

FLORIDA PUBLIC SERVICE COMMISSION
Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

M E M O R A N D U M

November 9, 1994

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF WATER & WASTEWATER (GOLDEN) *MAD SDM JZW*
DIVISION OF LEGAL SERVICES (O'SULLIVAN) *Moy JAF BP*

RE: DOCKET NO. 931111-SU - RESORT VILLAGE UTILITY, INC. -
APPLICATION FOR CERTIFICATE TO OPERATE A WASTEWATER
UTILITY IN FRANKLIN COUNTY
COUNTY: FRANKLIN

AGENDA: NOVEMBER 22, 1994 - REGULAR AGENDA - INTERESTED PERSONS
MAY PARTICIPATE

CRITICAL DATES: NOVEMBER 28, 1994 - STATUTORY DEADLINE FOR
ORIGINAL CERTIFICATE PURSUANT TO SECTION
367.031, FLORIDA STATUTES

SPECIAL INSTRUCTIONS: NONE

LOCATION OF FILE: I:\PSC\WAW\WP\931111B.RCM

DOCUMENT NUMBER-DATE

11368 NOV-94

FPSC-RECORDS/REPORTING

CASE BACKGROUND

On November 18, 1993, Resort Village Inc., (Resort Village or Utility) filed an application for an original wastewater certificate for a proposed system in Franklin County. The Utility will be a Class C utility at buildout of the initial wastewater treatment plant. The Utility proposes to build a 90,000 gallon per day (gpd) wastewater treatment plant in three phases of 30,000 gpd each. The Utility plans to serve 133 equivalent residential connections (ERC) with each phase, with a total of 399 ERCs at complete buildout. Based upon Staff's initial calculations, the Utility will collect annual operating revenues of approximately \$70,000, with a net operating income of approximately \$10,500 at 80% buildout of the first phase of the wastewater treatment plant.

The Utility proposes to provide wastewater treatment facilities to serve St. George Island Resort Village, a planned complex of commercial and multi-residential buildings to be developed by Coastal Development Consultants, Inc. (Coastal Development or developer) and Dr. Ben Johnson. The development and the utility will be located on St. George Island.

On January 4, 1994, the Franklin County Commission denied Coastal Development's request to amend the 1977 St. George Island Development Order. The County Commission denied the proposed development plan, including 60 multi-family residential units, and required any future application to adequately address sewage disposal and provide assurances that the quality and productivity of Apalachicola Bay will be maintained. Coastal Development filed an appeal of the decision with the Florida Land and Water Adjudicatory Commission, and the appeal was referred to the Division of Administrative Hearings (DOAH). Staff has been informed that the DOAH hearing was held recently and it is anticipated that an order will be issued in December.

On December 8, 1993, Staff requested that the Utility correct several deficiencies in its application. The Utility responded on February 2, 1994. In its response, the Utility also noted that because of Franklin County's denial of multi-family residential units in the development plan, the Utility would no longer have multi-residential customers. The deficiency response included corrected schedules reflecting this change.

Five individuals filed objections to Resort Village's notice of application: Lusia Dende-Gallio, Cindy Stock, Thomas Adams, Harry Buzzett, and D.E. Findley. The objectors raised concerns about land use and zoning classifications, the system's compatibility with local comprehensive plans and development

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patterns, and the potential for water shortages on the island. The objectors all raised concerns about the location of the facilities next to an environmentally sensitive area near the Apalachicola Bay, and the possible risk of storm surges and flooding.

On April 26, 1994, Resort Village filed a Motion to Dismiss the objections filed by all of the objectors. Resort Village argued in its motion that none of the objectors requested a hearing or alleged that they would be substantially affected by the Utility's certification. The Utility stated that the objections centered on environmental issues, that none of the objectors would be customers of the Utility, and that none of the objectors alleged an injury to an interest which is the type designed to be protected by the Commission's certification procedure. The Utility has an application pending with the Department of Environmental Protection (DEP), and asserts that it must obtain certification from the Commission in order to obtain a permit.

DEP has advised Staff that once DEP determines that the Utility's application is complete, the Utility must publish a notice of intent to issue the permit. At that point, a member of the public may object to the permit. Additionally, Staff has been advised that Coastal Development must submit site specifications to the Franklin County Commission for approval before any construction can begin.

