State of Florida

Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: July 8, 2004

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Clapp, Brinkley, Kenny, Lester, Redemann)
Office of the General Counsel (Gervasi)

RE: Docket No. 040247-WS – Application for certificates to provide water and wastewater service in Franklin County by St. James Island Utility Company.
County: Franklin

AGENDA: 07/20/04 – Regular Agenda – Proposed Agency Action for Issues 2, 3, and 4 – Interested Persons May Participate

CRITICAL DATES: 07/29/04 – Statutory deadline for original certificates pursuant to Section 367.031, Florida Statutes

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\040247.RCM.DOC

Case Background

On March 18, 2004, St. James Island Utility Company (St. James or utility) filed its application for original water and wastewater certificates in Franklin County. The area is in the Northwest Florida Water Management District (NWFWMD) but is not in a water use caution area. The utility anticipates serving a total of approximately 514 equivalent residential connections (ERCs) when it reaches build out in approximately eight years.

The utility's initial application was found to be deficient. The utility corrected the deficiencies on April 30, 2004, making this the official filing date of the completed application. Pursuant to Section 367.031, Florida Statutes, 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. Therefore, this application must be ruled upon by July 29, 2004.

The utility, which is wholly owned by The St. Joe Company (St. Joe or developer), will provide service to SummerCamp, a planned community along Highway 98 between Carrabelle and Alligator Point. The developer plans to construct 499 homes with some common clubhouse facilities and a small number of support commercial facilities.

St. James was formed on January 27, 2004. Its application indicates that construction will begin in 2004. The developer and utility anticipate that the first residents will be moving into the service area in 2005, with the system operating at 80% of design capacity in 2011.

The completed water system will consist of three 125 gallons per minute (gpm) wells, a central treatment plant, and a 100,000 gallon ground storage tank. Treatment will include chlorination, iron removal and possibly lime softening.

The wastewater will be treated at a central, advanced wastewater treatment plant (AWT). The AWT is being required by the Department of Community Affairs (DCA) as a condition for development approval in the comprehensive plan and is being supported by the NWFWMD. Each connection will have an on site grinder pump which will transmit the wastewater into a low pressure collection system. Gravity collection lines will not be used because of the low water table in the proposed service area.

This recommendation addresses the application for original water and wastewater certificates and initial rates and charges. The Commission has jurisdiction pursuant to Sections 367.031 and 367.045, Florida Statutes.

Discussion of Issues

Issue 1: Should the application of St. James Island Utility Company for water and wastewater certificates be granted?

Recommendation: Yes, St. James Island Utility Company should be granted Certificate Nos. 621-W and 534-S to serve the territory described in Attachment A. The utility should file an executed and recorded copy of the warranty deeds for the land for the water and wastewater facilities within 30 days of the issuance date of the Order granting the certificates. (Clapp, Brinkley, Redemann, Gervasi)

Staff Analysis: As stated in the case background, on March 18, 2004, St. James filed its application for original water and wastewater certificates to provide service in Franklin County. The application was found to be deficient. The applicant corrected the deficiencies on April 30, 2004; therefore, the official filing date is April 30, 2004. 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 certificates. The application contains a check in the amount of $3,000, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code.

The applicant has not provided evidence that the utility owns the land upon which the utility's facilities will be located. However, Rule 25-30.033(1)(j), Florida Administrative Code, allows an applicant who does not own the land to submit a contract for the purchase and sale of the land with an unexecuted copy of the warranty deed, provided the applicant files an executed and recorded copy of the deed within 30 days after the Order granting the certificates. Accordingly, the applicant has submitted a copy of the contract for the purchase and sale of the land and an unexecuted copy of the warranty deed. Counsel for the utility has assured staff that the closing will take place and a copy of the executed and recorded warranty deed will be filed with the Commission within 30 days of the Commission granting certificates to the utility.

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. No objections to the notice of application have been received and the time for filing such has expired.

The applicant appears to have the financial and technical ability to provide water and wastewater service to the proposed service area. Regarding financial ability, the application states that the developer will provide necessary startup funding as well as funds sufficient to cover operation shortfalls during the utility's initial years. The applicant also provided financial highlights for St. Joe for the years 2000, 2001, and 2002. Staff has reviewed the financial statements of St. Joe and it appears that there are adequate resources to support the utility during the initial years of operation.

Regarding the applicant's technical ability, St. Joe indicated that it will make the financial and operating commitment necessary for St. James to be successful in its endeavor to provide

water and wastewater facilities to the residents within the St. James service territory. Towards that end, the applicant will retain licensed professionals for management and operation of the utility systems.

The application asserts that there is currently a need for water and wastewater service within the proposed service territory. As discussed in the case background, the developer anticipates that the construction of the water and wastewater facilities will commence in 2004. The development will consist of 499 dwelling units to be developed in 2005 through 2011. Further, the applicant believes there are no other utilities near the proposed service area which can provide the necessary water and wastewater service, and construction of St. James is the only viable alternative. The application states that the provision of service in the proposed service territory, as outlined in the application, is consistent with the water and wastewater sections of the local comprehensive plan for Franklin County, as approved by the DCA.

A review of the application by the DCA revealed that the proposed service area is consistent with the current land use expressed on the Future Land Use Map of the Franklin County plan and embodied within Future Land Use Element Policy 11.11 (SummerCamp project policy). The provision of Advanced Wastewater Treatment is consistent with the SummerCamp project policy.

The utility intends to have a field office at the wastewater treatment plant site where water and wastewater service will be provided by St. James. This site is outside of the territory requested by the utility. The utility is aware that it must file an amendment to its service territory prior to providing water and wastewater service to the field office at the plant site.

Based on the above information, staff believes it is in the public interest to grant the application for original certificates. Accordingly, staff recommends that St. James Island Utility Company be granted Certificate Nos. 621-W and 534-S to serve the territory described in Attachment A. The utility should file an executed and recorded copy of the warranty deeds for the land for the water and wastewater facilities within 30 days of the issuance date of the Order granting the certificates.

Issue 2: What are the appropriate initial water and wastewater rates and return on investment for this utility?

Recommendation: The staff recommended water and wastewater rates, customer deposits, and miscellaneous service charges described in the staff analysis should be approved. St. James should be required to file tariffs, within 30 days of the consummating order, which reflect the Commission-approved rates and charges. St. James should charge these rates and charges until authorized to change them by this Commission in a subsequent proceeding. The rates should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code. A return on investment of 9.10% should be approved. The utility should file quarterly monitoring reports for two years for evaluation of the effectiveness of the conservation rates. (Clapp, Kenny, Lester, Redemann)

Staff Analysis: The requested rates and charges in the application are based on the system operating at 80% of its designed capacity, which is consistent with Commission policy for setting initial rates and charges. According to the application, the development is expected to grow very rapidly and reach 80% build out in approximately seven years. As a consequence, the application requests that initial rates be based on 80% of the total capacity.

