

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**ORIGINAL  
FILE COPY**

**REBUTTAL TESTIMONY OF JUDITH J. KIMBALL  
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
ON BEHALF OF  
SOUTHERN STATES UTILITIES, INC.  
DOCKET NO. 950495-WS**

DOCUMENT NUMBER-DATE  
**03398 MAR 21 88**  
FPSC-RECORDS/REPORTING

1 Q. ARE YOU THE SAME JUDITH J. KIMBALL WHO SUBMITTED  
2 PRE-FILED DIRECT TESTIMONY ON BEHALF OF SOUTHERN  
3 STATES?

4 A. Yes, I am.

5 Q. COULD YOU PLEASE GIVE THE PURPOSE FOR YOUR REBUTTAL  
6 TESTIMONY?

7 A. Yes, I will be rebutting various issues raised by  
8 Office of Public Counsel witnesses Hugh Larkin, Jr.  
9 and Donna DeRonne, as well as Kimberly Dismukes and  
10 Sugarmill Woods Civic Association witness Buddy L.  
11 Hansen. In addition, I will address various  
12 Exceptions and Disclosures raised in FPSC Witness  
13 Dodrill's testimony. For ease of understanding as  
14 to which party raised the issue, I will group the  
15 rebuttal by witness category. Within the rebuttal,  
16 testimony will be referred to as Larkin, K.  
17 Dismukes, Hansen and Dodrill. I will begin my  
18 rebuttal by addressing issues raised by Hugh  
19 Larkin.

20 Q. WHAT DOES YOUR FIRST ISSUE RELATE TO?

21 A. On pages 12 through 14 of Larkin's testimony, the  
22 issue of the dollars on SSU's books in Account 1030  
23 is discussed. Although this testimony did not  
24 result in an adjustment by Larkin, it was only  
25 because he felt that other proposed non-used and

1           useful adjustments more than covered the amount of  
2           dollars booked to Account 1030 by SSU. Therefore,  
3           Larkin feels an additional adjustment is not  
4           required. However, he has, on page 14, reserved  
5           the right to update his recommendation based on  
6           information to be provided in my deposition Late  
7           Filed Exhibit 1.

8           **Q.   WHAT DOES YOUR LATE FILED EXHIBIT 1 CONTAIN AND IS**  
9           **THERE A PROBLEM REGARDING THIS LATE FILED?**

10          A.   This exhibit contains a list of the plants and the  
11          associated dollars that are booked to Account 1030  
12          as of December 31, 1994, broken down between water,  
13          sewer, and general plant. This Late Filed was  
14          requested by the Office of Public Counsel during my  
15          deposition of November 8, 1995. That exhibit is  
16          included as Exhibit \_\_\_\_\_ (JJK-2). Larkin states  
17          that "As of January 26, 1996 we are still awaiting  
18          a response to Late Filed 1 from the Deposition of  
19          Judith Kimball..." This exhibit was delivered via  
20          a memorandum to Counsel of Record in Docket No.  
21          950495-WS on November 13, 1995 by Kenneth A.  
22          Hoffman, Esq. (along with my Late Filed Exhibit 2).  
23          A copy of the transmittal memorandum is attached as  
24          Exhibit \_\_\_\_\_ (JJK-3). I have to wonder why, if  
25          Larkin had not received this exhibit, it was not

1 brought to SSU's attention earlier. Instead,  
2 Public Counsel waited until almost three months  
3 later and presented it as a problem in completing  
4 their analysis and testimony.

5 **Q. IN YOUR OPINION, IS THERE A PROBLEM WITH THE**  
6 **COMPANY RECORDING NON USED AND USEFUL ASSETS IN**  
7 **ACCOUNT 1030 AND ROLLING THESE BALANCES INTO PLANT**  
8 **IN SERVICE IN THE MFRS?**

9 A. No, there is not. In fact, there has been no  
10 change in SSU's treatment of Account 1030 balances  
11 and MFR presentation in the current docket from  
12 prior presentations before the FPSC. SSU has  
13 always rolled Account 1030 balances for  
14 transmission and distribution and collection lines  
15 into plant in service balances in the MFRs. In the  
16 instant proceeding, the Account 1030 balances were,  
17 for the most part, already in the Company's  
18 beginning points because they appeared as part of  
19 the year-end balances (before the application of  
20 non-used and useful percentages) in Docket 920199-  
21 WS.

22 **Q. WHAT CHANGED IN THIS PROCEEDING?**

23 A. One plant, Deep Creek, had not been included in  
24 Docket 920199-WS because it was not then under FPSC  
25 jurisdiction. That plant has a considerable amount

1 of non-useful lines recorded in Account 1030. We  
2 had to add those balances into plant in service in  
3 the present case. We also had to review each  
4 plant's balance in Account 1030 at December 1994  
5 and compare it to the December 1991 balance to  
6 insure that if the account balance had increased or  
7 decreased from the 1991 balance, the dollars were  
8 trued up in the MFR presentation.

9 **Q. WHAT DO THE ASSETS THAT ARE BOOKED TO ACCOUNT 1030**  
10 **REPRESENT?**

11 A. Most of the future use dollars in Account 1030  
12 pertain to the Deltona plants and the three plants  
13 that were part of the Punta Gorda (PGI)  
14 acquisition. Deltona had dollars recorded to  
15 Account 1030 at the time they were acquired and  
16 merged into SSU. As a result, SSU simply carried  
17 their balances over into SSU's ledgers in like  
18 amounts. The balances carried over from the  
19 Deltona books had been in place for some time and  
20 had not been updated by Deltona as a result of the  
21 acquisition. Deltona only updated this information  
22 in preparation for a rate case. Although PGI did  
23 not have dollars recorded to Account 1030, their  
24 plants did have a considerable amount of  
25 contributed lines which were non-used and useful.

1           At the time of booking the acquisition, I did an  
2           "estimate" of an amount which I assumed to be  
3           reasonable to place in the non-useful category.  
4           There was no formal engineering study done on the  
5           PGI assets to make an accurate determination of  
6           what should be booked to Account 1030.

7           **Q.   AT DECEMBER 1994, THEN, DID THE AMOUNTS RECORDED IN**  
8           **ACCOUNT 1030 HAVE ANY RELEVANCE?**

9           A.   Not a whole lot.  They were pretty much stagnant  
10           amounts which had been on the books for quite some  
11           time and had not been updated with an engineering  
12           study to determine the non-useful value at December  
13           1994.  The study that did update the non-used and  
14           useful numbers was, in fact, that conducted for the  
15           current rate case.  Those results are published in  
16           the MFRs for Docket 950495-WS.

17           **Q.   IS IT UNUSUAL FOR ACCOUNT 1030 TO REFLECT BALANCES**  
18           **WHICH MIGHT NOT BE ENTIRELY ACCURATE AND UP-TO-**  
19           **DATE?**

20           A.   Not really.  Theoretically, non-used and useful is  
21           a ratemaking concept.  It is a time consuming  
22           endeavor to calculate and there are many diverse  
23           opinions as to the assumptions and methodologies  
24           which should be applied.  This is obvious from  
25           looking at Larkin's proposed \$51.5 million

1 adjustment to SSU's filed numbers. As a result,  
2 most utilities only do a sophisticated calculation  
3 when preparing for rate cases or service  
4 availability filings.

5 **Q. HAS ANY HARM BEEN DONE TO THE CUSTOMERS BY SSU**  
6 **ROLLING ACCOUNT 1030 BALANCES INTO PLANT IN SERVICE**  
7 **ACCOUNT 1010 IN THE MFRS?**

8 A. Absolutely not. When the balances are rolled into  
9 Account 1010 in the MFRs, the Engineering  
10 Department's current non-used and useful  
11 percentages are then applied to the total value of  
12 the assets. Interestingly, the total amount booked  
13 to Account 1030 at December 31, 1994 was  
14 \$34,908,326 as indicated in the FPSC Audit Report,  
15 Audit Exception 1. The total amount of non-used and  
16 useful lines in the MFRs (including the three  
17 counties that are not in the present docket) at  
18 December 1994 is \$39,022,150. The total non-used  
19 and useful at December 1994 (plant and lines) in  
20 the MFR's (also including the three counties) is  
21 \$52,327,668. It is obvious from this comparison,  
22 that the book numbers in Account 1030 had not been  
23 updated through 1994 and that the Company has  
24 actually presented more non-used and useful in the  
25 MFRs than what is recorded on the Company's books.

