

SERVICE MANAGEMENT SYSTEMS, INC.

SMS

ORIGINAL

FILED
12 DEC 11 AM 8:45
COMMISSION
CLERK

December 9, 2002

Public Service Commission
Water & Wastewater Division
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

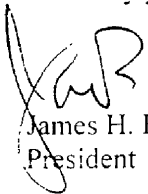
02/228-WS

REF: Application for a staff assisted rate case of a
Class C water and wastewater utility

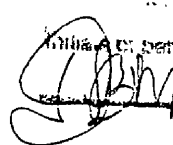
Dear Sirs:

Attached find our request for a staff assisted rate case for both our water and wastewater utilities,
together with our check for \$1,500.00.

Sincerely yours,


James H. Bates
President

/gak


Initials of person who forwarded case

cc: F. Marshall Deterding, Esq.
cc: S. Martin Sadkin, IRD

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13500 DEC 11 8
FPSC-COMMISSION CLERK

RIDA PUBLIC SERVICE COMMISSION

APPLICATION FOR A
STAFF ASSISTED RATE CASE

ORIGINAL
02/228-WS

I. General Data

- A. Name of utility Service Management Systems, Inc.
- B. Address 235 Hammock Shore Drive
Melbourne Beach, FL 32951
1. Telephone Nos. (321) 723-2447
2. County Brevard Nearest city Melbourne Beach
3. General area served Aquarina community, St. Andrews Village and 20 homes north of Aquarina

C. Authority:

1. Water Certificate No. 577W Date received 1989
2. Sewer Certificate No. 405S Date received 1989
3. Date utility started operations: Water 1989 Sewer 1989

D. How system was acquired Purchased

If utility was purchased, give date 2002 Amount Paid \$1,350,000

1. Name of Seller Petrus Group, L.P.
2. Was seller affiliated with present owners? No
3. Did you purchase: Stock or assets only

E. Type of legal entity: Corporation, Partnership or Sole

Proprietorship _____

F. Ownership & Officers:

| | <u>Name</u> | <u>Title</u> | <u>Percent Ownership</u> |
|----|------------------------|------------------|--------------------------|
| 1. | <u>James H. Bates</u> | <u>President</u> | <u>0</u> |
| 2. | <u>IBO Osprey, LLC</u> | <u>Owner</u> | <u>100</u> |
| 3. | _____ | _____ | _____ |
| 4. | _____ | _____ | _____ |

PSC/WAS 2 (Rev. 11/86)

G. List of Associated Companies and Addresses:

1. Indian River No. 1 Developers, LLC, 7860 Peters Road, Suite F-111. Plantation, FL 33324
2. _____
3. _____

H. If you have retained an attorney and/or a consultant to represent the utility for this Application, furnish the name(s) and address(es):

F. Marshall Deterding, Esq., 2548 Blairstone Pines Dr., Tallahassee, FL 32301
Robert Nixon, CPA, Consultant, 2560 Gulf-To-Bay Blvd., Suite 200, Clearwater, FL 33765-4419

DOCUMENT NUMBER-DATE
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II. Accounting Data

A. Outside Accountant

1. Name Sharna Dixon
2. Firm Bray, Beck & Koetter, CPA's
3. Address 7351 Office Park Place, Suite A, Melbourne, FL 32940
4. Telephone (321) 751-6270

B. Individual to contact on accounting matters:

1. Name Dawn McNulty
2. Telephone (321) 723-2447

C. Location of books and records 235 Hammock Shore Drive, Melbourne Beach, FL

D. Have you filed an Annual Report with the Commission? Yes

Date last filed February 2002

E. Has your latest semiannual regulatory assessment fee payment been made (January 30 or July 30 whichever is applicable)? Yes

