

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for interim and permanent rate increase in Franklin County by St. George Island Utility Company, Ltd.

DOCKET NO. 940109-WU

In re: Petition by Water Management Services, Inc. for limited proceeding to increase water rates in Franklin County.

DOCKET NO. 000694-WU
ORDER NO. PSC-00-2227-PAA-WU
ISSUED: November 21, 2000

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
E. LEON JACOBS, JR.
LILA A. JABER
BRAULIO L. BAEZ

NOTICE OF PROPOSED AGENCY ACTION
ORDER DETERMINING PRUDENCY OF CONSTRUCTION OF NEW WATER MAIN,
INSTALLATION OF 12-INCH PIPELINE,
AND INSTALLATION OF PIPELINE FROM WELL NO. 1 TO WELL NO. 4
AND
ORDER APPROVING TEMPORARY RATE INCREASE
AND CLOSING DOCKET NO. 940109-WU

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the actions discussed herein, determining the prudence of the construction of a new water main, the installation of a 12-inch pipeline, and the installation of a pipeline from Well No. 1 to Well No. 4, are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

DOCUMENT NUMBER-DATE

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FPSD-RECORDS/REPORTING

BACKGROUND

Water Management Services, Inc. (WMSI or utility) is a Class B water utility providing service to approximately 1,461 water customers in Franklin County. For the year ended December 31, 1999, the utility reported in its annual report operating revenues of \$711,252 and operating income of \$43,543. Water rates were last established for this utility by Order No. PSC-94-1383-FOF-WU, issued November 14, 1994, in Docket No. 940109-WU.

On January 31, 1994, the utility filed an application for approval of interim and permanent rate increases pursuant to Sections 367.081 and 367.082, Florida Statutes. The application was assigned Docket No. 940109-WU. On November 14, 1994, Order No. PSC-94-1383-FOF-WU was issued in that docket, approving a rate increase and revising the service availability charges. To provide assurance that funds would be available for capital improvements, the Order required that an escrow account be established for service availability charges. The docket has remained open for our staff to monitor the utility's collections and additions to the escrow account, along with the disbursements from the escrow account.

On June 6, 2000, WMSI filed an application, pursuant to Section 367.0822, Florida Statutes, for a limited proceeding to increase its water rates to cover the cost of building a new water transmission main to connect its wells on the mainland to its service territory on St. George Island, which application was assigned Docket No. 000694-WU. In its petition, the utility states that it has been notified by the Florida Department of Transportation (DOT) that the existing bridge to St. George Island, to which WMSI's water main is attached, is to be demolished and replaced by a new bridge with an expected in-service date of March, 2003. Upon completion of the new bridge, WMSI will have to make alternative arrangements to provide service to its certified service area. The utility's petition sets forth its plan to construct a new main to be attached to the new bridge, along with ancillary modifications to its system, and requests a limited proceeding to increase its rates in order to provide funding for the proposed construction.

On July 28, 2000, our staff sent a data request to the utility, requesting additional data and clarification of certain

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items in the petition. On August 11, 2000, WMSI responded and, along with providing the requested information, made various changes to the supporting schedules included in the original petition.

A customer meeting was held at the Franklin County Courthouse in Apalachicola on September 12, 2000, to allow the utility's customers the opportunity to comment on WMSI's petition. More than 100 customers attended, and 13 customers made statements. In general, the speakers believed that the projected cost of the project was excessive and that the utility should have planned for this contingency in such a way as to avoid such a large rate increase. There was also great concern over the utility's ability to provide fire protection.

We have jurisdiction pursuant to Sections 367.011(2) and 367.0822, Florida Statutes.

ESCROW ACCOUNT

As previously stated, pursuant to Order No. PSC-94-1383-FOF-WU, issued in Docket No. 940109-WU, the utility was required to establish a commercial escrow account for service availability charges.