St. James has estimated average usage per ERC of 350 gallons per day (GPD) for water and 350 GPD for wastewater. The utility estimates that nearly 100% of the water usage will be received for processing by the wastewater system. Pursuant to Paragraph 8 of Ordinance 2003-2, approved by the Franklin County Board of County Commissioners, amending the Franklin County Comprehensive Plan, the SummerCamp development is required to "utilize native vegetation for residential lots and common open spaces except for minor plantings in residential lots and small areas used for recreational and open space activities within common open spaces." Irrigation systems are not allowed in SummerCamp for residential lots.

In setting initial rates and charges for a new utility, Commission practice has been to set rates so that the utility will have an opportunity to earn a fair return on its investment when approximately 80% of its projected customers are being served. In the early years of the development, there will not be a sufficient customer base to allow the utility to recover its operating and maintenance expenses and earn a fair return on its investment. As growth reaches 80% of the utility's projected design capacity, the initial rates should be compensatory.

St. James's proposed rates are based on its projected rate base, cost of capital, operating and maintenance expenses, and customer growth. In reviewing the utility's projections and the resulting proposed rates and charges, staff verified that the utility's methodologies are consistent with those normally used by the Commission in setting initial rates and charges. In some instances within this issue, staff has recommended using more recent information than that available when the application was filed. The following analysis describes the utility's proposal and staff's recommendation for projected rate base, return on investment, revenue requirement, and rates and charges for water and wastewater service.

PROJECTED RATE BASE

The utility's proposed schedules for rate base appear on Schedule Nos. 1-A and 1-B. The utility's projected rate base at 80% of total design capacity is $936,532 for water and $1,092,816 for wastewater. The schedules of rate base are for informational purposes to establish initial rates and are not intended to establish rate base. This is consistent with Commission practice in original certificate applications.

Utility Plant in Service (UPIS) and Land

The utility's projected water UPIS costs of $3,444,129 include $39,000 for approximately 8.5 acres of land and $3,405,129 for structures and improvements, wells, supply mains, power generation and pumping equipment, water treatment equipment, distribution reservoirs, transmission and distribution mains, service lines, and meters. The proposed water facilities are designed to serve total build out of 514 ERCs.

The projected wastewater UPIS costs of $4,576,031 include $30,000 for approximately 6.5 acres of land and $4,546,031 for structures and improvements, force and low pressure collection mains, pumping equipment, treatment and disposal equipment, and services. The proposed wastewater facilities are designed to serve total build out of 514 ERCs.

Staff has reviewed the utility's proposed costs and, based on the supporting documentation provided, the projections appear reasonable. The utility's methodology in calculating rate base is consistent with the Commission's traditional method of determining rate base in original certificate cases, and, therefore, is a reasonable mechanism for determining rate base. Therefore, staff recommends that the utility's projected balances of $3,444,129 for water and $4,576,031 for wastewater be included in the projected UPIS and land.

Accumulated Depreciation

The utility's projected accumulated depreciation balances for water and wastewater are $658,718 and $952,590, respectively. These balances reflect the projected accumulated depreciation balances for total projected plant at 80% design capacity. The projected accumulated depreciation balances were calculated using the guidelines for average service lives as set forth in Rule 25-30.140, Florida Administrative Code.

Contributions-in-aid-of-Construction (CIAC)

The utility's projected CIAC balance for water of $2,118,999 reflects the projected balance at 80% of design capacity based on the proposed contributed plant by the developer, a plant capacity charge for water of $1,000 per ERC, a main extension charge of $1353, and a meter installation charge of $180 per ERC. As discussed in Issue 3, the utility's projected contribution level at design capacity is expected to be approximately 71%.

The projected CIAC balance for wastewater of $2,965,231 reflects the projected balance at 80% of design capacity based on the proposed contributed plant by the developer, a plant capacity charge for wastewater of $1,000 per ERC, a main extension charge of $774, and an

on-site component charge of $3,500 per ERC. As discussed in Issue 3, the utility's projected contribution level at design capacity is approximately 75%.

Staff's recommendation regarding the utility's proposed service availability policy and charges is discussed more fully in Issue 3. Staff has reviewed the utility's proposed charges and projected CIAC balances and they appear to be reasonable. Therefore, staff recommends CIAC of $2,118,999 and $2,965,231 for water and wastewater, respectively, be included in the projected rate base.

Accumulated Amortization of CIAC

The projected accumulated amortization of CIAC balances for water and wastewater of $257,456 and $420,906, respectively, reflect the projected balances at 80% of design capacity. The projected accumulated amortization balances were calculated using composite rates of 2.36%, 5.00%, and 3.33% for water lines, meters, and wastewater lines, respectively. The composite rates appear reasonable based on the guideline average service lives in Rule 25-30.140, Florida Administrative Code.

Working Capital

Working capital allowances of $12,664 and $13,700 for water and wastewater, respectively, are included in the projected rate base calculations based on one-eighth of operating and maintenance expenses for each system. Staff recommends that these amounts appear reasonable, and therefore, working capital allowances of $12,664 and $13,700 be included in rate base.

SUMMARY OF PROJECTED RATE BASE

Therefore, in summary, staff recommends that for purposes of setting initial rates and charges, the utility's projected rate base of $936,532 for water and $1,092,816 for wastewater should be approved. The schedules of rate base are for informational purposes to establish initial rates and are not intended to establish rate base.

COST OF CAPITAL

The projected capital structure for St. James appears on Schedule No. 2. As required by Rule 25-30.033(1)(w), Florida Administrative Code, the application contained a schedule of the projected capital structure for St. James including the methods of financing the construction and operation of the utility. The pro forma capital structure, consisting of 40% equity and 60% debt, was provided by the applicant. Equity contributions will be made as required by St. Joe to finance the operations of the utility in the initial years of development. Debt financing will be in the form of loans from St. Joe. The utility proposed an overall cost of capital of 10.71%. This return is based on a capital structure consisting of 40% equity and 60% debt, a cost of equity of 11.96% and a cost of debt of 9.88%. Given that this is a new utility with no customers, the capital structure and cost of capital are hypothetical. Staff notes that the Commission's leverage formula sets a 40% equity ratio as the lowest reasonable level of common equity.