1 Obviously, there is no harm to ratepayers and no  
2 adjustment is necessary simply because SSU rolled  
3 the Account 1030 balance into the 1010 Account in  
4 the same manner which we have done in past cases.  
5 This procedural technique of presenting the  
6 information in the MFRS simply does not impact  
7 anything.

8 **Q. WHY ARE YOU INCLUDING DOLLARS THAT PERTAIN TO THE**  
9 **THREE COUNTY OPERATIONS IN YOUR COMPARISON?**

10 A. We need to look at it on a total Company basis  
11 because the numbers that are referred to by staff  
12 in the Audit Report and by Larkin in his testimony  
13 refer to the "Balance" in Account 1030, which is,  
14 in fact, a total Company balance.

15 **Q. IN YOUR OPINION, DOES IT MAKE SENSE TO BOOK NON-**  
16 **USED AND USEFUL AS A CATEGORY OF ASSET SEPARATE**  
17 **FROM UTILITY PLANT IN SERVICE?**

18 A. No, it does not. First of all, the utility would  
19 like to keep intact what represents the value of an  
20 asset. In the case of transmission and collection  
21 lines, many times it isn't a matter of entire  
22 segments of lines not having flows going through  
23 them. Most of the lines do have flow going through  
24 them; the non-used and useful is simply a  
25 percentage applied to that line value based on



1 various possible non used and useful scenarios.  
2 Thus, to capture a portion of the line and book it  
3 as non-useful is really meaningless. This is even  
4 more obvious when it comes to the plant side of the  
5 equation. To try to take the value of a well, for  
6 example, and say that twenty percent of it should  
7 be spun off and placed in future use plant is not  
8 only irrelevant because non-used and useful is a  
9 constantly changing number with growth and demand,  
10 but it also takes a continuing property record and  
11 attempts to divide it into two parts for book  
12 purposes. It is not something I think should be  
13 done.

14 Therefore, in late 1995 SSU took all assets  
15 except land which were booked to future use and  
16 moved them to the 1010 category. The Company is  
17 now depreciating all assets, whether theoretically  
18 useful or not. These assets were booked to Account  
19 1030 up to this time primarily to segregate them  
20 for the depreciation calculation.

21 **Q. IS THERE ANY FINAL POINT YOU WOULD LIKE TO MAKE**  
22 **ABOUT THE TREATMENT OF THE 1030 ASSETS ON THE BOOKS**  
23 **AND IN THE MFRS?**

24 A. I would just like to summarize by saying I believe  
25 utilities are in a no-win situation where the

1 accounting and MFR reflection of non-used and  
2 useful is concerned. On the book side, it is too  
3 expensive for the utilities to calculate non-used  
4 and useful on an annual basis and even if it were  
5 done, it is not good accounting treatment to break  
6 up an asset and record it in two accounts. I  
7 personally believe, with some understandable  
8 exceptions, that these assets should be rolled into  
9 plant in service on the books as well as in the  
10 MFRs and non-used and useful calculations should be  
11 updated when circumstances call for it.

12 **Q. DO YOU AGREE WITH THE PROJECT SLIPPAGE ADJUSTMENT**  
13 **PROPOSED BY LARKIN?**

14 A. No, I do not. Larkin bases his proposed adjustment  
15 on an SSU appendix provided in response to OPC  
16 Interrogatory 165 that presented the status of  
17 capital projects as of August 31, 1995. We have  
18 updated that appendix to reflect results as of  
19 December 31, 1995. This updated status report is  
20 included as Exhibit \_\_\_\_\_ (JJK-4). Also included  
21 as Exhibit \_\_\_\_\_ (JJK-5) is a summary of the  
22 information presented in the status report which  
23 makes the same comparisons as Larkin did, but  
24 through year-end 1995. This summary shows that  
25 actual in-service capital additions, excluding the

1 lines constructed under the Lehigh refundable  
2 advance agreement, totaled \$22,933,548 compared to  
3 \$24,508,825 included in the MFRs. On a year-end  
4 basis, this represents an overstatement in the MFRS  
5 of \$1,575,277 of in service capital projects, or a  
6 6.43% variance. More importantly, however, and  
7 consistent with Larkin's presentation, on a 13-  
8 month average basis, there is only a \$190,579  
9 variance between actuals and what is in the MFRs  
10 and it is a positive variance. In other words, on  
11 a 13-month average basis, actual in-service  
12 additions exceeded what was filed in the MFRs.  
13 This amount represents a 2.52% variance over what  
14 was filed. Exhibit \_\_\_\_\_ (JJK-5) also contains the  
15 monthly activity included in the calculation of the  
16 13-month average balance.

17 **Q. WHY HAVE YOU EXCLUDED THE LINES CONSTRUCTED UNDER**  
18 **THE LEHIGH REFUNDABLE ADVANCE AGREEMENT FROM THE**  
19 **COMPARISON OF TOTAL 1995 PLANT IN SERVICE PROJECTED**  
20 **IN THE MFRS VERSUS ACTUALS?**

21 A. This construction spending is removed from the  
22 analysis because completion of these projects is  
23 not at SSU's discretion; Lehigh Corporation is  
24 responsible for this construction. Let me explain  
25 a little further.

1           SSU projected a cost of \$1,602,000 associated  
2           with the water lines and \$905,000 for the  
3           wastewater collection lines for a total of  
4           \$2,507,000. Only \$204,128 and \$355,276 of water and  
5           wastewater lines, respectively, were placed into  
6           service. The removal of this \$2,507,000 from the  
7           "filed to actual" plant in service comparison  
8           reduces the deviation of filed to actual plant in  
9           service to six and forty-three one hundredths  
10          percent (6.43%). It is appropriate to ignore the  
11          \$2,507,000 for purposes of the "filed" to "actual"  
12          comparison for the following reasons: (1) the  
13          projects are funded by refundable advances; (2) the  
14          refundable advances operate as a reduction to rate  
15          base; (3) the funds were included in the 1995 plant  
16          in service projects solely to balance out the fact  
17          that the associated refundable advances had been  
18          included as deducted line items in the rate base  
19          calculation; (4) consideration of the refundable  
20          advances, a reduction to rate base, without  
21          consideration of the offsetting plant, an increase  
22          to rate base, would have resulted in an improper  
23          double reduction to rate base; and (5) the lines  
24          were not placed into service due to developer  
25          activity beyond SSU's control. The bottom line is

1           that there is no rate base and no revenue  
2           requirement impact from the fact that the  
3           associated lines were not placed into service.

4       **Q.    GIVEN THE ABOVE UPDATE THROUGH THE END OF 1995, IS**  
5       **A PROJECT SLIPPAGE ADJUSTMENT WARRANTED?**

6       A.    No, it is not.

7       **Q.    WHAT IS THE NEXT ADJUSTMENT YOU WILL ADDRESS?**

8       A.    Mr. Larkin proposes an adjustment to increase CIAC  
9           by the amount of non-used and useful applied  
10          against the categories of plant capacity fees and  
11          line/main extension fees by SSU in its MFRs.  
12          Larkin acknowledges that the offset for non-used  
13          and useful is appropriate in the case of  
14          contributed lines and contributed property other  
15          than lines. He has assumed that the plant capacity  
16          fees and line/main extension fees represent cash  
17          provided by utility customers and that the entire  
18          amount of the cash received is cost free capital to  
19          SSU and should not have non-used and useful applied  
20          to it.

21       **Q.    WHAT ARE THE PROBLEMS WITH LARKIN'S ASSUMPTIONS?**

22       A.    From Larkin's discussion on page 19, lines 11  
23           through 17, I believe he has assumed that SSU has  
24           applied non-used and useful percentages against  
25           plant capacity fees and line/main extension fees in

1 each service area. This is an erroneous  
2 assumption. There are only three plants that have  
3 had non-used and useful applied to these two  
4 categories of CIAC. Those plants are Burnt Store,  
5 Deep Creek, and Sugar Mill Woods. They are also  
6 referred to as the PGI plants as they are the  
7 plants acquired from Punta Gorda Isles, Inc.  
8 Exhibit \_\_\_\_\_ (JJK-6) shows the plants and amounts  
9 that reconcile to the total dollars Larkin is  
10 proposing to adjust in his Exhibit \_\_\_\_\_ (HL-1),  
11 Schedule 10. These amounts were taken from the  
12 1996 "A-12" Schedules in Volume III, Book 1 and  
13 Book 2 for Deep Creek, and workpapers contained in  
14 Volume XII, Books 1 and 7 for Burnt Store, water  
15 and wastewater, respectively, and Books 6 and 9 for  
16 Sugarmill Woods water and wastewater, respectively.

