

VOTE SHEET

NOVEMBER 7, 2000

RE: DOCKET [REDACTED] - Petition for interim and permanent rate increase in Franklin County by St. George Island Utility Company, Ltd. DOCKET NO. 000694-WU - Petition by Water Management Services, Inc. for limited proceeding to increase water rates in Franklin County.

Issue 1: Should the funds in the escrow account be released to the utility and the escrow account closed?

Recommendation: Yes, the funds in the escrow account should be released to the utility and the escrow account should be closed.

APPROVED

Issue 2: Is the utility in compliance with Order No. PSC-94-1383-FOF-WU, issued November 14, 1994 in Docket No. 940109-WU?

Recommendation: Yes. The utility is in compliance with Order No. PSC-94-1383-FOF-WU, issued November 14, 1994 in Docket No. 940109-WU.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in majority column]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

[REDACTED] NOV -8 8

FPSC-RECORDS/REPORTING

VOTE SHEET

NOVEMBER 7, 2000

DOCKET NO. 940109-WU - Petition for interim and permanent rate increase in Franklin County by St. George Island Utility Company, Ltd.

DOCKET NO. 000694-WU - Petition by Water Management Services, Inc. for limited proceeding to increase water rates in Franklin County.

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Issue 3: Is the new water transmission main connecting WMSI's wells on the mainland to its water treatment plant on St. George Island justified?

Recommendation: Yes. The new water transmission main is justified and the prudent costs to be incurred by WMSI in this project should be recovered through ^a rates or charge mechanism to be determined in Phase 3.

MODIFIED

This issue remains PAA.

Issue 4: Is the cost of installation of a 12-inch diameter pipeline across the causeway justified? ~~If justified, what is the used and useful percentage?~~

Recommendation: Yes. Staff recommends that cost of installation of a 12-inch line, approximately \$4,517,535, is a prudent, cost-effective investment which will provide additional fire flow and meet expected growth, including the five-year growth (to 2008) required by statute. ~~Further, staff recommends that the 12-inch line be considered 100% used and useful.~~ Further, staff recommends that 100% of the prudently incurred costs of the 12-inch line be recovered through a rate or charge mechanism to be determined in Phase 3.

MODIFIED

This issue remains PAA.

Issue 5: Should the cost of the 10-inch line from Well #4 to Well #1 (\$332,000); the new aerator (\$4,500); and the new High Service Pump & Controls (\$16,500) be included in this limited proceeding? ~~If so, are they 100% used and useful?~~

Recommendation: Yes. While these projects and costs are not specifically related to the relocation of the causeway and the installation of a new pipeline, staff recommends that these costs are prudent and these installations could best be performed as part of the overall causeway relocation project. Staff recommends that ~~they also be considered 100% used and useful.~~ of the prudently incurred costs be recovered through a rate or charge mechanism to be determined in Phase 3.

MODIFIED

This issue remains PAA.

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Issue 6: Should the utility's requested three-phase rate increase be approved, to include the administrative approval by staff of rates for phases 2 and 3?

Recommendation: No. Staff recommends that a ^{temporary} rate increase for Phase 1 is appropriate at this time as addressed later in this recommendation. ~~All three phases should be subject to express Commission approval on a Proposed Agency Action (PAA) basis.~~ Staff's recommended time frame for implementation is July 1, 2002 for Phase 2, and six months after completion of the main replacement project for Phase 3.

MODIFIED

This issue is no longer PAA.

Issue 7: Are any adjustments necessary to the factors used in the utility's calculation of its Phase 1 revenue requirement increase?

Recommendation: Yes. The utility's calculation should be adjusted to exclude property taxes, depreciation, and the expense of pursuing this limited proceeding. Further, the calculation should be based on average projected expenditures, the interest rate factor should be 10.5%, and the utility's projection of revenue at current rates during the Phase 1 period should be increased to \$731,971.

MODIFIED

This issue is no longer PAA.

Issue 8: What is the revenue requirement increase, if any, for Phase 1?

Recommendation: The appropriate revenue requirement increase for Phase 1 is \$82,707 (11.3%).

MODIFIED

This issue is no longer PAA.

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Issue 9: What is the appropriate rate structure for this utility?

Recommendation: The appropriate rate structure for the Phase 1 increase is the continuation of the current base facility charge (BFC)/gallorage charge rate structure. In order to properly evaluate whether a change in rate structure for the Phase 2 increase is appropriate, staff recommends that the utility be ordered to prepare monthly reports detailing the number of bills rendered, the consumption billed and the revenue billed. These reports should be prepared, by customer class and meter size, for the period beginning January 1999 and until such time as a recommendation for Phase 2 rates is filed. The reports for the period January 1999 through September 2000 should be provided to staff within 30 days of the date of the Commission's vote on Phase 1 rates. The reports for the periods after September 2000 should be provided on a monthly basis within 30 days of the end of the preceding month.

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MODIFIED

This issue is no longer PAA.

Issue 10: What is the appropriate rate increase, if any, for Phase 1?

Recommendation: The appropriate rate increase for Phase 1 is an 11.3% increase in both base facility and gallorage charges, resulting in the rates depicted in Attachment A of staff's 10/26/00 memorandum. The approved Phase 1 rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), Florida Administrative Code, subject to a true-up upon the implementation of Phase 3 rates. ~~and should be held subject to refund with interest pending the final decision in this docket.~~ The Phase 1 rates should not be implemented until notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days after the date of the notice. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility should file reports with the Commission no later than 20 days after each monthly billing. These reports should indicate the amount of revenue collected under the increased rates.

MODIFIED

This issue is no longer PAA.

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~~Issue 11: Should the recommended rates be approved for the utility on a temporary basis, subject to refund, in the event of a protest?~~

~~Recommendation: Yes, the recommended rates should be approved for the utility on a temporary basis in the event of a protest. The utility should be authorized to collect the temporary rates after staff's approval of the security for potential refund, the proposed customer notice, and the revised tariff sheets.~~

Withdrawn from recommendation

~~Issue 12: What is the appropriate security to guarantee the Phase 1 rate increase **in the event of a protest**?~~

~~Recommendation: The utility should be required to open an escrow account, file a security bond or a letter of credit to guarantee any potential refunds of revenues collected under interim conditions. The escrow account, security bond or letter of credit should be in the amount of \$145,000. Pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.~~

Withdrawn from recommendation

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Issue 13: Should these dockets be closed?

Recommendation: No further action is necessary in Docket No. 940109-WU. Therefore, Docket No. 940109-WU should be closed. With respect to Docket No. 000694-WU, if no timely protest is received upon the expiration of the protest period, the PAA Order will become final upon the issuance of a Consummating Order. However, Docket No. 000694-WU should remain open pending Commission action on the utility's request for increased rates for Phases 2 and 3.

APPROVED