

ORIGINAL

STATE OF FLORIDA

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OFFICE OF THE GENERAL COUNSEL
MICHAEL G. COOKE
GENERAL COUNSEL
(850) 413-6199
RECEIVED FPSC
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COMMISSION
CLERK

Public Service Commission

January 30, 2007

Mr. Garfield R. Beckstead
Useppa Island Utility, Inc.
P. O. Box 640
Bokeelia, FL 33922

Re: Application for staff-assisted rate case by Useppa Island Utility, Inc., Docket No. 060575-WS

Dear Mr. Beckstead:

This will confirm that Commission Staff will hold a customer meeting at 1:00 p.m. on Wednesday, February 28, 2007. 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 location of the meeting will be:

The Tarpon Bar
Useppa Island, Florida

The original customer meeting notice is enclosed. Please note the date has been left blank so that you can fill in the date the notice is sent to the customers. The customers must have at least 14 calendar days' notice of the meeting, calculated from the day they receive the notice as required by Rule 25-22.0407(9)(b), Florida Administrative Code (F.A.C.). 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.

Two copies of the Staff Report dated January 25, 2007, are enclosed. Please ensure that a copy of the completed Application for Staff Assistance and the Staff Report are available for review, pursuant to Rule 25-22.0407(9)(b), F.A.C., by all interested persons at the Useppa Reception Center. For your convenience, I have also enclosed a copy of Rule 25-22.0407, F.A.C.

Should you have any questions about any of the matters contained herein, please do not

MP _____
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Mr. Garfield R. Beckstead
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January 30, 2007

hesitate to contact me at (850) 413-6234. In addition, you may contact Ms. Sam Merta at (850) 413-6427 with any questions.

Sincerely,

A handwritten signature in black ink that reads "Ralph R. Jaeger". The signature is written in a cursive style with a large, prominent "R" at the beginning.

Ralph R. Jaeger
Senior Attorney

RRJ:sm

Enclosures (3)

cc: Division of Economic Regulation (Rendell, Merta)
Division of Commission Clerk and Administrative Services (060575-WS)

25-22.0407 Notice of and Public Information for General Rate Increase Requests by Water and Wastewater Utilities.

- (1) This rule applies to all requests for general rate increases made by water and wastewater utilities.
- (2) Upon filing a petition for a general rate increase, the utility shall mail a copy of the petition to the chief executive officer of the governing body of each municipality and county within the service areas included in the rate request. Each copy of the petition shall be accompanied by a statement that a copy of the minimum filing requirements (MFRs) when accepted by the Commission can be obtained from the petitioner upon request.
- (3) Within 30 days after the official date of filing established by the Commission, the utility shall place a copy of the petition and the MFRs at its official headquarters and at any business offices it has in the service areas included in the rate request. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in a service area included in its rate request, the utility shall place a copy of the petition and the MFRs at the main county library, the local community center or other appropriate location which is within or most convenient to the service area and which is willing to accept and provide public access to the copies. If the Commission determines that these locations will not provide adequate access, the Commission will require that copies of the petition and MFRs be placed at other specified locations.
- (4)(a) Within 30 days after the official date of filing established by the Commission, the utility shall place a copy of its rate case synopsis at all locations where copies of the petition and MFRs were placed.
- (b) Within 30 days after the official date of filing established by the Commission, the utility shall mail a copy of its rate case synopsis to the chief executive officer of the governing body of each municipality and county within the service areas included in the rate request.
- (c) The utility's rate case synopsis shall be approved by the Commission staff prior to distribution and shall include the following:
 1. A summary of the section of the MFRs showing a comparison of the present and proposed rates and charges;
 2. A statement of the general reasons for the rate request;
 3. A statement of any anticipated major issues involved in the rate case;
 4. A description of the ratemaking process and the time schedule established for the rate case; and
 5. The locations where complete MFRs are available.
- (5)(a) Within 50 days after the official date of filing established by the Commission, the utility shall provide, in writing, an initial customer notice to all customers within the service areas included in the rate request and to all persons in the same service areas who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the petition is filed.
- (b) The initial customer notice shall be approved by Commission staff prior to distribution and shall include the following:
 1. The date the notice was issued;
 2. A statement that the utility has filed a rate request with the Commission and a statement of the general reasons for the request;
 3. A statement of the locations where copies of the MFRs, petition, and rate case synopsis are available for public inspection and the hours and days when inspection may be made;
 4. The time schedule established for the case, including the dates, times, and locations of any hearings scheduled;

