07/18/2000
2. Preliminary Accounting Report to PDS for Analysis	SAME	08/17/2000
3. Repression/Conservation Report to Staff	SAME	08/24/2000
4. Preliminary Accounting Report to Supervisor	SAME	08/31/2000
5. OPR Provides Legal with Customer Notice Data	SAME	09/05/2000
6. Legal Sends Notice and Reports to Company	SAME	09/07/2000
7. Customer Meeting	10/09/2000	10/19/2000
8. Staff Recommendation	SAME	12/07/2000
9. Agenda	SAME	12/19/2000
10. PAA Order	SAME	01/12/2001
11. Protest Period Expires	SAME	02/02/2001
12. Consummating Order if No Protest	SAME	02/09/2001
13. Close Docket or Revise CASR	SAME	02/16/2001
14. Prehearing, if PAA Protested	SAME	06/11/2001
15. Hearing, if PAA Protested (07/11-12/01)	07/10/2001	07/11/2001
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Section 3 - Chairman Completes

Assignments are as follows:

CSRA

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	DS	JC	JB	NC	XX		
X							

- Prehearing Officer

Commissioners					ADM
DS	JC	JB	NC	XX	
		X			

Where panels are assigned the senior Commissioner is Panel Chairman; the identical panel decides the case.
 Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved: 20/ann

Date: 08/08/2000

Case Assignment and Scheduling Record

Section 1 - Division of Records and Repro. (RAR) Completes

Docket No. 000467-WU Date Docketed: 04/20/2000 Title: Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.
Company: Gem Estates Utilities, Inc.

Official Filing Date: 06/17/2000

Last Day to Suspend: Expiration: 09/25/2001

Referred to: ADM AFA APP CAF CMP CMU EAG (ECR) GCL LEG PAI RAR RGO SER WAW
("()" indicates OPR) X X X

Section 2 - OPR Completes and returns to RAR in 10 workdays.

Time Schedule

Program/Module Al(b)

Staff Assignments

OPR Staff J Butts, T Davis, T Rendell,
M Willis

Staff Counsel J Brubaker

OCRs (RGO) J McPherson, D Vandiver,
C Winston

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Recommended assignments for hearing
and/or deciding this case:

Full Commission X Commission Panel
Hearing Examiner Staff

Date filed with RAR: 01/10/2001

Initials: OPR
Staff Counsel

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
IT IS TENTATIVE AND SUBJECT TO REVISION.
FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770
Current CASR revision level

3

Due Dates

Previous Current

1. Agenda (Deferred from 12/19/00)	01/16/2001	02/06/2001
2. PAA Order	02/05/2001	02/26/2001
3. Protest Period Expires	02/26/2001	03/19/2001
4. Consummating Order if No Protest	03/02/2001	03/23/2001
5. Close Docket or Revise CASR	03/16/2001	04/06/2001
6. Prehearing, if PAA Protested	06/11/2001	06/11/2001
7. Hearing, if PAA Protested (07/11-12/01)	07/10/2001	07/11/2001
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	JC	DS	JB	BZ	PL		
X							

- Prehearing Officer

Commissioners					ADM
JC	DS	JB	BZ	PL	
		X			

Where panels are assigned the senior Commissioner is Panel Chairman;
the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

Approved: *[Signature]*

Date: Pending 1-19-01

Commissioners:
J. TERRY DEASON, CHAIRMAN
E. LEON JACOBS, JR.
LILA A. JABER
BRAULIO L. BAEZ



DIVISION OF LEGAL SERVICES
NOREEN S. DAVIS
DIRECTOR
(850) 413-6199

Public Service Commission

September 8, 2000

Ms. Hollis J. Malberg, President
Gem Estates Utilities, Inc.
P.O. Box 2016
Zephyrhills, Florida 33539

Dear Ms. Malberg:

000467

This will confirm that Commission staff will hold a customer meeting at 6:00 pm on Thursday, October 19, 2000. The location of the meeting will be:

Gem Estates' Clubhouse located on Elgin Drive
Zephyrhills, Florida 33539

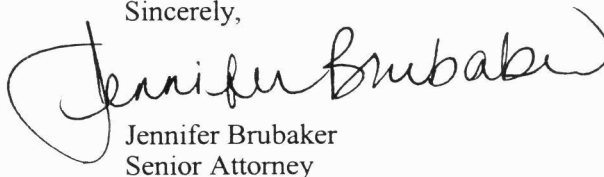
We ask that, if at all possible, you or another knowledgeable representative of the utility attend the meeting in order to answer customer questions.

The original customer meeting notice is enclosed. Please note the date has been left blank so that you can fill in the date that the notice is sent to the customers. The customers must have at least 14 calendar days' notice of the meeting, calculated from the day that they receive the notice. Please furnish me with a copy of the notice, as reproduced at the time it is distributed to your customers, together with a cover letter indicating the exact date(s) on which the notice was mailed or otherwise delivered to the customers.

Three copies of the staff report dated August 31, 2000, are enclosed. Please ensure that a copy of the complete Application for Staff Assistance and the reports are available for review by all interested persons at the utility or the clubhouse.

If you have any questions, please do not hesitate to call me at (850) 413-6228.

Sincerely,


Jennifer Brubaker
Senior Attorney

APP _____
CAF _____
CMP _____
COM _____
CTR _____
ECR _____
LEG _____
OPC _____
PAI _____
RGO _____
SEC _____
SER _____
OTH _____

Enclosures (4)

cc: Division of Records and Reporting
Division of Consumer Affairs (DeMello, Rasberry)
Hearing Reporter
Office of Public Counsel
Division of Economic Regulation (Willis, Rendell, Butts, Ted Davis)

DOCUMENT NO.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
NOTICE OF CUSTOMER MEETINGS
TO THE CUSTOMERS OF GEM ESTATES UTILITIES, INC.
AND
ALL OTHER INTERESTED PERSONS
DOCKET NO. 000467-WU
APPLICATION OF GEM ESTATES UTILITIES, INC.
FOR A STAFF-ASSISTED RATE CASE IN
PASCO COUNTY

Issued:

Notice is hereby given that the Staff of the Florida Public Service Commission will conduct a customer meeting to discuss the application of Gem Estates Utilities, Inc. (Gem Estates or utility) for a staff-assisted rate case in Pasco County. The meeting will be held at the following time and place:

6:00 p.m., Thursday, October 19, 2000
Gem Estates' Clubhouse located on Elgin Drive
Zephyrhills, Florida 33539

All persons who wish to comment are urged to be present at the beginning of the meeting, since the meeting may be adjourned early if no customers are present. One or more of the Commissioners of the Florida Public Commission may attend and participate in this meeting. The meeting will begin as scheduled and will continue until all the customers have been heard.

The Public Service Commission Staff is also attempting to meet with representatives of the homeowners associations on October 19, 2000 between 2:00pm and 4:00pm at the clubhouse. If you are a representative of the homeowners association and you have not been contacted by the Public Service Commission Staff, and wish to meet with staff, please contact Johnny Butts at (850) 413-6920 of the Public Service Commission staff prior to October 18, 2000.

All persons who wish to participate in individual meetings are urged to make an appointment, since individual meetings may be canceled if no appointments are made.

Any person requiring some accommodation at the customer meeting(s) because of a physical impairment should call the Division of Records and Reporting at (850)413-6770 at least five calendar days prior to the meeting(s). Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

PURPOSE

The purpose of this meeting is to give customers and other interested persons an opportunity to offer comments to the Public Service Commission Staff regarding the quality of service the utility provides, the proposed rate increase, and to ask questions and comment on staff's preliminary rates included in this notice as well as other issues. Staff members will summarize Gem Estates' proposed filing, the preliminary work accomplished, and answer questions to the extent possible. A representative from the utility has also been invited to respond to questions.

At the beginning of the meeting, procedures will be established for the order of comments. The Public Service Commission Staff will have sign-up sheets, and customers will be called to speak in the order that they sign-up. Public Service Commission Staff will be available to coordinate customers' comments and to assist members of the public.

Any person who wishes to comment or provide information to staff may do so at the meetings, orally or in writing. Written comments may also be sent to the Commission at the address given at the end of this notice. Your letter will be placed in the correspondence file of this docket. You may also submit comments through the Public Service Commission's toll-free facsimile line at 1-800-511-0809.

BACKGROUND

Gem Estates is a Class C utility which provides water service to approximately 224 customers in a mobile home subdivision in Pasco County. The utility's test year revenues are \$12,660, its staff adjusted operating expenses are \$54,372, which results in a staff adjusted test year loss of (\$41,712) for this utility. The test period for setting rates is the historical twelve month period ending May 31, 2000.