None of the objectors filed a timely response to Resort Village's April 26, 1994, Motion to Dismiss. However, on May 31, 1994, Mr. Thomas Adams filed a letter requesting that the Commission deny the Utility's motion. In his letter Mr. Adams reiterated the grounds of his original objection and raised further points about Franklin County's denial of Resort Village's request for a zoning change and environmental concerns.

At the August 30, 1994 Agenda Conference, the Commission voted to grant Resort Village's Motion to Dismiss and thereby dismissed the five objections to the Utility's application for an original certificate. The Commission's decision was finalized in Order No. PSC-94-1132-FOF-SU, issued September 14, 1994. The Commission determined that the individuals who filed objections had not demonstrated that their substantial interests would be affected by this proceeding, nor did they demonstrate that the Commission's proceedings could address the relief sought. The grounds for the individuals' objections can be and are being addressed in other forums.

Pursuant to Section 367.011, Florida Statutes, the Commission's jurisdiction extends to the authority, service and

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rates of regulated utilities. The primary focus of Section 367.045, Florida Statutes, and Rule 25-22.036, Florida Administrative Code, is whether the utility has the financial and technical ability to provide wastewater service. The Commission's certification proceeding does not address the environmental concerns raised in the objections.

Section 367.031, Florida Statutes, states that "the Commission shall grant or deny an application for a certificate of authorization within 90 days after the official filing date of the completed application, unless an objection is filed pursuant to Section 120.57, or the application will be deemed granted." The objections were filed before the application was deemed complete, therefore, the 90 day clock never began for this application. The 90 day time frame began after the Commission voted to dismiss the five objections on August 30, 1994.

The Utility has provided information to determine rates and charges. However, Staff believes this information could change depending on the outcome of the DOAH hearing, DEP permitting process, and Franklin County Commissioners' site specification approval process. Staff believes it would be more appropriate to establish rates and charges after the development plans are finalized. Therefore, Staff is requesting that the certificate process be bifurcated so that a certificate can be issued within 90 days as required by Section 367.031, Florida Statutes. The following is Staff's recommendation regarding the Utility's application for an original wastewater certificate.

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ISSUE 1: Should the application of Resort Village Utility, Inc. for a wastewater certificate be granted?

RECOMMENDATION: Yes, Resort Village Utility, Inc. should be granted Wastewater Certificate No. 492-S to serve the territory described in Attachment A. The Utility should file an executed and recorded copy of the warranty deed within thirty days of the issuance date of the Order granting the certificate. (GOLDEN)

STAFF ANALYSIS: On November 18, 1993, Resort Village Inc., (Resort Village or Utility) filed an application for an original wastewater certificate to provide service in Franklin County. The application is in compliance with the governing statute, Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for original certificate and initial rates and charges. The application contains a check in the amount of \$150, which was the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code, at the time the application was filed.

The applicant has provided evidence in the form of a contract for sale and purchase of the land and an unexecuted warranty deed that the Utility owns the land upon which the Utility's facilities are located as required by Rule 25-30.033(1)(j), Florida Administrative Code. Rule 25-30.033(1)(j) allows this form of evidence so long as the applicant submits an executed copy of the warranty deed within thirty days after the issuance date of the order granting the certificate.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.033(1)(l), (m) and (n), Florida Administrative Code. A description of the territory requested by the applicant is appended to this memorandum as Attachment A.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. As discussed in the case background, five objections to the notice of application were received. The objections were dismissed by Order No. PSC-94-1132-FOF-SU, issued September 14, 1994.

As mentioned in the case background, the Utility proposes to build a 90,000 gallon per day (gpd) wastewater treatment plant in three phases of 30,000 gpd each. The application states that the plant will provide advanced wastewater treatment and will utilize subsurface absorption beds (percolation ponds). The application further states that land is very expensive on St. George Island,

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and state regulators have expressed a preference for preservation of existing native vegetation where feasible. Subsurface absorption beds use less land area, and involve less disturbance of the existing native vegetation, in comparison with spray irrigation. The application also stated that to the extent regulators permit, treated effluent will be used to meet any irrigation requirements within the Resort Village.

