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ST. GEORGE ISLAND UTILITY COMPANY, LTD.

DOCKET NO. [REDACTED]

DIRECT TESTIMONY OF ALAN C. PIERCE

FRANKLIN COUNTY PLANNING DEPARTMENT

ON BEHALF OF THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF WATER AND WASTEWATER

FILED: JUNE 8, 1994

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1 Q. Please state your name and business address.

2 A. Alan C. Pierce, P. O. Box 340, Apalachicola, Florida 32329-0340.

3 Q. Please state a brief description of your educational background and
4 experience.

5 A. I graduated from Key West High School in 1973. I received a B.S. in
6 Environmental Studies from Vanderbilt University in 1977. I received a
7 Master's in Education from the University of Florida in 1980 and a Master's
8 in Planning from the University of Florida in 1988.

9 Q. By whom are you presently employed?

10 A. I am employed by Franklin County.

11 Q. How long have you been employed with the County and in what capacity?

12 A. Six years.

13 Q. What are your general responsibilities at the County Planning
14 Department?

15 A. My responsibilities include issuing building permits jointly with the
16 County Building official; reporting directly to the County Commission on
17 actions taken by the Planning and Zoning Commission; and supervision of the
18 Planning Department. I also serve as the Emergency Management Director for
19 the County.

20 Q. Are you familiar with the St. George Island Utility Company, Ltd.'s
21 water system in Franklin County?

22 A. Yes.

23 Q. What is the purpose of your testimony?

24 A. My testimony will concentrate on the development occurring on St.
25 George Island between January 1, 1988 through March 30, 1994. In addition,

1 I will address specifics about the island with respect to future lots
2 available for growth as well as present growth figures inside St. George
3 Island's Plantation ("Plantation") as opposed to growth figures outside the
4 Plantation.

5 Q. Please describe St. George Island within the context of Franklin
6 County as a whole?

7 A. St. George Island is at the center of the growth in Franklin County.
8 Of the 466 new homes permitted in the county since January 1, 1988, 293
9 have been on the island. In terms of percentage, new home construction on
10 St. George Island represents 63% of the new homes built in the county for
11 the six years my testimony covers.

12 Q. Please describe the number and type of structures on St. George
13 Island and give an overview of the development that has occurred there.

14 A. The number of structures on St. George Island is estimated, by the
15 Franklin County Planning Office and by the Franklin County Property
16 Appraiser's Office, to be approximately 1,100 units. This includes
17 counting each townhouse and condominium as an individual unit. It also
18 includes businesses. This figure does not include those units currently
19 under construction or that were finished last year and are not yet on the
20 tax roll. With those added in, the total of units on the island is
21 approximately 1,200.

22 The development on the island has been almost exclusively
23 residential. From January 1, 1988 to March 30, 1994, the county issues 293
24 permits for new houses on the island. In this same time period, the county
25 has issued 3 building permits for the construction of new commercial

1 buildings. Because of the predominance of residential construction, the
2 remainder of my testimony will focus only on single family development.

3 Q. Please provide information detailing residential growth on St. George
4 Island from January 1, 1988 through March 30, 1994.

5 A. An analysis by year of residential building is provided below and on
6 the enclosed graph. (EXH ACP-1)

7	1988	-	39 residential permits issued
8	1989	-	35 residential permits issued
9	1990	-	40 residential permits issued
10	1991	-	38 residential permits issued
11	1992	-	60 residential permits issued
12	1993	-	64 residential permits issued
13	1994 (3 months)	-	17 residential permits issued

14 The western part of the island is a private development known as St.
15 George Island's Plantation. In area, it represents about one-fourth of the
16 island, yet it has seen about one-half of the building activity. Of the
17 293 permits issued, 151 permits were issued for development inside the
18 Plantation. See EXH ACP-2 which graphically depicts the increase in
19 development in the Plantation over time. I have no explanation for the
20 increase in the growth rate inside the Plantation, or of the reduction
21 outside. As an aside, houses in the Plantation are generally larger than
22 houses outside the Plantation.

23 Q. In what way is the Franklin County Planning Department concerned with
24 the water utility on St. George Island?

25 A. As part of the county building permit application, we ask the

1 applicant their source of potable water. Before a building permit is
2 issued in the Plantation, the county must have a letter from St. George
3 Island Utility Company, Ltd. ("the Utility") stating water is available for
4 a specific lot, or that water is not available and that a temporary well is
5 acceptable until water is available. This is a requirement of the
6 Development Order which created the Plantation. The Development Order was
7 submitted initially by Leisure Properties and approved by the Franklin
8 County Commission in 1977. As a matter of habit, some contractors provide
9 us with water letters for development outside the Plantation. Out of 293
10 permits issued, 249 said they would be hooking up to the Utility. The
11 county has on file 174 letters from the water company. The other 75 who
12 said they were using the Utility did not submit a letter to the county
13 because they were building outside the Plantation.

