

ORIGINAL

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

Public Service Commission

July 28, 2000

STAFF'S FIRST DATA REQUEST

Richard Melson, Esquire
Hopping, Green, Sams & Smith, P.A.
Post Office Box 6526
Tallahassee, Florida 32314

Re: Docket No. 000694-WU - Petition by Water Management Services, Inc. for limited proceeding to increase water rates in Franklin County.

Dear Mr. Melson:

By this letter, the Commission staff requests that Water Management Services, Inc. (WMSI or utility) provide responses to the following data requests.

- 1) What is the capacity of the existing water transmission system with the 8" main?
- 2) What is the proposed capacity of the water transmission system with the 12" main?
- 3) What is the limiting factor that determines the capacity of the existing and proposed water transmission system?
- 4) What is the absolute capacity of the existing 8" main and the proposed 12" main without regard to the existing consumptive use permit, well capacity or existing pump capacity?
- 5) Were methods other than increasing the water transmission main size considered when designing the water transmission system? If so, please describe the other methods considered, providing any documentation describing the options considered. If not, please explain why no other methods were considered.
- 6) When will the proposed water transmission system with 12" main reach maximum capacity without further expansion?

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7) Please provide projections of customer growth and consumption for a ten year period, along with an explanation of your projection methodology.

8) Are any future actions being considered to increase the capacity of the water transmission system, such as, but not limited to higher capacity pumps, additional storage, increase in consumptive use permit or new wells? If so, provide an estimate of the cost of adding the additional plant.

9) Please state, in detail, what the utility believes would be the consequence(s) of not having new rates in effect on November 1, 2000.

10) Please provide details of proposed construction financing, including:

- a. Name of committed lender, if any;
- b. Other lenders from whom financing was sought, if any;
- c. Copies of correspondence or other documentation detailing terms of financing, including interest rate, timing of draws, repayment schedule, and any other covenants or requirements imposed by the lender(s);
- d. Whether consideration has been given to re-financing existing debt; and
- e. The source of Exhibit K, Schedule 4, page 1 (specifically, the handwritten note).

11) The utility has included, in its formula for calculating revenue requirement, factors for depreciation and property taxes. Please provide:

- a. Justification for including depreciation on plant prior to its being placed in service; and
- b. A schedule showing the expected timing of property tax assessments and tax payments on the new construction.

12) In Exhibit F, the time frame for bidding and selecting a contractor is stated as February 1, 2001 to May 1, 2001. In Exhibit G, page 2, expenditures for construction of an 8" PVC water main are scheduled to commence in January, 2001. Please

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explain why these expenditures would need to be incurred before selection of a contractor.

11. In Exhibit G, the total costs of the project include an amount for "Construction Contingency" consisting of 10% of the cost of the new plant assets (but not engineering costs). The schedule in Exhibit G, page 2, shows proration of this amount being incurred beginning in June, 2000. Please explain why the timing of incurring the contingency amounts should not correspond with the expenditures of the related construction costs.

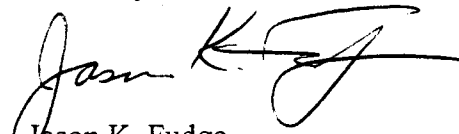
12. Please explain why the revenue requirement for each phase should not be based upon the average construction draws outstanding during the period, rather than the total construction expenditures through the end of the period.

13. In Exhibit K, Schedule 1, the Phase I revenue requirement is calculated based on costs projected through December, 2001; however, according to Exhibit G, the bulk of construction is not projected to commence until June, 2001. Please explain why it would not be reasonable to calculate a Phase I revenue requirement based on costs projected through May, 2001, with additional phases beginning June 1, 2001 and June 1, 2002, followed by a "true-up" phase.

14. Please update Exhibit L to show the total amount of CIAC collected through June 1, 2000.

Please file the original and five copies of the requested information on or before Friday, August 11, 2000, with Ms. Blanca Bayo, Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6236 if you have any questions.

Sincerely,


Jason K. Fudge
Staff Attorney

JKF/lw

cc: Division of Records and Reporting
Division of Economic Regulation (Kyle, Merchant, Wetherington)

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