CURRENT AND PRELIMINARY RATES AND CHARGES

Staff has compiled the following rates and charges for the purpose of discussion at the customer meeting. These rates are preliminary and subject to change based on information gathered at

the customer meeting, further staff review, and the final decision by the Commissioners. Staff is proposing Phase I and Phase II rates. Phase I flat rates are rates to be effective prior to the utility's installation of water meters. Phase II rates will be effective once water meters are installed. The utility's current and staff's preliminary rates and charges are as follows:

Step I Flat Water Rates

<u>Residential & General Service</u>	Existing <u>Quarterly Rate</u>	Staff's Step I Recommended <u>Monthly Rates</u>
Flat Rate	\$ 14.13	\$ 23.14

Step II Metered Water Rates

<u>Residential & General Service</u>	Existing <u>Quarterly Rates</u>	Staff's Recommended <u>Monthly Rates</u>
Base Facility Charge		
<u>Meter Size</u>		
5/8 x 3/4"	\$ N/A	\$ 11.91
3/4"	N/A	17.87
1"	N/A	29.78
1 1/2"	N/A	59.55
2"	N/A	95.28
3"	N/A	190.56
4"	N/A	297.75
6"	N/A	595.50
Gallonage Charge	\$ N/A	\$ 5.01

STAFF REPORTS AND UTILITY APPLICATION

The results of staff's preliminary investigation are contained in a staff report dated August 31, 2000. Copies of the report may be examined by interested members of the public 24 hours a day on the bulletin board at the following location:

Clubhouse located on Elgin Drive
Zephyrhills, Florida 33539

PROCEDURES AFTER CUSTOMER MEETINGS

After the meetings, Public Service Commission Staff will prepare a recommendation which is scheduled to be submitted to the Public Service Commission on December 7, 2000. The Public Service Commission will then vote on staff's recommendation at its December 19, 2000 agenda conference. The Commission will thereafter issue a proposed agency action (PAA) order containing rates which may be different from those contained in staff's final recommendation. Substantially affected persons have 21 days from the date the PAA order is issued to protest the Commission's proposed agency action order. Five to ten customers or persons who attend the meeting and who wish to receive a copy of the recommendation and the order should so indicate at the meeting. Those individuals are expected to distribute the information in the recommendation and the order to other customers. Anyone who is unable to attend and who wishes to obtain a copy of the recommendation or the order may do so in writing to the Commission at the address at the end of this notice.

HOW TO CONTACT THE COMMISSION

Written comments regarding the utility and the proposed rates, and requests to be placed on the mailing list for this case, may be directed to this address:

Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

All correspondence should refer to "Docket No. 000467-WU, Gem Estates Utilities, Inc."

If you wish to contact the Commission regarding complaints about service, you may call the Commission's Division of Consumer Affairs at the following toll-free number: 1-800-342-3552.

This notice was prepared by Commission Staff for distribution by the utility to its customers.

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK
BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: AUGUST 31, 2000

TO: TROY RENDELL, PUBLIC UTILITIES SUPERVISOR

FROM: DIVISION OF ECONOMIC REGULATION (BUTTS, LINGO, TED DAVIS)

RE: DOCKET NO. 000467-WU - APPLICATION FOR STAFF-ASSISTED RATE
CASE BY GEM ESTATES UTILITIES, INC.

COUNTY: PASCO

STAFF REPORT

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CASE BACKGROUND

This Staff Report is a preliminary analysis of the utility prepared by the Florida Public Service Commission (PSC) staff to give utility customers and the utility an advance look at what staff may be proposing. The final recommendation to the Commission (currently scheduled to be filed December 7, 2000 for the December 19, 2000 Agenda Conference) will be revised as necessary using updated information and results of customer quality of service or other relevant comments received at the customer meeting.

Gem Estates Utilities, Inc. (Gem Estates or utility) is a Class C water utility operating in Pasco County. Gem Estates provides water service to approximately 224 customers in a mobile home subdivision. On April 20, 2000, the utility applied for this staff assisted rate case (SARC).

In preparation for this report, staff audited the utility's records for compliance with Commission rules and orders and examined all components necessary for rate setting. The staff engineer has also conducted a field investigation, which included a visual inspection of the water facilities along with the service area. The utility's operating expenses, maps, files, and rate application was also reviewed to determine reasonableness of maintenance expenses, regulatory compliance, utility plant in service, and quality of service. Staff has selected a historical test year ended May 31, 2000.

Based on staff analysis, the utility's revenue was \$12,660 for the test year. The operating expenses were \$54,372 during the test year; this resulted in operating loss of (\$41,712).

QUALITY OF SERVICE

ISSUE 1: Is the quality of service provided by Gem Estates Utilities, Inc. considered satisfactory?

RECOMMENDATION: The determination for quality of service provided by Gem Estates Utilities, Inc. will be reserved until after the customer meeting scheduled for October 19, 2000. (T.DAVIS)

STAFF ANALYSIS: Rule 25-30.433(1), F.A.C., states:

The Commission in every rate case shall make a determination of the quality of service provided by the utility. This shall be derived from an evaluation of three separate components of water and wastewater utility operations: Quality of Utility's Product (water and wastewater); Operational Conditions of Utility's Plant and facilities; and the utility's attempt to address customer satisfaction. Sanitary surveys, outstanding citations, violations and consent orders on file with the Department of Environmental Protection (DEP) and county health departments (HRS) or lack thereof over the proceeding 3-year period shall also be considered. DEP and HRS officials' comments and testimony concerning quality of service as well as the comments and testimony of the utility's customers shall be considered.

The utility's service area is located on the east side of Zephyrhills, Florida, which is in Pasco County. The utility provides water service to 223 residential customers and 1 general service customer. Their raw water is obtained from 2 wells in the area surrounding the water plant. The water treatment includes disinfection and pressure equalization in a hydropneumatic tank.

QUALITY OF UTILITY'S PRODUCT

In Pasco County, the potable water program is regulated by the Southwest District of the Florida Department of Environmental Regulation (DEP) located in Tampa. According to the DEP, the utility is currently up-to-date with all chemical analysis and the results of those tests are satisfactory. For the past three years, the utility has not been consistent with its testing program. The last inspection of the utility's water treatment plant was conducted on May 31, 2000, which makes note that the utility was in violation of bacteriological sampling. The utility has corrected this violation. Several testing parameters are due in the year 2000, and the utility needs to submit a Cross-Connection Control

Program to the DEP. Currently, the utility's testing program is up-to-date, and test results indicates the utility's treated water meets or exceeds all standards for safe drinking water and the water quality is considered satisfactory.

OPERATIONAL CONDITIONS OF THE UTILITY'S PLANT AND FACILITIES

Operational conditions at the plant have undergone several changes over the last three years. The original owners of the utility deceased leaving the utility to one of two daughters as a trustee of the utility. The quality of the utility's plant-in-service deteriorated as the trustee became less responsive to regulatory requirements, plant maintenance, customer complaints, revenue collections, and accounts payable. As the situation became more critical, the second daughter, Ms. Malberg, by court order issued on April 16, 1999, became the sole trustee of Gem Estates. Since becoming Sole Trustee, Ms. Malberg has worked with the DEP, Commission staff, and customers to ensure the plant is operating according to all regulatory standards. It is anticipated that plant-in-service issues will be discussed at the customer meeting that will be related to the previous trusteeship.

The staff engineer has noted that the water pressure leaving the plant is lower than normal. Currently, the pressure relay, at the plant, engages the pump(s) at 20 psi and shuts the pump(s) down at 40 psi. In accordance with DEP Rule 62-555.320(7), F.A.C., the minimum pressure allowed throughout the distribution lines is 20 psi. The engineer has talked with the operator and the trustee about adjusting or replacing the relay to increase the pressure. Low water pressure may still be a concern of the residents at the customer meeting.

Maintenance of the pump house and plant site grounds were satisfactory during the engineering field inspection. The operator's work space inside the building is tidy. The DEP's plant-in-service deficiencies over the last three years have been corrected with the exception of arresting a rust condition on the hydropneumatic tank (discussed Issue 6). Currently, outstanding violations, citations, or corrective orders. The operational conditions at the water treatment plant are considered satisfactory.

UTILITY'S ATTEMPT TO ADDRESS CUSTOMER SATISFACTION

Staff depends upon the customer meeting where the customers have an opportunity to express their quality of service concerns determining customer satisfaction. All quality of service issues

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DATE: AUGUST 31, 2000

will be investigated by staff and those concerns will be addressed, either directly to the customer of concern, or in the final recommendation. The Gem Estates customer meeting is scheduled to be held on October 19, 2000. The determination for quality of service provided by Gem Estates Utilities, Inc. will be reserved until after the customer meeting.

CONCLUSION:

Recommendation on quality of service will be withheld until completion of the customer meeting, October 19, 2000.

ISSUE 2: Should a growth allowance be included in the calculations of used and useful plant?

RECOMMENDATION: No. Staff recommends that no growth be considered for the water treatment plant and the water distribution system.
(T. DAVIS)

STAFF ANALYSIS: Section 367.081(2)(b), F.S., requires that the Commission consider utility property needed to serve customers 5 years after the end of the test year used and useful in the Commission's final order on a rate request. This growth rate for equivalent residential connections should not exceed 5 percent per year. In accordance with Section 367.081(2)(b), F.S., a 5 year period has been used in staff's calculations as an approved construction period.