Also, according to that Order, the contribution-in-aid-of-construction (CIAC) level for the utility, as of December 31, 1993, was seventy-six percent of net plant-in-service. However, we acknowledged that there was significant potential for growth on St. George Island. In an effort to prevent the utility from becoming seriously over-contributed, rather than eliminate the service availability charges altogether, we reduced the plant capacity charge. We recognized that, while there was growth potential, the utility would need additional capacity to connect new customers.

We recognized that the utility, on occasion, had difficulty obtaining capital funds from outside sources, and that some assurance was needed that funds would be available when future capital improvements were deemed necessary. Therefore, to ensure that monies would be available for additional capacity or capital improvements, pursuant to the above-referenced Order, we required the utility to establish a commercial escrow account for service availability charges. The utility was further ordered to file a

monthly report with this Commission detailing the monthly collections, as well as the aggregate amount. The Order specified a procedure that the utility was required to follow before funds could be released.

According to Order No. PSC-94-1383-FOF-WU, the escrow requirements were to remain in effect until the utility's next rate case or any modification in its service availability policies or charges. There have been no modifications to the service availability policies or charges. However, as previously noted, on June 6, 2000, the utility filed a petition for a limited proceeding to increase its water rates. This increase would allow the utility to recover the costs associated with building a new water transmission main to connect its wells on the mainland to its service territory on St. George Island. The utility is proposing a rate increase related to estimated capital expenditures of approximately \$6,000,000 to be implemented in three phases. This most recent filing was assigned Docket No. 000694-WU.

While we had various concerns that were specifically addressed in the utility's previous rate proceeding, the requirement of an escrow account for service availability charges and our monitoring of the escrow account is no longer necessary. The utility has been diligent in filing the monthly reports as required by Order No. PSC-94-1383-FOF-WU. The utility has also been diligent about following the procedures set forth in that Order for escrow funds to be released. Based on the utility responsibly carrying out the requirements related to the establishment of the escrow account and the process prescribed for disbursing funds from the escrow account and the recent filing for limited proceeding, we find that the funds in the escrow account shall be released to the utility and the escrow account shall be closed.

COMPLIANCE WITH ORDER NO. PSC-94-1381-FOF-WU

In addition to the service availability and escrow requirements mentioned above, Order No. PSC-94-1381-FOF-WU required that this docket remain open until the utility submitted:

- 1) Pension plan documentation;
- 2) Insurance documentation;
- 3) the fire protection study;
- 4) proof of tank maintenance and pipe cleaning;

- 5) Revised consumptive use permit;
- 6) Capacity plan;
- 7) DEP permit application.

Our staff has reviewed the official docket file and has received additional information and documentation from the utility and confirmed that all actions required by Order No. PSC-94-1383-FOF-WU, issued November 14, 1994 in Docket No. 940109-WU, have been complied with and are complete. Therefore, Docket No. 940109-WU is hereby closed.

CONSTRUCTION OF WATER TRANSMISSION MAIN

WMSI's service territory and water treatment plant are located on St. George Island, in Franklin County. Its three water supply wells are located on the mainland. Raw water from the wells is currently transmitted to the island via an 8-inch ductile iron pipe (DIP) attached to and beneath the Bryant Patton Bridge. This pipe was constructed in the mid-1970s. In mid-1998, WMSI was formally notified of DOT plans to replace and relocate the existing bridge. Upon completion of the new bridge, DOT intends to abandon the existing bridge and to demolish portions of the existing structure. This will require WMSI to abandon its existing water main and to construct a new main attached to the new bridge. WMSI fought this plan in the courts and lost. Consequently, the existing water main must be abandoned and a new main constructed.

Based upon the foregoing, we find that construction of the new water transmission main is justified. Therefore, the prudent costs to be incurred by WMSI in this project shall be recovered through a rate or charge mechanism to be determined in Phase Three of this rate request. For example, OPC, a customer representative, and staff discussed service availability charges, allowance for funds prudently invested, and contributions in aid of construction as some, but by no means all, of the possible rate or charge mechanisms.