The 11.96% cost of equity is based on the leverage formula in effect at the time of the company's filing (Order No. PSC-03-0707-PAA-WS, issued June 13, 2003, in Docket No. 030006-WS, In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081 (4) (f), F.S., which became final on July 8, 2003) and a 40% equity ratio. The 9.88% cost of debt is based on the overall cost of capital for the St. Joe Company. As support for its cost of debt, St. James provided an analysis showing the overall cost of capital for the St. Joe Company to be 9.88%. Staff infers from this analysis that St. James' position is that, since it is being funded by its parent company and funds are fungible, the debt cost rate at the utility level should be the overall cost of capital of the parent company.

Staff disagrees with using the parent company's cost of capital as the cost of debt for the utility. The parent's cost of capital depends on the parent's business and financial risk, which could be very high for many competitive industries. In contrast, water and wastewater utilities are low-risk, regulated businesses. Therefore, the cost of debt for St. James should be based on the risk of providing water and wastewater service, not on the risk of the parent company's non-regulated operations.

Staff proposed a cost of debt of 7.57%. This rate is from the current leverage formula. It is based on the April 2004 BBB public utility bond yield plus adjustments of 50 basis points for a private placement premium and 50 basis points for a small utility risk premium. This debt cost rate is 34 basis points greater than the rate for the St. Joe Company's mortgage debt, its highest cost debt. The utility agreed with staff's proposal regarding the cost of debt and submitted modified revenue requirements and rates. Therefore, staff recommends a cost rate of debt of 7.57%

The cost of equity should be based on the current leverage formula authorized in Order No. PSC-04-0587-PAA-WS, issued June 10, 2004, in Docket No. 040006-WS, In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081 (4) (f), F.S., which became final July 1, 2004, and a 40% equity ratio.

Staff recommends an overall cost of capital of 9.10% for St. James based on a capital structure consisting of 40% equity and 60% debt, a cost of equity of 11.40%, and a cost of debt of 7.57%. Staff believes this is a reasonable overall cost of capital for calculating the revenue requirement for this original certificate case. Staff further recommends that the Commission set St. James' authorized return on equity at 11.40% with a range of plus or minus 100 basis points. Therefore, based on staff's recommendations regarding cost of debt and return on equity, the resulting overall return on investment is 9.10%.

RETURN ON INVESTMENT

The utility's revised return on investment based on cost of capital of 9.10% is $85,243 and $99,468 for water and wastewater, respectively, which is shown on Schedule Nos. 3-A and 3-B. Based on staff's recommended rate base and overall return on investment for St. James of 9.10%, staff recommends that the Commission approve a return on investment for St. James of $85,249 for water and $99,474 for wastewater.

REVENUE REQUIREMENT

The St. James revised revenue requirements are $279,851 and $335,442 for water and wastewater, respectively. The utility's proposed revenue requirements and rates are based on its projected rate base, the revised cost of capital, operating and maintenance expenses, and customer growth. The following analysis describes the utility's proposed and staff recommended revenue requirements.

Operating and Maintenance Expenses

The utility's projected operating and maintenance expenses at 80% of design capacity for water and wastewater are $101,315 and $109,602, respectively. Included in these expenses are the operating costs such as chemicals, purchased power, insurance, contractual services, and transportation. Staff recommends that the projected amounts appear to be reasonable and, therefore, $101,315 for water and $109,602 for wastewater should be included in the revenue requirement for operating and maintenance expenses.

Depreciation and Amortization of CIAC

The utility projected depreciation expense at 80% of design capacity of $112,592 and $196,989 for water and wastewater, respectively. Projected amortization of CIAC is $53,948 and $112,649 for water and wastewater, respectively. Staff recommends that the utility's projected net depreciation and amortization expenses of $58,644 and $84,340 are reasonable and should be included in the projected revenue requirement.

Taxes Other Than Income

The projected balances for taxes other than income for St. James of $24,300 and $28,754 for water and wastewater, respectively, include projected regulatory assessment fees (RAFs) of 4.5% of gross revenues, property taxes of 8.6% of rate base, and other taxes and licenses for each system. The utility's proposed property taxes, other taxes, and licenses appear reasonable. Therefore, staff recommends that taxes other than income of $24,300 for water and $28,754 for wastewater should be included in the projected revenue requirement.

Income Taxes

St. James was established as a C corporation. The utility included income taxes in its revised revenue requirement of $10,343 and $13,272 for water and wastewater, respectively. In this case staff is not recommending a parent/debt adjustment. The parent company, St. Joe, is capitalized with an equity ratio of 60% whereas St. James proposed capital structure consists of 40% equity and 60% debt. Staff believes the utility's proposed capital structure is reasonable and notes that the parent company has significantly more equity. Staff recommends that the projected income tax expenses of $10,343 and $13,272 be included in the projected revenue requirement.

SUMMARY OF REVENUE REQUIREMENT

Therefore, in summary, based on staff's analysis of the utility's proposed operating and maintenance expenses, depreciation and amortization of CIAC, taxes other than income, and return on investment, staff recommends that the utility's projected revenue requirements of $279,851 and $335,422 for water and wastewater, respectively, should be used in setting initial rates for St. James.

RATES

Water and Wastewater Rates

The utility's proposed residential and general service rates for water and wastewater for the utility are based on revenue requirements of $279,851 and $335,422 for water and wastewater, respectively. The requested water rates include a base facility charge (BFC) and gallonage charge. The requested wastewater rates include a BFC and gallonage charge capped at 10,000 gallons for residential customers. The Commission has historically considered the BFC and gallonage charge to be an effective conservation rate structure.

The use of an inclining block rate structure for rate setting is strongly supported by the NWFWMD. The purpose of an inclining block rate structure is to induce conservation of water by sending a price signal to residential customers that the cost of consumption will increase as consumption increases. This would then encourage the homeowner to reduce irrigation use and give incentive to the homeowner to upgrade plumbing fixtures to achieve more efficiency.

St. Joe and the utility appear to support water conservation as evidenced by the water conservation measures provided in the development orders governing SummerCamp. However, the utility believes that a traditional inclining block rate structure is premature or not relevant to the SummerCamp community since this is a newly-constructed development with new fixtures which comply with the latest codes and this development is not anticipated to be a primary home development. St. Joe and St. James believe an inclining block rate structure would not create additional conservation.

Based upon the above factors and with no historical consumption experience from the development, St. James would prefer to not have an inclining block rate structure. However, in recognition that excess usage could occur, the utility has developed an inclining block rate structure which anticipates that as much as 95% of consumption will occur in the first block. The rate structure includes a breakpoint for the first tier of water usage at 10,000 gallons based on the average expected monthly residential usage. This is consistent with the projections used in designing the water system. Further, the second tier rate for usage in excess of 10,000 gallons per month is 1.50 times the usage rate up to 10,000 gallons.