5. A comparison of current rates and charges and the proposed new rates and charges;
 6. The utility's address, telephone number, and business hours;
 7. A statement that written comments regarding utility service or the proposed rates and charges should be addressed to the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, and that such comments should identify the docket number assigned to the proceeding;
 8. A statement that complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following toll-free number: 1(800)342-3552; and
 9. If the utility has not requested a change in its service availability charges as part of its rate request, a statement that the Commission will be reviewing the utility's service availability charges in the pending rate case and that the Commission may adjust those charges.
 10. The docket number assigned by the Commission's Division of the Commission Clerk and Administrative Services.
- (c) The initial customer notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.
- (6)(a) No less than 14 days and no more than 30 days prior to the date of each service hearing, in those cases where the Commission has scheduled a service hearing, the utility shall provide written notice of the date, time, location, and purpose of the service hearing to all customers within service areas designated by the prehearing officer or the Commission staff. The notice shall be approved by the Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.
- (b) No less than 14 days and no more than 30 days prior to the date of the hearing, in all cases, including those in which the Commission has scheduled a service hearing, the utility shall provide written notice of the date, time, location, and purpose of the hearing to all customers within the service areas included in the rate request. The notice shall be approved by Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.
- (7) No less than 14 days and no more than 30 days prior to the date of each hearing held in or near a utility service area included in the rate request, the utility shall have published in a newspaper of general circulation in the area in which such hearing is to be held a display advertisement stating the date, time, location, and purpose of the hearing. The notice shall be approved by Commission staff prior to publication.
- (8) When a utility files for a petition for a general rate increase and requests that its case be processed as proposed agency action in accordance with Section 367.081(8), Florida Statutes, the utility shall comply with the requirements of subsections (2),(3), (4) and (5) of this rule.
- (a) No less than 14 days and no more than 30 days prior to the date of a customer meeting conducted by the Commission staff, the utility shall provide written notice of the date, time, location, and purpose of the customer meeting to all customers within service areas designated by the Commission staff. The notice shall be approved by Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.
- (b) If the proposed agency action order issued in the case is protested and any hearings are subsequently held, the utility shall give notice in accordance with subsections (6) and (7) above.

- (9) When a utility applies for a staff-assisted rate case in accordance with Section 367.0814, Florida Statutes, and Rule 25-30.455, F.A.C., and staff-assistance is granted, the requirements of subsections (2), (3), (4), and (5) of this rule shall not apply.
- (a) Upon receipt of the staff reports, the utility shall place two copies of its application for staff-assistance and the staff reports at any business offices it has in its service area. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in its service area, the utility shall place two copies of its application and the staff reports at the main county library, the local community center or other appropriate location that is within or most convenient to the service area and that is willing to accept and provide public access to the copies.
- (b) No less than 14 days and no more than 30 days prior to the date of a customer meeting conducted by the Commission staff, the utility shall provide, in writing, a customer meeting notice to all customers within its service area and to all persons in the same service areas who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the petition is filed.
- (c) The customer meeting notice shall be approved by the Commission staff prior to distribution and shall include the following:
1. The date the notice was issued;
 2. The time, date, location, and purpose of the customer meeting;
 3. A statement that the utility has applied for a staff-assisted rate case and the general reasons for doing so;
 4. A statement of the location where copies of the application and the staff reports are available for public inspection and the times during which inspection may be made;
 5. A comparison of current rates and charges and the proposed new rates and charges;
 6. The utility's address, telephone number, and business hours;
 7. A statement that written comments regarding utility service or the proposed rates and charges should be addressed to the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, and that such comments should identify the docket number assigned to the proceeding;
 8. A statement that complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following toll-free number: 1(800)342-3552.
 9. A statement that the Commission will be reviewing the utility's service availability charges in the pending case and that the Commission may adjust those charges.
 10. The docket number assigned by the Commission's Division of the Commission Clerk and Administrative Services.
- (d) The customer meeting notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.
- (e) If the proposed agency action order issued in the case is protested and any hearings are subsequently held, the utility shall give notice in accordance with subsections (6) and (7) above.
- (10) After the Commission issues an order granting or denying a rate change, the utility shall notify its customers of the order and any revised rates. The customer notification shall be approved by Commission staff and be distributed no later than with the first bill containing any revised rates.