The Commission's preference is that utilities implement effluent reuse when possible. Staff is aware, however, that this Utility is limited in the possible recipients of treated effluent as there is very little, if any, landscaping on the Island which requires irrigation. Staff encourages the Utility to continue to pursue effluent reuse to the extent possible.

The Utility plans to serve 133 ERCs with each phase, with a total of 399 ERCs at complete buildout. The applicant originally proposed to provide multi-residential and general service to the development's condominiums, hotel, restaurants, and retail shops. It was anticipated that Phase I would be complete in 1994, Phase II would be complete in 1998, and Phase III would be complete in 2003. It was also anticipated that Phase I would reach 80% buildout in 1997. Due to the Franklin County Commission's denial of the proposed multi-residential units, and the subsequent appeal of that decision, these anticipated completion dates will change. In the event the developer is unable to construct multi-residential units, the developer plans to increase the number of hotel units and restaurant seats. The Utility should serve approximately the same number of ERCs under either scenario.

Rule 25-30.033(1)(e), Florida Administrative Code, requires the applicant to provide a statement showing the financial and technical ability of the applicant to provide service, and the need for service in the proposed area. Additionally, it requires that the applicant identify any other utilities within the area proposed to be served that could potentially provide service, and the steps the applicant took to ascertain whether such other service is available.

Regarding financial ability, the application includes a pro forma capital structure which includes \$220,000 in common equity. The applicant has indicated that all of the equity will be invested by Dr. Ben Johnson. The Utility plans to arrange bank financing for the difference between the cost of the plant and the portion of the cost provided by equity. A Utility representative informed Staff that the Utility does not anticipate any problems in obtaining the necessary debt financing. However, if the Utility is limited in the amount of available bank financing, Dr. Johnson

plans to invest the additional equity. The Utility has not yet made arrangements for bank financing.

Staff has reviewed the financial statements of Dr. Ben Johnson. We believe the applicant's financial ability is borderline. It appears that there will be adequate resources for the Utility during the initial years of operation, however, there are not any excess funds readily available in the event the original cost estimates are too low. Based on initial projections, Staff believes this will be a high cost utility. The combination of advanced wastewater treatment and a small customer base will result in high rates. The Utility proposed a single rate of \$.396 per daily gallon. Staff has calculated the following preliminary rates using the base facility charge rate structure:

Monthly Service Rates

General Service

Base Facility Charge

Meter Size:

5/8" x 3/4"	\$	19.58
3/4"		29.37
1"		48.95
1 1/2"		97.90
2"		156.64
3"		313.28
4"		489.50
6"		979.00
8"		1,566.40

Gallonage Charge per
1,000 gallons: \$ 4.23

Additionally, the Utility proposed a service availability charge of \$225 per ERC or \$1.00 per gallon. Staff's preliminary calculation indicates that total service availability charges of \$3,490 per ERC would be necessary to achieve the maximum contribution-in-aid-of-construction (CIAC) level specified in Rule 25-30.580(1)(a). The rates shown above were calculated assuming the maximum service availability charge of \$3,490.

According to Staff's calculation, total service availability charges of at least \$480 would be necessary to achieve the minimum CIAC level as defined in Rule 25-30.580(1)(b). Approval of this minimum service availability charge would increase the rates shown above by more than 50%, resulting in a base facility charge of

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\$31.09 for a 5/8" x 3/4" meter and a general service gallonage charge of \$6.81 per 1,000 gallons of wastewater treated.

Staff is concerned about the viability of this Utility. If the Commission determines that this Utility should be given a certificate of authorization, Staff believes it is imperative that the service availability charges be designed to achieve the maximum 75% CIAC level. Additionally, Staff believes the service availability policy should include a provision for the collection of guaranteed revenues.

Rule 25-30.515(9), Florida Administrative Code, defines a guaranteed revenue charge as a charge designed to cover the Utility's costs including, but not limited to the cost of operation, maintenance, depreciation, and any taxes, and to provide a reasonable return to the Utility for facilities, a portion of which may not be used and useful to the Utility or its existing customers. Guaranteed revenues are designed to help the Utility recover a portion of its cost from the time capacity is reserved until a customer begins to pay monthly service rates. In consideration of the high cost of operation and the applicant's tenuous financial position, Staff believes the collection of guaranteed revenues is a crucial element to the success of this Utility.