Staff agrees with the utility that St. Joe has already taken significant measures to address conservation. However, also agrees with NWFWMD that the inclining block rate structure will send a stronger pricing signal to customers to conserve water. Therefore, staff recommends that the inclining block rate structure for residential water customers appears reasonable and should

be approved. Staff's recommended rates for residential and general service water customers are based on the utility's proposed revenue requirement.

The utility's requested wastewater rates include a base facility charge and a single tier gallonage charge. The residential wastewater rate includes a cap of 10,000 gallons. Staff's recommended rates for residential and general service wastewater customers are based on the utility's proposed revenue requirement.

The utility's requested and staff recommended monthly water and wastewater rates, along with a comparison of typical monthly bills, are shown on Schedule 4.

Quarterly Reports

In order to adequately monitor and evaluate the conservation effects of this rate structure, the utility should file quarterly reports containing the following information for the months included in the quarter: the number of customer bills with usage of 10,000 gallons or less and the number of bills with usage greater than 10,000 gallons, including the number of gallons per bill for each customer class and meter size. The utility should file this information for a period of two years from the effective date of the rates. At that time, staff should assess whether the rate structure should be reevaluated and, if so, bring the matter to the Commissioners for consideration.

Reuse Rates

Due to growing concerns over water conservation, reclaimed water is increasingly being viewed as an alternative source of water for irrigation of golf courses and, in some cases, residential communities. However, the development has no golf course and uses only natural plantings. Furthermore, the initial flows will be insufficient to provide reuse. Therefore, the utility believes these factors coupled with the anticipated cyclical occupancy of the vacation homes would generate neither the demand for nor the volume of reuse water to justify the expense of using it for irrigation. DEP considers the use of perk ponds as a form of reuse. Staff agrees with the utility's and DEP's conclusions regarding reuse. Therefore, reuse rates are not applicable.

Customer Deposits and Miscellaneous Service Charges

The application contains requested customer deposits and miscellaneous service charges. The requested residential customer deposits of $0 and general service customer deposits of two times the base facility charge appear to be reasonable and should be approved. The recommended customer deposits are shown on Schedule 4.

The utility's proposed miscellaneous service charges are in compliance with Rule 25-30.460, Florida Administrative Code, which defines four categories of miscellaneous service charges. Consistent with Commission practice, when both water and wastewater services are provided, a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions. Staff recommends that the proposed miscellaneous service charges for the utility are consistent with Commission rules and should be approved.

SUMMARY

The staff recommended water and wastewater rates, customer deposits, and miscellaneous service charges are shown on Schedule No. 4. The staff recommended water and wastewater rates, customer deposits, and miscellaneous service charges described in the staff analysis should be approved. St. James should be required to file tariffs, within 30 days of the consummating order, which reflect the Commission-approved rates and charges. St. James should charge these rates and charges until authorized to change them by this Commission in a subsequent proceeding. The rates should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code. A return on investment of 9.10% should be approved. The utility should file quarterly monitoring reports for two years for evaluation of the effectiveness of the conservation rates.

Issue 3: What are the appropriate service availability charges for St. James Island Utility Company?

Recommendation: The utility's proposed service availability policy and charges set forth within the staff analysis are appropriate and should be approved effective for connections made on or after the stamped approval date on the tariff sheets. (Clapp, Redemann)

Staff Analysis: Rule 25-30.580(1)(a), Florida Administrative Code, provides that the maximum amount of contributions-in-aid-of-construction (CIAC), net of amortization, should not exceed 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity. Rule 25-30.580(1)(b), Florida Administrative Code, provides that the minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution and wastewater collection systems.

The utility's requested service availability policy and charges are designed in accordance with the guidelines in Rule 25-30.580, Florida Administrative Code. Specifically, the utility is requesting approval of water and wastewater plant capacity and main extension charges, onsite component charges, and meter installation fees.

The utility's proposed service availability policy states that the developer is responsible for the design, installation, inspection and testing of the complete on-site-and off-site water distribution system and wastewater collection system in accordance with the utility's requirements. The utility will construct all wells and treatment facilities and will assess plant capacity, main extension, on-site component, and meter installation charges to new customers that connect to the system. As customers connect, the utility will use the main extension charges to partially reimburse the developer for the cost of the on-site and off-site distribution and collection systems. The utility provided an executed developer agreement which reflects these terms and conditions. The developer's donated distribution and collection systems plus the utility's requested plant capacity, main extension, on-site component, and meter installation charges will result in CIAC levels of approximately 71% for water and 75% for wastewater at design capacity, as shown on Schedule No. 5.

In consideration of these factors, staff recommends that the utility's requested service availability policy and charges are reasonable because they result in contribution levels which are consistent with Rule 25-30.580, Florida Administrative Code, and, therefore, should be approved. The utility's proposed and staff recommended service availability charges are shown below. Staff recommends that these charges be effective for connections made on or after the stamped approval date on the tariff sheets.

SERVICE AVAILABILITY CHARGES

	Utility Requested and Staff Recommended
Meter Installation Fee	
5/8" x 3/4"	$ 180
Over 5/8" x 3/4"	Actual Cost
On-site Component	$3,500
Plant Capacity Charge	
Water – Residential	$1,000
- All Others	$2.857 per gallon
Wastewater – Residential	$1,000
- All Others	$2.857 per gallon
Main Extension Reimbursement Charge	
Water	$1,353
Wastewater	$ 774

Issue 4: Should the utility's proposed Allowance for Funds Used During Construction (AFUDC) rate be approved?

Recommendation: Yes. The utility's proposed Allowance for Funds Used During Construction rate should be approved. An annual AFUDC rate of 9.10% should be approved with a discounted monthly rate of 0.728583%. The approved rate should be applicable for eligible construction projects beginning on or after the date the certificate of authorization is issued. (Clapp)

Staff Analysis: Rule 25-30.033(4), Florida Administrative Code, provides that "utilities obtaining initial certificates pursuant to this rule are authorized to accrue allowance for funds used during construction (AFUDC) for projects found eligible pursuant to Rule 25-30.116(1), Florida Administrative Code." In its application, St. James proposed a revised annual AFUDC rate of 9.10%, discounted to a monthly rate of 0.728583% for all future construction based on the cost of capital projected in its application.

Rule 25-30.033(4)(a), Florida Administrative Code, states that "the applicable AFUDC rate shall be determined as the utility's projected weighted cost of capital as demonstrated in its application for original certificates and initial rates and charges." Further, Rule 25-30.033(4)(b), Florida Administrative Code, states that "a discounted monthly AFUDC rate calculated in accordance with Rule 25-30.116(3), Florida Administrative Code, shall be used to insure that the annual AFUDC charged does not exceed authorized levels." Staff has reviewed the utility's calculation, and staff recommends that an AFUDC rate of 9.10%, discounted to a monthly rate of 0.728583% is appropriate and should be approved.

