

ORIGINAL

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.



DIVISION OF WATER & WASTEWATER
CHARLES H. HILL
DIRECTOR
(850) 413-6900

Public Service Commission

August 12, 1998

Ms. Lois V. Demo
6713 Sunrise Drive
Panama City Beach, Florida 32407

Re: Docket No. 971401-WS, Application for a Staff Assisted Rate Case for Bayside Utilities, Inc. in Bay County

Dear Ms. Demo:

Thank you for your letter dated July 28, 1998 regarding the rate case which is being processed for Bayside Utilities, Inc. (Bayside or utility). As you may know, the staff assisted rate case process was developed by the Florida Legislature to assist customers of small water and wastewater customers such as Bayside. Instead of the utility having to retain outside accountants and engineers to process a rate case, Florida Public Service Commission (PSC) staff does the work and normally saves customers thousands of dollars in costs which would have been passed on to customers of the utility through rates. In answer to your concerns which you mentioned in your letter:

1. A staff audit of the utility's books, and a staff engineering investigation of the utility's plant was completed approximately March 10, 1998. The staff auditors not only reviewed the general ledgers of the utility, but examined the subsidiary ledgers, and selective analytical review procedures were applied. All expenses were reviewed by the auditors and engineers for prudence. If any expenses were found to be "out of line", staff made adjustments to them.

2. Staff reviewed the utility's records for your monthly usage in 1997 and agree that your monthly increase using the preliminary rates presented at the customer meeting of July 29, 1998 would be over 72% on an overall basis. Your analysis of expenses exceeding revenues is also correct at 31.6%. What this figure does not include is a return of \$28,157 on the utility's investment of over \$295,000 for both systems which, by law, they are entitled to. In reference to your comment on Bayside making up 1997 losses in 1998, the Commission does not allow a utility to make up for past losses in future rates. Rates are set on a prospective basis only. Any losses suffered by the utility prior to the effective date of the final Order in this rate case, must be absorbed by the utility.

3. As was also explained at the customer meetings, Bayside's rates must be designed using actual cost data of Bayside. Although adjoining developments may have lower rates, the utilities

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PSC Website: www2.scr.lnet/psc

Internet E-mail: contact@psc.state.fl.us

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Ms. Lois P. Demo
Page 2
August 12, 1998

which service these developments have many more customers, and economies of scale permit the lower rates. There are many differences between Commission-regulated systems and municipally-owned systems that affect rates. For example, municipally-owned systems do not have any income or property taxes and have access to low interest construction loans. Municipally-owned systems often serve a varied customer base and may structure rates which result in general service customers paying more than their fair share of the costs than the residential customers.

As far as the PSC "dissolving Bayside Utilities and turning over operation of the water and wastewater services to the City of Panama Beach", the PSC does not have the authority to dissolve a utility. We are charged with the responsibility of fixing rates which are just, reasonable, compensatory and not unfairly discriminatory. We also must allow a fair return on the investment of the utility in property used and useful in the public service. The Bayside Homeowners Association is examining ways to promote the sale or transfer of the utility to the City of Panama City Beach. The owner of the utility has stated she is willing to sell the utility, but the debt of the utility must be addressed.

As mentioned above, the rates and percentage increases contained in the accounting report were preliminary pending the outcome of the customer meetings, updated costs, and further staff investigation. Staff has revised the preliminary report and is preparing the final recommendation to the Commission which is scheduled to be filed August 20, 1998 for consideration by Commissioners at the September 1, 1998 Agenda Conference. You are welcome to attend the Agenda Conference and relay your concerns to the Commissioners. Once the Commissioners vote on staff's recommendation at Agenda, a Proposed Agency Action (PAA) Order will be prepared and issued within 20 days. Any substantially affected party may protest this PAA Order within a 20 day protest period after the Order issued. If there is no protest of the PAA Order, the Order becomes final.

Once the recommendation is filed, a copy will be sent to you and other Bayside customers who requested copies. If you have any further questions, or we can be of any further service, please don't hesitate to contact Mr. Troy Rendell (850)413-6934, or Mr. Bob Casey (850)413-6974, who are coordinating the rate case. Thank You.

Sincerely,


bill lowe
Assistant Director

BL:rc

cc: Division of Water and Wastewater (Hill, Willis, Rendell, Crouch, Casey, T. Davis)
Division of Legal Services (Jaeger)
Division of Records and Reporting (971401-WS)

WAW

ORIGINAL

July 28, 1998

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

RECEIVED

AUG 10 1998

Florida Public Service Commission
Division of Water and Wastewater

Subject: Docket No. 971401-WS, Bayside Utilities, Inc.

Dear Sirs,

The subject docket addresses application of Bayside Utilities, Inc. for a staff-assisted rate case in Bay County. I am a resident of Bay County and receive my water service from Bayside Utilities. I strongly object to the magnitude of the proposed rate increase for several reasons.