Again, Staff is concerned about the financial ability of the applicant. However, we believe that through the combination of Dr. Johnson's investment, maximum service availability charges, and guaranteed revenue charges, there should be sufficient resources to sustain the Utility during its initial years of operation. Staff's recommendation regarding the establishment of rates and charges will be discussed further in Issue 2.

Regarding technical ability, the application stated that the Utility has no technical staff, and is relying on professional service firms. The application included statements regarding the technical ability of the individuals and firms responsible for the design of the wastewater treatment and collection systems, and the management and regulatory functions of the Utility.

After the facility is on line, daily maintenance will be accomplished by a part time operator and/or outside personnel. A Utility representative informed Staff that the Utility has contracted with Southern Water Service of Quincy, Florida, for this service. Southern Water Service provides the state-required operations, and coordinates the training of other local maintenance personnel. The Utility representative stated the Southern Water

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Service has indicated a willingness and ability to provide the necessary services to meet the requirements of DEP.

The application states that management and regulatory services are being provided by an affiliated company, Ben Johnson Associates, Inc. It further states that this firm's clients include regulatory commissions, regulated utilities, and other corporations and government agencies throughout the United States. The firm includes a staff of professionals with expertise in finance and management, and they have extensive experience with regulated utilities. The application further states that the Utility is receiving professional services from this affiliate at the standard hourly rates which are charged to regulatory commissions and other clients around the country.

Engineering Staff contacted personnel at DEP regarding Southern Water Service of Quincy, Florida. DEP reported that the operator and company are currently in good standing with the Department. Additionally, Staff is familiar with Ben Johnson Associates, Inc., and is aware of the firm's many years of experience in utility related matters. Staff believes the companies retained by the applicant possess the technical ability to operate this Utility.

Regarding the need for service, the application states that because of DEP's concern about adjacent Outstanding Florida Waters, it is necessary to provide advanced wastewater treatment facilities to serve the St. George Island Resort Village. The application further states that there are no other advanced wastewater facilities on St. George Island, nor are there any wastewater utilities operating on the Island. The nearest wastewater utilities are located in Apalachicola and Eastpoint, Florida, several miles from the proposed service area. In order for either of these utilities to serve the Resort Village development, collection lines would be required that would cross Apalachicola Bay. The applicant believes this would not be a cost effective, nor an environmentally attractive, alternative to the proposed facilities.

Staff is concerned regarding the need for service in this area. Obviously, if Coastal Development gains approval to construct its proposed hotels, restaurants, and shops on St. George Island, there will be a need for service. However, with the pending DOAH decision, DEP permitting process, and site specification approval by the Franklin County Commission, there is a great deal of uncertainty as to when and if the need for service will actually arise. Staff has been informed that DEP and the Franklin County Commission will not make their decisions regarding

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approval of the applicant's proposed plans until the Commission either grants or denies the applicant's request for a certificate.

The Commission does not currently regulate any wastewater treatment plants located on St. George Island. The Commission has granted an exemption to one utility located on the Island. Order No. PSC-92-1062-FOF-SU, issued September 24, 1992, in Docket No. 920758-SU, approved Regency Sewer Authority, Inc.'s request to be exempt from Commission jurisdiction as a non-profit association. The Utility was not built at the time the exemption was granted. It was proposed to serve residential and commercial customers. Staff has been informed by a DEP representative that Regency Sewer Authority is currently planning to provide wastewater service through septic tanks rather than a wastewater treatment plant as was originally planned.

Engineering Staff has contacted DEP to determine if any wastewater facilities exist on the Island that could provide service to the Resort Village service territory. Staff was informed that there are three wastewater treatment plants located on the Island. The following are the names, capacity, and peak flow of the plants:

<u>System Name</u>	<u>Capacity</u>	<u>Peak Flow</u>
Bucaneer Inn	13,000 gpd	50% of design capacity
Villas of St. George	15,000 gpd	75% of design capacity
300 Ocean Mile	30,000 gpd	Currently at capacity

Section 367.045(5)(a), Florida Statutes, states in part that the Commission may deny an application for a certificate of authorization for any new Class C wastewater system, as defined by Commission rule, if the public can be adequately served by modifying or extending a current wastewater system. Based upon Staff's review, it appears that there are no other utilities on the Island that could serve the entire Resort Village development without significant plant expansions. Bucaneer Inn and Villas of St. George could possibly provide limited service to other developments, but do not have the capacity to serve the entire Resort Village development.