Pursuant to Rule 25-30.033(4)(c), Florida Administrative Code, "the date the utility shall begin to charge the AFUDC rate shall be the date the certificate of authorization is issued to the utility so that such rate can apply to the initial construction of the utility facilities." Accordingly, staff recommends that the utility's AFUDC rate be effective for eligible construction projects beginning on or after the date the certificate of authorization is issued.

Issue 5: Should this docket be closed?

Recommendation: Yes, if no protest to the proposed agency action issues is filed by a substantial affected person, a consummating order will issue and the docket should be closed administratively upon receipt of the executed and recorded copy of the warranty deeds. (Gervasi)

Staff Analysis: If no protest to the proposed agency action issues is filed by a substantial affected person, a consummating order will issue and the docket should be closed administratively upon receipt of the executed and recorded copy of the warranty deeds.

ATTACHMENT A

St. James Island Utility Company

Franklin County

Water and Wastewater Service Area

A portion of Sections 25 and 27, and fractional Sections 33, 34, 35 and 36, Township 6 South, Range 3 West, a private subdivision of the Forbes Purchase land grant in Franklin County, Florida containing an aggregate area of 765.99 acres, more or less, described as:

PARCEL "1"

A portion of Section 25 and fractional Sections 35 and 36, Township 6 South, Range 3 West, a private subdivision of the Forbes Purchase land grant in Franklin County, Florida, lying South of State Road 30 (U.S. Highway 98), described as follows:

COMMENCE at a terra cotta monument marking the northwest corner of fractional Section 35, Township 6 South, Range 3 West and the northwest corner of that parcel of land described in the instrument recorded in Deed Book 70, Page 237 of the Public Records of Franklin County, Florida and run thence Southerly along the westerly boundary of said property as follows: South 00 degrees 30 minutes 16 seconds West 900.04 feet to a concrete monument; thence South 35 degrees 17 minutes 46 seconds East 1493.34 feet to the northerly right of way of State Road 30 (U.S. Highway 98); thence leaving said westerly boundary and said northerly right of way, run South 15 degrees 15 minutes 52 seconds East 200.00 feet to the southerly right of way of State Road 30 (U.S. Highway 98) and the northwest corner of that parcel of land described in the instrument recorded in Deed Book 70, Page 73 of said public records; thence run North 75 degrees 14 minutes 46 seconds East along said southerly right of way a distance of 899.93 feet to the easterly boundary of that parcel of land described in Deed Book 70, Page 73 of said public records and the POINT OF BEGINNING. From said POINT OF BEGINNING, continue North 75 degrees 14 minutes 45 seconds East along said right of way, a distance of 3652.84 feet to the west line of fractional Section 36, Township 6 South, Range 3 West, said point lying South 00 degrees 53 minutes 10 seconds West of an iron rod with cap marked "ECA" marking the northwest corner of said Section 36; thence continue North 75 degrees 14 minutes 45 seconds East along said southerly right of way, a distance of 4635.72 feet to the north line of said Section 36; thence continue North 75 degrees 14 minutes 45 seconds East along said right of way, a distance of 825.50 feet to a point on the projection of the east line of said Section 36; thence leaving said right of way, run South 00 degrees 26 minutes 46 seconds East along said projection, a distance of 197.27 feet to a terra cotta monument marking the northeast corner of said Section 36; thence continue South 00 degrees 26 minutes 46 seconds East along the east line of said Section 36, a distance of 2,115.16 feet to a St. Joe Paper Company monument, said monument marking the beginning of a Survey Witness Line described herein; thence continue South 00 degrees 26 minutes 46 seconds East along said east line, a distance of 154.10 feet, more or less, to the Mean High Water Line of the Gulf of Mexico, elevation 1.39 feet, National Geodetic Vertical Datum of 1929 (elevation 0.77 feet, North American Vertical Datum of 1988)

as shown on the map or plat of survey prepared by Allen Nobles & Associates, Inc., Project Number 3796.010, dated May 15, 2003; thence run Westerly along said Mean High Water Line a distance of 21,930 feet, more or less, to the easterly boundary of the Florida State University Marine Lab as described in the instrument recorded in Deed Book 70, Page 73 and Official Records Book 109, Page 479 of the Public Records of Franklin County, Florida; thence leaving said Mean High Water Line, run North 14 degrees 59 minutes 19 seconds West along said easterly boundary, 14.20 feet to a 4"x4" concrete monument and the terminal point of the Survey Witness Line described herein; thence continue North 14 degrees 59 minutes 19 seconds West along said easterly boundary, a distance of 440.33 feet to the POINT OF BEGINNING, containing 422.80 acres, more or less.

The Mean High Water Line of the above described parcel being witnessed by a Survey Witness Line described as follows:

BEGIN at St. Joe Paper Company monument lying on the east line of Fractional Section 36, Township 6 South, Range 3 West, Franklin County, Florida, said point lying South 00 degrees 26 minutes 46 seconds East 2115.16 feet of a terra cotta monument marking the northeast corner of said Section 36, thence leaving said east line run Westerly along said Survey Witness Line as follows: thence South 43 degrees 05 minutes 11 seconds West 1,062.56 feet to a 5/8" iron rod with cap marked LB#3293; thence South 47 degrees 42 minutes 21 seconds West 2,080.19 feet to a 5/8" iron rod with cap marked LB#3293; thence South 56 degrees 51 minutes 07 seconds West 1,254.65 feet to a 5/8" iron rod with cap marked LB#3293; thence North 40 degrees 33 minutes 48 seconds West 2,593.80 feet to a 5/8" iron rod with cap marked LB#3293; thence North 79 degrees 17 minutes 18 seconds West 3,370.36 feet to a 5/8" iron rod with cap marked LB#3293; thence South 67 degrees 18 minutes 11 seconds West 438.24 feet to a 4"x4" concrete monument and the TERMINAL POINT of said Survey Witness Line.