F. Basic Rate Base Data (Most recent two years)

| 1. Water | xx 2001 | xx 2000 |
|--------------------------------|---------------------|---------------------|
| Cost of Plant In Service: | \$ <u>1,757,642</u> | \$ <u>1,757,301</u> |
| Less Accumulated Depreciation: | <u>887,367</u> | <u>838,860</u> |
| Less Contributed Plant: | <u>272,145</u> | <u>284,278</u> |
| Net Owner's Investment: | \$ <u>598,130</u> | \$ <u>634,163</u> |

| 2. Sewer | xx_2001 | xx_2000 |
|--|----------------------------|---------------------------|
| Cost of Plant In Service: | \$ <u>2,048,137</u> | \$ <u>2,048,137</u> |
| Less Accumulated Depreciation: | <u>1,498,641</u> | <u>1,406,999</u> |
| Less Contributed Plant: | <u>264,427</u> | <u>277,226</u> |
| Net Owner's Investment: | \$ <u>285,069</u> | \$ <u>363,912</u> |
| G. Basic Income Statement (Most recent two years): | | |
| 1. Water | xx_2001 | xx_2000 |
| Revenues (By Class): | | |
| a. <u>Potable water</u> | \$ <u>105,634</u> | \$ <u>97,412</u> |
| b. <u>Non-potable water</u> | <u>68,995</u> | <u>78,531</u> |
| c. _____ | | |
| Total Operating Revenues: | \$ <u>174,629</u> | \$ <u>175,943</u> |
| Less Expenses: | | |
| a. Salaries & Wages - Employees | \$ <u>---</u> | \$ <u>---</u> |
| b. Salaries & Wages - Officers, Directors, & Majority Stockholders | <u>---</u> | <u>---</u> |
| c. Employee Pensions & Benefits | <u>---</u> | <u>---</u> |
| d. Purchased Water | <u>---</u> | <u>---</u> |
| e. Purchased Power | <u>78,236</u> | <u>74,006</u> |
| f. Fuel for Power Production | <u>---</u> | <u>---</u> |
| g. Chemicals | <u>9,172</u> | <u>8,530</u> |
| h. Materials & Supplies | <u>12,394</u> | <u>10,307</u> |
| i. Contractual Services | <u>41,379</u> | <u>38,818</u> |
| j. Rents | <u>---</u> | <u>---</u> |
| k. Transportation Expenses | <u>---</u> | <u>---</u> |
| l. Insurance Expense | <u>6,167</u> | <u>4,608</u> |
| m. Regulatory Commission Expense | <u>7,706</u> | <u>87</u> |
| n. Bad Debt Expense | <u>---</u> | <u>---</u> |
| o. Miscellaneous Expense | <u>4,230</u> | <u>4,043</u> |
| p. Depreciation Expense | <u>84,360</u> | <u>85,442</u> |
| q. Property Taxes | <u>10,982</u> | <u>9,919</u> |
| r. Other Taxes | <u>---</u> | <u>---</u> |
| s. Income Taxes | <u>---</u> | <u>---</u> |
| Operating Income (Loss) | \$ <u>< 29,997 ></u> | \$ <u>< 9,817 ></u> |

| | | | |
|--|----|-------------------------|----------------------------|
| 2. Sewer | | 20 2001 | 19 2000 |
| Revenues (By Class): | | | |
| a. _____ | \$ | <u>81,814</u> | \$ <u>74,836</u> |
| b. _____ | | _____ | _____ |
| c. _____ | | _____ | _____ |
| Total Operating Revenues: | \$ | <u>81,814</u> | \$ <u>74,836</u> |
| Less Expenses: | | | |
| a. Salaries & Wages - Employees | \$ | <u>7,571</u> | \$ _____ |
| b. Salaries & Wages - Officers, Directors, & Majority Stockholders | | _____ | _____ |
| c. Employee Pensions & Benefits | | _____ | _____ |
| d. Purchased Sewage Treatment | | _____ | _____ |
| e. Sludge Removal Expense | | _____ | _____ |
| f. Purchased Power | | <u>13,908</u> | <u>11,824</u> |
| g. Fuel for Power Production | | _____ | _____ |
| h. Chemicals | | <u>2,017</u> | <u>1,877</u> |
| i. Materials & Supplies | | <u>6,104</u> | <u>5,077</u> |
| j. Contractual Services | | <u>20,482</u> | <u>19,119</u> |
| k. Rents | | _____ | _____ |
| l. Transportation Expenses | | _____ | _____ |
| m. Insurance Expense | | <u>3,038</u> | <u>2,269</u> |
| n. Regulatory Commission Expense | | <u>3,795</u> | <u>43</u> |
| o. Bad Debt Expense | | _____ | _____ |
| p. Miscellaneous Expense | | <u>2,084</u> | <u>1,991</u> |
| q. Depreciation Expense | | <u>41,551</u> | <u>42,084</u> |
| r. Property Taxes | | <u>5,409</u> | <u>4,885</u> |
| s. Other Taxes | | _____ | _____ |
| t. Income Taxes | | _____ | _____ |
| Operating Income (Loss) | \$ | <u>< 24,145 ></u> | \$ <u>< 14,333 ></u> |