Mr. Garfield R. Beckstead

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January 30, 2007

Specific Authority 350.127(2), 367.121(1)(f) FS. Law Implemented 120.569, 120.57, 367.081(2)(a),
367.0814(1), 367.0817, 367.091,
367.121(1)(a) FS. History—New 5-27-93, Amended 5-3-99.

Please Fill In
Date
Mailed.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF CUSTOMER MEETING

TO THE CUSTOMERS OF USEPPA ISLAND UTILITY, INC.

AND

ALL OTHER INTERESTED PERSONS

DOCKET NO. 060575-WS

APPLICATION FOR STAFF-ASSISTED RATE CASE IN LEE COUNTY
BY USEPPA ISLAND UTILITY, INC.

ISSUED:

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

Wednesday, February 28, 2007
1:00 pm – 3:00 pm
The Tarpon Bar
Useppa Island, Florida 33922

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 Service Commission may attend and participate in this meeting. The meeting will begin as scheduled and will continue until all of the customers have been heard.

Any person requiring some accommodation at the customer meeting because of a physical impairment should call the Commission's Division of the Commission Clerk and Administrative Services at (850) 413-6770 at least five calendar days prior to the meeting. 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).

Emergency Cancellation of Customer Meeting

If a named storm or other disaster requires cancellation of the meeting, Commission staff will attempt to give timely direct notice to the parties. Notice of cancellation of the meeting will also be provided on the Commission's website (<http://www.psc.state.fl.us/>) under the Hot Topics link found on the home page. Cancellation can also be confirmed by calling the Office of the

General Counsel at 850-413-6199.

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 and to ask questions, and comment on staff's preliminary rates included in this notice as well as other issues. Staff members will summarize Useppa's 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. Commission staff will be available to coordinate customers' comments and to assist members of the public.

HOW TO CONTACT THE COMMISSION

Any person who wishes to comment or provide information to staff may do so at the meeting, orally or in writing. Written comments regarding the utility and the proposed rates, or requests to be placed on the mailing list for this case, may also be sent to the Commission at the address given below:

Director, Division of Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

All correspondence should refer to Docket No. 060575-WS, which is the docket number that has been assigned to this proceeding. 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.

If you wish to contact the Commission regarding complaints about service, you may call (toll free) or write the Florida Public Service Commission's Division of Regulatory Compliance and Consumer Assistance:

Division of Regulatory Compliance and Consumer Assistance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
1-800-342-3552 (Toll Free Number)

The FPSC also has a web site available at <http://floridapsc.com/apps/consumers/complaints/>

BACKGROUND

Useppa Island Utility, Inc. (Useppa or utility) is a Class C water and wastewater utility currently providing service to approximately 151 water and 145 wastewater customers on Useppa Island in Lee County. Useppa is located in the South Florida Water Management District in a critical use county on environmentally sensitive land. The utility's 2005 annual report shows combined operating revenues of \$250,040, operating expenses of \$270,613, and a net operating loss of \$20,573. The test period for setting rates is the historical twelve-month period ending June 30, 2006.

The utility is requesting a rate increase because the existing rates do not provide sufficient revenues to cover the increasing expenses of operations. Useppa has not had a rate case increase since 1997 for water and 2000 for wastewater. Since that time, the utility has incurred substantial additional operating costs. Useppa received rate adjustments of 6.34% for water and 8.18% for wastewater on August 1, 2006, through the application of a 2006 price index and pass through.

