

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for limited  
proceeding rate increase in Lee  
County by Useppa Island Utility,  
Inc.

DOCKET NO. 000090-SU  
ORDER NO. PSC-02-1030-PCO-SU  
ISSUED: July 30, 2002

The following Commissioners participated in the disposition of  
this matter:

LILA A. JABER, Chairman  
J. TERRY DEASON  
BRAULIO L. BAEZ  
MICHAEL A. PALECKI  
RUDOLPH "RUDY" BRADLEY

ORDER GRANTING EXTENSION OF TIME  
TO COMPLETE PRO FORMA PLANT IMPROVEMENTS

BY THE COMMISSION:

BACKGROUND

Useppa Island Utility, Inc. (Useppa or utility) is a Class C water and wastewater utility located in Lee County, off the coast of North Fort Myers. The island covers approximately 100 acres which offers over two miles of waterfront. The utility serves a membership of clients known as the Useppa Island Club. Members of the Useppa Island Club create a seasonal customer base that visits the island for holidays and special events. Only a limited number of the utility's customers are year-round residents. The utility is a 100% owned subsidiary of the Useppa Inn and Dock Company. The utility's 2001 annual report provides that the water system consists of 152 customers, generating operating revenues of \$161,983, and operating expenses of \$111,800, for a net operating income of \$50,183. The wastewater system consists of 150 customers, generating operating revenues of \$84,043, and operating expenses of \$93,244, for a net operating income of \$9,201.

Lee County became jurisdictional in February 1970. The utility was organized in 1981 and the Commission granted it

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Certificates Nos. 354-W and 310-S by Order No. 10900, issued June 16, 1982, in Docket No. 810268-WS.

By Order No. PSC-00-2117-PAA-SU, issued November 7, 2000, we approved Useppa's application for a limited proceeding for its wastewater system and deferred overearnings for its water system. Pursuant to this Order, Useppa's water system had excess earnings of \$20,462 and its wastewater system had \$10,213 in underearnings for the test year ended December 31, 1999. Overall, the utility overearned by \$10,249 in 1999. Useppa stated that it was in the process of making improvements to its water system totaling \$182,618. The utility provided contracts showing costs for the following three water projects which the utility needs to complete: (1) a water tank expansion of \$124,690; (2) installation of an emergency generator for \$13,308; and (3) installation of a back-up well for \$44,620. The utility stated that the above improvements would be completed in 2001.

We found that these projects were necessary and that the costs were reasonable and prudent, and ordered that this docket remain open for an additional 18 months from the effective date of the Order (November 7, 2000) to allow sufficient time to complete the above-mentioned improvements. All pro forma water plant projects were to be completed by May 7, 2002, and subject to Commission staff's verification.

In compliance with Order No. PSC-00-2117-PAA-SU, the staff engineer visited Useppa on May 8, 2002, to verify that all pro forma water plant projects were completed by the eighteen-month deadline. It was observed that the utility has not completed the projects as scheduled and is still in the process of making the pro forma improvements to its water system. The following is a summary of the observations:

1. The storage tank was delivered and assembled at the utility's site but plumbing and high service pump installations were not completed.
2. High service pumps for the storage tank were on site, but were still in the shipping crates.

3. The new hydro pneumatic tank was delivered and on-site, but plumbing and installation has not been performed.
4. The emergency generator was installed and was functional with an automatic switch-over control panel.
5. The utility has signed a contract for installation of a new well. The utility has provided proof that it paid 50% of the total cost as a deposit to the well driller, and the drill site has been selected.

The utility is requesting an extension of the eighteen-month deadline to complete improvements to its water treatment system. We have jurisdiction to consider this matter pursuant to Section 367.0822, Florida Statutes.

GRANTING REQUEST FOR EXTENSION OF TIME

The reason for the utility's inability to complete the project within the originally specified time period relates directly to the amount of time involved to obtain the necessary permit to construct from the state and local regulatory agencies.

Useppa is currently under contract to begin drilling the back-up water well very soon, and is currently attempting to make arrangements to have the drilling rig barged to the Island. The utility believes that all improvement projects will be completed no later than July 1, 2002.

In light of these circumstances, we find that the utility's request for an extension to complete the required pro forma plant improvements is reasonable and is hereby approved.

This docket shall remain open to allow the utility additional time to complete pro forma plant improvements to the water treatment system. Once the utility completes the pro forma plant improvements, the docket shall be closed administratively upon Commission staff's verification that the improvements have been made.

ORDER NO. PSC-02-1030-PCO-SU  
DOCKET NO. 000090-SU  
PAGE 4

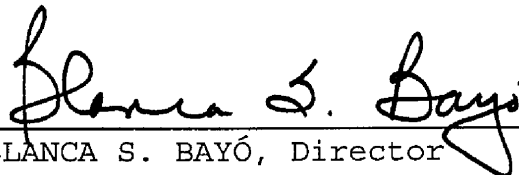
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Useppa Island Utility, Inc.'s request for an extension to complete the required pro forma plant improvements is approved. The utility expects to complete all plant improvements by July 1, 2002. It is further

ORDERED that this docket shall remain open to allow the utility additional time to complete pro forma plant improvements to the water treatment system. It is further

ORDERED that once the utility completes the pro forma plant improvements, the docket shall close administratively upon Commission staff's verification that the improvements have been made.

By ORDER of the Florida Public Service Commission this 30th day of July, 2002.



BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

( S E A L )

JSB

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.

Any party adversely affected by this order, 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, 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 the Commission Clerk and Administrative Services, 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.