17 **Q. WHY DID SSU APPLY A NON-USED AND USEFUL PERCENTAGE**  
18 **TO PLANT CAPACITY FEES AND LINE/MAIN EXTENSION FEES**  
19 **AT THESE THREE PLANTS?**

20 A. There is a great deal of non-used and useful assets  
21 at these three plants. That non-used and useful  
22 existed at the time Southern States acquired the  
23 operations. These non-used and useful assets were  
24 funded by prepaid CIAC advanced by the developer at  
25 the time (1986/1987) in order to avoid the federal

1 tax on CIAC which was about to be passed into law.  
2 There are several important points regarding this  
3 prepaid CIAC. First of all, SSU never acquired the  
4 cash--it was spent to build the lines by the  
5 utility prior to SSU ownership. Secondly, this  
6 represents prepaid CIAC which should be fully  
7 offset against the non-useful assets, especially  
8 since SSU never received the cash. Third, this  
9 treatment of prepaid CIAC is consistent with that  
10 followed in the last rate case (Docket 920199-WS)  
11 for Burnt Store and Sugar Mill Woods and the last  
12 rate case before Charlotte County for Deep Creek.

13 **Q. IS THERE ANYTHING DIFFERENT ABOUT WHAT YOU HAVE**  
14 **DONE IN THESE MFR'S FROM THE PRESENTATION IN THE**  
15 **LAST CASE?**

16 **A.** Basically the treatment is pretty much the same.  
17 In the last case, the non-useful prepaids were  
18 removed from the rate case by the utility as a  
19 utility adjustment to its books. In the prior  
20 cases, I believe it was more difficult to see the  
21 entire picture because in some instances, the total  
22 pot of dollars was really not clear. In this case,  
23 we have presented the total CIAC dollars and then  
24 applied the non-useful calculation to show removal  
25 of the prepaids. The Commission supported the

1 removal of the prepaids in Docket 920199-WS.

2 **Q. WHERE DID THE NON-USEFUL PERCENTAGE COME FROM THAT**  
3 **WAS APPLIED TO THE CIAC DOLLARS?**

4 A. The percentage represents the composite non-used  
5 and useful percentage that was developed for the  
6 related plant in service non-useful calculations  
7 and comes directly from page 7 of the A-5(W) and A-  
8 6(S) plant in service schedules.

9 **Q. LARKIN ALSO INCLUDED ADJUSTMENTS TO ACCUMULATED**  
10 **AMORTIZATION OF CIAC RELATED TO THIS ISSUE. DO YOU**  
11 **AGREE WITH THOSE ADJUSTMENTS?**

12 A. The Company's position is that there should be no  
13 adjustment to remove the non-used and useful CIAC  
14 related to prepaids. If there are no adjustments  
15 made to SSU's numbers, then the related adjustments  
16 to accumulated amortization are inappropriate. If  
17 adjustments are made to SSU's numbers; either in  
18 the methodology or in the non-used and useful  
19 percentage, then a fall-out calculation to  
20 accumulated amortization of CIAC is proper.

21 **Q. WHAT IS THE NEXT PROPOSED ADJUSTMENT WHICH YOU**  
22 **DISAGREE WITH?**

23 A. Larkin has proposed reversing SSU's adjustment  
24 which restates accumulated depreciation to reflect  
25 the fact that the Company did not recover the



1 increased depreciation expense until final rates  
2 went into effect in September 1993. The proposed  
3 reversal would result in an increase to accumulated  
4 depreciation of \$199,086 and \$518,176 for water and  
5 wastewater, respectively. I disagree with Larkin's  
6 viewpoint that SSU is "retroactively" adjusting its  
7 books for items that SSU feels it has not fully  
8 recovered in rates in the past.

9 **Q. WHAT SPECIFICALLY DO YOU DISAGREE WITH?**

10 A. First, there is no way the Company recovered the  
11 new depreciation rates in the past when Docket  
12 900329-WS was dismissed (in the case of the Deltona  
13 plants) and when Docket 920199-WS was finalized and  
14 new rates were authorized and implemented in  
15 September 1993. Just because the new rates were  
16 used to calculate accumulated depreciation in past  
17 MFRs doesn't mean the Company has recovered any of  
18 that increased expense. Recovery doesn't begin  
19 until the Company begins to collect the revenue  
20 designed to include that additional expense. This,  
21 in fact, did not occur until September 1993. A  
22 basic concept of accounting is that expenses should  
23 be matched with revenue whenever feasible. That is  
24 one reason why there is such a thing as accrual  
25 accounting. If the Company's depreciation rates

1 reflect one level of expense and, yet, the revenue  
2 being collected reflects a different level of  
3 expense, then we have not properly matched the two.

4 Secondly, the restatement of accumulated  
5 depreciation for the Deltona plants for 1989 and  
6 1990 was nothing more than a correction of an  
7 error. These plants had incorrect rates in 1989  
8 and 1990 as a result of calculations originally  
9 done for Docket 900329-WS which was later  
10 dismissed. Unfortunately, SSU did not realize the  
11 rates had been changed for the MFRs in that  
12 proceeding and continued to use them in calculating  
13 depreciation expense through 1991 in Docket 920199-  
14 WS. Our adjustment for the Deltona plants simply  
15 corrects this mistake. Again, there was no earlier  
16 recovery because Docket No. 900329-WS was  
17 dismissed.

18 **Q. IS THERE ANY PRECEDENT THAT YOU KNOW OF FOR**  
19 **RESTATING ACCUMULATED DEPRECIATION TO REFLECT THE**  
20 **OLD RATES UNTIL THE REVENUE IS REALIZED WHICH**  
21 **OFFSETS THE NEW LEVEL OF EXPENSE?**

22 **A.** Yes there is. The FPSC issued, on November 6,  
23 1995, Order No. PSC-95-1376-FOF-WS, related to an  
24 application for a rate increase by Ortega Utility  
25 Company. In that Order, the FPSC states the

1 following:

2 "However, we do find that the  
3 reported balances for accumulated  
4 depreciation of plant and  
5 accumulated amortization of CIAC  
6 shall be reduced to remove the  
7 increment associated with adoption  
8 of guideline rates for MFR reporting  
9 purposes before service rates were  
10 increased to recover that added  
11 expense."

12 An earlier order issued in a rate application  
13 for Orange-Osceola Utilities in Docket 871134-WS,  
14 Order 20434, issued on December 8, 1988, also  
15 supports the above Commission position as follows:

16 "The Utility did not correctly  
17 institute the depreciation and  
18 amortization rates approved under  
19 Order No. 17366. These rates should  
20 have been instituted when the final  
21 rates became effective."

22 In addition, Staff Advisory Bulletin No. 17  
23 indicates a request for a "change in depreciation  
24 rates outside a revenue rate case"..."also has the  
25 drawback of the likelihood of not matching expenses

1 with revenues." It goes on to say "...there has  
2 been growing recognition that a change in  
3 depreciation rates should be associated with the  
4 timing of new revenue rates."

5 **Q. IS THERE A DIFFERENCE IN HOW THE RESTATEMENT OF**  
6 **ACCUMULATED DEPRECIATION FOR THE DELTONA PLANTS FOR**  
7 **1989 AND 1990 SHOULD BE VIEWED VERSUS THE PLANTS**  
8 **THAT HAD DEPRECIATION RESTATED FOR 1991 THROUGH**  
9 **AUGUST 1993?**

10 A. I don't believe there is. In both situations, the  
11 MFR's were prepared using guidelines rates. As  
12 Order 900329-WS was dismissed, and revenues from  
13 Order 920199 did not begin to be realized until  
14 September 1993, there is no possibility in either  
15 situation that SSU could have already recovered the  
16 higher depreciation expense through increased  
17 rates.

18 **Q. DID SSU PROVIDE FOR A RELATED DECREASE TO**  
19 **ACCUMULATED AMORTIZATION OF CIAC AS MENTIONED IN**  
20 **THE CITED ORDER?**

21 A. Unfortunately, SSU overlooked that side of the  
22 equation. However, that information has since been  
23 provided to FPSC staff in response to FPSC  
24 Interrogatory 33. That adjustment would result in  
25 an average and year-end decrease to water

1 accumulated amortization of CIAC of \$128,751 and a  
2 decrease to wastewater accumulated amortization of  
3 CIAC of \$135,129.