INSTALLATION OF 12-INCH PIPELINE

Flow projections provided in the utility's filing indicate that flows in the year 2003, when the new bridge and pipeline are to be operational, will be approximately 1.141 million gallons per day (MGD). An eight-inch pipeline is only capable of .964 MGD.

Consequently, an eight-inch pipeline would not be capable of meeting the demand the moment the new bridge and pipeline become operational. When a five-year growth period, authorized by Section 367.081(2)(a.)2.b., Florida Statutes, is added, the demand in the year 2008 is conservatively estimated to be 1.324 MGD. A 10-inch pipeline could be installed, but the maximum capacity of a 10-inch pipe is only 1.5 MGD, slightly more than the expected demand in 2008.

During the customer meeting, numerous customers, as well as the St. George Island Fire Chief, voiced their concerns over the fact that the utility does not currently have sufficient water and pressure available to provide fire protection to the entire island. Everyone agreed that it would be prudent to increase the size of the causeway pipeline in order to provide better fire protection for the residents. Although not required by Franklin County ordinance, WMSI is striving to provide adequate fire flow to the residents of St. George Island. The demand of 120,000 gallons (1,000 gallons per minute for two hours) is not being met with the existing eight-inch pipe and could not be met with a 10-inch pipe. Based upon best engineering judgement, fire flow requirements, and economy of scale considerations, as well as numerous customer requests, we find that the installation of a 12-inch pipe is prudent and justified and the cost of installation of a 12-inch line is a prudent, cost-effective investment which will provide additional fire flow, and meet expected growth, including the five year-growth (to 2008) required by law. Therefore, 100% of the prudently-incurred costs of the 12-inch line shall be recovered through a rate or charge mechanism to be determined in Phase Three of this rate request.

We note that although the 12-inch pipe will greatly increase the volume and pressure of the water delivered to the island, the ability to provide adequate fire protection throughout the island will be limited by the size and layout of the distribution system.

INSTALLATION OF PIPELINE FROM WELL NO. 1 TO WELL NO. 4,
AERATOR, AND HIGH SERVICE PUMP AND CONTROLS

We find that the installation of the pipeline from Well No. 1 to Well No. 4, the new aerator, and the new high service pump and controls, can most economically be completed as part of the causeway pipeline relocation project. The new causeway pipeline

must be installed and fully operational before the existing pipeline is disconnected. Therefore, the new pipeline must be connected to an aerator, flushed out, and bacteriological tests completed before it can become operational. We find that the installation of a new, separate aerator, which can be tested without affecting the existing system, is justified.

While not directly related to the causeway relocation, the installation of the new pipeline from Well No. 4 to Well No. 1 is required and must be interconnected with the new causeway pipeline. This installation can be performed more economically if accomplished concurrently with the new causeway pipeline instead of attempting to keep ditches open so that the Well No. 4 line can be interconnected at a later date. In addition, Well No. 4 is needed to meet current demand. Therefore, we find that the pipeline connecting Well No. 4 to Well No. 1 is justified.

We find that the installation of a new high service pump and controls is also prudent and can more economically be accomplished at the same time as the other projects are being installed. This pump is required to maintain adequate pressure during peak demand periods and will also help WMSI meet the demand for increased pressure for fire protection.

We find that the three projects, the installation of the 12-inch pipeline, a pipeline from Well No. 1 to Well No. 4, and the aerator, while not specifically part of the causeway pipeline relocation, are prudent, and can more economically be completed at the same time as the relocation. The Northwest Florida Water Management District has recognized that WMSI is exceeding the consumptive use permitted drawdown for the existing three wells and has directed that the utility install Well No. 4 and associated controls in order to increase pumping capacity. Because all three projects are required to meet existing peak demand, 100% of the prudently incurred costs of these projects shall be recovered through a rate or charge mechanism to be determined in Phase Three of this limited proceeding.

