

State of Florida



# Public Service Commission

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

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**DATE:** August 13, 1992  
**TO:** Division Water and Wastewater  
**FROM:** Division of Records and Reporting (Flynn) *MF*  
**RE:** Docket No. 920199-WS - Southern States/Deltona rate case

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Attached is a copy of Southern States' Notice of Intent to Request Confidential Classification, filed with regard to its responses to Public Counsel's Interrogatories and Requests for Production of Documents. With the Notice the Company filed the confidential documents, which were assigned Document No. 9107-92 and placed in the confidential files.

Attachment

cc: Division of Legal Services  
Division of Appeals (Brunson)  
Commissioners' Files

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Southern States Utilities, Inc. and Deltona Utilities, Inc. for Increased Water and Wastewater Rates in Citrus, Nassau, Seminole, Osceola, Duval, Putnam, Charlotte, Lee, Lake, Orange, Marion, Volusia, Martin, Clay, Brevard, Highlands, Collier, Pasco, Hernando, and Washington Counties.

Docket No. 920199-WS  
Filed: August 13, 1992

ORIGINAL FILE COPY

SOUTHERN STATES' NOTICE OF INTENT TO REQUEST CONFIDENTIAL CLASSIFICATION

SOUTHERN STATES UTILITIES, INC. and DELTONA UTILITIES, INC. (hereinafter referred to collectively as "Southern States"), by and through undersigned counsel, and pursuant to Rule 25-22.006(3), Florida Administrative Code, hereby files its Notice of Intent to Request Confidential Classification of specific documents provided to the OFFICE OF PUBLIC COUNSEL ("Public Counsel") and the Commission staff in response to Public Counsel's Interrogatories and Requests for Production of Documents. The information requested by Public Counsel is attached as Composite Exhibit "A" and pertains to salaries, benefits, state and federal income tax returns and related documents and information, and FICA wage base information. The grounds supporting a determination by the Commission that such information and documents contain proprietary and confidential business information are more fully discussed in Southern States' Amended Motion for Temporary Protective Order for Confidential Information filed on August 13, 1992.

On August 12, 1992, Southern States served the following proprietary and confidential written responses and documents on

DOCUMENT NUMBER-DATE

09102 AUG 13 1992

FPSC-RECORDS/REPORTING

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CIAB \_\_\_\_\_  
CTR \_\_\_\_\_  
EAG \_\_\_\_\_  
EL \_\_\_\_\_  
IN \_\_\_\_\_  
OPC \_\_\_\_\_  
SCH \_\_\_\_\_  
EC \_\_\_\_\_  
IAS \_\_\_\_\_  
TH \_\_\_\_\_

Public Counsel:

**Public Counsel's First Set of Interrogatories**

Appendix 6-A to Interrogatory No. 6.

Response to Interrogatory No. 42 and Appendices 42-A and 42-

B.

Response to Interrogatory No. 132 and Appendix 132-A.

**Public Counsel's Third Set of Interrogatories**

Appendix 206-C to Interrogatory No. 206.

**Public Counsel's First Set of Requests for Production of Documents**

Response to Request No. 28 and Appendices 28-A and 28-B.

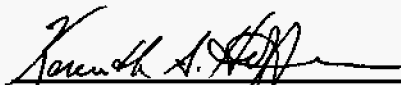
Response to Request No. 41 and Appendices 41-A through 41-J.

Response to Request No. 53 and Appendices 53-A through 53-C.

Copies of the above described documents have been served on this date on counsel for the Commission staff as reflected on the attached Certificate of Service. Said documents have been marked "Confidential" and are enclosed in a box marked "Confidential". No information included on such documents has been redacted.

Southern States will file a Request for Confidential Classification of said material within twenty-one (21) days as required by Rule 25-22.006(4), Florida Administrative Code.

Respectfully submitted,



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and

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Southern States Utilities, Inc.  
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Apopka, Florida 32703  
(407) 880-0058

Attorneys for Applicants Southern  
States Utilities, Inc. and  
Deltona Utilities, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Southern States' Notice of Intent to Request Confidential Classification was furnished by hand delivery, this 13th day of August, 1992, to the following:

Harold McLean, Esq.  
Office of Public Counsel  
111 West Madison Street  
Room 812  
Tallahassee, Florida 32399-1400

Matthew Feil, Esq.  
Catherine Bedell, Esq.  
Florida Public Service Commission  
Division of Legal Services  
101 East Gaines Street  
Room 226  
Tallahassee, Florida 32399

By:   
KENNETH A. HOFFMAN, ESQ.