Rule 25-30.033(1)(f), Florida Administrative Code, requires that the applicant provide a statement that to the best of the applicant's knowledge, the provision of service will be consistent with the water and wastewater sections of the local comprehensive plan as approved by the Department of Community Affairs at the time

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the application is filed, or, if not consistent, a statement demonstrating why granting the certificate of authorization would be in the public interest.

The application stated that the Franklin County Comprehensive Plan includes two applicable policies concerning wastewater. First, it states that the restrictions on installation of onsite wastewater treatment systems must be at least as stringent as those applied by the State of Florida. Second, the County allows for onsite wastewater treatment systems to exist until a central system is put into place. The application states that the proposed central collection and treatment facility is consistent with the intent of the Franklin County Comprehensive Plan, which is to protect the natural environment while allowing onsite systems until a central system is in place.

Section 367.045(5)(b), Florida Statutes, states that when granting or amending a certificate of authorization, the Commission need not consider whether the issuance or amendment of the certificate of authorization is inconsistent with the local comprehensive plan of a county or municipality unless a timely objection to the notice required by the section has been made by an appropriate motion or application. If such an objection has been timely made, the Commission shall consider, but is not bound by, the local comprehensive plan of the county or municipality.

The local planning agency was provided notice of the application and did not file an objection to the application. As discussed in the case background, some of the objections to the application did address the comprehensive plan. Staff believes their concerns are primarily with Franklin County's denial of the proposed multi-residential units. Staff has received information which appears to indicate that the developer's plan would have been in compliance with the 1977 Development Order if it had not included multi-residential units. However, as discussed previously, this issue is currently being addressed in another forum and will eventually be resolved by other agencies. Staff does not believe this issue is sufficient cause for this Commission to deny the Utility's application for a certificate of authorization.

Based on the above information, Staff believes it is in the public interest to grant the application for an original certificate. Accordingly, Staff recommends that Resort Village Utility, Inc. be granted Wastewater Certificate No. 492-S to serve the territory described in Attachment A. Additionally, Staff recommends that the Utility should be required to file an executed

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and recorded copy of the warranty deed within thirty days of the issuance date of the Order granting the certificate.

ATTACHMENT A

RESORT VILLAGE UTILITY, INC.

TERRITORY DESCRIPTION

The following described lands located in a portion of Section 35, Township 9 South, Range 7 West, and Section 2, Township 10 South, Range 7 West, Franklin County Florida; being more particularly described as follows: Commence at the POINT OF REFERENCE which is the Northeast corner of Section 29, Township 9 South, Range 6 West, Franklin County Florida. Thence from the POINT OF REFERENCE proceed South 8,366.47 feet, more or less; thence West 14,980.22 feet more or less, to the POINT OF BEGINNING which is a concrete marker number 2658 marking the Northwest corner of Sea Palm Village, a subdivision recorded in the public records of Franklin County, Florida, plat book 4, page 27. Thence from the POINT OF BEGINNING proceed South 31 degrees 34 minutes 12 seconds East 475.07 feet; thence South 07 degrees 39 minutes 32 seconds West 334.40 feet; thence South 31 degrees 34 minutes 07 seconds East 891.06 feet to a point of intersection with the mean high water line of the Gulf of Mexico; thence proceed along said mean high water line South 54 degrees 47 minutes 20 seconds West 512.99 feet; thence south 61 degrees 06 minutes 08 seconds West 452.25 feet to the Southeast corner of the Bluffs, Phase 2, a subdivision recorded in the public records of Franklin County, Florida, plat book 5, page 46; thence leaving said mean high water line, proceed North 31 degrees 16 minutes 36 seconds West along the Easterly boundary of said subdivision 414.45 feet; thence proceed North 31 degrees 15 minutes 49 seconds West 100.42 feet thence proceed northeasterly along the arc of a curve (radius of 732.00 feet, chord of 130.12 feet, chord bearing of North 48 degrees 30 minutes 29 seconds East) 128.26 feet; thence proceed North 44 degrees 16 minutes 54 seconds west 4360.46 feet to the mean highwater line of Apalachicola Bay; thence proceed along said mean highwater line, North 74 degrees 49 minutes 04 seconds East 96.58 feet; thence North 51 degrees 35 minutes 31 seconds East 182.48 feet; thence North 32 degrees 50 minutes 33 seconds East 78.72 feet; thence North 67 degrees 07 minutes 24 seconds East 72.63 feet; thence North 77 degrees 15 minutes 17 seconds East 28.75 feet; thence South 87 degrees 35 minutes 46 seconds East 67.75 feet; thence South 68 degrees 53 minutes 34 seconds East 93.67 feet; thence South 89 degrees 05 minutes 16 seconds East 60.81 feet; thence North 75 degrees 48 minutes 57 seconds East 74.89 feet; thence North 59 degrees 44 minutes 47 seconds East 40.94 feet; thence