H. Outstanding Debt:

| | <u>Creditor</u> | <u>Date Borrowed</u> | <u>Balance Due</u> | <u>Interest Rate</u> | <u>Expiration Date</u> |
|----|----------------------------|----------------------|--------------------|----------------------|------------------------|
| 1. | <u>Fla. Revolving Fund</u> | <u>8/99</u> | <u>154,834,16</u> | <u>3.12%</u> | <u>6/15/2020</u> |
| 2. | _____ | _____ | <u>8,967.10</u> | <u>3.55%</u> | <u>6/15/2020</u> |
| 3. | _____ | _____ | _____ | _____ | _____ |
| 4. | _____ | _____ | _____ | _____ | _____ |

I. Indicate Type of Tax Return Filed:

 X Form 1120 - Corporation
 Form 1120S - Subchapter S Corporation
 Form 1065 - Partnership
 Form 1040 - Schedule C - Individual (Proprietorship)

111. Engineering Data

A. Outside Engineering Consultant:

1. Name Ed Krug, P.E.
2. Firm PBS&J
3. Address 7195 Murrell Rd., Melbourne, FL 32940
4. Telephone (321) 242-4942

B. Individual to contact on engineering matters:

1. Name Ed Krug
2. Telephone (321) 242-4942

C. Is the utility under citation by the Department of Environmental Regulation (DER) or county health department? If yes, explain. _____

No

D. List any known service deficiencies and steps taken to remedy problems. Fire Marshall from Brevard County is requiring a new backup pumping system for fire protection. New backup system being installed.

E. Name of plant operator(s) and DER operator certificate number(s) held. Ronald Chupka WTC 8596 and WWT C 9376. David Whiteside (Accurate Utilities, Inc.) WT C6849, WWT C724

F. Is the utility serving customers outside of its certificated area? No If yes, explain. _____

G. Wastewater:

1. Gallons per day capacity of treatment facilities existing 99,000
_____ under construction _____ proposed _____
2. Type and make of present treatment facilities Schriber
3. Approximate average daily flow of treatment plant effluent _____
30,000 GDP
4. Approximate length of sewer mains:

| | | | | | |
|-----------------|--------------|---------------|--------------|--|--|
| Size (diameter) | <u>6"</u> | <u>8"</u> | <u>10"</u> | | |
| Linear feet | <u>1,720</u> | <u>18,989</u> | <u>2,000</u> | | |
5. Number of manholes 94
6. Number of liftstations 2
7. How do you measure treatment plant effluent? Hours of operation
8. Is the treatment plant effluent chlorinated? Yes If yes, what is the normal dosage rate? Unk

- 9. Tap in fees - Sewer \$ 925
- 10. Service availability fees - Sewer \$ 14.87 residential
- 11. Note DER Treatment Plant Certificate Number and date of expiration: Number 3005P00330 Expiration Date 2/3/07
- 12. Total gallons treated during most recent twelve months 10,785,835
- 13. Sewage treatment purchased during most recent twelve months None

H. Water

- 1. Gallons per day capacity of treatment facilities existing 110,000 under construction _____ proposed _____
- 2. Type of treatment Reverse osmosis
- 3. Approximate average daily flow of treated water 40,000 gallons
- 4. Source of water supply Ground & surface
- 5. Types of chemicals used and their normal dosage rates Misc.