**DOCKET NO. 920199-WS  
SOUTHERN STATES' NOTICE OF INTENT TO REQUEST  
CONFIDENTIAL CLASSIFICATION**

**COMPOSITE EXHIBIT "A"**

**PERTINENT PORTIONS OF PUBLIC COUNSEL'S  
FIRST AND THIRD SETS OF INTERROGATORIES**

- f. any cost associated with the transaction such as finder's fee, attorneys fees, recording fees, or the like;
  - g. whether the purchase was encouraged by the PSC or any representative thereof.
5. Are any of the company's systems physically interconnected; if so, which ones.
6. Identify all expenses associated with acquisitions and mergers incurred during each year for the years 1987, 1988, 1989, 1990, and 1991, and year to date, 1992; and for these years:
- a. indicate which system or company the expenses relate to;
  - b. indicate how much of the expense is related to acquisitions or mergers which resulted in a transfer to the company and how much is related to mergers and acquisitions which did not result in a transfer to the company;
  - c. indicate in what accounts the dollars were booked;
  - d. were the expenses incurred in 1991 removed from the test year, if so, state how they were removed, and if not, why not;
  - e. identify which, if any, officers of the company received any remuneration for activity related to acquisitions and mergers, and if so, the dollar amount.
7. Does the company have or employ any guidelines, policies or procedures for use in deciding whether a particular cost should be capitalized versus expensed.

41. Provide comparative operating and maintenance expenses and administrative and general expenses by sub-account numbers for the most recent three years for Southern States Utilities, Inc. (total company).

42. Please provide the following information for the test year and two preceding years:

- a. a list of the company's officers and their salaries.
- b. a list of salaries for administrative and general.
- c. a list of the expenses charged to Account 921.15, Miscellaneous Office Expense Supplies.
- d. a list of expenses and the associated justification for amounts charged to Travel and Entertainment, Officers.
- e. a list of expenses and justification for amounts charged to Travel and Entertainment - Other.

43. Has the company reacquired or repurchased any debt within the last ten years. If so, provide a summary of each gain or loss on reacquired debt, the date on which the company commenced amortization of such gain or loss, the regulatory commission



**terms senior management and executives should be interpreted as vice presidents and above.**

**b. If the response to (a) is affirmative, state the name and title of each senior manager and executive.**

**c. To the extent not indicated on each voucher, indicate in what account the travel and entertainment expenses are booked, and what allocation factor is used to allocate the costs to the various systems and companies.**

**d. To the extent not evident on the voucher, explain all codes used to charge expenses to different accounts, systems, and companies.**

**132. Public Relations:**

**a. Provide the name and title of all management employees (including those employed by subsidiaries or affiliates, including parent companies) who engage in public relations on behalf of the company.**

**b. State the salary and associated benefits amounts for each employee listed in response to (a) for the year 1991.**

c. To the extent not indicated on each voucher, indicate in what account the travel and entertainment expenses are booked, and what allocation factor is used to allocate the costs to the various systems and companies.

d. To the extent not evident on the voucher, explain all codes used to charge expenses to different accounts, systems, and companies.

133. Allocation:

a. Please state the company's rationale for using the average number of customers to allocate administrative and general expenses and customer accounts expense.

b. Did the company consider using any other allocation factors.

c. If the response to (b) is affirmative, describe all other allocation factors considered and explain why they were not used.

134. Miscellaneous expenses:

**h. Please explain why the Company made the adjustment "To Adjust for Shortened Software Life."**

**i. Please provide any workpapers and calculations used to develop this adjustment.**

**j. Please explain the Company's rationale for making the adjustment "To Adjust for Non-Used and Useful CIAC."**

**k. What is the PGI system and why is it considered Non-Used and Useful?**

**206. For purposes of this request, please refer to MFR Schedule B-1.**

**a. Please explain the Company's rationale for making the adjustment "To Reclassify Pensions and Benefits Consistent with NARUC."**

**b. Please provide any workpapers and calculations used to develop this adjustment.**

**c. Please describe how the Company's previous treatment of Pensions and Benefits was inconsistent with NARUC.**

d. Please explain why the Company's adjustment to add the allocation of 3 months of A&G to Lehigh results in an increase to expenses for the systems in the instant filing.

e. Please explain the Company's rationale for making the adjustment "Add Allocation of 3 Months of A&G allocated to Lehigh."

f. Please provide any workpapers and calculations used to develop this adjustment.

g. Please explain why the Company's adjustment to add the allocation of estimated annual Lehigh Expenses results in an increase to expenses for the systems in the instant filing.

h. Please explain the Company's rationale for making the adjustment "Add Allocation of Estimated Annual Lehigh Expenses."

i. Please provide any workpapers and calculations used to develop this adjustment.

j. Please explain the Company's rationale for making the adjustment "Add Allocation of Labor Adjustment Due to Sale of Deltona Gas."

k. Please provide any workpapers and calculations used to develop this adjustment.

l. Please explain why the Company sold Deltona Gas.

m. Please explain the Company's rationale for making the adjustment "Remove Payroll Taxes from Pensions and Benefits."

n. Please provide any workpapers and calculations used to develop this adjustment.