There has been no growth at Gem Estates over the last five years. The certificated territory encompasses an area of approximately 46.4 acres which is contiguous to the Seaboard Coastline Railroad along its east/southeastern boundary. Gem Estates is considered land locked due to property ownership and development surrounding the park. The existing mobile home park was founded in 1974 with the water system being noted as "completed as shown" in June of 1977 on the engineering plans. The territory is strictly an adult retirement community whereby the residents have purchased their lots from the original owner/developer to establish individual residences. Those individual residences were established more than five years ago. Therefore, it is recommended that no growth allowance be considered in the used and useful calculation.

USED AND USEFUL

ISSUE 3: What portions of the utility's water treatment plant and distribution systems are used and useful?

RECOMMENDATION: The water treatment plant should be considered 100% used and useful based on the plant's ability to respond to instantaneous demand. The water distribution system should be considered 100% used and useful. (T. DAVIS)

STAFF ANALYSIS: Water Treatment Plant - The water treatment plant is a closed system with two wells. The primary well is a 6" well equipped with a 10-horsepower (hp) vertical turbine pump that extracts ground water at a rate of 200 gallons per minute (gpm). The secondary well is a four inch well with a 5-hp submersible pump that yields 70 gpm. The total capacity is 270 gpm which can not support fire flow requirements. The firm reliable capacity of the system, with the highest capacity well removed from the calculation, is 53,400 gallons (70 gpm X 12 hour day + 3,000 gallons in storage). Voluntary irrigation restrictions have been imposed by the utility to insure sufficient flow for everyday use. The utility is constantly on irrigation restrictions, the average for the peak five days was 46,400 gpd. Customer growth has been static over the last five years with no average growth rate. Using the gallon per day logic normally used by the Commission and applying it to the used and useful formula, the percentage of useful plant is calculated to be 87.57% (See Attachment "A", Sheet 1 of 3).

This is a small, closed system which must be designed to meet instantaneous demand of 1.1 gallon per minute (gpm) and peak demands of 2.2 gpm per guidelines published by the General Waterworks Association and by the American Water Works Association. This is not really a deviation from Commission practice since it was the accepted procedure in D-910276-WS, Pine Island Utility, Order 24643, dated June 10, 1991, and Damon Utility, D-981198-WS, Order PSC-99-1223-PAA-WS, dated June 21, 1999.

Since this is a closed system plant, staff recommends it be evaluated on its ability to respond to instantaneous demand. This is done by a gallon per minute capacity analysis using the minimum standard of 1.1 gpm per connection. The average usage is estimated to be 246 gpm (1.1 gpm X 224 customers), and the maximum day, or peak demand, is calculated to be 492 gpm (2.2 gpm X 224). By this method, the water plant is considered 100% used and useful. All capacity generating components of the plant are mandated by DEP's

regulatory standards, and the system is "built-out" with no potential for growth. It is recommended that Accounts 303 (Land and Land Rights), 304 (Structures and Improvements), 307 (Wells and Springs), 309 (Supply Mains), 311 (Pumping Equipment), 320 (Water Treatment Equipment), and 339 (Other Plant and Misc Equipment) be considered **100% used and useful** (See Attachment "A", Sheet 2 of 3).

Water Distribution System

The water distribution system has the potential of serving 224 customers (estimated to be 180 ERCs). This service area is essentially residential therefore connections and ERCs are the same. The average number of customers served during the test year was 224 customers (estimated to be 180 ERCs). Growth over the past five years has been static with no average growth rate. By the formula approach, the staff engineer calculates the distribution system to be 100% used and useful (See Attachment "A", Page 3 of 3). As discussed in Issue 4, all lines are being imputed therefore they are 100% Used and Useful for that reason, also. It is recommended that Accounts 330 (Distribution Reservoirs and Standpipes), 331 (Transmission and Distribution Mains), 333 (Services), and 334 (Meters and Meter Installations) also be considered **100% used and useful** for this rate proceeding.

WATER TREATMENT PLANT - USED AND USEFUL DATA

Docket No. 000467-WU - Gem Estates Utilities, Inc.

1)	Firm Reliable Capacity of Plant	53,400	gallons per day
2)	Average of 5 Highest Days From Maximum Month	46,760	gallons per day
3)	Average Daily Flow	27,365	gallons per day
4)	Fire Flow Capacity	0	gallons per day
5)	Growth	0	gallons per day
a)	Test year Customers in ERCs:	Begin	180
		End	180
		Average	180
b)	Customer Growth in ERCs	0	ERCs
c)	Statutory Growth Period	5	Years
	(b)x(c)x [3\ (a)] = 0 gallons per day for growth		
6)	Excessive Unaccounted for Water	N/A	gallons per day
a)	Total Unaccounted for Water	N/A	gallons per day
	Percent of Average Daily Flow	N/A	
b)	Reasonable Amount	N/A	gallons per day
	(10% of average Daily Flow)		
c)	Excessive Amount	N/A	gallons per day

USED AND USEFUL FORMULA

$$[(2)+(4)+(5)-(6)]/(1) = 87.57\% \text{ Used and Useful}$$

WATER TREATMENT PLANT - USED AND USEFUL DATA

Docket No. 000467-WU - Gem Estates Utilities, Inc.

1)	Capacity of Plant	270	gallons per minute
2)	Maximum Day (1.1 X 2 X 224 cust)	492	gallons per minute
3)	Average Daily Flow (1.1 X 224 cust)	246	gallons per minute
4)	Fire Flow Capacity	0	gallons per minute
5)	Growth	0	gallons per minute
a)	Test year Customers in ERCs:	Begin	180
		End	180
		Average	180
(Due to plant additions in 1999, Use end of year customer count)			
b)	Customer Growth in ERCs	0	ERCs
c)	Statutory Growth Period	5	Years
(b)x(c)x [3\ (a)] = 0 gallons per minute for growth			
6)	Excessive Unaccounted for Water	N/A	gallons per min
a)	Total Unaccounted for Water	N/A	gallons per min
	Percent of Average Daily Flow	N/A	
b)	Reasonable Amount	N/A	gallons per min
	(10% of average Daily Flow)		
c)	Excessive Amount	N/A	gallons per min

USED AND USEFUL FORMULA

$$[(2)+(4)+(5)-(6)]/(1) = 100\% \text{ Used and Useful}$$

WATER DISTRIBUTION SYSTEM - USED AND USEFUL DATA

Docket No. 000467-WU - Gem Estates Utilities, Inc.

- | | | | |
|----|---|-----|-------|
| 1) | Capacity of System (Number of Potential Customers, ERCs or Lots Without Expansion) | 180 | ERCs |
| 2) | Test year connections | | |
| | a) Beginning of Test Year | 180 | ERCs |
| | b) End of Test Year | 180 | ERCs |
| | c) Average Test Year | 180 | ERCs |
| 3) | Growth | 0 | ERCs |
| | (Due to plant additions in 1999, Use end of year customer count) | | |
| | a) customer growth in ERCs for last 5 years including Test Year using Regression Analysis | 0 | ERCs |
| | b) Statutory Growth Period | 5 | Years |
| | (a)x(b) = 0 ERCs allowed for growth | | |

USED AND USEFUL FORMULA

$$[(2b+(3))]/(1) = 100\% \text{ Used and Useful}$$

ISSUE 4: What is the utility's appropriate average amount of rate base?

RECOMMENDATION: The appropriate average amount of rate base should be \$61,437 for the test year. Pro forma plant, as outlined in the staff analysis, should be completed within six months of the effective date of the Commission Order. (BUTTS, DAVIS)

STAFF ANALYSIS: Gem Estates came under the Commission's jurisdiction on November 20, 1992. By Order No. PSC-94-1472-FOF-WU, issued November 30, 1994, in Docket No. 921206-WU, the Commission granted the utility a certificate. On April 20, 2000, the utility filed the application for this SARC. Rate Base for this utility was established in the above mention docket by an outside consultant who assisted the utility during the certification docket process. Staff reviewed the consultant's analysis of the utility and agreed that it was reasonable and prudent. The appropriate components of the utility's rate base include utility-plant-in-service (UPIS), land, non-used and useful plant, contributions-in-aid-of-construction (CIAC), accumulated depreciation, amortization of CIAC and a working capital allowance. A discussion of each component follows.