TEMPORARY RATE INCREASE FOR PHASE ONE

In its original petition, WMSI requested an increase in rates which would be phased in so as to enable the utility to service new long-term debt incurred to finance the required construction. The

utility proposed a Phase One increase of 61.2% in its water rates, to be effective November 1, 2000, and to be applied across the board to the base facility and gallonage charges for all classes of service. The utility further proposed a Phase Two increase of an additional 51.17% of Phase One rates (143.7% of existing rates), to be effective January 1, 2002. Finally, WMSI proposed establishing Phase Three rates, which would be effective six months after the actual in-service date of the project in 2003 and would be designed to recover the actual capital costs incurred, net of any recovery from DOT with respect to the taking of the existing water main. Under the utility's proposal, the Phase Three rates would reflect the actual cost of debt on a going-forward basis, and the first 12 months of the Phase Three rates would be adjusted to true-up for over-or under-collection of rates during Phases One and Two. The utility also proposed that we approve the methodology and effective dates described above and grant our staff the authority to approve tariff sheets for Phases Two and Three that contain rates calculated in accordance with the approved methodology.

The utility proposes that the Phase One rates be effective from November 1, 2000 through December 31, 2001. Our analysis of WMSI's amended Exhibit G suggests that it would be more logical to extend Phase One through June 30, 2002. Exhibit G projects a substantial amount of construction activity from November, 2000 through April, 2001, then only minor monthly engineering costs until major construction resumes in July, 2002. For example, the utility estimates total costs through December, 2001 of \$880,803, but total costs through June, 2002 of only \$897,518. We find that it is inappropriate to increase rates to Phase Two levels until the commencement of the major construction and associated financing draws projected for the last six months of the project.

Further, while the costs and timing associated with Phase One are reasonably estimable at this time, there is considerably more uncertainty regarding the Phase Two time-frame. WMSI is expected to obtain bids for the major construction. When this process is completed, it will be possible to estimate the actual cost with a higher degree of precision than that of an engineering estimate performed two years in advance. Additionally, the utility has applied for a loan from the DEP revolving trust fund. If approved, funds from this loan would be available in approximately July, 2002, and would allow funding of the major construction at a substantially lower interest rate than conventional construction

financing. We find that it would be prudent to consider the appropriate level of additional revenue required for Phase Two, if any, at a later date, when the relevant data is more precisely known or estimable. We deny the utility's request to preapprove a rate methodology and to delegate to staff the approval of rate adjustments associated with Phases Two and Three.

ADJUSTMENTS TO PHASE ONE RATES

The utility calculated the proposed rate increases for Phase One by estimating the additional revenue requirement needed during each phase to service the debt required to finance the construction. The additional revenue for each phase was then compared to the revenue expected to be collected from existing customers at existing rates in order to determine the percentage increases required. The utility's estimate of additional revenue requirement was accomplished by using a formula which included factors for the total projected expenditures for each phase (net of any recovery from DOT), the interest rate applicable to construction financing, depreciation and property taxes on the new construction, expense of pursuing the limited proceeding, and regulatory assessment fees associated with the increased revenue.

Property Taxes

We do not believe it appropriate for the property taxes on the new construction to be part of the calculation, because the first payment of additional property tax on the new property would not be due before November, 2004. Accordingly, any rate increase associated with increased property taxes has not been included in Phase One of this limited proceeding.

Cost of Construction

In its proposed formula, the utility states that the component for cost of construction should be the total costs incurred through the end of each phase. In our staff's initial data request, the utility was asked to explain why the calculation should not be based on the average construction draws outstanding during each phase. WMSI's response was:

There is no reason that the revenue requirement for each phase cannot be based on average rather than total expenditures during any period, as long as, through the phasing and true-up process, the proceeds are sufficient to have covered the costs incurred in financing WMSI's investment in the new main and associated appurtenances and sufficient to generate cash flow to support repayment of the debt from the date of the first draw.

We find that using the average draws outstanding will generate sufficient cash flow, and that basing the calculation on total draws would result in rates which are higher than required during Phases One and Two.