207. Please refer to MFR Schedule C-9.

a. Explain why the Company netted intercompany loans from the Topeka Group's long-term debt.

b. Has this method of calculating interest synchronization (netting intercompany loans from the parent company's debt) been approved by the FPSC in the past?

**PERTINENT PORTIONS OF PUBLIC COUNSEL'S  
FIRST SET OF REQUESTS FOR PRODUCTION OF DOCUMENTS**

23. Provide a copy of each adjusting entry proposed by the Company's independent auditors in their two most recent audits of the Company. Include supporting documentation.

24. Provide copies of the outside independent auditors' workpapers for each of the past three years for all the companies involved in this case.

25. Provide copies of the Company's monthly operating and financial reports for each month for the years 1989, 1990, and 1991, and year to date, 1992. Provide additional monthly operating reports for the current year as they become available.

26. Provide copies of all Company Annual Reports and 10K and 10Q reports for the years 1989, 1990, and 1991, and year to date, 1992.

27. Provide a copy of gross receipts tax and other revenue-based tax returns for the years 1989, 1990, and 1991, and year to date, 1992.

28. Provide a copy of each bonus and incentive compensation plan in use at the Company and the annual cost to the Company under each such plan for the years 1989,

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1990 and 1991 and state the annual budgeted cost expected to be incurred by the Company under each such bonus or incentive plan for the current year and the next three years.

29. Provide a complete copy of any and all revenue rulings, private letter rulings, tax regulations, court decisions, and IRS correspondence which the company has received since 1/1/89.

30. Provide a copy of all Federal and state income tax returns for the years 1988, 1989, 1990 and 1991, including a complete copy of any and all consolidating schedules, workpapers and Schedule M.

31. Provide a copy of any and all tax sharing agreements between the Company, its parent company, its Florida water and sewer operations, or any other affiliated entities.

32. For each Florida Company water and sewer operation, provide a copy of any and all offering statements, lot sales agreements, advertisements, publications, brochures, and other documents which discuss the provision of water and/or sewer service to (or payment for same by) purchasers of lots sold by the Company or by present or former affiliates of the Company.



39. Provide a copy of any and all accounting bulletins, controllers letters, Company correspondence, actuarial reports, workpapers and other documents discussing and/or quantifying the impact of moving to accrual accounting for post retirement medical benefits at the Company.

40. Provide a complete copy of the Company's policy with respect to employee relocation, including full details as to cost reimbursement.

41. Taxes, other than income taxes. Provide full supporting documentation, workpapers and correspondence associated with any and all taxes other than income taxes paid in the years 1989, 1990 and 1991. Also provide full supporting documentation, workpapers and correspondence associated with any refunds of taxes other than income taxes received in the past two years. Indicate which accounts were affected and the associated dollar amounts. Also describe how the Company intends to treat this item for rate case purposes.

42. Provide a complete copy of any of the Company's cash working capital studies in the past three years and a complete set of workpapers and assumptions underlying those studies, including any calculations under the formula and balance sheet methods.

50. Provide documents showing the derivation of the system-wide consolidated financial statements for the years 1990 and 1991. These documents should include, but are not limited to, the workpapers showing the trial balance or balance sheet and income statements of each subsidiary and the applicable consolidating adjusting entries and all related notes, adjustments and eliminations used to calculate the system-wide consolidated financial statements.

51. Provide the non consolidated financial statements of the following entities: BNI Coal; Lake Superior Paper Industries; Topeka Group, Inc.; Heater Utilities; and Minnesota Power and Light.

52. For the years 1990 and 1991 provide all documents showing, discussing, or analyzing the costs allocated from the parent, grandparent, or any affiliates or any division of any affiliate of the parent or grandparent to Southern States, Inc. of Deltona Utilities, Inc. This request includes, but is not limited to any summary document, financial statement, or spreadsheet showing Total Sum of allocated costs, their derivation or transfer, including any documents comparing amounts between years. In addition, this request includes the Total Sum of Florida Headquarter's cost that are allocated to the various operations. Allocated or transferred costs include direct and indirect costs.

53. Provide workpapers and salary listings supporting the FICA wage base used by the

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Company to compute FICA expense for 1989, 1990 and 1991.

54. Provide a copy of the Company's most recent actuarial study and a copy of the previous actuarial study of pension expense.

55. Provide all Company workpapers and any actuarial studies supporting calculations of the impact on the test year and three years prior for post retirement benefits.

56. Provide workpapers, calculations and source documents supporting the preparation of the factors used to allocate charges from Minnesota Power & Light, The Topeka Group, any affiliate, parent, grandparent, subsidiaries etc.

57. Provide copies of all travel and entertainment expense vouchers of the Company's senior management and executives which were booked in the test year. provide this for all parents, grandparents, affiliates, subsidiaries etc.

58. Provide a copy of the Company's chart of accounts.

59. Provide documentation explaining how the Company's parent(s) calculated the interest rate charged to the Company for funds borrowed from its parent(s).

60. Provide the underlying calculations, studies, and workpapers, showing how all