Staff selected a test year ended May 31, 2000 for this rate case. Adjustments have been made to agree rate base component balances and updated rate base through May 31, 2000. A summary of each component and the adjustments follows:

Utility Plant In Service: The utility books reflected a water utility plant in service balance of \$0 at the beginning of the test year. Staff made an adjustment of \$69,094 to reflect the amount of water plant per the study completed by the staff engineer. A proforma adjustment was made to reflect \$22,176 for the installation of water meters. According to Order No. PSC-94-1472-FOF-WU, issued November 30, 1994, in Docket No. 921206-WU, the Commission approved continuation of the utility's current flat rate structure of \$14.13 per quarter because the utility gave indication that it intended to apply for this staff assisted rate case; therefore, metered rates and cost would be considered then. Staff also made an adjustment of (\$13,207) for an averaging adjustment. Staff recommends a water utility plant in service balance of \$78,063.

Pro forma water plant should be completed within six months of the effective date of the Commission Order.

Land: The utility books reflected a land balance of \$0 at the end of the test year. The original cost study for Docket No. 921206-WU established a value of \$743 for land. There were no adjustments made to this amount; therefore, staff recommends that the land value is \$743.

Non-Used and Useful Plant: As discussed in Issue No. 2, the water treatment plant and the water distribution system should be considered 100% used and useful.

Contributions-in-Aid-of-Construction (CIAC): The utility recorded no CIAC on its books at the end of the test year. The audit staff could not establish water CIAC because of inadequate utility records. Rule 25-30.570(1), Florida Administrative Code, states:

If the amount of CIAC has not been recorded on the utility's books and the utility does not submit competent substantial evidence as to the amount of CIAC, the amount of CIAC shall be imputed to be the amount of plant costs charged to the cost of land sales for tax purposes if available, or the proportion of the cost of the facilities and plant attributable to the water transmission and distribution system and the sewage collection system.

Since the utility did not have adequate books to provide CIAC balances, staff imputed (\$9,533) at the end of the test year to reflect the water transmission and distribution lines. Staff also made an averaging adjustment of \$155 to water CIAC. Staff recommends water CIAC of (\$9,378) during the test year.

Accumulated Depreciation: The utility books reflected no accumulated depreciation balances for water at the end of the test year. Staff calculated accumulated depreciation using 2.5% depreciation rate from 1974 through March 1984, then calculated depreciation using rates set forth in Rule 25-30.140, Florida Administrative Code, through the test year.

Staff's calculation for water accumulated depreciation is (\$21,572) as of May 31, 2000. Accumulated depreciation on pro forma plant is (\$652), and \$1,403 for an averaging adjustment. Staff recommends water accumulated depreciation of (\$20,821).

Accumulated Amortization of CIAC: The utility recorded no accumulated amortization of CIAC at the end of the test year. Staff calculated accumulated amortization 2.5% amortization rate through March of 1984, then calculated amortization using a

composite rate through the test year. Staff's calculation for water accumulated amortization is \$6,810 as of May 31, 2000. The averaging adjustment is (\$149). Staff recommends accumulated CIAC amortization of \$6,661 for the test year.

Working Capital Allowance: Working Capital is defined as the investor-supplied funds necessary to meet operating expenses or going-concern requirements of the utility. Pursuant to Rule 25-30.433, Florida Administrative Code, staff recommends that the one-eighth of operation and maintenance expense formula approach be used for calculating working capital allowance. Applying that formula, staff recommends a working capital allowance of \$6,169 for water (based on water operation and maintenance of \$49,349.)

Rate Base Summary: Based on the foregoing, the appropriate rate base balance for rate setting purposes is \$61,437 during the test year.

Rate base is shown on Schedule No. 1, and adjustments are shown on Schedule No. 1-A.

COST OF CAPITAL

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

RECOMMENDATION: The appropriate rate of return on equity should be 9.94% with a range of 8.94% to 10.94% and the appropriate overall rate of return should be 9.10% with a range of 8.42% to 9.79%. (BUTTS)

STAFF ANALYSIS: Gem Estates operates as a Florida Corporation that is controlled by Ms. Hollis J. Malberg, sole owner. Ms. Malberg is the sole trustee of the Marjorie Hill Trust which is responsible for all operations at the utility's mobile home community other than operations. Based on the staff audit, the "trust" paid approximately \$34,136 of obligations incurred for utility operations. The utility thinks that this amount should be treated as a loan to the utility from the trust.

Staff recommends that the \$34,136 paid on behalf of the utility's operation by the Marjorie Hill Trust should be treated as other common equity because there is no debt instrument or interest cost associated with this loan. By Order No. PSC-00-1165-PAA-WS, issued June 27, 2000, in Docket No. 990243-WS, the Commission ordered that when no cost is assigned to long term debt and no debt instrument is available, it is appropriate to characterize the debt as other common equity given the related party status to the debt.

Therefore, the utility's capital balance is reconciled directly with the staff recommended rate base. The utility's pro forma is estimated at \$22,176, and Gem Estates has stated that it needs to take out a loan for the pro forma plant with the cost of the loan at 1 1/2% over the prime rate with the prime rate being 5.80% at the time of this filing.

The rate of return on equity, using the most recent leverage formula approved by Order No. PSC-00-1162-PAA-WS, issued June 26, 2000, in Docket No. 000006-WS, is 9.94% with a range of 8.94% - 10.94% and the overall rate of return is 9.10% with a range of 8.42% to 9.79%. Staff made pro rata adjustments to reconcile the capital structure downward to match the recommended rate base.

Gem Estates' return on equity and overall rate of return are shown on Schedule No. 2.

NET OPERATING INCOME

ISSUE 6: What is the appropriate test year revenue for this utility?

RECOMMENDATION: The appropriate test year revenue should be \$12,660. (BUTTS)

STAFF ANALYSIS: The utility's revenue for the 12-month period ended May 31, 2000, is not properly recorded. However, the utility did provide staff with access to utility records to assemble its revenue for this rate case proceeding.

During the test year the utility provided water services to an average 224 customers. Based on the audit, the revenue check completed by staff's auditor showed test year revenues of \$12,434 for this utility, using approximately 220 customers during the test year. Per utility's personnel, there are (4) four vacant lots connected to the utility in the mobile home subdivision. These lots are connected to the utility's lines; therefore, they should be considered as four additional customers. Staff imputed revenues of \$226, which includes the flat rate charge of \$14.13 per quarter for the four additional connected vacant lots during the test year. Staff recommends test year revenue of \$12,660.

Test year revenues are shown on Schedule No. 3, adjustments are shown on Schedule No. 3-A.

ISSUE 7: What is the appropriate amount of operating expenses for rate setting purposes?

RECOMMENDATION: The appropriate amount of operating expenses for rate making purposes should be \$56,601. (BUTTS, DAVIS)

STAFF ANALYSIS: Gem Estates Utilities, Inc. has no records that completely separate or specifically identify its operating expenses. Again, the utility provided staff with access to all invoices, canceled checks, and other utility records to assemble its operating expenses for this rate case proceeding. Staff has adjusted operating expense to include the appropriate annual amounts for operation and maintenance expenses, depreciation expense (net of CIAC amortization), and taxes other than income taxes.

Test Period Operating Expenses

Based on the audit, staff's auditor could only determine O&M expenses via the utility's records. The test year O&M expenses have been reviewed, and invoices, canceled checks, and other supporting documentation have been examined. Staff made several adjustments to the utility's operating expenses. A summary of adjustments to operating expenses are as follows:

OPERATION AND MAINTENANCE EXPENSE

Salaries and Wages-Employees: The trustee of the utility is the sole administrator for this utility. She acts as secretary, bookkeeper, billing clerk, regulatory liaison, general maintenance person, and chief maintenance supervisor. The utility recorded employee salaries and wages of \$0 for the test year.

Staff completed an analysis of necessary labor hours and duties based on the size of this utility. Based on that analysis, staff's preliminary proposal includes the following:

a). An owner/manager/supervisor of utility to supervise all aspects of the utility (10 hours per week @ \$25 per hour for \$13,000). Staff recommends test year salary expense of \$13,000 for this utility.

Purchased Water: The utility recorded test year purchased water expense of \$295. The utility has interconnected with the City of Zephyrhills for emergency purposes only. However, the utility has not purchased any water from the city as of the filing of this report. The fee for this interconnection is \$27 a month. Staff

has made an adjustment of \$27 to allow the utility this expense for 12-months. Staff recommends test year purchased water expense of \$322.

Purchased Power: The utility recorded purchased power expense of \$1,235 during the test year. Staff made an adjustment of \$165 to this account to include \$13.75 which is the monthly charge by Florida Power Corporation for a security light at the water treatment plant. Staff recommends test year purchased power expense of \$1,400.

Chemicals: The utility recorded test year chemical expense of \$123 for the test year. The utility uses liquid chlorine and a hypo mechanical pump for disinfection and treatment of raw water. Staff increased the expense by \$12 to reflect the proper annual allowance for chemical expense to treat the potable water served to the customers of this utility. Staff recommends a chemical expense of \$135 for the test year.

Materials and Supplies: The utility recorded test year materials and supplies expense of \$2. Staff made an adjustment of \$887 to the materials and supplies account to allow for postage associated with billing each customer monthly. Staff recommends a materials and supplies expense of \$889 for the test year.