14 Q. Does the county keep records of private wells on St. George Island?

15 A. Thirty-seven permits were issued indicating use of a private well as
16 a source of water. All but one of these are outside the Plantation. The
17 sole well in the Plantation had a letter from the Utility stating that they
18 could not provide water at that time, but when water is available they will
19 have to hook up to the Utility. At this time the county does not know
20 whether the water is now available to that lot. At least one of the houses
21 outside the Plantation which indicated use of a well has connected to the
22 Utility because the well water was not satisfactory. There were seven
23 permits issued with no indication of where water service would be coming
24 from. All seven were outside the Plantation and the source of water could
25 be private wells or could be the Utility.

1 Q. Please discuss the capacity for future growth on St. George Island?

2 A. The County Planning Office is not well versed in statistical methods
3 or the extrapolation of data, thus, I hesitate to forecast future growth
4 rates for the island. Certainly in a general way, if interest rates stay
5 down, development is likely to continue at its current rate. There are two
6 possible indications of growth that I do have confidence in. First, the
7 price of real estate continues to rise, which I believe is an indication of
8 the desirability of the island for the future. Second, the county
9 continues to record residential subdivision plats on the island.

10 One variable affecting growth will be the impact of the build-out of
11 beach front lots. There are currently 451 beach front lots on the island.
12 This number does not include the small lots in the commercial district
13 which may be built on individually or in combinations. It also does not
14 include those tracts on the east end of the island that have not yet been
15 subdivided into one acre lots. Including a development at Sunset Beach
16 that was just approved by the Board of County Commissioners, there is
17 enough land for approximately 50 more beach front lots to be created on the
18 east end. The ultimate number of beach front lots will be near 500. In
19 the last six years, 102 houses have been built on beach front lots, 66 in
20 the Plantation and 36 outside. Since many of the houses built prior to
21 1988 were on the beach, it is my estimation that approximately half of the
22 beach front lots on St. George Island now have structures. Using the
23 figure of 100 beach front houses being built every six years, and with
24 approximately 250 lots still available to build on, in 15 years every lot
25 on the beach will have a house.

1 The activity on interior and bay front lots is not as great, and
2 there are more of those lots, so the total build out of the island is
3 difficult to judge. There will be approximately 900 lots in the Plantation
4 when all the residential areas are platted. I have not included the Ben
5 Johnson property in these calculations. There are approximately 1,600 lots
6 in the old subdivisions, and there will be approximately 500 lots on the
7 east end of the island (this includes counting the one hundred units at 300
8 Ocean Mile as separate lots). The total of lots on the island is
9 approximately 3,000. In rough figures, with 3,000 total lots and existing
10 structures numbering 1,200, this leaves 1,800 lots available for
11 development. At a rate of 300 units every six years, the overall build out
12 of the island will occur in 36 years. This date may change dramatically if
13 any number of things happen, one of which is the availability of water.

14 The point of this public hearing is to consider a rate increase for
15 the Utility. The county has no expertise in rate structures or the costs
16 of running a utility, but it does have an interest in the performance of
17 the Utility. Whatever the decision of the Public Service Commission is
18 regarding the proposed rate increase, the Commission should keep in mind
19 the impact it will have on the county.