4 At the same time that we agree with the  
5 adjustment to CIAC amortization just mentioned, the  
6 Commission should know that actual CIAC booked in  
7 1995 is \$672,223 less than that projected for 1995  
8 in this docket. The downward CIAC variance is  
9 \$444,020 in water and \$228,203 in wastewater.  
10 Known downward adjustments should be offset against  
11 known upward adjustments. Doing so would result in  
12 a reduction of CIAC of \$315,269 and \$93,074 for  
13 water and wastewater, respectively.

14 **Q. DO YOU AGREE WITH THE PROPOSED CORPORATE INSURANCE**  
15 **ADJUSTMENT OF -\$96,458?**

16 A. No, I do not, for a variety of reasons. To begin  
17 with, there are several flaws in the numbers as  
18 presented in Larkin's Exhibit \_\_\_\_\_ (HL-1),  
19 Schedule 22, related to this issue. They are as  
20 follows:

21 (1) The actual 1995 insurance premiums as  
22 indicated by Larkin did not include the impact of  
23 the Buenaventura Lakes acquisition. Thus, when  
24 Larkin applies the attrition factor of 1.95% to the  
25 1995 actuals to arrive at the "1996 insurance

1 premium per OPC", he has understated the 1996  
2 premium by \$63,096. This represents the insurance  
3 costs Buenaventura Lakes brought into the rate case  
4 in 1996. Buenaventura insurance costs can be  
5 verified in Volume II, Book 3 of 4, pages 314  
6 through 317. Therefore, under Larkin's assumption  
7 in his exhibit, the "1996 insurance premium per  
8 OPC" would be \$692,223 instead of \$629,127.

9 (2) SSU's budgeted 1995 premiums indicated on the  
10 bottom of Schedule 22 also did not include the  
11 impact of Buenaventura Lakes' insurance. As a  
12 result, the budgeted 1996 premiums of \$772,720  
13 would also have to have \$63,096 added to that  
14 number for a new 1996 premium of \$821,036.

15 (3) Larkin tries to compare insurance expense to  
16 insurance premiums, which are two very different  
17 things. In Interrogatory 252, OPC asks for actual  
18 1995 insurance premiums, not expense. If one looks  
19 at MFR Volume II, Book 1, page 175 and adds up the  
20 total company insurance expense for 1995, it will  
21 be found that the number totals \$593,878. However,  
22 Interrogatory Appendix 252-A indicates that the  
23 total company insurance budget for 1995 was  
24 \$757,940. One of the reasons for this difference  
25 is that insurance costs are, in part, capitalized

1 as part of the overhead factor to the Company's  
2 capital projects. As a result, if an attempt is  
3 made to compare the MFR expense (accrual basis) to  
4 the budget (cash basis), it will never match, even  
5 if there was no variance in actuals from what was  
6 budgeted. Larkin attempts to arrive at the net of  
7 capital expense adjustment through his calculations  
8 on lines 8 through 11 of Schedule 22. The problem  
9 is that on line 1 he uses an understated amount for  
10 actual 1995 insurance premiums.

11 **Q. IS THERE UPDATED INFORMATION AS TO THE ACTUAL 1995**  
12 **INSURANCE PREMIUMS?**

13 A. Yes, there is quite a significant change as it  
14 relates to the premiums for workers compensation.  
15 The Company recently filed a revised response to  
16 OPC Interrogatory 252 which includes Appendix 252R-  
17 A which indicates the actual workers compensation  
18 premium disbursements in the years 1992 through  
19 1995 and the 1995 budget. The amount indicated as  
20 the 1995 actual premium for workers compensation in  
21 Appendix 252-A was necessarily incomplete. As the  
22 Company indicated in its initial response, the  
23 premiums for workers compensation were subject to  
24 year-end audits which could result in additional  
25 premiums being charged or credits being issued.

1           The \$136,023 indicated on that appendix did not  
2           include paid losses or the cash impact of premiums  
3           related to prior periods.     The new appendix  
4           indicates the Company paid out \$474,166 in 1995  
5           related to workers compensation; \$338,143 more than  
6           was indicated in Appendix 252-A as the Company's  
7           1995 actuals for workers compensation.   That would  
8           bring the Company's actual 1995 premiums in total  
9           for insurance to \$955,237 compared to a budget of  
10          \$757,940.   On a gross expense basis, the 1995 books  
11          recorded \$371,150 of workers compensation expense  
12          compared to a 1995 budget of \$250,000.   Obviously  
13          if any adjustment to gross insurance expense is  
14          warranted, it is an increase of \$121,150 -- the  
15          difference     between     the     \$250,000     workers  
16          compensation in the 1995 MFR projection and the  
17          \$371,150 actual expense for 1995--not a decrease.  
18          I have included the revised response to OPC  
19          Interrogatory 252 as Exhibit \_\_\_\_\_ (JJK-7).   SSU  
20          requests that the increase in 1995 workers  
21          compensation expense above the expense projected in  
22          the MFRs be used as an offset to any reduction the  
23          Commission may find to SSU's expenses without  
24          exceeding the revenue requirement projected in the  
25          MFRs.



1       **Q.    IS THERE ANYTHING ADDITIONAL YOU WOULD LIKE TO ADD**  
2       **REGARDING THIS ADJUSTMENT?**

3       A.    Yes there is.  On Larkin's Schedule 22 and on many  
4       of the other schedules proposing adjustments,  
5       witnesses have used the Company's 1996 attrition  
6       factor of 1.95% in calculating the adjustments.  
7       When the Commission is considering downward  
8       adjustments to the Company's expenses, it should  
9       also keep in mind that the actual price index for  
10      1996 established by the FPSC in Docket 960005-WS  
11      issued February 9, 1996 is 2.49%, not the  
12      conservative 1.95% used in the current filing.  The  
13      known and quantifiable figure of 2.49% should be  
14      applied to the 1995 FPSC filed expenses and the  
15      resulting increased expense of \$45,107 should be  
16      considered as an offset to any decreases to SSU's  
17      revenue requirements.  To do otherwise would  
18      encourage utilities to use "high-end" projections  
19      in MFRs to avoid being detrimentally impacted if  
20      projections, such as SSU's 1.95% attrition factor,  
21      are determined to have been too conservative.  
22      Exhibit \_\_\_\_\_ (JJK-8) contains the attrition  
23      differential calculation.  Also SSU sees no  
24      distinction between the proposed adjustment to  
25      recognize the impact of a subsequent PSC order

1 regarding attrition and the Commission's standard  
2 practice, customarily agreed to by SSU to adjust  
3 cost of capital to the level indicated in the  
4 Commission's leverage graph order in effect at the  
5 date of the Commission's agenda conference.

6 **Q. DOES THAT COMPLETE YOUR REBUTTAL OF LARKIN'S**  
7 **TESTIMONY?**

8 A. Yes it does. I will now address some of K.  
9 Dismukes proposed adjustments. The first issue I  
10 will discuss relates to the proposal to move some  
11 Lehigh land to future use from plant in service. I  
12 will only address the accuracy of the numbers;  
13 Witness Vierima will discuss the proposed 60%  
14 reduction to the land values.

15 **Q. DO YOU AGREE WITH THE VALUES OF THE LAND AS**  
16 **PRESENTED IN EXHIBIT \_\_\_\_\_ (KHD-1), SCHEDULE 37?**

17 A. The numbers in the top half of the schedule  
18 totaling \$257,577 are correct and represent the  
19 direct costs of the land acquisition. SSU has  
20 already indicated in response to FPSC Audit Request  
21 #104 that inclusion of the first three of these  
22 parcels in the MFRs was an oversight and that  
23 \$238,310 of direct costs related to these three  
24 parcels should have gone to future use land. What  
25 is not included on the top half of the schedule is

1 the total cost which has been included in the MFRs  
2 for the land which includes such things as  
3 consulting fees and overhead. As explained in my  
4 response to Audit Request #104, when these costs  
5 are added to Parcel 4, which is to remain in plant  
6 in service, the value of that parcel becomes  
7 \$33,203. In the presentation on the lower part of  
8 the schedule, K. Dismukes presents the 60%  
9 reduction to Parcel 4 as pertaining to sewer. This  
10 parcel of land pertains to the water plant, not  
11 wastewater.

