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DIVISION OF WATER & WASTEWATER
DANIEL M. HOPPE, DIRECTOR
(850) 413-6900

Public Service Commission

April 13, 2000

Mr. John A. Colgan, III, President
GCD Management Group
P.O. Box 554
West Chester, PA 19382

Re: Application of Useppa Island Utility, Inc. For a Limited Proceeding to Increase Wastewater Rates in Lee County

Dear Mr. Colgan:

Thank you for your comments regarding the limited proceeding for Useppa Island Utility, Inc. (Useppa or utility). I would like to address each of your concerns:

1) During the utility's last rate case, it was determined that the General Manager spends 20% of his time, the secretary spends 22.5% of her time, and the accounting supervisor spends 10% of her time on utility related work. It was also determined that the certified utility operator and maintenance man spend 100% of their time on utility work. Because of the increase in the size of the upgraded wastewater plant, our engineers determined there would be an additional labor cost of \$1,080 per year in this rate case.

2) Useppa Inn and Dock Company is responsible for 5 general service connections (four of which are 2" meters) and 8 residential connections. They are a customer of the utility and get billed each month just as all other customers. Staff auditors verified the billing during the last rate proceeding.

3) We are aware of the additional lots on the old airstrip. If the new lots were not paying a monthly base facility charge, we would recommend service availability charges (or impact fees) which future residents would have to pay. In this rate case, it was determined that there is a water meter at each of the new lots, and each of the owners is paying the monthly base facility charge. No new service availability charges will be calculated for the new wastewater plant since the future customers are paying for their portion of the new plant by paying the monthly base facility charge.

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FPSC-RECORDS/REPORTING

John A. Colgan III

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I hope this addresses the concerns you had in your letter. As an update, after reviewing the utility's 1999 annual report, we have decided to audit the utility's books using a calendar test year ending December 31, 1999. We are doing this to insure that the utility will not overearn on an overall basis should staff recommend approval of the requested wastewater revenue increase. Although the utility's 1999 annual report showed a wastewater net operating loss of \$27,128, it also showed a net operating income of \$49,247 for the water system. We anticipate a 60-90 day audit timeframe. The original recommendation filing date and Commission agenda date will have to be postponed pending the audit. Your name has been entered in this docket file as an interested party, so you will receive a copy of the staff recommendation and resulting Commission order. A copy of your letter will also be placed in the official docket file for review of any interested parties. If you have any questions, please don't hesitate to contact me at (850) 413-6974.

Sincerely,



Robert J. Casey
Professional Accountant Specialist

RJC

cc: Division of Water and Wastewater (Willis, Rendell, Crouch, Ted Davis, Wetherington)
Division of Legal Services (Brubaker)
Division of Records and Reporting (000090-WS)
Useppa Island Utility, Inc.

GCD Partners, L.P.

220 GARFIELD AVENUE - P.O. BOX 554 • WEST CHESTER, PA 19381-0397 • PHONE (610) 696-3250 • FAX (610) 696-1217
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RECORDS AND REPORTING

March 31, 2000

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

Re: Docket No. 000090-SU
Petition of Useppa Island Utilities, Inc.
to Increase Wastewater Rates in Lee County

Good Day:

I am writing to express my concerns regarding the above referenced request. Like most other owners, this is a part time vacation home and as such is used less than 140 days per year. Obviously, not much of a strain on the system and as I pointed out, this is probably the norm.


I plan to be at the hearing on April 6th and will be interested to learn how many employee hours per month are being claimed by the Utility.

How is water used by the Inn and Dock Company (same staff as Utility), for such uses as watering their grounds or supplying water to the docks, being accounted for?

If there were no financial problems before the current development boom, it would seem the developer (same people as utility company) should be responsible for providing Impact Fees.

Please include my name as a Party of Record to this hearing.

Thank you.


John A. Colgan, III
President, GCD Management Corp.
Owner of #12, Useppa Village

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