

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water rates in  
Franklin County by Water Management  
Services, Inc.

DOCKET NO. 110200-WU  
ORDER NO. PSC-15-0191-PCO-WU  
ISSUED: May 8, 2015

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR  
JULIE I. BROWN  
JIMMY PATRONIS

ORDER GRANTING WATER MANAGEMENT SERVICES, INC.'S AMENDED MOTION  
FOR EXTENSION OF TIME TO COMPLETE FINANCING AND CONSTRUCTION  
REQUIREMENTS

BY THE COMMISSION:

Background

Water Management Services, Inc. (WMSI or Utility) is a Class A utility providing service to approximately 1,854 water customers in Franklin County. For the year ended December 31, 2013, the Utility reported operating revenues of \$1,872,121 and net operating income of \$336,976.

On November 7, 2011, the Utility filed its application for a proposed agency action (PAA) rate increase. The Office of Public Counsel (OPC) intervened in this docket, and an order acknowledging OPC's intervention was issued on January 23, 2012.<sup>1</sup>

By Order No. PSC-12-0435-PAA-WU (PAA Order), issued August 22, 2012, we approved rates designed to generate a total water revenue requirement of \$1,811,648.<sup>2</sup> We also approved certain pro forma plant projects proposed by the Utility and provided that WMSI should secure financing and complete the pro forma plant projects within 18 months of issuance of the Consummating Order. Additionally, our PAA Order also provided that within 12 months of completion of the pro forma projects, the Utility should submit data, such as final invoices and cancelled checks, enabling us to perform a true-up of all prudently incurred investments and costs associated with the pro forma plant projects.

<sup>1</sup> Order No. PSC-12-0034-PCO-WU, issued January 23, 2012, in Docket No. 110200-WU, In re: Application for increase in water rates in Franklin County by Water Management Services, Inc.

<sup>2</sup> Order No. PSC-12-0435-PAA-WU, issued August 22, 2012, in Docket No. 110200-WU, In re: Application for increase in water rates in Franklin County by Water Management Services, Inc., pp. 29, 45.

On September 12, 2012, OPC timely filed a protest of portions of the PAA Order. The pro forma adjustments and requirements were not disputed and became final with the Final Order. By letter dated September 13, 2012, WMSI gave notice that it elected to put the rates approved in the PAA Order into effect during the pendency of the administrative hearing pursuant to Section 367.081(8), Florida Statutes (F.S.). On September 19, 2012, WMSI filed a timely cross-petition. The technical hearing was held on January 16 and 17, 2013, on St. George Island. We issued our Final Order on the matter on May 16, 2013.<sup>3</sup> We approved rates designed to generate a total water revenue requirement of \$1,905,203.<sup>4</sup> The issuance of the Final Order became the commencement date of the 18-month deadline for securing financing and completing the pro forma plant projects. The 18-month period ended on November 16, 2014, which established the deadline for filing pro forma plant documentation of November 16, 2015.

On September 22, 2014, the Utility filed a motion for extension of time to complete financing and construction requirements of pro forma plant projects due to unforeseen delays in securing financing. A noticed informal meeting was held between Commission staff and interested persons to discuss the motion on October 14, 2014. According to WMSI's motion, the Utility had commenced construction within the constraints of its cash flow and escrowed funds. Additionally, the Utility added that the property has been acquired and the permitting is in place.

On December 22, 2014, the Utility filed an amended motion for extension of time to complete financing and construction requirements of pro forma plant projects that included a scheduled closing date for a loan with Ameris Bank. The Utility closed on its loan with Ameris Bank on March 12, 2015, and provided support documentation of said closing.

This Order addresses the amended motion for extension of time to complete the financing and construction requirements requested by the Utility. We have the authority to consider this matter pursuant to Section 367.081, F.S.

#### Decision

On September 22, 2014, WMSI notified us in writing that it would be unable to meet the November 16, 2014 deadline and filed a motion requesting an extension of time to complete the financing and construction of its pro forma plant projects due to unforeseen delays in securing financing. An amended motion for extension of time, which included specific details regarding the completion of financing, was filed on December 22, 2014. For various reasons, the closing on the construction loan was repeatedly rescheduled.