12 **Q. IF THE COMMISSION SUPPORTED THE 60% REDUCTION TO**  
13 **THE LAND VALUES, IS IT PROPER TO MAKE THIS**  
14 **CALCULATION ON THE TOTAL AMOUNT INCLUDED IN THE**  
15 **MFRS?**

16 A. No, it is not. That calculation should only be  
17 applied to the direct cost of the land from Lehigh.  
18 It should not be applied to SSU's costs associated  
19 with the land acquisition.

20 **Q. WHAT IS THE SECOND ISSUE IN K. DISMUKES' TESTIMONY**  
21 **WHICH YOU WILL DISCUSS?**

22 A. The second issue regards the proposed adjustment to  
23 remove non-used and useful assets from Lehigh's  
24 plant in service as they relate to the developers  
25 agreement with Lehigh Corporation and the

1 associated advances for construction. It appears  
2 that the main concern regarding this item is  
3 Dismukes' contention that additional lots were not  
4 taken into consideration in the denominator when  
5 calculating non-used and useful using the lot count  
6 methodology. From a methodology standpoint, I  
7 believe K. Dismukes agrees with the SSU  
8 presentation. Her testimony, on page 85, line 3,  
9 indicates they are waiting for outstanding  
10 discovery on this issue. I believe OPC  
11 Interrogatory 343 is the discovery being  
12 referenced. I have attached SSU's response to that  
13 interrogatory as Exhibit \_\_\_\_\_ (JJK-9). I believe  
14 it to be concise in explaining why the methodology  
15 followed by the Company is correct as well as the  
16 consequences of not following that methodology.

17 **Q. IS THERE ANY OTHER RELEVANT INFORMATION THAT NEEDS**  
18 **TO BE DISCUSSED?**

19 A. Yes, there are a few mechanical problems with  
20 Schedule 38. First of all, the "1996 average  
21 additions-LAC" which appears on the 4th line of the  
22 schedule as reflected by Dismukes are simple  
23 average numbers but should be 13-month averages.  
24 The correct 13-month average numbers are \$93,077  
25 and \$191,019 for water and wastewater,

1           respectively. The contractor payments (line 5) are  
2           also simple averages instead of 13-month averages.  
3           The correct numbers are \$57,538 for water and  
4           \$111,692 for wastewater.

5           One final point relates to page 85, lines 9  
6           through 11, of K. Dismukes' testimony where she  
7           infers that the Company has said that "only a small  
8           portion of these assets are related to customers  
9           that have connected to the system." I reviewed 500  
10          pages of an Appendix to Document Request 196 which  
11          she refers to and could find no statement by the  
12          Company to that effect. Perhaps she is making this  
13          inference from looking at the numbers alone, but  
14          she has not made that clear. As these were  
15          projected numbers, it would not seem the Company  
16          would be in a position to make such a statement.

17          **Q. ARE YOU, THEN, ACCEPTING THESE ADJUSTMENTS WITH THE**  
18          **CHANGES INDICATED ABOVE?**

19          A. I am only accepting in theory that what is being  
20          proposed is correct in that SSU failed to calculate  
21          the appropriate non-used and useful percentage.  
22          The amount of the ultimate adjustment actually is a  
23          fall out number based on the final non-used and  
24          useful percentage arrived at by the Commission. It  
25          would be totally inappropriate to recognize this

1 adjustment to non-used and useful in the amount of  
2 \$1.8 million on top of a new non-used and useful  
3 percentage. The new percentage should take this  
4 adjustment into consideration. It is important to  
5 note that care must be exercised in making any  
6 adjustments related to this issue. If, for  
7 example, a true-up downward adjustment to Lehigh  
8 plant in service is made as indicated in Exhibit  
9 \_\_\_\_\_ (JJK-5), the same adjustment needs to be made  
10 to the advances before non-used and useful is  
11 applied. The net result should be no net impact to  
12 rate base or revenue requirements. In theory, the  
13 way we have approached the presentation is correct.  
14 Realistically, the actual non-used and useful  
15 percentage will not exactly equal the amount of  
16 advances being removed from the equation. Overall,  
17 a percentage is being applied to a large asset base  
18 constructed over long periods of time and at  
19 different cost rates. Theoretically, however, all  
20 else being equal, if the numbers are calculated  
21 correctly, the end result should have been a zero  
22 impact to rate base, which is what all parties are  
23 attempting to accomplish.

24 **Q. WHAT IS THE FINAL ADJUSTMENT PROPOSED BY K.**  
25 **DISMUKES WHICH YOU WILL DISCUSS?**

1       A.    She has provided the adjustments to the  
2            Buenaventura Lakes rate base which are required to  
3            make the MFRs consistent with Commission  
4            adjustments found in Order No. PSC-95-1325-FOF-WS,  
5            Docket No. 941151-WS, issued October 31, 1995. The  
6            rate base adjustments are as of December 31, 1994.  
7            We agree that the adjustments to rate base provided  
8            on her Schedule 39 are those ordered by the  
9            Commission and that an adjustment to the MFRs in  
10           the same amounts is appropriate.

11       **Q.    DO YOU AGREE WITH THE CALCULATIONS TO REDUCE**  
12            **DEPRECIATION EXPENSE PRESENTED ON THE LOWER HALF OF**  
13            **SCHEDULE 39?**

14       A.    No, I do not. The calculations simply take the  
15            adjustments made to plant and CIAC and calculate  
16            one year of expense using composite depreciation  
17            and amortization rates. It is not appropriate to  
18            make these calculations on the total adjusted plant  
19            and CIAC amounts because these adjustments contain  
20            1994 book activity which SSU already has in its  
21            MFRs. SSU has provided detailed calculations to  
22            FPSC staff as Late Filed Exhibit 1 from my  
23            deposition taken on January 19, 1996. That Late  
24            Filed contains a detailed recalculation of  
25            depreciation expense and amortization expense for

1 1996 which can be compared to the original MFRs to  
2 determine the adjustment required. The proper  
3 adjustment is a net decrease to depreciation  
4 expense of \$2,132 in water and \$78,535 in  
5 wastewater.

6 **Q. IS THERE ANY OTHER INFORMATION WHICH IS RELEVANT TO**  
7 **THE MATTER OF THE APPROPRIATE RATE BASE FOR**  
8 **BUENAVENTURA LAKES?**

9 A. Yes, there is. While in the process of preparing  
10 the above mentioned Late Filed Exhibit 1, it came  
11 to our attention that certain asset retirements had  
12 not been properly offset to the accumulated  
13 depreciation reserve. This oversight, if  
14 corrected, would reduce water accumulated  
15 depreciation by \$6,894 and would reduce wastewater  
16 accumulated depreciation by \$198,578. It was also  
17 discovered that the calculations performed to  
18 remove capitalized interest utilized the  
19 Commission's approved depreciation rates instead of  
20 the incorrect rates used by Orange-Osceola on their  
21 books. The adjustment should be based on the  
22 incorrect depreciation rates. The correction of  
23 this calculation would increase water accumulated  
24 depreciation by \$513 and decrease wastewater  
25 accumulated depreciation by \$35,317. The



1 Commission approved all of these adjustments to  
2 accumulated depreciation by unanimous vote at the  
3 March 5 Agenda Conference. Therefore, these  
4 adjustments should be reflected in this proceeding.  
5 In response to a staff request, SSU has revised my  
6 deposition Late Filed Exhibit No. 1 to reflect this  
7 change to accumulated depreciation and forwarded it  
8 to the Commission on March 12, 1996.

9 **Q. DOES THE NEXT ISSUE TO BE DISCUSSED CONCERN WITNESS**  
10 **HANSEN'S TESTIMONY ON BEHALF OF THE SUGARMILL WOODS**  
11 **CIVIC ASSOCIATION?**

12 A. Yes, and it also addresses a portion of the FPSC  
13 Audit Report sponsored by Staff Witness Charleston  
14 J. Winston. The issue I would like to discuss now  
15 relates to the adjustment the Company made to the  
16 beginning points of wastewater CIAC in that portion  
17 of the MFRs related to the Sugarmill Woods or "SMW"  
18 service area. It is discussed in Audit Disclosure  
19 No. 3 in the FPSC Audit Report.