1. The background for this case identifies a test period during which expenses for water and wastewater exceed revenues by 31.6%. The background discussion does not identify any investigation of Bayside Utilities' operating practices or expenses. No discussion is made of any efforts on the part of Bayside Utilities to increase efficiency of operation in order to hold down or even reduce operating expenses. This appears to be an omission on the part of the Public Service Commission staff in its role to protect the public interest.
2. The rate case proposes increases, that for me personally, reflect a water rate increase of 68.1%, and a wastewater rate increase of 93.9%. The proposed rates will increase my average monthly water service bill from \$31.91 to \$55.16. This is a 72.3% increase in my monthly bill and represents a major expense for me, a 70 year old, retired divorcee trying to make ends meet on Social Security and a part time job. \$55 per month for water is 35% of what I pay per month for lot rent for my mobile home. How is a rate increase of 72.3% possible when Bayside Utilities' expenses exceed revenues by only 31.6%. I realize that Bayside Utilities will have to make up for losses in 1997 and part of 1998; but I also realize that once the rates go up it is highly unlikely that they will ever be readjusted down. This rate increase appears excessive in light of the conditions presented.
3. My son also lives in Panama City Beach; but, he receives his water from the City of Panama City Beach. He lives in a larger home and his monthly water usage is approximately 5 times mine. His average monthly water bill is \$24.75. he uses 5 times the water I use and pays less than 1/2 of what I would pay under the proposed rates. There is something seriously wrong here!

I sincerely hope that you will give reasonable consideration to what I have presented here. I really do not think that Bayside Utilities is operating the water and wastewater service as efficiently as possible and in the best interest of the public that it serves.

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It would appear to me that the Public Service Commission should give serious consideration dissolving Bayside Utilities and turning over operation of the water and wastewater services to the City of Panama City Beach. That action, instead of the proposed large rate increase, would better serve the interest of all concerned.

Sincerely,
Lois P. Demo
Lois P. Demo
6713 Sunrise Drive
Panama City Beach, FL 32407

me/12/98



Public Service Commission

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RECEIVED-FPSC
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REPORTING

DATE: August 10, 1998
TO: Division of Records and Reporting
FROM: Division of Legal Services (Jaeger)
RE: Docket No. 971401-Ws - Application for staff-assisted rate case in Bay County by Bayside Utilities, Inc.

Please place the following names on the mailing list as interested persons in the above-referenced docket.

Melissa Beard
 7104 Big Daddy Dr.
 Lot H-5
 Panama City Bch, FL 32407
 850-236-0790

John & Susan Barbour
 6615 Big Daddy Dr.
 Panama City Bch, FL 32407
 850-236-0950

Alver Bryan
 839 Linda Ln.
 Panama City Bch, FL 32407
 850-234-0768

Edgar Bryan
 6503 Sunrise Dr.
 Panama City Bch, FL 32407
 850-234-8932

Robert Wayne Campbell
 7104 Big Dadd Dr.
 Lot H-7
 Panama City Beach, FL 32407
 850-235-3689

Carrie Day
 7104 Big Daddy Dr.
 Lot H-3
 Panama City Bch, FL 32407
 850-236-8689

David S. Fox
 6825 Sunrise Dr.
 Panama City, FL 32407
 850-236-0822 or 866-0621

Lewis Skinner
 Rt. 1
 Enterprise, AL 36330
 334-347-8041

Juanita G. Supan
 1067 Bay Cir.
 Panama City Bch, Fl 32407
 850-234-5608

Jim Trawick
 6127 Big Daddy Dr.
 Panama City Bch, FL 32407
 850-233-8411

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Docket No. ~~970409-SU~~ 971401-WS

Page 2

James A. Wharton
1071 Bay Cir.
Panama City Bch, FL 32407
850-233-6696

Joe Grimes
7104 Big Daddy Dr.
Lot D-9
Panama City Bch, FL 32407
850-234-9112

Paul E. Jackson
917 Marina Dr.
Panama City, FL 32407
850-233-9888

Kenneth Loomis
825 Linda Ln.
Panama City Bch, FL 32407-5521
850-234-3634

Hoover Moore
809 Linda Ln.
Panama City Bch, FL 32407
850-235-2328

Eva M. Parker
1263 Mt. Bethel Rd.
McDonough, GA 30252
770-957-3239

Travis Windham, P.E.
3410 Transmitter Rd.
Panama City, FL 32404
850-872-4785

Mary S. Hoffman
7104 Big Daddy Dr.
Lot A-1
Panama City Bch, FL 32407
850-234-9370

Tarver A. Kitchens
1045 Bay Cir.
Panama City Bch, FL 32407-5501
850-235-2323

Kendall Middlemas
P.O. Box 1940
Panama City, FL 32402
850-747-5079

George Patterson
6513 Big Daddy Dr.
Panama City Bch, FL 32407

Bobby J. Pattillo
6123 Big Daddy Dr.
Panama City Bch, FL 32407
850-235-3318

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Docket No. 970409-SU 971401-WS
Page 3

Ann & Bill Poe
217 Mikes Ln.
Snarpsburg, GA 30277
770-253-3254

RRJ/lw

cc: Division of Water and Wastewater (Xanders)

g:\name-1st.rj

ORIGINAL

July 28, 1998

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

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WAS _____
OTH my friend

Sincerely,
Lois P. Demo
Lois P. Demo
6713 Sunrise Drive
Panama City Beach, FL 32407

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