Contractual Services - Professional: The utility recorded test year contractual services-professional expense of \$2,100. The utility is now required to follow the NARUC uniform system of accounts as outlined in Rule 25-30.115, Florida Administrative Code. Staff has allowed a reasonable and prudent amount in this rate case proceeding for this expense. Staff is recommending initial NARUC set-up fees for this utility of \$2,800, amortized over five years at \$560 (\$2,800/5 years). The amount is consistent with amounts used in other cases with similar circumstances. The utility paid a C.P.A., as referenced above, \$2,100 for accounting services in preparation of its 1999 annual report. Staff is recommending that this amount be allowed during the test year as well as \$1,500 in expenses to cover the utility's remaining annual accounting services for preparation of regulatory assessment fee forms, preparation of monthly payroll tax returns, quarterly payroll tax returns, and other monthly accounting duties. Staff increased the utility's test year recorded amount by \$2,060 to allow for the contractual services-professional expense.

The utility has requested to hire additional employees to help assist with the day-to-day operation of its facilities. The utility requested an office person to answer phone calls, do

general filing, bookkeeping, billing, collections, handle complaints, maintain the complaint log, and other utility related duties. (20 hours per week @ \$7.50 per hour for \$7,800)

The utility requested a general maintenance person to perform general system repairs, act as a liaison between the customers and the utility, pick-up parts, investigate complaints, perform regular maintenance checks of the water plant and distribution system, and assist/supervise contract services. (20 hours per week @ \$10.00 per hour for \$10,400)

Staff analyzed the amounts that the utility requested for these employees, and staff believes that the amounts are consistent with past cases of similar size utilities. However, the recommended salary amount for the office person and general maintenance person for this utility is preliminary and subject to change pending receipt of a signed contract.

Staff recommends contractual services-professional expense of \$22,360 for the test year.

Contractual Services - Testing: The utility recorded contractual services-testing expense of \$1,211 during the test year. State and local authorities require that several analysis be submitted in accordance with Rule 62-550, Florida Administrative Code. A schedule of the required water, frequency, and costs are as follows:

---WATER---

<u>Description</u>	<u>Frequency</u>	<u>Annual Cost</u>
Microbiological	Monthly	\$576
Primary Inorganics	36 Months	Group
Secondary Inorganics	36 Months	Group
Nitrate & Nitrite	12 Months	Group
Radionuclides	36 Months	Group
Volatile Organics	qtr'ly/1st yr/ 36 Months	<u>Group</u>
	Subsequent/Annual	\$412/yr
Asbestos	N/A	-0-
Pesticides & PCB	36 Months	232/yr
Unregulated Organics		
Group I	qtr'ly/1st yr/9 yr	112/yr
Group II	36 Months	18/yr
Group III	36 Months	83/yr

Lead & Copper

Biannually
Total Amount

250/yr
\$1,683/yr

Staff made adjustments of \$472 to the contractual services-testing to allow for the engineer's recommended testing expense. Staff recommends contractual services-testing expense of \$1,683 for the test year.

Contractual Services - Other - The utility recorded \$5,674 in this account for the test year. Based on the engineering audit, the utility contracts its operator services through Suncoast Environmental Services, Inc., a company that specializes in operating and maintaining water utility plants in accordance with Federal, State, and Local regulatory standards. For this service, the utility pays \$145 per month or \$1,740 per year, this expense is included in the utility's test year amount. Staff made an adjustment of \$76 to reflect painting of the hydropneumatic tank amortized over 5 years. Staff also made adjustments of \$1,212 for a meter reader to read the meters on a monthly basis (\$101 per month). Staff removed (\$1,836) of utility's recorded expense in this account; \$725 for three water heater elements and accessories; \$260 for installation of a concrete slab; \$651 of amortization for a 10hp pump replacement (\$3,257/5 years); and \$200 for valve and well repairs. These amounts were included in utility plant in service. Staff recommends contractual services-other expense of \$5,126 for the test year.

Rents - The utility did not record any rent expense for the test year. The utility office is located in the personal residence of Ms. Hollis Malberg. The office is approximately 200 sq. ft. and contains standard office equipment such as a computer, printer, fax machine, copier, desk, and filing cabinets. The staff auditor made an office allocation based on discussions with Ms. Malberg that the office area is used for 50% of the utility operations, 35% based on trust operations, and 15% for personal family. Staff recommends \$2,275 to include annual rental cost during the test year for this utility.

Transportation Expense - The utility recorded \$0 of transportation expense for the test year. In the performance of utility duties, the utility's owner uses her personal vehicle to tour the service area, attend meetings with regulatory personnel, run errands, make bank deposits, pick-up parts for repairs, and transport supplies, etc. It is estimated that a reasonable and prudent average of miles driven during any given week is 100 miles per week. In accordance with allowances for state travel, an

allowance of twenty-nine cents per mile is considered reasonable. This expense has been increased by \$1,508 (100 miles X 52 wks X \$.29) for the utility owner. Staff recommends an annual transportation expense of \$1,508 for the test year.

Insurance Expense - The utility recorded no insurance expense for the test year. Staff made an adjustment of \$192 to reflect insurance expense for the utility's asset and general liability coverage. Staff recommends insurance expense of \$192 for this utility during the test year.

Miscellaneous Expense - The utility recorded \$360 in this account during the test year. Staff decreased this amount during the test year by (\$107) for postage and allowed for postage expense in Account No. 620 materials & supplies. Staff recommends miscellaneous expense of \$253 for the test year.

Operation and Maintenance Expenses (O & M) Summary: Total operation and maintenance adjustments are an increase of \$38,143. Staff recommends O&M expenses of \$49,349. O&M expenses are shown on Schedule No. 3-B.

Depreciation Expense (Net of Amortization of CIAC): Staff calculated test year depreciation expense using the rates prescribed in Rule 25-30.140, Florida Administrative Code. Staff's calculated test year depreciation expense is \$2,154. Test year amortization of CIAC is (\$297). Staff also made adjustments of \$652 to include depreciation on pro forma plant. Therefore, staff recommends net depreciation expense of \$2,509 for the test year.

Taxes Other Than Income Taxes: The utility did not record an amount in this account for the test year. Staff made adjustments of \$569 to include regulatory assessment fees on test year revenue, and made an adjustment of \$116 for personal property tax. Staff also made adjustments of \$1,766 to allow for payroll taxes on staff's recommended salaries, and made adjustments of \$63 for tangible personal property. Staff recommends taxes other than income expense of \$2,514 for the test year.

Operating Revenues: Revenues have been increased by \$49,534 to \$62,194 to reflect the increase in revenue required to cover expenses and allow the utility the opportunity to earn the recommended rate of return on investment.

Taxes Other Than Income Taxes: This expense has been increased by \$2,229 to reflect the regulatory assessment fee of 4.5% on staff's recommended increase in revenue.

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Operating Expenses Summary: The application of staff's recommended adjustments to the utility's test year operating expenses results in staff's recommended operating expenses of \$56,601.

Operating expenses for water are shown on Schedule No. 3B.
Adjustments are shown on Schedule No. 3A.

REVENUE REQUIREMENT

ISSUE 8: What is the appropriate revenue requirement for each system?

RECOMMENDATION: The appropriate revenue requirement should be \$62,194 for the test year. (BUTTS)

STAFF ANALYSIS: The utility should be allowed an annual increase in revenue of \$49,534 (391%). This will allow the utility the opportunity to recover its expenses and earn the recommended 9.10% return on its investment. The calculation is as follows:

	<u>Water</u>
Adjusted Rate Base	\$ 61,437
Rate of Return	x <u>.0910</u>
Return on Investment	\$ 5,593
Adjusted O & M Expenses	49,349
Depreciation Expense (Net)	2,509
Taxes Other Than Income Taxes	<u>4,743</u>
Revenue Requirement	<u>\$ 62,194</u>
Annual Revenue Increase	\$ 49,534
Percentage Increase/(Decrease)	<u>391.27%</u>

The revenue requirement and resulting annual increase are shown on Schedule No. 3.

RATES AND CHARGES

ISSUE 9: Is a continuation of the utility's current flat rate structure for its water system appropriate in this case, and, if not, what is the appropriate rate structure?

RECOMMENDATION: No, a continuation of the utility's current flat rate structure for its water system is not appropriate in this case. The water system rate structure should be changed to a traditional base facility charge (BFC)/gallonge charge rate structure with a 30% conservation adjustment. (LINGO, BUTTS)

STAFF ANALYSIS: The utility's current water system rate structure consists of a quarterly unmetered flat rate of \$14.13. This rate structure is considered nonusage sensitive because it discourages conservation at all levels of consumption. The Commission's preferred rate structure is the traditional BFC/gallonge charge rate structure, because it is designed to provide for the equitable sharing by the rate payers of both the fixed and variable costs of providing service. This rate structure is also considered usage sensitive because customers are charged for all water consumed. Therefore, customers are able to reduce their total bill by reducing their water consumption.