20 **Q. WHAT IS THE AMOUNT OF THAT ADJUSTMENT AND WAS IT**  
21 **AUDITED BY COMMISSION AUDITORS?**

22 A. The amount of the wastewater adjustment to the CIAC  
23 beginning points was a \$1,116,283 reduction to  
24 CIAC. Hansen made the point that Staff and/or OPC  
25 should audit the Sugarmill Woods CIAC account going

1 back to the audit for the certificate transfer.  
2 The auditor, Ronald Mayes, did exactly that. He  
3 "reconstructed the 'book balance' as of 12/31/91."  
4 As stated in his Audit Disclosure No. 3, "There is  
5 a definite difference between the amounts as filed  
6 in Docket #920199-WS and the financial records of  
7 the Company as of 12/31/91. The auditor did not  
8 find any errors in the 'booked amounts'".

9 **Q. MR. HANSEN STATES IN HIS TESTIMONY THAT HE DOES NOT**  
10 **KNOW ANY OF THE PARTICULARS OF THAT MISTAKE. DO**  
11 **YOU AGREE WITH HIS STATEMENT?**

12 A. No, I do not. In the second set of Interrogatories  
13 filed on SSU by Sugarmill Woods Civic Association,  
14 Interrogatory Number 23 specifically questioned  
15 this adjustment. Along with other information  
16 filed with our response to this interrogatory, we  
17 provided a brief explanation saying both the  
18 auditor and SSU had been unable to explain what had  
19 happened to cause the mistake in the past -- which  
20 mistake was to the detriment of SSU by resulting in  
21 an understatement of revenue requirements. SSU  
22 also included Appendix 23-B in our response which  
23 consisted of 56 pages of information provided to  
24 the FPSC auditor regarding this issue. Review of  
25 this information should have provided some

1 knowledge of the matter to Mr. Hansen and it  
2 certainly should have put him on notice that an  
3 FPSC staff auditor already had audited this  
4 information from the time of the certificate  
5 transfer before Mr. Hansen submitted his testimony.

6 **Q. DO YOU HAVE ANY NEW INFORMATION ON THIS MATTER?**

7 A. Yes. Since conclusion of the audit and after SSU's  
8 response to SMW Civic Association discovery, we  
9 contacted Bob Nixon, the consultant who put the SMW  
10 rate base together in Docket 920199-WS, under the  
11 supervision of Chuck Lewis, who has since left the  
12 Company. Mr. Nixon produced his workpapers for us  
13 and indicated they had added back to the CIAC  
14 accounts certain amounts that had been charged to  
15 the Acquisition Adjustment account in 1989. His  
16 workpapers confirmed that they had added back to  
17 wastewater CIAC \$1,108,870 that had been booked to  
18 the acquisition adjustment account as a credit.  
19 Mr. Nixon could not remember why they had done  
20 this. My belief is that they thought the entry  
21 that had been booked to the acquisition adjustment  
22 account as a credit was in error and that it should  
23 have been booked to CIAC. If that is what  
24 happened, it was a totally unfounded assumption and  
25 the books are correct as they stand.

1 Q. COULD YOU ATTEMPT TO EXPLAIN THE CIRCUMSTANCES  
2 BEHIND WHAT YOU BELIEVE WAS THE CAUSE OF THE  
3 OVERSTATEMENT OF CIAC IN THE MFRS FOR DOCKET  
4 920199-WS?

5 A. The transaction that created the overstatement of  
6 CIAC involved a \$4.9 million transfer of utility  
7 assets from Punta Gorda Isles, Inc. to Southern  
8 States' Sugarmill Woods water and sewer plant  
9 assets for lines that were installed in Oak  
10 Village. This transfer was consummated on August  
11 21, 1989 even though it was part of the original  
12 purchase agreement closed in December 1988.  
13 Construction was not yet complete and the Division  
14 of Florida Land Sales had not yet signed off on the  
15 project as to completion of the improvements at the  
16 time of closing the acquisition.

17 When the assets were turned over to Southern  
18 States, a list was received from the Controller of  
19 Punta Gorda Isles which indicated those lots for  
20 which Advances for Construction (prepaid CIAC) had  
21 already been received and recorded on the utility's  
22 books. The water advances totaled \$87,080 and the  
23 wastewater advances, \$1,108,870, or a total of  
24 \$1,195,950. When the transaction was recorded by  
25 Southern States, the entire credit of \$1,195,950

1 should have been recorded to Acquisition  
2 Adjustment, because it was already included in the  
3 Advances account. Instead, the transaction was  
4 incorrectly recorded to CIAC in the full amount of  
5 \$4.9 million with the offset being to various plant  
6 in service accounts.

7           Once the CIAC overbooking was discovered, the  
8 amount of the advances (\$87,080 for water and  
9 \$1,108,870 for wastewater) were reversed out of  
10 CIAC and the Acquisition Adjustment account was  
11 credited in total for \$1,195,950. It is this  
12 credit entry that went to the Acquisition  
13 Adjustment account that was added back to CIAC in  
14 the MFRs prepared in Docket 920199. The \$87,080 is  
15 exactly the amount of the difference on the water  
16 side between what the MFRs said and what the books  
17 said. On the wastewater side, the adjustment to  
18 the beginning points was \$1,116,283, \$1,108,870 of  
19 which relates to the above described transaction.  
20 When the MFRs were put together for Docket 920199-  
21 WS, they probably believed this correction of a  
22 previous error in booking was wrong--therefore,  
23 they added it back to CIAC. This leaves a  
24 wastewater unexplained difference of \$7,413.  
25 Exhibit \_\_\_\_\_ (JJK-10) provides a reconciliation

1 between the amount included in the MFRs in Docket  
2 920199-WS and the books.

3 **Q. DO YOU AGREE WITH MR. HANSEN'S POSITION THAT PEOPLE**  
4 **WHO HAVE PREPAID CIAC AND HAVE NOT BUILT ON THE LOT**  
5 **SHOULD RECEIVE A REFUND?**

6 A. No, I do not. First of all, most if not all of the  
7 prepayments were made by the developer, not the  
8 individual who might own a lot but has not yet  
9 built on it. Secondly, even though SSU booked the  
10 prepayments as CIAC SSU never received possession  
11 of that cash CIAC. It was used to build lines by  
12 the utility prior to SSU's ownership. On top of  
13 that, SSU does not earn on the related assets  
14 because they are non-used and useful and, of  
15 course, SSU never earns on the CIAC. In addition,  
16 SMW will continue to require capital improvements  
17 throughout the years which, given the nature of the  
18 prepaids, will have little, if any, future funding  
19 from CIAC. Given the above facts, I see no  
20 justification for a refund of CIAC on the part of  
21 SSU.

22 **Q. PLEASE COMMENT ON THE CONTENTS OF AUDIT EXCEPTION**  
23 **NUMBER ONE FROM THE FPSC AUDIT REPORT AS SPONSORED**  
24 **BY R. DODRILL.**

25 A. It is difficult, to say the least, to figure out

1           how to approach a response to this audit exception.  
2           I think the conclusion reached by Mr. Dodrill in  
3           this Exception is that SSU's books and records are  
4           in violation of Rule 25-30.450 which says that  
5           worksheets, etc. supporting the schedules and data  
6           submitted must be organized in a systematic and  
7           rational manner so as to enable Commission  
8           personnel to verify the schedules in an expedient  
9           manner and minimum amount of time. That conclusion  
10          was, I believe, the result of the Company saying it  
11          would take two weeks to reconcile Accumulated  
12          Depreciation in the general ledger to Accumulated  
13          Depreciation in the MFRs. I do not believe the  
14          need for that reconciliation and the time that it  
15          would take has anything to do with the ability to  
16          follow the MFRs or to expediently review them. Mr.  
17          Dodrill had been told very early in the audit how  
18          accumulated depreciation had been handled in the  
19          MFRs and that it would take some time to do a  
20          reconciliation since we had never been asked to do  
21          that before. His real problem was that he forgot  
22          to ask us to do this until his audit period was  
23          almost over because he concentrated so much of his  
24          audit time on Marco Island. Out of 54 Audit  
25          Service Requests submitted by Dodrill, 35 pertained

1 to Marco Island. Through September 25 (only three  
2 weeks prior to the end of the field work), Dodrill  
3 had only submitted seven Audit Service Requests on  
4 matters other than Marco Island.