In its amended Exhibit K, Schedule 1, the utility uses \$880,803 as the amount of construction costs to be used in calculating the Phase One additional revenue requirement. This is the estimate of the total costs to be incurred through December 31, 2001. As discussed above, the appropriate time frame for Phase One rates is from the effective date of Order through June 30, 2002. Further, as discussed above, it is appropriate to use an average of the construction draws outstanding during the period, rather than the total for the period. The utility's amended Exhibit G projects total expenditures prior to November 1, 2000 as \$169,500 and total expenditures through June 30, 2002 as \$897,518, and projects expenditures and cumulative balances for each intermediate month. We find that it is appropriate to use the average of these monthly amounts, \$752,241, as the average amount of utility plant constructed for Phase One.

Interest Rate

WMSI uses 11.5% as its assumed interest rate. In its original filing the utility based its assumption on the expectation that construction financing would be at the same rate as its existing mortgage with Transamerica SBC (i.e. prime + 2%, per Schedule F-17 of the utility's 1999 Annual Report). In Exhibit K, Schedule 4 of its original filing, the utility included a handwritten note from its internal accountant to the effect that the rate on this loan would increase to 11.5% on July 1, 2000. In its response to our staff's initial data request, WMSI stated that it had secured a commitment from The Citizens Bank of Perry and the State Office in Gainesville of the USDA Rural Business Services group to refinance

the existing mortgage and provide funding for "soft costs" associated with the required construction. The utility included a copy of the commitment letter for this loan, which stated that the interest rate would be prime + 1%. Accordingly, we find that the appropriate interest rate to be used for calculating the Phase One additional revenue requirement is 10.5%.

Depreciation

We have concerns about including in the formula depreciation on property which has not yet been placed into service. In its response to staff's initial data request, the utility stated that, because final construction financing has not been formalized, it is uncertain whether repayment terms will require payments of interest only, or a combination of interest and principal, during the construction period. WMSI's rationale for including depreciation is that it would provide additional cash flow in the event that principal repayments are required during construction. In essence, the utility is requesting that depreciation be considered a surrogate for principal payments which may or may not be incurred. It is our understanding that payments for construction financing are customarily interest-only until the project is complete and the construction loan is converted to permanent financing. It has not been the practice of this Commission to allow recovery of depreciation before property is placed into service. Accordingly, depreciation will not be included in the calculation of Phase One or Phase Two rates in this proceeding.

Cost of Pursuing Limited Proceeding

WMSI's request for Phase One and Phase Two rate increases is analogous to a request for interim rates in a file-and-suspend rate case. In such cases, rate case expense is not included in the calculation of allowable interim rates. Therefore the utility's estimated costs of pursuing this limited proceeding have not been used in calculating the revenue requirements for Phases One and Two. The actual costs will be addressed in Phase Three.

Projection of Revenue at Current Rates

In its original and amended Exhibit K, Schedule 1, the utility calculated a percentage increase in rates by adding the additional revenue requirement to what it refers to as the "Present Metered

Revenues," then dividing the total by the "Present Metered Revenues." The "Present Metered Revenues" is the amount estimated to be collected from existing customers using existing rates. The utility used \$703,091 in its calculation, an amount which closely approximates the total operating revenue reported on its 1999 Annual Report. In staff's initial data request, the utility was asked to project its customer growth for a ten-year period. The utility responded with a chart showing 1,461 customers in 2000 and a growth rate of 60 customers per year thereafter, with the exception of 2003, in which a growth of 223 customers was projected. The utility stated that its projected growth rate was "conservative," based on an average growth rate of 70 customers per year from 1990 through 2000.

We believe it is more appropriate to estimate the "Present Metered Revenues" for Phase One using the number of customers expected to be connected during the period the Phase One rates are in effect. The utility projected 1,461 customers in 2000 and 1,581 in 2002. The average of these amounts is 1,521 and we find that this is a reasonable estimate of the average number of customers expected to be served during Phase One. This is an increase of approximately 4.1% over the number of customers used by the utility in its calculation of the "Present Metered Revenues." Accordingly, we have recalculated the "Present Metered Revenue" to be \$731,971.