PARCEL "2"

A portion of fractional Sections 33, 34 and 35, Township 6 South, Range 3 West, a private subdivision of the Forbes Purchase land grant in Franklin County, Florida, lying South of State Road 30 (U.S. Highway 98), described as follows:

COMMENCE at a terra cotta monument marking the northwest corner of said Section 35, and the northwest corner of that parcel of land described in the instrument recorded in Deed Book 70, Page 237 of the Public Records of Franklin County, Florida and run thence Southerly along the westerly boundary of said property as follows: South 00 degrees 30 minutes 16 seconds West 900.04 feet to a concrete monument; thence South 35 degrees 17 minutes 46 seconds East 1493.34 feet to the northerly right of way of State Road 30 (U.S. Highway 98); thence leaving said westerly boundary and said northerly right of way, run South 15 degrees 15 minutes 52 seconds East 200.00 feet to the southerly right of way of State Road 30 (U.S. Highway 98) and the northwest corner of that parcel of land described in the instrument recorded in Deed Book 70, Page 73 of said public records for the POINT OF BEGINNING. From said POINT OF BEGINNING and leaving said southerly right of way, run South 14 degrees 48 minutes 13 seconds East along said westerly boundary a distance of 324.71 feet to a 4" x 4" plain-top

concrete monument; thence continue South 14 degrees 48 minutes 13 seconds East 312. 58 feet to a point lying South 86 degrees 43 minutes 31 seconds West 2.22 feet of a 5/8" iron rod with cap marked LB# 3293 and the beginning of a Survey Witness Line described herein; thence continue South 14 degrees 48 minutes 13 seconds East, a distance of 149.48 feet, more or less to the Mean High Water Line of the Gulf of Mexico, elevation 1.39 feet, National Geodetic Vertical Datum of 1929 (elevation 0.77 feet, North American Vertical Datum of 1988) as shown on the map or plat of survey prepared by Allen Nobles & Associates, Inc., Project Number 3796.010, survey date May 15, 2003; thence run Southwesterly along said Mean High Water Line a distance of 9,004 feet, more or less, to the northerly boundary of that parcel of land described in the instrument recorded in Official Records Book 229, Page 311 of the Public Records of Franklin County, Florida; thence leaving said Mean High Water Line, run North 89 degrees 12 minutes 53 seconds West along said north line a distance of 1.26 feet to a concrete monument, said point being the terminal point of the Survey Witness Line described herein; thence continue North 89 degrees 12 minutes 53 seconds West along said line, a distance of 258.82 feet to a point lying on the southerly right of way of State Road 30 (U.S. Highway 98); thence run along said southerly right of way as follows: said point lying on a curve concave to the northwest having a radius of 3,733.00 feet; thence run Northeasterly along said curve, through a central angle of 02 degrees 38 minutes 31 seconds, for an arc distance of 172.13 feet (the chord of said arc bears North 54 degrees 29 minutes 33 seconds East 172.12 feet); thence North 53 degrees 10 minutes 18 seconds East 237.59 feet; thence North 52 degrees 19 minutes 12 seconds East 705.54 feet to a point of curve to the right having a radius of 1,317.00 feet; thence run Northeasterly along said curve, through a central angle of 17 degrees 09 minutes 19 seconds for an arc distance of 394.33 feet; thence North 69 degrees 28 minutes 31 seconds East 528.28 feet to a point of curve to the left having a radius of 2,038.00 feet; thence run Northeasterly along said curve, through a central angle of 13 degrees 10 minutes 07 seconds for an arc distance of 468.40 feet; thence North 56 degrees 18 minutes 24 seconds East 165.41 feet to a point of curve to the right having a radius of 1,917.00 feet; thence run Northeasterly along said curve, through a central angle of 19 degrees 04 minutes 55 seconds for an arc distance of 638.44 feet; thence North 75 degrees 23 minutes 19 seconds East 1,134.97 feet to a point of curve to the left having a radius of 1,558.00 feet; thence run Northeasterly along said curve, through a central angle of 24 degrees 48 minutes 48 seconds for an arc distance of 674.73 feet; thence North 50 degrees 34 minutes 31 seconds East 1,115.48 feet to a point of curve to the left having a radius of 1,483.00 feet; thence run Northeasterly along said curve, through a central angle of 31 degrees 47 minutes 00 seconds for an arc distance of 822.66 feet to a point; thence South 70 degrees 40 minutes 01 seconds East 101.82 feet; thence North 59 degrees 14 minutes 59 seconds East 34.85 feet to a point lying on a curve concave to the northeast having a radius of 1,084.25 feet; thence run Southeasterly along said curve, through a central angle of 06 degrees 35 minutes 00 seconds, for an arc distance of 124.58 feet (the chord of said arc bears South 34 degrees 32 minutes 15 seconds East 124.51 feet) ; thence South 37 degrees 49 minutes 50 seconds East 61.40 feet to a point of curve to the left having a radius of 1,341.08 feet; thence run Southeasterly along said curve, through a central angle of 27 degrees 37 minutes 38 seconds for an arc distance of 646.65 feet to a point of compound curve to the left having a radius of 2,075.74 feet; thence run Easterly along said curve, through a central angle of 39 degrees 17 minutes 57 seconds, for an arc distance of 1423.75 feet; thence run North 75 degrees 14 minutes 45 seconds East 120.82 feet to the POINT OF BEGINNING, containing 96.75 acres, more or less.

The Mean High Water Line of the above described parcel being witnessed by a Survey Witness Line described as follows:

BEGIN at a 5/8" iron rod with cap marked LB#3293, marking the beginning of the Survey Witness Line and run thence Southwesterly along said witness line as follows: South 86 degrees 43 minutes 31 seconds West 2.22 feet to the easterly boundary of the above described parcel; thence leaving said easterly boundary, continue South 86 degrees 43 minutes 31 seconds West 2194.72 feet to a 5/8" iron rod with cap marked LB#3293; thence South 70 degrees 25 minutes 31 seconds West 2,621.66 feet to a 5/8" iron rod with cap marked LB#3293; thence South 79 degrees 04 minutes 39 seconds West 1,709.35 feet to a 5/8" iron rod with cap marked LB#3293; thence South 59 degrees 38 minutes 08 seconds West 1,955.52 feet to a concrete monument lying on the northerly boundary of that parcel of land described in the instrument recorded in Official Records Book 229, Page 311 of the Public Records of Franklin County, Florida and the TERMINAL POINT of said Survey Witness Line.