5 On Friday, October 6, Mr. Dodrill presented me  
6 with Audit Document Request #113 with the due date  
7 left blank. The request was a two part request  
8 which included as part A, a request for the lead  
9 workpapers for depreciation expense calculations,  
10 including support for the rates used. Part B of  
11 the request was for the reconciliation of book  
12 Accumulated Depreciation to MFR Accumulated  
13 Depreciation. Mr. Dodrill asked me when we would  
14 be able to get this information to him. I told him  
15 that it would take us at least two weeks to  
16 accomplish--that the person I would have work on  
17 this project was scheduled to attend the NARUC  
18 school the week of October 9 and would therefore be  
19 out of the office for a week. As a result, I asked  
20 for a due date of Friday, October 20. Mr. Dodrill  
21 ignored my request and put a due date of October  
22 13, 1995 with "FIRM" written after it. On Monday,  
23 October 9, I provided Mr. Dodrill with the  
24 information for part A of the request. I had  
25 indicated the earliest we could respond with Part B



1 was by Friday, October 20. Upon giving Part A to  
2 Mr. Dodrill, I explained that I kept the rate  
3 analyst from going to the NARUC school in order to  
4 complete this request. I also told him that if he  
5 had told me early in the audit that he was going to  
6 be asking for this, that we would have had it done.  
7 Mr. Dodrill admitted that he had forgotten to ask  
8 for it. Obviously the looming completion date of  
9 the field work (October 13) was now weighing  
10 heavily on his mind. Part B of the request was  
11 faxed to Mr. Dodrill at the Orlando field office at  
12 9:30 a.m. on Monday, October 23. It is included as  
13 Exhibit \_\_\_\_\_ (JJK-11).

14 **Q. IS THERE ANYTHING IN THE MFRS OR IN THE BOOKS WHICH**  
15 **PUT THEM IN VIOLATION OF COMMISSION RULE 25.30.450?**

16 A. No. Books are maintained in accordance with  
17 regulatory requirements and GAAP and the MFRs are  
18 prepared following FPSC guidelines. Depreciation  
19 calculations contained within the MFRs are  
20 straight-forward and easy to follow for each of the  
21 three test periods. Supporting workpapers were  
22 provided for the calculations in those years  
23 building up to the test years. There are obvious  
24 reasons why accumulated depreciation on the books  
25 does not agree with the MFRs. Audit Requests 22

1 and 71, included as Exhibit \_\_\_\_\_ (JJK-12) and  
2 Exhibit \_\_\_\_\_ (JJK-13) discuss at length some of  
3 the reasons for these differences. It is  
4 interesting to note that as early as August 9, the  
5 auditors were aware that book accumulated  
6 depreciation and accumulated amortization would not  
7 agree with the MFRs. However, Mr. Dodrill chose to  
8 wait until October 6 to request this  
9 reconciliation; some two months after Mr. Mayes  
10 requested the CIAC amortization reconciliation.  
11 One will also note from looking at Audit Request 22  
12 contained in Exhibit \_\_\_\_\_ (JJK-12), that it also  
13 took us two weeks to reconcile CIAC amortization.  
14 These reconciliations are something that the  
15 Commission has never requested in the past. Had we  
16 known this was going to be a requirement, we would  
17 have had it completed prior to the auditors being  
18 on site. We pride ourselves in the fact that we  
19 had so many excellent supporting schedules and  
20 workpapers backing up the filing, only to find  
21 ourselves criticized for not having something we  
22 could not have anticipated. In my twelve years  
23 working for both the Commission and for Southern  
24 States, the Commission has never looked at our  
25 booked accumulated depreciation or accumulated

1           amortization. They have simply audited the plant  
2           balances and verified the depreciation calculations  
3           and rates used within the MFRs. Whatever was on  
4           the books was incidental as long as they verified  
5           correct plant balances in the MFRS, correct rates,  
6           and correct mathematical calculations.

7           **Q. DO YOU AGREE WITH THE OPINION CONTAINED WITHIN THIS**  
8           **AUDIT EXCEPTION AS TO THE MFRS BEGINNING WITH THE**  
9           **GENERAL LEDGER AMOUNTS?**

10          A. The opinion stated that "the Audit Staff is of the  
11          belief that the MFRs should begin with the general  
12          ledger amount, then adjustments made to achieve the  
13          balance submitted for rates." In the Commission's  
14          own examples of MFR schedule formats, there are  
15          only two rate base schedules that reflect a  
16          "Balance per Books", then utility adjustments and  
17          finally the Adjusted Utility Balance. Those  
18          schedules are summary schedules A-2 which shows  
19          rate base and A-7 which summarizes non-used and  
20          useful adjustments. Interestingly enough, both of  
21          these schedules are based on averages pulling from  
22          other support schedules and are, therefore, not  
23          "per the books". All other schedules simply start  
24          with test year balances with no columns for  
25          adjustments. In other words, the staff auditor is

1 suggesting an approach that is not in the "format  
2 schedules" provided by FPSC to utility companies.

3 If the Commission compared Southern States'  
4 MFRs, schedule by schedule, to the formats the  
5 Commission provides as a guide, they would be  
6 astonished and, I would hope, impressed, by the  
7 enormity of the information provided by SSU which  
8 is not actually required but which makes the audit  
9 easier and facilitates interpretation of the  
10 information. In addition, we provide volumes of  
11 information that are not required in the form of  
12 summary schedules, summary reports, capital  
13 spending summaries, volumes of benchmark  
14 information as well as allocation details and  
15 summaries--all to help bring the case together and  
16 facilitate the review of what does amount to a lot  
17 of information--but not so much so that anyone  
18 pursuing it (with a little effort) can't easily  
19 follow it. It is appalling to us that the staff  
20 auditor would even suggest that the MFRs did not  
21 allow for expedient review.

22 **Q. WHAT IS THE NEXT AUDIT EXCEPTION SPONSORED BY R.**  
23 **DODRILL WHICH YOU WILL DISCUSS?**

24 **A.** I will address Audit Exception No. 10 and also  
25 Audit Disclosure No. 18 which both relate to

1 organization costs. To begin this discussion, I  
2 believe an understanding of what led up to the  
3 audit exception is necessary. By the time SSU  
4 received Audit Document Request No. 95, dated  
5 September 27, the auditors had been on site roughly  
6 two and one-half months, having commenced their  
7 field work on July 17. We had already received  
8 close to 100 audit requests and had previously held  
9 discussions with the auditors as to the  
10 appropriateness of some of their requests which the  
11 Company felt bordered on "discovery" instead of  
12 "audit". For example, I specifically recall Mr.  
13 Dodrill admitting on one occasion that certain  
14 Marco Island flow data requested in an audit  
15 request was sought by the staff engineer.  
16 Dodrill's request No. 95 began by stating "The  
17 Tallahassee analysts are concerned about the  
18 Organization Costs...". At that point, the Company  
19 made the determination that it would request the 30  
20 day response period accorded to discovery, as  
21 opposed to the 3 days accorded audit requests and  
22 so informed the auditor. Thereafter, SSU received  
23 a letter from Ms. Salak of the Division of Audit  
24 and Financial Analysis (AFAD) insisting that we  
25 provide the information as part of the audit. On

1           October 11, we provided the response to Mr.  
2           Dodrill. Mr. Dodrill's request No. 95 was very  
3           simplistic, inquiring as to the status of the old  
4           amounts and whether any similar costs were included  
5           in the current docket. SSU's response provided the  
6           information requested by Mr. Dodrill. It is  
7           included as Exhibit \_\_\_\_\_ (JJK-14).

8           At that point in time (October 11), at 3:30 in  
9           the afternoon, Dodrill submitted Audit Request #114  
10          asking for the journal entries which removed  
11          organization costs from the books. This  
12          information was due by October 13, the last day of  
13          the field audit. The journal entries were provided  
14          by the due date.