Summary

In summary, we find that the utility's proposed formula for calculating the additional revenue requirement for Phase One shall be adjusted to exclude property taxes, depreciation, and the expense of pursuing this limited proceeding. Further, the calculation shall be based on average projected expenditures, the interest rate factor shall be 10.5%, and the utility's projection of revenue at current rates during the Phase One period shall be increased to \$731,971.

REVENUE REQUIREMENT

In Exhibit K, Schedule 3 of the filing, the utility calculated the metered service revenue to be collected from existing customers at existing rates as \$703,091, consisting of total operating revenue of \$708,796, less miscellaneous revenues of \$5,705. The total operating revenue amount is the same amount as that reported

on WMSI's Annual Report for 1999. Using its requested revenue increase of \$430,416, the utility proposed an increase in rates of 61.2% for Phase One.

In its response, dated August 11, 2000, to staff's initial data request, the utility provided updated information and amplified its justification of some of the theories supporting its methodology in calculating the proposed rate increases. The utility also included amendments of Exhibits G, J and K. The amended exhibits reflect a revised Phase One revenue increase of \$146,547, and a corresponding increase in rates of 20.8%. The methodology used by WMSI in its revised calculation was the same as described above, except that the estimate of expenditures to be incurred through 12/31/01 was decreased to \$880,803 from the original projection of \$2,636,196.

Using the utility's proposed formula, but incorporating the adjustments made above, we have calculated the additional revenue requirement for Phase One as \$82,707 (11.3%).

RATE STRUCTURE

The utility's current rate structure is the traditional base facility charge/gallongage charge rate structure. This is our preferred 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.

Although the current rate structure is considered usage sensitive because customers are charged for all water consumed, in its last rate case, the utility proposed a rate design more heavily weighted towards the base facility charge in order to increase cash flow to cover fixed expenses during the off-season. We agreed with the utility's proposed rate structure; however, the resulting rate structure decreases the gallongage charge, thereby decreasing the usage sensitivity of the rate structure.

The utility has requested that the Phase One increase be treated as an emergency rate increase, in order to secure financing of the new pipeline. Because this initial increase is being treated as an emergency increase, and because we do not have sufficient customer usage data at this time, we find that the

appropriate rate structure for the Phase One increase is the continuation of the utility's current rate structure.

However, at the customer meetings held on September 12, 2000, several customers mentioned their preference for a rate structure with a greater emphasis placed on usage in order to reflect the different consumption habits of permanent residents versus renters. We agree that it is appropriate to examine the feasibility of a more usage-sensitive rate structure that sends stronger pricing signals to customers with respect to conservation, while also considering the cash flow requirements of the utility. Therefore, the utility shall prepare monthly reports detailing the number of bills rendered, the consumption billed and the revenue billed. These reports shall be prepared, by customer class and meter size, for the period beginning January 1999 and until such time as a recommendation for Phase Three rates is filed. The reports for the period January 1999 through September 2000 shall be filed within 30 days of November 7, 2000. The reports for the periods after September 2000 shall be filed on a monthly basis within 30 days of the end of the preceding month. We will consider rate structure in Phase Three.

TEMPORARY RATE INCREASE FOR PHASE ONE

Using the additional revenue requirement of \$82,707 and the "Present Metered Revenue" of \$731,791, we find that an increase in base facility charge and gallonage charges of approximately 11.3% is appropriate.

As part of our analysis, we compared the projected additional monthly revenue resulting from the above increase with the projected monthly debt service expenditures to be paid by the utility, and found the total amounts during the Phase One time-frame to be very similar.