20 Q. Are there any other issues that Franklin County is concerned with
21 regarding the Utility?

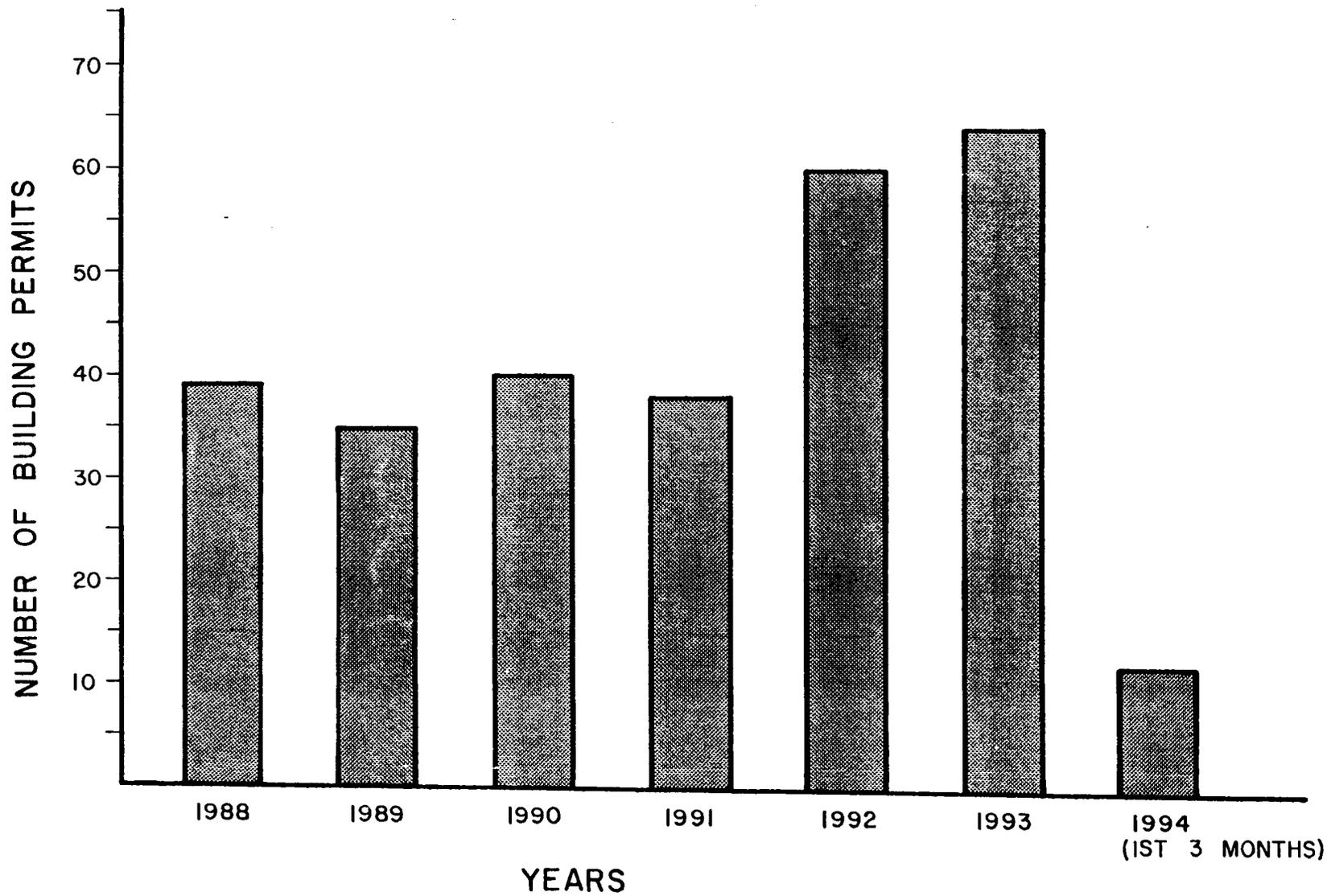
22 A. A point that will undoubtedly be raised by either the Utility or the
23 Commission itself is the measures the county government may be willing to
24 take in order to ensure an adequate supply of water to the island. I can
25 not speak for the Franklin County Board of County Commissioners on this

1 issue, but I do know that the availability of water is of concern to the
2 Board. In recent years the Board has heard several presentations from
3 various individuals regarding the adequacy of fire protection on the
4 island. While the PSC's review of the rate increase proposal may not
5 include a full discussion of the needs of fire protection, it is imperative
6 that there be some consideration of this topic. There appears to be few
7 avenues open to the county as it tries to protect the interests of its
8 citizens and of the property owners when it comes to providing adequate
9 fire protection. The Board is aware that the Utility claims it was not
10 built to provide fire protection. However, at this time the Utility is the
11 only entity poised to address this issue. I am sure the Board would like
12 for the Public Service Commission to work with the Utility to make sure
13 fire protection is maintained across the entire island.