PARCEL "3"

A portion of Section 27 and fractional Sections 33 and 34, Township 6 South, Range 3 West, a private subdivision of the Forbes Purchase land grant in Franklin County, Florida, lying South of U.S. Highway 98 (State Road 30), described as follows:

COMMENCE at a terra cotta monument marking the northwest corner of Fractional Section 35, Township 6 South, Range 3 West, Franklin County, Florida and the northwest corner of that parcel of land described in the instrument recorded in Deed Book 70, Page 237 of the Public Records of Franklin County, Florida and run thence North 89 degrees 32 minutes 17 seconds West along the north line of Fractional Section 34, a distance of 1380.31 feet to the westerly right of way of State Road 377 (U.S. Highway 319), said point lying on a curve concave southeasterly and the POINT OF BEGINNING. From said POINT OF BEGINNING, run Southerly and Southwesterly along said right of way as follows: thence Southerly along said curve having a radius of 1008.00 feet, through a central angle of 05 degrees 31 minutes 51 seconds, for an arc distance of 97.30 feet (the chord of said arc bears South 00 degrees 16 minutes 36 seconds East 97.26 feet); thence South 03 degrees 02 minutes 32 seconds East 961.02 feet; thence South 86 degrees 40 minutes 29 seconds West 63.28 feet to a point lying on a non tangent curve concave to the west having a radius of 1,441.54 feet; thence run Southerly along said curve, through a central angle of 22 degrees 43 minutes 12 seconds, for an arc distance of 571.63 feet (the chord of said arc bears South 08 degrees 04 minutes 42 seconds West 567.89 feet); thence South 70 degrees 40 minutes 01 seconds East 77.21 feet to a point lying on a non tangent curve concave to the northwest having a radius of 1,417.00 feet; thence run Southwesterly along said curve, through a central angle of 31 degrees 48 minutes 31 seconds, for an arc distance of 786.67 feet (the chord of said arc bears South 34 degrees 40 minutes 16 seconds West 776.61 feet); thence South 50 degrees 34 minutes 31 seconds West 1,115.48 feet to a point of curve to the right having a radius of 1,492.00 feet; thence run Southwesterly along said curve, through a central angle of 24 degrees 48 minutes 48 seconds for an arc distance of 646.15 feet; thence South 75 degrees 23 minutes 19 seconds West 1,134.97 feet to a point of curve to the

left having a radius of 1,983.00 feet; thence run Southwesterly along said curve, through a central angle of 19 degrees 04 minutes 55 seconds for an arc distance of 660.42 feet; thence South 56 degrees 18 minutes 24 seconds West 165.41 feet to a point of curve to the right having a radius of 1,972.00 feet; thence run Southwesterly along said curve, through a central angle of 13 degrees 10 minutes 07 seconds for an arc distance of 453.24 feet; thence South 69 degrees 28 minutes 31 seconds West 528.28 feet to a point of curve to the left having a radius of 1,383.00 feet; thence run Southwesterly along said curve, through a central angle of 17 degrees 09 minutes 19 seconds for an arc distance of 414.09 feet; thence South 52 degrees 19 minutes 12 seconds West 705.05 feet; thence South 53 degrees 10 minutes 18 seconds West 237.10 feet to a point of curve to the right having a radius of 3,667.00 feet; thence run Southwesterly along said curve, through a central angle of 04 degrees 08 minutes 40 seconds for an arc distance of 265.25 feet to the south line of Fractional Section 33, Township 6 South, Range 3 West; thence leaving said westerly right of way, run North 89 degrees 12 minutes 53 seconds West along the aforesaid south line of Section 33, a distance of 332.25 feet to a point lying on a non tangent curve concave to the northwest having a radius of 2,048.00 feet; thence leaving said south line, run Northeasterly along said curve, through a central angle of 34 degrees 41 minutes 12 seconds, for an arc distance of 1,239.85 feet (the chord of said arc bears North 46 degrees 54 minutes 35 seconds East 1,221.00 feet) ; thence North 29 degrees 33 minutes 59 seconds East 183.00 feet; thence South 60 degrees 26 minutes 01 seconds East 16.00 feet; thence North 29 degrees 33 minutes 59 seconds East 1,440.63 feet to a point of curve to the right having a radius of 3,186.00 feet; thence run Northeasterly along said curve, through a central angle of 36 degrees 42 minutes 04 seconds for an arc distance of 2,040.81 feet; thence North 66 degrees 16 minutes 03 seconds East 1,656.67 feet to a point of curve to the left having a radius of 2,814.00 feet; thence run Northeasterly along said curve, through a central angle of 31 degrees 25 minutes 37 seconds for an arc distance of 1,543.49 feet; thence North 34 degrees 52 minutes 24 seconds East 1,317.40 feet; thence South 55 degrees 00 minutes 06 seconds East 153.10 feet to the aforesaid westerly right of way of State Road 377 (U.S. Highway 319); thence South 34 degrees 59 minutes 54 seconds West along said right of way a distance of 526.47 feet to a point of curve to the left having a radius of 1,008.00 feet; thence run Southerly along said right of way and curve, through a central angle of 32 degrees 30 minutes 35 seconds for an arc distance of 571.94 feet to the POINT OF BEGINNING, containing 232.83 acres, more or less.

PARCEL "4"

A portion of fractional Section 35, Township 6 South, Range 3 West, a private subdivision of the Forbes Purchase land grant in Franklin County, Florida, lying North of State Road 30 (U.S. Highway 98), described as follows:

COMMENCE at a terra cotta monument marking the northwest corner of fractional Section 35, Township 6 South, Range 3 West and the northwest corner of that parcel of land described in the instrument recorded in Deed Book 70, Page 237 of the Public Records of Franklin County, Florida and run thence South 00 degrees 30 minutes 16 seconds West along the westerly boundary of said property a distance of 900.04 feet to a concrete monument and the POINT OF BEGINNING. From said POINT OF BEGINNING, run thence South 35 degrees 17 minutes 46 seconds East 1,493.34 feet to the northerly right of way of State road 30 (U.S. Highway 98); thence run Westerly along said right of way as follows: thence South 75 degrees 14 minutes 45

seconds West 119.14 feet to a point of curve to the right having a radius of 1,875.74 feet; thence run Westerly along said curve, through a central angle of 23 degrees 22 minutes 45 seconds for an arc distance of 765.38 feet; thence leaving said right of way, run North 00 degrees 30 minutes 16 seconds East along the west line of said Section 35, a distance of 1,289.86 feet to the POINT OF BEGINNING, containing 13.60 acres, more or less.