As discussed in a previous issue, staff is recommending that meters be installed. Therefore, staff recommends that the current flat rate structure be discontinued in favor of a traditional BFC/gallonge charge rate structure, to be consistent not only with Commission practice, but with the overall statewide goal of eliminating conservation-discouraging water rate structures.

Staff used data obtained from the DEP Monthly Operating Reports (MORs) during the test year to estimate customers' average monthly consumption of 3,716 gallons (3.716 kgal), which is approximately 47% of the 7.875 kgal benchmark SWFWMD would use for this type of mobile housing development. Further, staff estimates that the average consumption in the peak month of February 2000 is 6.244 kgal, which is still below the SWFWMD benchmark. Based on this information, staff believes the traditional BFC/gallonge charge rate structure is appropriate in this case.

However, based on staff's standard allocation of fixed versus variable allocation of revenue requirement recovery, the utility is recovering 74% (\$45,729) in the BFC charge and the remaining 26% (\$16,466) in the gallonge charge. This revenue recovery allocation is considerably outside the rate design guidelines of SWFWMD. In fact, less than 10% of the water utilities permitted

within SWFWMD continue to have revenue recovery allocations tilted so steeply toward fixed charges (the BFC). Therefore, staff believes that a conservation adjustment is appropriate, in order to shift more of the revenue recovery to the gallonage charge. This would accomplish one of staff's rate design goals of minimizing, to the extent possible, the price increases at extremely low usage levels.

To accomplish this goal, conservation adjustments were tried, in increments of 5%, from a low of 10% to a high of 30%. The results of this analysis, including making a 0% conservation adjustment, are shown in the following table:

PRICE INCREASES AT VARIOUS CONSERVATION ADJUSTMENTS						
	Conservation Adjustment Percentages					
Monthly Consumption	0%	10%	15.0%	20.0%	25.0%	30.0%
0 kgal	261.1%	225.1%	207.0%	189.0%	170.9%	152.9%
1 kgal	296.2%	269.9%	256.7%	243.3%	230.1%	217.0%
2 kgal	331.2%	314.6%	306.4%	297.7%	289.4%	281.1%
3 kgal	366.2%	359.4%	356.1%	352.0%	348.6%	345.2%
4 kgal	401.3%	404.2%	405.7%	406.4%	407.9%	409.3%
5 kgal	436.3%	449.0%	455.4%	460.7%	467.1%	473.5%
10 kgal	611.5%	673.0%	703.8%	732.5%	763.3%	794.1%
15 kgal	786.6%	897.0%	952.2%	1004.2%	1059.4%	1114.6%
20 kgal	961.8%	1121.0%	1200.6%	1276.0%	1355.6%	1435.2%
25 kgal	1136.9%	1345.0%	1449.0%	1547.8%	1651.8%	1755.8%

As shown above, it appears that the 30% conservation adjustment (relative to the other adjustments) minimizes the price increases for monthly consumption at 2 kgal or less, resulting in price increases at least 50 percentage points less than the corresponding increases with no conservation adjustment. However, as will be discussed in a subsequent issue, staff is recommending a 40% repression adjustment, the effect of which is to greatly reduce the expected savings at low consumption levels.

In addition, a 30% conservation adjustment will only result in a 51%/49% split between BFC/gallorage revenue recovery, which still remains outside SWFWMD's guidelines in this regard. We recognize that this agency has a Memorandum of Understanding (MOU) with SWFWMD, with a stated common objective to foster conservation through a variety of measures, including conservation-promoting rate structures. Staff believes that we have complied with the spirit of the MOU, despite not recommending a rate structure which strictly conforms to SWFWMD's rate structure guidelines. We believe this is necessary in order to satisfy an equally important rate design goal -- that of revenue stability.

As will be discussed in a subsequent issue, when converting from flat to metered rates, there is typically a substantial reduction in consumption. Until historical data is obtained on the response of the customers of Gem Estates to our recommended change in rate structure, Staff believes it is important, for revenue stability purposes, to recover no less than 50% of the revenues through fixed charges (i.e., the BFC).

Therefore, staff recommends that a continuation of the utility's current flat rate structure for its water system is not appropriate in this case. The water system rate structure should be changed to a traditional base facility charge (BFC)/gallorage charge rate structure with a 30% conservation adjustment.

ISSUE 10: Is an adjustment to reflect repression of consumption due to the rate structure and price changes appropriate in this case, and, if so, what is the appropriate repression adjustment?

RECOMMENDATION: Yes, a repression adjustment of 3,969 kgal is appropriate in this case. In order to monitor the effects of both the changes in rate structure and the recommended revenue increases, the utility should be ordered to prepare monthly reports detailing the number of bills rendered, the consumption billed and the revenue billed. These reports should be provided, by customer class and meter size, on a quarterly basis for a period of two years, beginning with the first billing period after the increased rates go into effect. (LINGO)

STAFF ANALYSIS: Based on information contained in our database of utilities receiving rate increases and decreases, there were four water utilities that converted from a flat rate structure to a traditional BFC/gallage charge rate structure. The specific consumption reductions were 60%, 60%, 50% and 44%, respectively. Two utilities were removed from consideration because the average monthly consumption levels were far greater than Gem Estates', leaving two utilities in the sample: one of the remaining utilities experienced a 60% consumption reduction, while the other utility's corresponding consumption reduction was 50%.

Staff notes that both of the remaining utilities in the sample received substantial concomitant wastewater increases, which, we believe, placed upward pressure on the levels of water consumption reduction levels. Staff also notes that the average monthly consumption for Gem Estates' customers is approximately 3.716, which, we believe, makes repression of 50% to 60% unlikely.

However, the magnitude of the revenue requirement increase (391%) indicates that the current rates are far from compensatory. We believe that, due to the severe rate shock to be experienced by the customers, the anticipated consumption reductions will in fact be substantial. Therefore, although arguably arbitrary, Staff recommends a 40% repression adjustment be made to residential consumption; the resulting recommended reduction in consumption is 3,969 kgal.

In order to monitor the effects of both the changes in rate structure and the recommended revenue increases, the utility should be ordered to prepare monthly reports detailing the number of bills rendered, the consumption billed and the revenue billed. These reports should be provided, by customer class and meter size, on a

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quarterly basis for a period of two years, beginning with the first billing period after the increased rates go into effect.

ISSUE 11: What are the appropriate monthly rates for service?

RECOMMENDATION: The recommended rates should be designed to produce revenue of \$62,194 as shown in the staff analysis. The approved Step I rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), Florida Administrative Code. The Step I rates should not be implemented until 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. Staff should be given administrative authority to approve the Step II tariff sheets upon staff's verification that the water meters have been installed, and that the tariffs are consistent with the Commission's decision. (LINGO, BUTTS)

STAFF ANALYSIS: Based on the audit, during the test year, the utility provided service to approximately 220 customers in the mobile home subdivision. This amount did not include four vacant lots which are connected to the utility. Staff has included these lots in its analysis of what the appropriate rates for this utility should be.

As discussed in Issue 8, the appropriate revenue requirement, excluding miscellaneous service charges, is \$62,194 for the water system. As discussed in Issue 9, staff recommends that the water system rate structure be changed to a traditional BFC/gallage charge rate structure with a 30% conservation adjustment. As discussed in Issue 10, staff recommends that the appropriate repression adjustment is 3,969 kgal for the water system.

Staff's recommended increase in revenue requirements is \$49,534, or approximately 391.27%. The rates approved for the utility should be designed to produce revenues of \$62,194 (excluding miscellaneous service charge revenues). Approximately 51% (\$32,010) of the water system revenue requirement is recovered through the recommended base facility charge. The fixed costs are recovered through the BFC based on the number of factored ERCs. The remaining 49% of the revenue requirement (\$30,184) represents revenues collected through the consumption charge based on the number of gallons.

Rates have been calculated using the projected number of bills and the number of gallons of water billed during the test year. Step I flat rates are rates to be effective prior to installation of water meters. Step II rates will be effective once water meters are installed. Schedules of the utility's existing rates and staff's recommended rates are as follows:

Step I Flat Water Rates

<u>Residential & General Service</u>	Existing <u>Quarterly Rate</u>	Staff's Step I
		Recommended <u>Monthly Rates</u>
Flat Rate	\$ 14.13	\$ 23.14

Step II Metered Water Rates

<u>Residential & General Service</u>	Existing <u>Quarterly Rates</u>	Staff's
		Recommended <u>Monthly Rates</u>
Base Facility Charge		
<u>Meter Size</u>		
5/8 x 3/4"	\$ N/A	\$ 11.91
3/4"	N/A	17.87
	N/A	29.78
1 1/2"	N/A	59.55
2"	N/A	95.28
3"	N/A	190.56
4"	N/A	297.75
6"	N/A	595.50
Gallonge Charge	\$ N/A	\$ 5.01

The recommended rates should be designed to produce revenue of \$62,194 as shown in the staff analysis. The approved Step I rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), Florida Administrative Code. The Step I rates should not be implemented until 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. Staff should be given administrative authority to approve the Step II tariff sheets upon staff's verification that the water meters have been installed, and that the tariffs are consistent with the Commission's decision.

