

SPECIAL REPORT



SEPTEMBER 2000 NO.15

Petition by
Water Management Services, Inc.
for a Limited Proceeding To Increase Water Rates

Water Management Services, Inc. (WMSI) is a water company serving approximately 1,460 customers on St. George Island in Franklin County. On June 6, 2000, WMSI filed an application with the Florida Public Service Commission (PSC) for a limited proceeding to increase its water rates. This increase would allow it 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.

In its petition, the utility stated that it has been notified by the Florida Department of Transportation 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, the old bridge will be torn down, and 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 related 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, PSC staff sent a data request to the utility, requesting additional data and clarification of certain items in the petition. On August 11, 2000, WMSI responded to the data request and, along with providing the requested information, made various changes to the supporting rate schedules included in the original petition.

WMSI has requested that the rate increase be implemented in three phases:

Phase I would become effective on November 1, 2000, and would recover the engineering estimate of \$880,803, as well as the projected costs of financing. Overall, this would represent a rate increase of 20.84 percent over current rates.

Phase II would become effective January 1, 2002, and would recover capital expenditures through the completion of the project in March 2003. For Phase II, the projected capital expense is currently \$5,087,364, which would represent a rate increase of 96.78 percent over that in Phase I.

Phase III would become effective six months after the actual in-service date of the project in 2003 and would reflect the actual capital costs incurred, as well as the effect of any refinancing and the actual cost of debt.

The limited proceeding is being processed under the PSC's "Proposed Agency Action" (PAA) procedure. Under the PAA process, the case will not be set for a formal hearing unless a timely protest to the PSC's proposed action is filed.

The PSC is conducting a customer meeting in WMSI's service area to hear and respond to customer testimony on quality of service, rate structure and other comments on the proposed rate increase. In accordance with Florida Statutes, the PSC will consider the utility's quality of service and other matters in this case.

PSC staff is scheduled to file a recommendation to the Commission on October 26, 2000, and the Commission vote on this matter is scheduled for November 7, 2000.

CUSTOMER MEETING

DOCKET NO. 000694 - WU

6:00 p.m.

September 12, 2000

Franklin County Courthouse

33 Market St.

Apalachicola, FL

PSC Staff & Reference Numbers

For legal information, contact:

Jason Fudge (850) 413-6236

For technical information, contact:

Jan Kyle (850) 413-6932

For general information, contact:

Robby Cunningham (850) 413-6129

or call toll free 1-800-342-3552

1-800-511-0809 to fax

E-Mail: contact@psc.state.fl.us

Internet Home Page: <http://www.floridapsc.com>

PSC Commissioners



J. Terry Deason

Chairman Deason was first appointed to the Commission by the Florida Public Service Commission Nominating Council in January 1991 for a term ending in January 1995. He was subsequently reappointed by the late Governor Lawton Chiles for a term ending in January 1999. Chairman Deason was then reappointed by Governor Jeb Bush to his current term, which ends in January 2003. He first served as Commission Chairman from January 1993 to January 1995, and is currently completing a term of chairmanship that ends in January 2001. Chairman Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves on NARUC's Board of Directors, its Finance and Technology Committee, and its Utility Association Oversight Committee. Prior to his appointment, he served as Chief Regulatory Analyst in the Office of Public Counsel. In that capacity, he was responsible for the coordination of accounting and financial analysis used by the Public Counsel in cases before the Public Service Commission, presented testimony as an expert witness, and consulted with the Public Counsel on technical issues and ratemaking policies concerning regulated utilities in the State of Florida. From 1981 to 1987, Chairman Deason served as Executive Assistant to PSC Commissioner Gerald L. Gunter, during which time he reviewed and analyzed staff recommendations and advised the Commissioner on those recommendations and other pertinent policy determinations. From 1977 to 1981, he served as a Legislative Analyst with the Office of Public Counsel. He attended the U.S. Military Academy at West Point, and in 1975 received a bachelor of science degree in accounting, summa cum laude, from Florida State University. He also received his master of accounting degree from FSU in 1989.



E. Leon Jacobs, Jr.

Commissioner Jacobs was appointed by the late Governor Lawton Chiles to a four-year term beginning January 1998. Prior to his appointment, he was a staff attorney for the House Committees on Tourism and Economic Development, Insurance, and Financial Services in the Florida House of Representatives, where he authored reforms to the state's minority business enterprise programs, as well as managed health insurance and workers' compensation issues. He was staff counsel to the Florida Senate Committee on Reapportionment addressing redistricting issues, which involved support of court appeals of the political districts up through the U.S. Supreme Court. He also was an attorney with the Florida Public Service Commission, where he served as counsel to Commission staff and litigator of administrative proceedings. He is a member of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Consumer Affairs and Committee on Electricity. He is also a volunteer guardian in the Guardian Ad Litem Program (GAL) in the Second Judicial Circuit. Additionally, Commissioner Jacobs formerly chaired NARUC's Ad Hoc Task Force on Y2K Readiness. He also formerly served as President of the Board of Directors of the Tallahassee affiliate of Habitat for Humanity. Commissioner Jacobs is a member of the Florida Bar. He received a bachelor of technology degree, with honors, in data processing from Florida A&M University, and his juris doctor degree from the College of Law at Florida State University. Commissioner Jacobs is married with two children.