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North	70	degrees	10	minutes	07	seconds	East	72.80	feet;	thence
North	55	degrees	37	minutes	06	seconds	East	55.54	feet;	thence
South	89	degrees	26	minutes	42	seconds	East	33.99	feet;	thence
South	82	degrees	58	minutes	35	seconds	East	39.61	feet;	thence
South	80	degrees	59	minutes	22	seconds	East	61.13	feet;	thence
South	08	degrees	08	minutes	24	seconds	East	11.29	feet;	thence
South	84	degrees	12	minutes	49	seconds	East	34.11	feet;	thence
North	76	degrees	59	minutes	54	seconds	East	50.29	feet;	thence
South	41	degrees	05	minutes	38	seconds	East	23.20	feet;	thence
South	51	degrees	30	minutes	26	seconds	East	39.51	feet;	thence
South	16	degrees	20	minutes	48	seconds	East	21.44	feet;	thence
North	60	degrees	20	minutes	15	seconds	West	12.32	feet;	thence
North	53	degrees	20	minutes	29	seconds	West	13.28	feet;	thence
South	67	degrees	27	minutes	17	seconds	West	9.23	feet;	thence
North	20	degrees	03	minutes	19	seconds	West	7.98	feet;	thence
North	56	degrees	48	minutes	04	seconds	West	12.87	feet;	thence
North	18	degrees	19	minutes	30	seconds	West	19.42	feet;	thence
South	75	degrees	29	minutes	36	seconds	West	26.46	feet;	thence
North	89	degrees	58	minutes	09	seconds	West	46.32	feet;	thence
North	68	degrees	44	minutes	25	seconds	West	21.36	feet;	thence
North	72	degrees	53	minutes	24	seconds	West	47.70	feet;	thence
North	88	degrees	45	minutes	57	seconds	West	18.71	feet;	thence
North	69	degrees	33	minutes	38	seconds	West	38.07	feet;	thence
South	74	degrees	53	minutes	18	seconds	West	31.11	feet;	thence
South	52	degrees	35	minutes	45	seconds	West	56.67	feet;	thence
South	22	degrees	15	minutes	03	seconds	West	14.20	feet;	thence
North	86	degrees	33	minutes	18	seconds	West	8.90	feet;	thence
South	70	degrees	43	minutes	44	seconds	West	11.86	feet;	thence
North	88	degrees	20	minutes	28	seconds	West	22.70	feet;	thence
South	43	degrees	21	minutes	15	seconds	West	10.72	feet;	thence
South	18	degrees	02	minutes	20	seconds	West	10.73	feet;	thence
South	34	degrees	23	minutes	19	seconds	West	8.82	feet;	thence
South	49	degrees	10	minutes	19	seconds	East	19.97	feet;	thence
North	89	degrees	01	minutes	31	seconds	West	33.89	feet;	thence
North	55	degrees	23	minutes	18	seconds	West	18.62	feet;	thence
South	71	degrees	17	minutes	20	seconds	West	49.24	feet;	thence
South	83	degrees	19	minutes	41	seconds	West	19.47	feet;	thence
North	81	degrees	29	minutes	01	seconds	West	18.14	feet;	thence
South	86	degrees	13	minutes	37	seconds	West	37.92	feet;	thence
North	84	degrees	43	minutes	26	seconds	West	41.86	feet;	thence
North	46	degrees	16	minutes	06	seconds	West	20.07	feet;	thence
North	67	degrees	41	minutes	14	seconds	West	24.46	feet;	thence
North	85	degrees	18	minutes	41	seconds	West	28.33	feet;	thence
North	78	degrees	39	minutes	11	seconds	West	19.92	feet;	thence
North	63	degrees	03	minutes	43	seconds	West	14.57	feet;	thence
South	63	degrees	20	minutes	25	seconds	West	14.60	feet;	thence
North	88	degrees	17	minutes	24	seconds	West	19.53	feet;	thence
North	87	degrees	57	minutes	22	seconds	West	24.54	feet;	thence