CURRENT AND PRELIMINARY PROPOSED 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. A schedule of the utility's current rates and staff's preliminary rates and charges are set forth below:

Monthly Rates – Water

Residential, Multi-Residential and General Service

Base Facility Charge

| <u>Meter Sizes</u> | <u>Current Rates</u> | <u>Staff's Preliminary Rates</u> |
|--------------------|----------------------|----------------------------------|
| 5/8" x 3/4" | \$39.26 | \$35.64 |
| 3/4" | \$58.89 | \$53.46 |
| 1" | \$98.15 | \$89.10 |
| 1 1/2" | \$196.29 | \$178.20 |
| 2" | \$314.06 | \$285.12 |
| 3" | \$628.15 | \$570.24 |
| 4" | \$981.49 | \$891.00 |
| 6" | \$1,962.96 | \$1,782.00 |

Gallage Charge Per 1,000 Gallons

| | | |
|--|--------|----------|
| | \$7.05 | N/A |
| Residential 1-10,000 gallons | N/A | \$8.08* |
| Residential Over 10,000 gals. | N/A | \$12.12* |
| Multi-Residential and General Service (all gallons) | \$7.05 | \$9.90 |

*The \$8.08 and \$12.12 is for each 1,000 gallons in that bracket

Fire Protection Service

Base Facility Charge

| | | |
|----|-----|---------|
| 2" | N/A | \$23.76 |
| 3" | N/A | \$47.52 |

Typical Residential Bills at Various Consumption Levels

| | <u>Current Rates</u> | <u>Staff's Preliminary Rates</u> |
|----------------|----------------------|----------------------------------|
| 0 Gallons | \$39.26 | \$35.64 |
| 3,000 Gallons | \$60.41 | \$59.88 |
| 5,000 Gallons | \$74.51 | \$76.04 |
| 10,000 Gallons | \$109.76 | \$116.44 |

Monthly Rates – Wastewater

Residential Service

Base Facility Charge

| <u>Meter Sizes</u> | <u>Current Rates</u> | <u>Staff's Preliminary Rates</u> |
|---|----------------------|----------------------------------|
| All Meter Sizes | \$28.96 | \$47.98 |
| Gallage Charge Per 1,000 Gallons | | |
| 0 – 6,000 Gallons (6,000 Gallon Cap) | \$7.39 | \$12.62 |

Typical Residential Bills at Various Consumption Levels

| | <u>Current Rates</u> | <u>Staff's Preliminary Rates</u> |
|----------------|----------------------|----------------------------------|
| 0 Gallons | \$28.96 | \$47.98 |
| 3,000 Gallons | \$51.13 | \$85.84 |
| 5,000 Gallons | \$65.91 | \$111.08 |
| 10,000 Gallons | \$73.30 | \$174.18 |

Monthly Rates – Wastewater

Multi-Residential and General Service

Base Facility Charge

| <u>Meter Sizes</u> | <u>Current Rates</u> | <u>Staff's Preliminary Rates</u> |
|--------------------|----------------------|----------------------------------|
| 5/8" x 3/4" | \$28.96 | \$47.98 |
| 3/4" | \$43.44 | \$71.97 |
| 1" | \$72.40 | \$119.95 |
| 1 1/2" | \$144.80 | \$239.91 |
| 2" | \$231.68 | \$383.86 |
| 3" | \$463.36 | \$767.71 |
| 4" | \$723.99 | \$1,199.55 |
| 6" | \$1,447.97 | \$2,399.10 |
| Gallage Charge | \$8.87 | \$15.14 |

MISCELLANEOUS SERVICE CHARGES

Staff's preliminary charges, below, are designed to more accurately defray the costs associated with each service and place the responsibility of the cost on the person creating it rather than on the ratepaying body as a whole.