The Utility has commenced construction within the constraints of WMSI's cash flow and the funds escrowed for construction. The property has been acquired, the permitting is in place, and work has commenced as set forth in the documentation supporting the three draws from the escrow account. WMSI also asserted that construction will be accelerated immediately after closing on its construction loan. The Utility closed on its loan with Ameris Bank on March 12,

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<sup>3</sup> Order No. PSC-13-0197-FOF-WU, issued May 16, 2013, in Docket No. 110200-WU, In re: Application for increase in water rates in Franklin County by Water Management Services, Inc.

<sup>4</sup> Order No. PSC-13-0197-FOF-WU, pp. 34, 51.

2015, and provided support documentation of said closing on March 24, 2015.<sup>5</sup> Given the condition of the existing water storage infrastructure, we encourage the Utility to move expeditiously with its plan to accelerate construction.

In response to Commission staff's request, the Utility provided a construction timeline to support its requested deadline extension (Attachment 1). We find that the extension will provide WMSI with enough time to complete the previously-approved pro forma plant projects and to accommodate any additional unforeseen construction delays. As such, we find the Utility's proposed deadline is an appropriate extension of time due to the delay in securing the construction loan. Therefore, the extension shall be granted through December 31, 2015.

As discussed previously, Order No. PSC-12-0435-PAA-WU provided that within 12 months of completion of the pro forma plant projects, the Utility shall submit data, such as final invoices and cancelled checks, to allow the Commission to perform a true-up of all prudently incurred investments and costs associated with the pro forma plant projects. Had the project been completed on time, the 12-month deadline for filing the true-up data would have been November 16, 2015. However, given WMSI's amended motion for extension of time, the Utility could take until December 2016 to file data for the true-up calculation.

Based on our ruling to grant an extension for completion of pro forma plant projects through December 2015, we next address the timeframe for the Utility to submit support documentation for pro forma plant projects. In its amended motion, filed December 22, 2014, WMSI disclosed that the property has been acquired, the permitting is in place, and work has commenced as set forth in the documentation supporting the three draws from the escrow account.<sup>6</sup> As such, some of the support documentation is already in the Utility's possession. When the project is ultimately placed into service, most of the supporting documentation would be in the Utility's possession or would be received shortly thereafter. Thus, we find that the twelve months allowed in our prior order unduly lengthy. Accordingly, the time to provide documentation shall be reduced. WMSI shall provide support documentation for its pro forma plant projects to the Commission within 60 days of the issuance of the letter of clearance from the Florida Department of Environmental Protection.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Water Management Services, Inc.'s Motion for extension of time to complete financing and construction requirements, is granted through December 31, 2015. It is further

ORDERED that Water Management Services, Inc. shall provide support documentation for its pro forma plant projects within 60 days of the issuance of the letter of clearance from the Florida Department of Environmental Protection. It is further

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<sup>5</sup> Document No. 01650-15.

<sup>6</sup> An additional draw of \$80,676 was requested from the escrow account on March 12, 2015. Document No. 01403-15. This draw request was approved on March 13, 2015. Document No. 01424-15.

ORDER NO. PSC-15-0191-PCO-WU  
DOCKET NO. 110200-WU  
PAGE 4

ORDERED that this docket shall remain open for staff to verify that the approved pro forma plant projects have been completed, and to complete the true-up analysis of the pro forma plant costs. Once these actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 8th day of May, 2015.



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HONG WANG  
Chief Deputy Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
[www.floridapsc.com](http://www.floridapsc.com)

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MFB

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; 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 or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, 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.

\_\_\_\_\_ **WATER MANAGEMENT SERVICES, INC.** \_\_\_\_\_

250 John Knox Rd. # 4  
Tallahassee, FL 32303  
(850) 668-0440 Fax (850) 577-0441

**ESTIMATED CONSTRUCTION COMPLETION DATES  
ST. GEORGE ISLAND IMPROVEMENTS**

- |                    |   |  |
|--------------------|---|--|
| May 15, 2015       | - | All fire flow improvements including 19,000 linear feet of supply main and distribution system piping            |
| June 15, 2015      | - | Water treatment, pumping and equipment storage facility  |
| July 15, 2015      | - | 600,000 gallon ground storage tank, including all connecting pipes and appurtenances                             |
| August 15, 2015    | - | Installation of high service pumps, electronic controls, VFD's, SCADA system, chlorination system and generators |
| September 15, 2015 | - | Final interconnection and testing of all improvements  |
| October 15, 2015   | - | Transfer of water storage, treatment and pumping facilities to new system  |