- 6. Number of wells in service 2 Total capacity in gallons per minute (gpm) 1,200 GPM
- Diameter/Depth 600' / 12" 600' / 12" _____ / _____
- Motor horsepower 15 HP None _____
- Pump capacity (gpm) 600 GPM 600 GPM _____

- 7. Reservoirs and/or hydropneumatic tanks:

| Description | <u>Concrete Ground Potable Water</u> | <u>Concrete Ground Non-Potable Water</u> | <u>Potable Water Hydro Pneumatic</u> |
|-------------|--------------------------------------|--|--------------------------------------|
| Capacity | <u>150,000 gals.</u> | <u>1,200,000 gals.</u> | <u>Unk</u> |

- 8. High service pumping:

| Motor horsepower | <u>20</u> | <u>60 (2)</u> | <u>75</u> | <u>15 (2)</u> |
|---------------------|----------------|-----------------|----------------|----------------|
| Pump capacity (gpm) | <u>500 GPM</u> | <u>1000 GPM</u> | <u>850 GPM</u> | <u>175 GPM</u> |

- 9. How do you measure treatment plant production? _____

- 10. Approximate feet of water mains:

| Size (diameter) | _____ | _____ | _____ | _____ |
|-----------------|-------|-------|-------|-------|
| Linear feet | _____ | _____ | _____ | _____ |

11. Note any fire flow requirements and imposing government agency
1,000 GPM - Brevard County Fire Marshall
12. Number of fire hydrants in service 70
13. Do you have a meter change out program? Yes
14. Meter installation or tap in fees - Water \$ 1,075
15. Service availability fees - Water \$ 16.88 residential
16. Has the existing treatment facility been approved by DER?
Yes
17. Total gallons pumped during most recent twelve months 137,506,000
18. Total gallons sold during most recent twelve months 137,506,000
19. Gallons unaccounted for during most recent twelve months 5%
20. Gallons purchased during most recent twelve months None

IV. Rate Data

A. Individual to contact on tariff matters:

1. Name James Bates or Dawn McNulty
2. Telephone Number (321) 723-2447

B. Schedule of present rates (Attach additional sheet if more space is needed):

1. Water:

| | | | | |
|----------------------|--------|------------|--------|--------|
| a. Residential Water | 16.88 | 5/8 x 3/4" | 25.31 | 3/4" |
| b. General Service | 42.21 | 1" | 84.41 | 1-1/2" |
| c. Special Contract | 135.05 | 2" | 270.09 | 3" |
| d. Other | 422.02 | 4" | 844.04 | 6" |

2. Sewer:

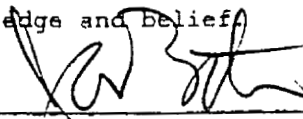
| | | | | |
|----------------------|--------|------------|--------|--------|
| a. Residential Sewer | 14.87 | 5/8 x 3/4" | 22.30 | 3/4" |
| b. General Service | 37.17 | 1" | 74.33 | 1-1/2" |
| c. Special Contract | 118.95 | 2" | 237.88 | 3" |
| d. Other | 371.68 | 4" | 743.38 | 6" |

C. Number of Customers (Most recent two years):

| | 199 2001 | 199 2000 |
|-------------------------------|-----------------------|---------------------|
| 1. Water Metered | | |
| a. Residential | 5/8" 181 | 167 |
| b. General Service | 3/4" 3 | 3 |
| c. Special Contract | 1" 5 | 5 |
| d. Other - specify Irrigation | 1-1/2" 2 2" - 4 49 | 2 2" 45 |
| 2. Water Unmetered | 199 2001 | 199 2000 |
| a. Residential | 13 | 13 |
| b. General Service | | |
| c. Special Contract | | |
| d. Other - specify | | |
| 3. Sewer | 199 2001 | 199 2000 |
| a. Residential | 191 | 175 |
| b. General Service | 3/4" 1 | 1 |
| c. Special Contract | 1" 5 | 5 |
| d. Other - specify | 1-1/2" 3 2" 4 | 2 2 |

V Affirmation

I, James H. Bates the undersigned owner, officer, or partner of the above named public utility, doing business in the State of Florida and subject to the control and jurisdiction of the Florida Public Service Commission, certify that the statements set forth herein are true and correct to the best of my information, knowledge and belief.

Signed 
 Title President

Notice: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.