Water Miscellaneous Service Charges

| | <u>Current Charges</u> | | <u>Staff Recommended</u> | |
|---|------------------------|------------------|--------------------------|------------------|
| | <u>Normal Hrs</u> | <u>After Hrs</u> | <u>Normal Hrs</u> | <u>After Hrs</u> |
| Initial Connection | \$15 | N/A | \$22 | N/A |
| Normal Reconnection | \$15 | N/A | \$22 | \$44 |
| Violation Reconnection | \$15 | N/A | \$22 | \$44 |
| Premises Visit (in lieu of Disconnection) | \$10 | N/A | N/A | N/A |
| Premises Visit | N/A | N/A | \$22 | \$44 |

Wastewater Miscellaneous Service Charges

| | <u>Current Charges</u> | | <u>Staff Recommended</u> | |
|--|------------------------|------------------|--------------------------|------------------|
| | <u>Normal Hrs</u> | <u>After Hrs</u> | <u>Normal Hrs</u> | <u>After Hrs</u> |
| Initial Connection | \$15 | N/A | \$22 | N/A |
| Normal Reconnection | \$15 | N/A | \$22 | \$44 |
| Violation Reconnection | Actual Cost * | N/A | Actual Cost* | Actual Cost* |
| Premises Visit (in lieu of Disconnection) | \$10 | N/A | N/A | N/A |
| Premises Visit | N/A | N/A | \$22 | \$44 |

* Actual cost is equal to the total cost incurred for services.

A definition of each charge is provided for clarification:

Initial Connection - this charge would be levied for service initiation at a location where service did not exist previously.

Normal Reconnection - this charge would be levied for transfer of service to a new customer account, a previously served location or reconnection of service subsequent to a customer requested disconnection.

Violation Reconnection - this charge would be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code (F.A.C.), including a delinquency in bill payment.

Premises Visit Charge - this charge would be levied when a service representative visits a premises for the purpose of discontinuing service for non-payment of a due and collectible bill and does not discontinue service, because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill. This charge would also be levied when a service representative visits a premises at the customer's request for complaint resolution and the problem is found to be the customer's responsibility.

PUBLIC INSPECTION

The results of staff's preliminary investigation are contained in a staff report dated January 25, 2007. Copies of the report may be examined by interested members of the public at the following location:

The Useppa Reception Center
Useppa Island, Florida 33922

PROCEDURES AFTER THE CUSTOMER MEETING

After the customer meeting, Public Service Commission Staff will prepare a recommendation which is scheduled to be submitted to the Public Service Commission on March

29, 2007. The Public Service Commission will then vote on staff's recommendation at its April 10, 2007 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 Clerk at the address provided on page two of this notice.

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

Gallage Charge Per 1,000 Gallons

| | | |
|--|--------|----------|
| | \$7.05 | N/A |
| Residential 1-10,000 gallons | N/A | \$8.08* |
| Residential Over 10,000 gals. | N/A | \$12.12* |
| Multi-Residential and General Service (all gallons) | \$7.05 | \$9.90 |

*The \$8.08 and \$12.12 is for each 1,000 gallons in that bracket

Fire Protection Service

Base Facility Charge

| | | |
|----|-----|---------|
| 2" | N/A | \$23.76 |
| 3" | N/A | \$47.52 |

Typical Residential Bills at Various Consumption Levels

| | <u>Current Rates</u> | <u>Staff's Preliminary Rates</u> |
|----------------|----------------------|----------------------------------|
| 0 Gallons | \$39.26 | \$35.64 |
| 3,000 Gallons | \$60.41 | \$59.88 |
| 5,000 Gallons | \$74.51 | \$76.04 |
| 10,000 Gallons | \$109.76 | \$116.44 |

Monthly Rates – Wastewater

Residential Service

Base Facility Charge

| <u>Meter Sizes</u> | <u>Current Rates</u> | <u>Staff's Preliminary Rates</u> |
|--------------------|----------------------|----------------------------------|
| All Meter Sizes | \$28.96 | \$47.98 |

Gallage Charge Per 1,000 Gallons

| | | |
|---|--------|---------|
| 0 – 6,000 Gallons (6,000 Gallon Cap) | \$7.39 | \$12.62 |
|---|--------|---------|