ST. JAMES ISLAND UTILITY COMPANY
Schedule of Water Rate Base
At 80% of Design Capacity

DOCKET NO. 040247-WS
Schedule No. 1-A

DESCRIPTION	BALANCE PER UTILITY AND STAFF RECOMMENDED
Utility Plant in Service and Land	$3,444,129
Accumulated Depreciation	(658,718)
Contributions-in-aid-of Construction (CIAC)	(2,118,999)
Accumulated Amortization of CIAC	257,456
Working Capital Allowance	12,664
WATER RATE BASE	$936,532

ST. JAMES ISLAND UTILITY COMPANY
Schedule of Wastewater Rate Base
At 80% of Design Capacity

DOCKET NO. 040247-WS
Schedule No. 1-B

DESCRIPTION	BALANCE PER UTILITY AND STAFF RECOMMENDED
Utility Plant in Service and Land	$4,576,031
Accumulated Depreciation	(952,590)
Contributions-in-aid-of Construction (CIAC)	(2,965,231)
Accumulated Amortization of CIAC	420,906
Working Capital Allowance	13,700
WASTEWATER RATE BASE	$ 1,092,816

ST. JAMES ISLAND UTILITY COMPANY
Schedule of Cost of Capital
At 80% of Design Capacity

DOCKET NO. 040247-WS
Schedule No. 2

DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUST.	BALANCE PER STAFF	RECON ADJUST..	RECON. BALANCE	WEIGHT	COST RATE	WEIGHTED COST
Common Equity	$811,740	0	$811,740	0	$811,740	40.0%	11.40%	4.56%
Long and Short-Term Debt	1,217,609	0	1,217,609	0	1,217,609	60.0%	7.57%	4.54%
Customer Deposits	0	0	0	0	0	0.0%	8.00%	0.00%
Advances from Associated Companies	0	0	0	0	0	0.0%	0.0%	0.0%
Other	0	0	0	0	0	0.0%	0.0%	0.0%
	$2,029,349	0	$2,029,349	0	$2,029,349	100.0%		9.10%

Range of Reasonableness	High	Low
Common Equity	12.40%	10.40%
Overall Rate of Return	9.50%	8.70%

ST. JAMES ISLAND UTILITY COMPANY
Schedule of Water Operating Revenues
At 80% of Design Capacity

DOCKET NO. 040247-WS
Schedule No. 3-A

DESCRIPTION	UTILITY REQUESTED AND STAFF RECOMMENDED
Operating Revenues	$ 279,851
Operating and Maintenance	101,315
Net Depreciation Expense	58,644
Taxes Other Than Income	24,300
Income Taxes	10,343
Total Operating Expense	194,602
Net Operating Income(Loss)	$85,249
Water Rate Base	$936,532
Rate of Return	9.10%

ST. JAMES ISLAND UTILITY COMPANY
Schedule of Wastewater Operating Revenues
At 80% of Design Capacity

DOCKET NO. 040247-WS
Schedule No. 3-B

DESCRIPTION	UTILITY REQUESTED AND STAFF RECOMMENDED
Operating Revenues	$335,442
Operating and Maintenance	109,602
Net Depreciation Expense	84,340
Taxes Other Than Income	28,754
Income Taxes	13,272
Total Operating Expense	235,968
Net Operating Income(Loss)	$99,474
Wastewater Rate Base	$1,092,816
Rate of Return	9.10%

ST. JAMES ISLAND UTILITY COMPANY
Schedule of Monthly Rates and Charges

DOCKET NO. 040247-WS
Schedule No. 4
Page 1 of 4

Monthly Service Rates

WATER
Residential Service

Base Facility Charge Meter Size:	Utility Requested	Staff Recommended
5/8" x 3/4"	$ 29.09	$ 29.09
Full 3/4"	43.64	43.64
1"	72.73	72.73
1 ½"	145.45	145.45
2"	232.72	232.72
3"	465.44	465.44
4"	727.25	727.25
6"	1,454.50	1,454.50
8"	2,327.2	2,327.2
Charge per 1,000 gallons:	$2.91	
0-10,000	0	2.88
Over 10,000	0	3.60

Typical Residential Bills

5/8" x 3/4" meter	Utility Requested	Staff Recommended
3,000 gallons	$37.82	$37.73
5,000 gallons	$43.64	$43.49
10,000 gallons	$58.19	$57.89

ST. JAMES ISLAND UTILITY COMPANY
Schedule of Monthly Rates and Charges

DOCKET NO. 040247-WS
Schedule No. 4
Page 2 of 4

Monthly Service Rates (Continued)

WATER
General Service

Base Facility Charge Meter Size:	Utility Requested and Staff Recommended
5/8" x 3/4"	$ 29.09
Full 3/4"	43.64
1"	72.73
1 ½"	145.45
2"	232.72
3"	465.44
4"	727.25
6"	1,454.50
8"	2,327.2
Charge per 1,000 gallons:	$2.91

WASTEWATER

Residential Service

	Utility Requested and Staff Recommended
Base Facility Charge All Meter Size:	$ 34.36
Charge per 1,000 gallons (10,000 gallon maximum)	$ 3.54

Typical Residential Bills

5/8" x 3/4" meter	Utility Requested and Staff Recommended
3,000 gallons	$ 44.98
5,000 gallons	$ 52.06
10,000 gallons	$ 69.76

ST. JAMES ISLAND UTILITY COMPANY
Schedule of Monthly Rates and Charges

DOCKET NO. 040247-WS
Schedule No. 4

Monthly Service Rates (Continued)

WASTEWATER
General Service

Base Facility Charge Meter Size:	Utility Requested and Staff Recommended
5/8" x 3/4"	$34.36
Full 3/4"	51.54
1"	85.90
1 ½"	171.80
2"	274.88
3"	549.76
4"	859.00
6"	1718.00
8"	2,748.80
Charge per 1,000 gallons:	$3.54

CUSTOMER DEPOSITS

WATER
Residential and General Service

Meter Size:	Utility Requested Staff Recommended
5/8" x 3/4"	$ 0.00
Full 3/4" and over	Two Times Base Facility Charge

WASTEWATER
Residential and General Service

Meter Size:	Utility Requested Staff Recommended
5/8" x 3/4"	$ 0.00
Full 3/4" and over	Two Times Base Facility Charge

ST. JAMES ISLAND UTILITY COMPANY
Schedule of Monthly Rates and Charges

DOCKET NO. 040247-WS
Schedule No. 4
Page 4 of 4

MISCELLANEOUS SERVICE CHARGES

	Utility Requested Staff Recommended
Initial Connection	$ 15.00
Normal Reconnection	15.00
Violation Reconnection:	
Water	15.00
Wastewater	Actual Cost
Premises Visit (in lieu of disconnection)	10.00

ST. JAMES ISLAND UTILITY COMPANY
Schedule of Net Plant to Net C.I.A.C.
At 100% of Design Capacity

DOCKET NO. 040247-WS
Schedule No. 5

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	WATER	WASTEWATER
101	Utility Plant in Service	$3,458,169	$4,849,031
104	Accumulated Depreciation	(885,332)	(1,372,663)
	Net Plant	2,572,837	3,476,368
271	C.I.A.C.	2,211,039	3,316,231
272	Accum. Amortization of C.I.A.C.	(372,589)	(680,256)
	Net C.I.A.C.	1,838,450	2,635,975
	Net C.I.A.C./Net Plant	71%	75%
	Minimum Contribution Level	29%	21%
	Maximum Contribution Level	75%	75%