14 Q. Do you have anything further to add?

15 A. No.

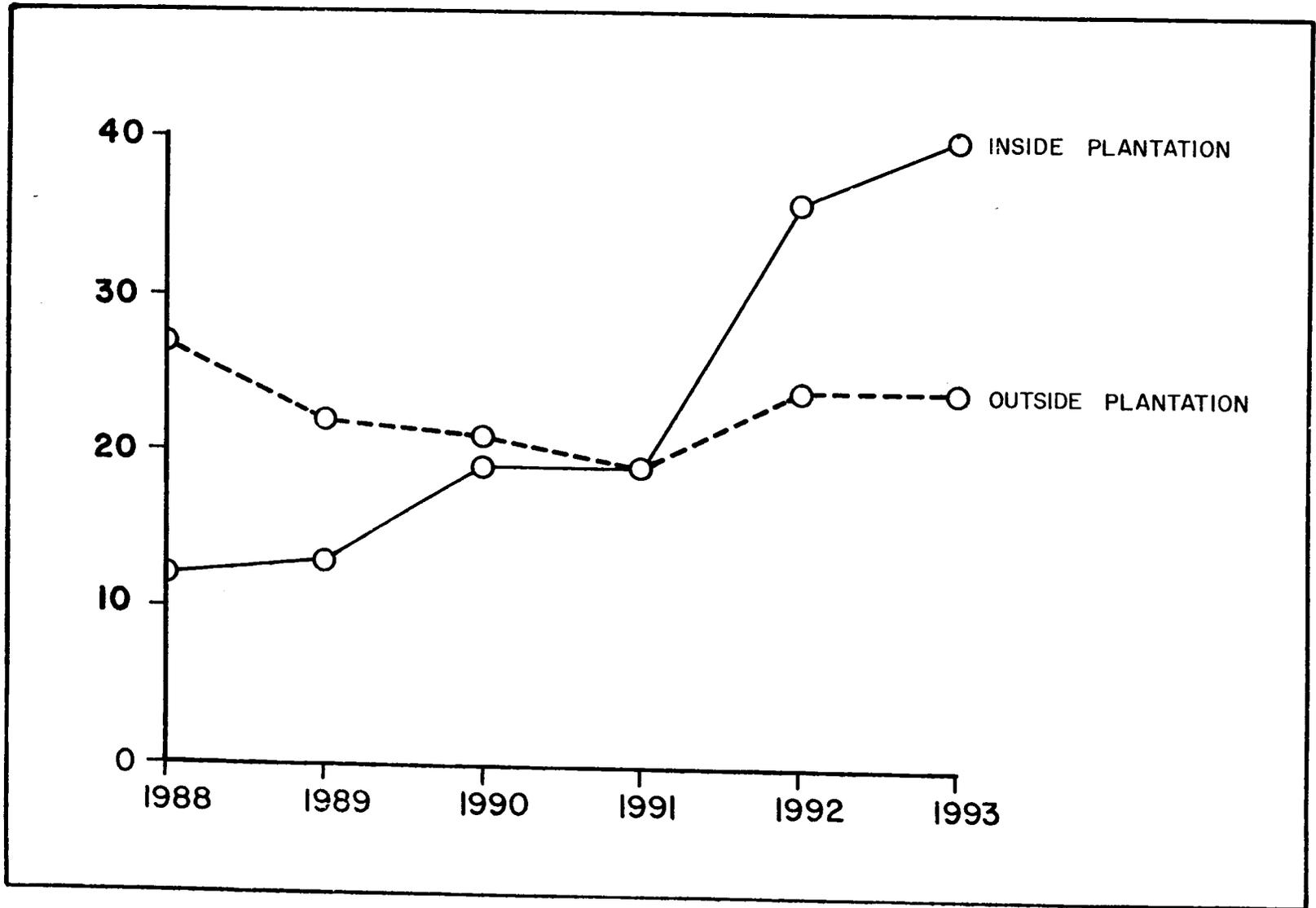
Docket No. 940109-WU
Florida Public Service Commission
ACP-1



NEW DWELLINGS ON ST. GEORGE ISLAND

SOURCE: FRANKLIN COUNTY PLANNING DEPARTMENT

Docket No. 940109-WU
Florida Public Service Commission
ACP-2



NEW DWELLINGS INSIDE AND OUTSIDE THE PLANTATION

SOURCE: FRANKLIN COUNTY PLANNING DEPARTMENT

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for interim and) DOCKET NO. 940109-WU
permanent rate increase in) FILED: June 8, 1994
Franklin County by ST. GEORGE)
ISLAND UTILITY COMPANY, LTD.)
_____)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Prefiled Direct Testimony of Alan C. Pierce, filed in this proceeding on behalf of the Staff of the Florida Public Service Commission on this date, with attached exhibits, has been furnished to the following by U.S. Mail, this 8th day of June, 1994.

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