The approved Phase One rates shall 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 Phase One rates shall not be implemented until notice has been received by the customers. The utility shall provide proof of the date notice was given within 10 days after the date of the notice. The approved rates collected by the utility shall be subject to a true-up upon the implementation of Phase Three rates. We note that

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no security is necessary for Phase One because rates are temporary and merely designed to cover the cost to service the debt and because the rates will be trued-up in Phase Three of this limited proceeding. Consequently, our decision to not require security for Phase One rates is limited to the facts of this case and shall not be considered as precedent for future proceedings.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition by Water Management Services, Inc. for an increase in water rates is approved for Phase One only, to the extent forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that the funds in Escrow Account No. 02301992-20 shall be released to the utility and the escrow account shall be closed. It is further

ORDERED that Docket No. 940109-WU shall be closed. It is further

ORDERED that Water Management Services, Inc. shall prepare monthly reports detailing the number of bills rendered, the consumption billed and the revenue billed. These reports shall be prepared, by customer class and meter size, for the period beginning January 1999 and until such time as a staff recommendation for Phase Three rates is filed. The reports for the period January 1999 through September 2000 shall be filed within 30 days of November 7, 2000. The reports for the periods after September 2000 shall be filed on a monthly basis within 30 days of the end of the preceding month. It is further

ORDERED that the temporary rates and charges approved herein shall be effective for service rendered on or after the stamped approval date of the revised tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code, provided customers have received notice. It is further

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ORDERED that the rates and charges shall not be implemented until our staff has approved the proposed customer notice, and the notice has been received by the customers. It is further

ORDERED that Water Management Services, Inc. shall provide proof of the date notice was given within 10 days after the date of the notice. It is further

ORDERED that the provisions of this Order, determining prudence of new water main construction, installation of 12-inch pipeline, and installation of pipeline from Well No. 1 to Well No. 4, are issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that Docket No. 000694-WU shall remain open for the processing of Phases Two and Three of the utility's Petition.

By ORDER of the Florida Public Service Commission this 21st day of November, 2000.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

JKF

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The actions proposed herein, determining prudence of new water main construction, installation of 12-inch pipeline, and installation of pipeline from Well No. 1 to Well No. 4, are preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 12, 2000.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the portion of this order approving a temporary rate increase, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric,

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gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter, releasing funds from Escrow Account No. 02301992-20, closing the escrow account, and closing Docket No. 940109-WU, may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Attachment A

Water Management Services, Inc.

Schedule of Monthly Rates

Residential and General Service:

| | Existing Rates | Utility Requested Phase One Rates (Original) | Utility Requested Phase One Rates (Amended) | Commission Approved Phase One Rates |
|-------------------------------------|------------------------|--|---|-------------------------------------|
| <u>Meter Size</u> | <u>* BFC per month</u> | <u>BFC per month</u> | <u>BFC per month</u> | <u>BFC per month</u> |
| 5/8" x 3/4" | \$20.90 | \$33.69 | \$25.26 | \$23.26 |
| 1" | \$52.25 | \$84.24 | \$63.14 | \$58.15 |
| 1 1/2" | \$104.51 | \$168.49 | \$126.29 | \$116.32 |
| 2" | \$167.20 | \$269.56 | \$202.05 | \$186.09 |
| 3" Compound | \$334.40 | \$539.11 | \$404.10 | \$372.18 |
| 3" Turbine | \$365.77 | \$589.69 | \$442.01 | \$407.10 |
| 4" Turbine | \$627.02 | \$1,010.87 | \$757.71 | \$697.87 |
| 6" Turbine | \$1,306.30 | \$2,105.99 | \$1,578.58 | \$1,453.90 |
| Gallonage Charge, per 1,000 Gallons | \$1.98 | \$3.19 | \$2.39 | \$2.20 |

* BFC = Base Facility Charge

Matilda Sanders

2227-PAA

From: Lysa White
Sent: Tuesday, November 21, 2000 3:10 PM
To: RAR - Orders-Notices
Cc: June Ariola
Subject: Order in consolidated dockets 940109 & 000694

THIS ORDER MUST BE ISSUED TODAY

The order saved as i:\940109or.jkf has been filed electronically with Record. The order was prepared in WP 9.

If you have questions, please contact Jason Fudge, the attorney assigned to this case.

Thanks!

4:15

mail copies must be mailed until 11:22:00 a.m.

6/10.