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South 70 degrees 38 minutes 18 seconds West 25.15 feet; thence
South 55 degrees 30 minutes 42 seconds West 39.06 feet; thence
South 83 degrees 43 minutes 24 seconds West 8.57 feet; thence
South 34 degrees 59 minutes 06 seconds West 13.52 feet; thence
South 12 degrees 14 minutes 41 seconds West 8.03 feet; thence
South 04 degrees 10 minutes 33 seconds West 12.05 feet; thence
South 33 degrees 45 minutes 38 seconds West 16.25 feet; thence
South 63 degrees 20 minutes 30 seconds West 14.89 feet; thence
South 30 degrees 14 minutes 38 seconds East 501.80 feet; thence
South 53 degrees 20 minutes 17 seconds East 282.63 feet; thence
South 35 degrees 39 minutes 11 seconds East 242.45 feet; thence
South 49 degrees 45 minutes 47 seconds East 148.83 feet; thence
South 19 degrees 21 minutes 49 seconds West 115.07 feet; thence
South 40 degrees 06 minutes 51 seconds East 707.81 feet; thence
South 35 degrees 26 minutes 02 seconds East 67.25 feet; thence
South 44 degrees 19 minutes 59 seconds East 179.81 feet; thence
South 63 degrees 32 minutes 34 seconds East 51.74 feet; thence
South 32 degrees 11 minutes 59 seconds East 80.00 feet; thence
South 44 degrees 19 minutes 59 seconds East 54.51 feet; thence
North 84 degrees 39 minutes 15 seconds East 151.38 feet; thence
North 41 degrees 43 minutes 02 seconds West 193.26 feet; thence
North 20 degrees 34 minutes 44 seconds West 270.50 feet; thence
North 15 degrees 43 minutes 04 seconds West 167.08 feet; thence
North 51 degrees 35 minutes 49 seconds East 89.49 feet; thence
South 41 degrees 10 minutes 08 seconds East 227.54 feet; thence
South 52 degrees 05 minutes 25 seconds East 123.65 feet; thence
South 10 degrees 27 minutes 31 seconds East 57.08 feet; thence
South 61 degrees 55 minutes 09 seconds East 122.94 feet; thence
South 42 degrees 03 minutes 19 seconds East 104.71 feet; thence
South 21 degrees 07 minutes 10 seconds East 233.80 feet; thence
South 02 degrees 59 minutes 41 seconds West 79.58 feet; thence
South 29 degrees 36 minutes 39 seconds West 66.57 feet; thence
North 64 degrees 29 minutes 11 seconds West 96.76 feet; thence
South 64 degrees 50 minutes 40 seconds West 53.82 feet; thence
South 31 degrees 13 minutes 49 seconds East 231.69 feet; thence
North 21 degrees 34 minutes 54 seconds East 46.94 feet; thence
North 20 degrees 36 minutes 37 seconds East 39.24 feet; thence
North 14 degrees 20 minutes 13 seconds East 78.45 feet; thence
South 17 degrees 06 minutes 20 seconds East 80.09 feet; thence
North 58 degrees 03 minutes 38 seconds East 28.16 feet; thence
South 06 degrees 14 minutes 21 seconds East 54.85 feet; thence
South 59 degrees 37 minutes 51 seconds East 75.39 feet; thence
North 11 degrees 04 minutes 29 seconds West 225.64 feet; thence
North 07 degrees 09 minutes 31 seconds East 59.45 feet; thence
North 23 degrees 09 minutes 19 seconds East 45.95 feet; thence
North 18 degrees 42 minutes 44 seconds East 40.54 feet; thence
North 65 degrees 37 minutes 42 seconds East 110.74 feet; thence
North 54 degrees 25 minutes 40 seconds East 50.41 feet; thence