ISSUE 12: What is the appropriate billing period for this utility?

RECOMMENDATION: The utility should convert its customers from a Commission approved quarterly billing cycle to monthly billing. This billing change should be noticed to the customers along with the other rate changes as discussed in Issue 10. (BUTTS)

STAFF ANALYSIS: Currently, the utility bills its customers on a quarterly basis for its water services. In Order No. PSC-95-0326-FOF-WU, issued March 9, 1995, in Docket No. 950062-WU, the Commission granted approval to Gem Estates to convert from monthly billing to quarterly billing. In that docket, the utility stated that the reason for its request was that the administrative cost of sending bills on a monthly basis was burdensome for such a small utility. Further, the utility stated that many of its customers consider having to pay a monthly fee of \$4.71 a nuisance, since the majority of the customers go up north for part of the year. Per the above order, 49% of the customers have chosen either to automatically pay the annual amount due, pay half the annual amount due, or have called to request that they be allowed to do so.

Staff is recommending that this utility converts back to a monthly billing as a result of this staff assisted rate case. Rates are going to be significantly higher after this rate case than prior to this rate proceeding. Further, staff believes that switching to a monthly billing for services, would produce a smaller and easier bill for customers to budget and pay for opposed to a quarterly bill.

For example, during the test year, the customers paid a flat rate of \$14.13 per quarter. Staff has recommended in this proceeding an initial flat rate of \$23.14 per month, which results in \$69.42 per quarter until all customers have received meters. After the installation of meters, the BFC for a 5/8 X 3/4 meter is \$11.91 monthly, and a gallonage rate of \$5.01 per 1,000 gallons. Monthly bills should enable customers to more adequately budget for their service needs. Monthly billing also gives more current price signals in regard to conservation issues. Through monthly billing, if desired, the customers can use this information to adjust their consumption levels for the following month. On the other hand, the quarterly billing cycle does not enable customers to analyze this consumption information until three months after the fact. Staff believes that by receiving the information monthly, customers are better able to adjust their consumption patterns.

Therefore, monthly meter reading and billing creates a more useful water usage history since there are twelve reading periods

instead of four. Further, meter readers will have the ability to find customer leaks, spot high water usage, stopped meter, etc. more often because they will visit the customer premises three times as often. This allows for the potential reduction in the number and severity of these kinds of customer problems. Finally, monthly billing provides greater and more frequent customer communication with the company.

As stated earlier, the utility has allowed its customer to remit payment for services in several different ways such as: to automatically pay the annual amount due, pay half the annual amount due, or called the utility and request that they be allowed to do so. During the test year, Gem Estates operated its facilities at an operating loss of \$41,712. By converting this utility to monthly billing it would enable the utility to cover certain day-to-day operating expenses. In contrast, if the utility remains on a quarterly billing, staff believes that the lag between monies received for services versus day-to-day operating expenses would place this utility in financial jeopardy. Therefore, staff recommends that the utility should convert its customers from a quarterly billing cycle to monthly billing.

ISSUE 13: Should the recommended rates be approved for the utility on a temporary basis in the event of a timely protest filed by a party other than the utility?

RECOMMENDATION: Yes, the recommended rates should be approved for the utility on a temporary basis in the event of a timely protest filed by a party other than the utility. The utility should be authorized to collect the temporary rates after staff's approval of the security for potential refund, the proposed customer notice, and the revised tariff sheets. (BRUBAKER, BUTTS)

STAFF ANALYSIS: This recommendation proposes an increase in water rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the utility. Therefore, in the event of a timely protest filed by a party other than the utility, staff recommends that the recommended rates be approved as temporary rates. The recommended rates collected by the utility shall be subject to the refund provisions discussed below.

The utility should be authorized to collect the temporary rates upon the staff's approval of the security for potential refund and a proposed customer notice. The security should be in the form of a bond or letter of credit in the amount of \$34,300. Alternatively, the utility could establish an escrow agreement with an independent financial institution.

If the utility chooses a bond as security, the bond should contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase; or
- 2) If the Commission denies the increase, the utility shall refund the amount collected that is attributable to the increase.

If the utility chooses a letter of credit as security, it should contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect.
- 2) The letter of credit will be in effect until final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions should be part of the agreement:

- 1) No funds in the escrow account may be withdrawn by the utility without the express approval of the Commission.
- 2) The escrow account should be an interest bearing account.
- 3) If a refund to the customers is required, all interest earned by the escrow account should be distributed to the customers.
- 4) If a refund to the customers is not required, the interest earned by the escrow account should revert to the utility.
- 5) All information on the escrow account should be available from the holder of the escrow account to a Commission representative at all times.
- 6) The amount of revenue subject to refund should be deposited in the escrow account within seven days of receipt.
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
- 8) The Director of Records and Reporting must be a signatory to the escrow agreement.

In no instance should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should be borne by, the utility. Irrespective of the form of security chosen by the utility, an account of all monies received as result of the rate increase should be maintained by the utility. This account must specify by whom and on whose behalf such monies were paid. If a refund is ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

The utility should maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility should file reports with the Division of Economic Regulation no later than 20 days after each **monthly** billing. These reports should indicate the amount of revenue collected under the increased rates.

ISSUE 14: Should the utility be required to show cause, in writing within 21 days, why it should not be fined up to \$5,000 per day for its apparent violation of Rule 25-30.115, Florida Administrative Code, for its failure to maintain its books and records in conformance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA)?

RECOMMENDATION: No. A show cause proceeding should not be initiated. However, the utility should be ordered to maintain its books and records in conformance with the 1996 NARUC USOA and submit a statement from its accountant by March 31, 2001 along with its 2000 annual report, stating that its books are in conformance with the NARUC USOA and reconciled with the Commission Order. (BRUBAKER, BUTTS)

STAFF ANALYSIS: During the staff audit, the auditor discovered the utility's accounting system was not maintained in conformance with the NARUC USOA. This was apparently due to management and financial instability of the utility from 1995 through 1999. The 1999 annual report could not be relied upon during the audit because it was prepared using estimates and incomplete financial information.

Rule 25-30.115, Florida Administrative Code, entitled "Uniform System of Accounts for Water and Sewer Utilities," states:

Water and Wastewater Utilities shall, effective January 1, 1998, maintain their accounts and records in conformity with the 1996 NARUC Uniform System of Accounts adopted by the National Association of Regulatory Utility Commissioners.

Section 367.161, Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or have willfully violated any Commission rule, order, or provision of Chapter 367, Florida Statutes. In failing to maintain its books and records in conformance with the USOA, the utility's act was "willful" in the sense intended by Section 367.161, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, titled In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund For 1988 and 1989 For GTE Florida, Inc., the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, 'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule." Additionally, "[i]t is a

common maxim, familiar to all minds that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833).

Although the utility's failure to keep its books and records in conformance with the NARUC USOA is an apparent violation of Rule 25-30.115, Florida Administrative Code, staff believes that a show cause proceeding is not warranted and should not be initiated at this time. The utility has been operating at a loss and the existing rates do not provide an allowance for accounting services. Therefore, staff believes that the utility should be given time and an accounting allowance for setting up the utility's books to conform with the NARUC USOA and to reconcile the utility's books with the Commission's Order.

Staff has included monies in this recommendation to have the utility's accounting, bookkeeping, and other general office duties set-up in conformity with Rule 25-30.115, Florida Administrative Code. Staff has included this cost in O&M expenses, amortizing it over five years. Therefore, staff recommends that the utility be required to maintain its books and records in conformity with the 1996 NARUC Uniform System of Accounts.

Based on the foregoing, staff does not believe that the apparent violation of Rule 25-30.115, Florida Administrative Code, under these circumstances rises to the level that warrants the initiation of a show cause proceeding. Therefore, staff recommends that the Commission not order the utility to show cause for failing to keep its books and records in conformance with the NARUC USOA. However, the utility should be ordered to maintain its books and records in conformance with the 1996 NARUC USOA and submit a statement from its accountant by March 31, 2001, along with its 2000 annual report, stating that its books are in conformance with the NARUC USOA and have been reconciled with the Commission Order.