Lila A. Jaber

Commissioner Jaber was appointed by Governor Jeb Bush in February 2000 to complete a term ending in January 2001. From April 1999 to November 1999, she served as Assistant to PSC Commissioner Julia L. Johnson. From 1994 to 1999, Commissioner Jaber served as a Bureau Chief with the PSC's Division of Legal Services, Bureau of Water and Wastewater, implementing law and policies on the regulation of more than 1,500 water and wastewater facilities throughout the state of Florida. She also served as an attorney with the Division of Legal Services from 1991 to 1994. Jaber was presented with the PSC's Extraordinary Accomplishment Award in 1993 and was presented the Great Manager Esquire Award by the Florida Bar in 1997. She is a member of the Florida Bar Administrative Law Section, the Florida Bar Government Lawyer Section, the Florida Bar Public Utilities Law Committee, and the Florida Barristers Association. Commissioner Jaber is a court-certified mediator and a member of the Florida Bar and the National Bar Association. She also serves on the National Association of Regulatory Utility Commissioners' Committee on Consumer Affairs and the Committee on Water. She received a bachelor of arts degree in political science and business from Stetson University in DeLand, FL, and a juris doctorate from the Stetson University College of Law in St. Petersburg, FL.

Braulio L. Baez

Commissioner Baez was appointed August 23, 2000, to the Florida Public Service Commission by Governor Jeb Bush, to complete a term ending in January 2002. Prior to his appointment, Commissioner Baez was an attorney in Miami, Florida, with a statewide practice representing municipal and county governments in telecommunications, cable franchising and other regulatory matters. He served as Executive Assistant to Florida Public Service Commissioner Joe Garcia from 1994 to 1998. A native of South Florida, Commissioner Baez received his undergraduate degree from Florida International University in 1988, and his Juris Doctorate degree from Nova University, Shepard Broad Law Center, in 1993. Commissioner Baez is a current member of the Florida Bar, American Bar Association, Federal Communications Bar Association, International Municipal Lawyers Association, and the National Association of Telecommunications Officers and Administrators. He is also a past Director of the Hispanic Bar Association, 2nd Judicial District.

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AVAILABLE

Residential and General Service

Meter Size	Existing Rates	Requested PHASE I Rates	Projected PHASE II Rates
Meter Size	BFC per month	BFC per month	BFC per month
5/8" x 3/4"	\$ 20.90	\$ 25.26	\$ 49.70
1"	52.25	63.14	124.24
1 1/2"	104.51	126.29	248.51
2"	167.20	202.05	397.58
3" Compound	334.40	404.10	795.17
3" Turbine	365.77	224.01	869.76
4" Turbine	627.02	757.71	1,490.99
6" Turbine	1,306.30	1,578.58	3,106.24
Gallonage Charge Per 1,000 gallons	\$ 1.98	\$ 2.39	\$ 4.71
Average Residential Bill @ 6.4 MG per month	\$ 33.57	\$ 40.57	\$ 79.83

Consumer Statements at PSC Meetings

The PSC is interested in what consumers have to say about the petition by Water Management Services, Inc. for a limited proceeding to increase water rates in Franklin County. The main purpose of this meeting is to receive comments from the public.

Anyone may make a statement, and speaking is an effective way to let the Commission know how you feel about the case under review. Those consumers who wish to speak should arrive early. The meeting will begin as scheduled and continue until all the consumers have been heard.

At the beginning of the meeting, procedures will be set up to establish an order for comments. PSC staff will have sign-up sheets, and consumers will be called in the order of those sheets. PSC staff will be available to coordinate consumer comments and assist members of the public.

Any person who wishes to comment or provide information to the PSC staff may do so at the hearings, orally or in writing. Written comments may be sent to the Commission at: Florida Public Service Commission, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. Your letter will be placed in the correspondence file of this docket (Docket No. 000694-WU). For your convenience, a comment form is attached to this Special Report. You may also call the Commission's toll-free number, **1-800-342-3552**, or dial **1-800-511-0809** to fax.

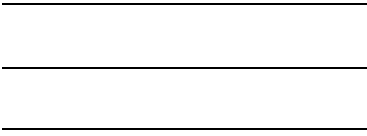
Any person who is unable to attend and who wishes to obtain a copy of the recommendation or the order may do so by writing to: Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850.

Florida Public Service Commission *Bureau of* **Consumer Information**

2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 184
Tallahassee, Florida 32399-0850

The Public Service Commission's Bureau of Consumer Information provides a staff of information specialists who are available to answer questions from the media and from Florida consumers.

To reach a PSC media representative, please call the Bureau of Consumer Information during business hours at (850) 413-6100 or send a fax to 1-800-511-0809. See the PSC's Internet home page at <http://www.floridapsc.com>.



STAMP

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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