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South 74 degrees 03 minutes 16 seconds East 45.84 feet; thence
South 80 degrees 13 minutes 07 seconds East 42.31 feet; thence
South 49 degrees 50 minutes 58 seconds East 96.47 feet; thence
South 67 degrees 04 minutes 01 seconds East 32.93 feet; thence
North 34 degrees 06 minutes 31 seconds East 59.73 feet; thence
North 62 degrees 33 minutes 23 seconds East 42.71 feet; thence
South 76 degrees 53 minutes 52 seconds East 59.26 feet; thence
North 52 degrees 08 minutes 40 seconds East 96.34 feet to a re-rod
on the Southerly boundary of Pelican Point, a subdivision as per
map or plat thereof recorded in Public Records of Franklin County,
Florida; thence leaving said mean highwater line run North 87
degrees 41 minutes 17 seconds East along the Southerly boundary of
said subdivision 289.91 feet to a concrete monument; thence proceed
southerly along the arc of a curve (radius of 258.71 feet, chord of
123.00 feet, chord bearing North 22 degrees 50 minutes 43 seconds
East); thence proceed South 09 degrees 05 minutes 36 seconds West
83.75 feet; thence proceed northeasterly along the arc of a curve
(radius of 379.37 feet, chord of 327.02 feet, chord bearing North
52 degrees 12 minutes 54 seconds East) to the POINT OF BEGINNING,
containing 58 acres, more or less.

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ISSUE 2: Should initial wastewater rates, charges, and return on equity be approved at this time?

RECOMMENDATION: No, initial wastewater rates, charges, and return on equity should not be approved at this time. The Utility should file status reports every six months until the final development plans are approved. The reports should include the status of the appeal, DEP permitting process, Utility construction, and any other information the Utility believes is pertinent. Upon final approval of the development, the Utility should file revised data reflecting the actual development plans. Also, the Utility should file a revised service availability policy with a provision for the collection of guaranteed revenues, and should include guaranteed revenue agreements. (GOLDEN)

STAFF ANALYSIS: As discussed in the case background and Issue 1, the Utility's proposed amendment to the St. George Island 1977 Development Order was denied by the Franklin County Commission. The Utility appealed that decision and a DOAH hearing was held to consider the appeal. It is anticipated that a DOAH order will be issued in December. Until the appeal, DEP permitting, and Franklin County site specification approval processes are completed, there is still uncertainty over the type and number of customers that will ultimately be served by the Utility, and when that service will begin. These processes could be completed in the very near future or could take many more months. In consideration of the uncertain outcome concerning this Utility, Staff believes it would be more appropriate to set initial rates and charges for the Utility after the development plans are finalized.

Therefore, Staff recommends that initial wastewater rates, charges, and return on equity should not be approved at this time. Also, Staff recommends that the Utility should file status reports every six months until the final development plans are approved. The reports should include the status of the appeal, DEP permitting process, Utility construction, and any other information the Utility believes is pertinent. Upon final approval of the development, the Utility should file revised data reflecting the actual development plans. Additionally, the Utility should file a revised service availability policy with a provision for the collection of guaranteed revenues, and should include guaranteed revenue agreements.

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ISSUE 3: Should this docket be closed?

RECOMMENDATION: No, this docket should remain open for the setting of initial rates, charges, and return on equity. (O'SULLIVAN)

STAFF ANALYSIS: As discussed in Issue 2, Staff is recommending that initial rates, charges, and return on equity should be established after the development plans are finalized. Therefore, Staff recommends that the docket should remain open for the setting of initial rates, charges, and return on equity at a later date. After Staff has completed its analysis of the Utility's revised data and service availability policy, a Staff recommendation regarding the establishment of initial rates, charges, and return on equity will be filed.