GEM ESTATES UTILITIES
TEST YEAR ENDING MAY 31, 2000
SCHEDULE OF WATER RATE BASE

SCHEDULE NO. 1
DOCKET NO. 000467-WU

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF
UTILITY PLANT IN SERVICE	\$ 0	\$ 78,063 A	\$ 78,063
LAND/NON-DEPRECIABLE ASSETS	0	743 B	743
NON-USED AND USEFUL PLANT	0	0	0
CIAC	0	(9,378) C	(9,378)
ACCUMULATED DEPRECIATION	0	(20,821) D	(20,821)
AMORTIZATION OF CIAC	0	6,661 E	6,661
WORKING CAPITAL ALLOWANCE	0	6,169 F	6,169
WATER RATE BASE	\$ 0	\$ 61,437	\$ 61,437

GEM ESTATES UTILITIES
TEST YEAR ENDING MAY 31, 2000
SCHEDULE OF CAPITAL STRUCTURE

SCHEDULE NO. 2
DOCKET NO. 000467-WU

	PER AUDIT	SPECIFIC ADJUSTMENTS	BALANCE BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUSTMENTS	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
COMMON EQUITY	\$ 13,745	\$ 0	\$ 13,745	\$ (1,691)	\$ 12,054	19.62%	9.94%	1.95%
OTHER COMMON EQUITY	34,136	0	34,136	(4,200)	29,936	48.73%	9.94%	4.84%
LONG TERM DEBT	0	0	0	0	0	0.00%	0.00%	0.00%
LONG TERM DEBT (Pro Forma)	22,176	0	22,176	(2,729)	19,447	31.65%	7.30%	2.31%
COMMON STOCK	0	0	0	0	0	0.00%	9.94%	0.00%
CUSTOMER DEPOSITS	0	0	0	0	0	0.00%	6.00%	0.00%
TOTAL	\$ 70,057	\$ 0	\$ 70,057	\$ (8,620)	\$ 61,437	100.00%		9.10%

RANGE OF REASONABLENESS	LOW	HIGH
RETURN ON EQUITY	8.94%	10.94%
OVERALL RATE OF RETURN	8.42%	9.79%

GEM ESTATES UTILITIES
TEST YEAR ENDING MAY 31, 2000
ADJUSTMENTS TO OPERATING INCOME

SCHEDULE NO. 3A
DOCKET NO. 000467-WU

		<u>WATER</u>
A.	OPERATING REVENUES	
1.	a. To adjust utility revenues to staff's test year amount.	\$ <u>226</u>
B.	OPERATION AND MAINTENANCE EXPENSES	
1.	Salaries and Wages - Employees	
a.	To bring employee salaries to staff's recommended amount.	\$ <u>13,000</u>
2.	Purchased Water	
a.	To reflect monthly interconnection fee with the city.	\$ <u>27</u>
3.	Purchased Power	
a.	To reflect a security light at plant.	\$ <u>165</u>
4.	Chemicals	
b.	To allow engineer recommended chemical expense.	12
		\$ <u>12</u>
5.	Materials and Supplies	
a.	To include postage on billing.	887
		\$ <u>887</u>
6.	Contractual Sevices - Professional	
a.	To allow for set up cost with NARUC USofA.	560
b.	To allow for preparation of regulatory assessment fee forms, preparation of monthly & quarterly payroll taxes, and other accounting duties.	1,500
c.	To allow for the requested office person.	7,800
d.	To allow for the requested maintenance person.	10,400
		\$ <u>20,260</u>
7.	Contractual Services - Testing	
a.	To include engineer recommended testing amount.	\$ <u>472</u>
8.	Contractual Services - Other	
a.	To amortize painting of the tank over 5 years.	76
b.	To allow engineer recommended meter reader expense.	\$ 1,212
c.	To remove expenses and classify as utility plant in service.	(1,836)
		\$ <u>(548)</u>
9.	Rents	
a.	To allow for office area expense.	\$ <u>2,275</u>
10.	Transportation Expense	
a.	To allow the engineer recommended amount.	\$ <u>1,508</u>
11.	Insurance Expense	
a.	To allow for liability and asset insurance coverage.	\$ <u>192</u>

GEM ESTATES UTILITIES
TEST YEAR ENDING MAY 31, 2000
ANALYSIS OF WATER OPERATION AND
MAINTENANCE EXPENSE

SCHEDULE NO. 3B
DOCKET NO. 000467-WU

	BALANCE PER UTILITY	STAFF ADJUST.	TOTAL PER STAFF
(601) SALARIES AND WAGES - EMPLOYEES	\$ 0	\$ 13,000 [1]	\$ 13,000
(603) SALARIES AND WAGES - OFFICERS	0	0	0
(604) EMPLOYEE PENSIONS AND BENEFITS	0	0	0
(610) PURCHASED WATER	295	27 [2]	322
(615) PURCHASED POWER	1,235	165 [3]	1,400
(616) FUEL FOR POWER PRODUCTION	0	0	0
(618) CHEMICALS	123	12 [4]	135
(620) MATERIALS AND SUPPLIES	2	887 [5]	889
(630) CONTRACTUAL SERVICES - BILLING	0	0	0
(631) CONTRACTUAL SERVICES - PROFESSIONAL	2,100	20,260 [6]	22,360
(635) CONTRACTUAL SERVICES - TESTING	1,211	472 [7]	1,683
(636) CONTRACTUAL SERVICES - OTHER	5,674	(548) [8]	5,126
(640) RENTS	0	2,275 [9]	2,275
(650) TRANSPORTATION EXPENSE	0	1,508 [10]	1,508
(655) INSURANCE EXPENSE	0	192 [11]	192
(665) REGULATORY COMMISSION EXPENSE	206	0	206
(670) BAD DEBT EXPENSE	0	0	0
(675) MISCELLANEOUS EXPENSES	360	(107) [12]	253
	\$ 11,206	\$ 38,143	\$ 49,349

STATE OF FLORIDA

Commissioners:
J. FERRY DEASON, CHAIRMAN
E. LEON JACOBS, JR.
LILA A. JABER
BRAULIO L. BAEZ



DIVISION OF LEGAL SERVICES
NOREEN Z. DAVIS
DIRECTOR
(850) 413-6199

RECORDS AND
REPORTING

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Public Service Commission

December 8, 2000

Mr. Lester Ott, President
Gem Estates Homeowner's Association
39514 Sycamore Lane
Zephyrhills, Florida 33540

Re: Docket No. 000467-WU - Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

Dear Mr. Ott:

Enclosed is a copy of the Staff Recommendation filed in this matter on December 7, 2000. The Commission is expected to consider this Recommendation at its December 19, 2000, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you have any questions, please feel free to call me at (850) 413-6228.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Brubaker".

Jennifer Brubaker
Senior Attorney

Enclosure

cc: Division of Economic Regulation (Willis, Rendell, Butts, Ted Davis, Lingo)
Division of Records and Reporting (Docket No. 000467-WU)

STATE OF FLORIDA

Commissioners:
J. TERRY DEASON, CHAIRMAN
E. LEON JACOBS, JR.
LILA A. JABER
BRAULIO L. BAEZ



DIVISION OF LEGAL SERVICES
NOREEN Z. DAVIS
DIRECTOR
(850) 413-6199

Public Service Commission

December 8, 2000

Mr. Ken Halstiad
39350 Sterling Drive
Zephyrhills, Florida 33540

Re: Docket No. 000467-WU - Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

Dear Mr. Halstiad:

Enclosed is a copy of the Staff Recommendation filed in this matter on December 7, 2000. The Commission is expected to consider this Recommendation at its December 19, 2000, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

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Jennifer Brubaker
Senior Attorney

Enclosure

cc: Division of Economic Regulation (Willis, Rendell, Butts, Ted Davis, Lingo)
Division of Records and Reporting (Docket No. 000467-WU)

STATE OF FLORIDA

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LILA A. JABER
BRAULIO L. BAEZ



DIVISION OF LEGAL SERVICES
NOREEN Z. DAVIS
DIRECTOR
(850) 413-6199

Public Service Commission

December 8, 2000

Mr. Ken Speight
39450 Sycamore Lane
Zephyrhills, Florida 33540

Re: Docket No. 000467-WU - Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

Dear Mr. Speight:

Enclosed is a copy of the Staff Recommendation filed in this matter on December 7, 2000. The Commission is expected to consider this Recommendation at its December 19, 2000, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

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Jennifer Brubaker
Senior Attorney

Enclosure

cc: Division of Economic Regulation (Willis, Rendell, Butts, Ted Davis, Lingo)
Division of Records and Reporting (Docket No. 000467-WU)

STATE OF FLORIDA

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LILA A. JABER
BRAULIO L. BAEZ



DIVISION OF LEGAL SERVICES
NOREEN Z. DAVIS
DIRECTOR
(850) 413-6199

Public Service Commission

December 8, 2000

Mr. Richard Wight
39424 Elgin Drive
Zephyrhills, Florida 33540

Re: Docket No. 000467-WU - Application for staff-assisted rate case in Pasco County by Gem Estates Utilities, Inc.

Dear Mr. Wight:

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Sincerely,

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Jennifer Brubaker
Senior Attorney

Enclosure

cc: Division of Economic Regulation (Willis, Rendell, Butts, Ted Davis, Lingo)
Division of Records and Reporting (Docket No. 000467-WU)