15          **Q. DO YOU BELIEVE THE HANDLING OF THIS MATTER WAS IN**  
16          **VIOLATION OF FPSC RULE 25-30.450 AS TO THE**  
17          **TIMELINESS INVOLVED?**

18          A. No, I do not. SSU followed the rules when it chose  
19          not to respond to this request which it believed to  
20          be discovery. Further, SSU followed the direction  
21          of Tallahassee AFAD staff when we submitted the  
22          response on October 11, three working days after  
23          the due date stated in the request. I believe the  
24          real problem behind this issue is that Dodrill  
25          spent almost the entire on-site time working on

1 Marco Island. It would appear from viewing the  
2 dates of several late audit requests, that either  
3 FPSC staff or the audit manager reminded him on  
4 September 27 that there were several items that  
5 Tallahassee had indicated were high priority in  
6 their Audit Service Request dated August 11, 1995  
7 that had not yet been addressed by Dodrill. One  
8 such item was organization cost; the other two were  
9 supporting detail behind the retirements discussed  
10 in my testimony and the analysis of rate base  
11 adjustments made to beginning points as a result of  
12 my work accomplished on this issue and its  
13 inclusion in my testimony. These appeared to be  
14 three high priority issues, and nothing had been  
15 requested from SSU by Dodrill on them until two  
16 weeks prior to the end of field work. In my  
17 opinion, Dodrill worked himself into this corner  
18 through poor planning and focusing all of his time  
19 on Marco Island. If the organization cost issue  
20 had been raised early in the audit, we would have  
21 been able to follow the same process and Dodrill  
22 would still have had ample time to review the  
23 related support documentation.

24 **Q. ADDRESSING SPECIFICALLY THE DOLLARS IN ORGANIZATION**  
25 **COST IN THIS DOCKET, IS IT YOUR OPINION THAT THE**

1           **DOLLARS CONTAINED IN THE ORGANIZATION COST ACCOUNTS**  
2           **(THUS, IN RATE BASE) ARE AN ACCURATE REPRESENTATION**  
3           **OF THE COMPANY'S BOOKS AND RECORDS?**

4           A.   Yes, they are.   As I read Number 6 under High  
5           Priority in the FPSC Audit Service Request,  
6           included as Exhibit \_\_\_\_\_ (JJK-15), and comments  
7           contained within Audit Disclosure No. 18, it  
8           appears there is a concern that SSU has simply  
9           transferred the pot of dollars that were in  
10          Organization Cost in Docket 900329-WS, which was  
11          dismissed by the Commission in 1991, into other  
12          rate base accounts.   This is a disturbing  
13          assumption when one considers that the asset  
14          records of SSU have been audited by FPSC in both  
15          Docket 920199-WS and in the current docket.  If  
16          inappropriate transfers of Organization Costs to  
17          other asset accounts had, in fact, been made, these  
18          audits should have detected this.  Inappropriate  
19          transfers were not made.  In addition, SSU's  
20          external auditors surely would have questioned why  
21          we were doing so and if it was in accordance with  
22          Commission directive.

23          **Q.   IS THERE ANYWHERE ELSE THAT INFORMATION ON THE**  
24          **TRANSFER OF ORGANIZATION COSTS IS CONTAINED OTHER**  
25          **THAN IN RESPONSE TO DODRILL'S AUDIT REQUEST NO.**



1           **114?**

2           A.   Yes.   SSU's response to OPC's Interrogatory No. 13  
3           provided a 23 page spreadsheet (dated August 17,  
4           1995) containing a plant-by-plant itemization of  
5           the transfer of any organization costs that were on  
6           the books for the period December 1991 through  
7           December 1994, the description of each expenditure,  
8           and the accounts the costs had been transferred to.  
9           That spreadsheet, although not totaled, resulted in  
10          the following transfers:           \$1,089,949 to  
11          Unauthorized Acquisition Adjustment, \$36,641 to  
12          Franchises and Consents, and \$29,857 to expense.  
13          Any transfers to expense would not be included in  
14          the current docket as the budget did not contain  
15          items of this nature. In addition, SSU's response  
16          to OPC's Document Request No. 38 also included  
17          information on transfers of Organization Costs to  
18          other accounts.

19          **Q.   AREN'T THERE MORE ORGANIZATION COST TRANSFERS THAN**  
20          **WHAT ARE PRESENTED IN THE ABOVE DISCOVERY**  
21          **RESPONSES, SPECIFICALLY, WASN'T THERE IN EXCESS OF**  
22          **\$2 MILLION IN ORGANIZATION COST IN DOCKET 900329-**  
23          **WS?**

24          A.   That is true. The facts behind the transfer of the  
25          bulk of the dollars are contained in the journal

1 entries provided to Dodrill. Dodrill did not  
2 include these journal entries in his Exhibit \_\_\_\_\_  
3 (RFD-7) even though they were the key to the  
4 significant transfers that had occurred. In fact,  
5 the actual journal entries that resulted in this  
6 transfer consisted of only eight pages which could  
7 have easily been summarized by Dodrill prior to  
8 issuance of the audit report. The significant  
9 dollar transfers occurred on the books in 1990 and  
10 related to the Deltona plants. Those journal  
11 entries show that \$2,010,035 was transferred from  
12 SSU's books to Topeka, \$205,124 was transferred to  
13 Unauthorized Acquisition Adjustments, and \$311,234  
14 was transferred to Franchise and Consents (later  
15 transferred to a deferred debit as this represented  
16 the cost of opposing the Deltona Lake  
17 condemnation).

18 **Q. WHAT ARE THE TOTAL DOLLARS INCLUDED IN THIS DOCKET**  
19 **IN THE ORGANIZATION COST AND FRANCHISE AND CONSENTS**  
20 **ACCOUNTS?**

21 A. The water organization cost account at December  
22 1996 reflects a balance of \$110,693 and the  
23 wastewater balance is \$113,472. Franchise and  
24 Consents reflects balances of \$272,180 and \$133,016  
25 for water and wastewater, respectively.

1 Q. DID THE COMPANY ALSO ADJUST ACCUMULATED  
2 DEPRECIATION AT THE TIME OF THESE TRANSFERS?

3 A. Yes, accumulated depreciation adjustments followed  
4 the transfers to the respective accounts; i.e., to  
5 amortization of acquisition adjustments,  
6 depreciation of franchise and consents, or  
7 expensed.

8 Q. IS THERE ANYTHING ELSE YOU WOULD LIKE TO COMMENT ON  
9 RELATED TO DODRILL'S TESTIMONY?

10 A. Yes, as it relates to Audit Disclosure No. 17  
11 concerning the amount of non-used and useful assets  
12 recorded in account 1030 on the books. I have  
13 already discussed this at length earlier in my  
14 rebuttal testimony. I would, however, like to take  
15 exception to the statement in Dodrill's Disclosure  
16 No. 17 that "SSU feels that according to its  
17 classification there is \$33,082,895 of future plant  
18 in its filed UPIS balances." SSU has never  
19 represented to Dodrill that we feel there is  
20 \$33,082,895 of future plant in its filed UPIS  
21 balances. What we did indicate to Dodrill was the  
22 amounts in account 1030 are not an accurate  
23 representation of non-used and useful as of  
24 December 1994 and that account 1030 has  
25 historically been added to account 1010 balances

1           for ratemaking purposes to have non-used and useful  
2           percentages, as updated by engineers, applied to  
3           the total balances.

4           **Q.   DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

5           A.   Yes, it does.

## BREAKDOWN OF FUTURE USE PLANT PER 12/31/94 GENERAL LEDGER

DOCKET NO: 950495-WS  
 PREPARED BY: JUDY KIMBALL  
 LATE FILED EXHIBIT NO: 1

<u>Plant Name</u>	<u>Water</u>	<u>Sewer</u>	<u>General Plant</u>	<u>Total</u>
Deltona Systems:				
Citrus Springs	3,037,000	53,402	19,306	3,109,707
Deltona Lakes	1,120,656	44,015	148,600	1,313,270
Marco Island	300,992	386,336		687,327
Marco Shores	42,916			42,916
Marion Oaks	3,506,951	466,367	136,200	4,109,518
Pine Ridge	1,394,324		35,000	1,429,324
Seaboard			58,000	58,000
Spring Hill	1,032,632	296,960		1,329,592
Sunny Hills	1,235,492	4,183	18,380	1,258,055
Subtotal	11,670,962	1,251,263	415,486	13,337,710
PGI Systems:				
Burnt Store	1,908,742	3,575,408		5,484,150
Deep Creek	2,326,980	4,480,793		6,807,774
Sugar Mill Woods	3,216,182	5,980,885		9,197,067
Subtotal	7,451,905	14,037,086	0	21,488,991
Other Systems	21,704	43,687	16,234	81,625
Total Future Use	19,144,570	15,332,036	431,721	34,908,326

*LHR*

RUTLEDGE, ECENIA, UNDERWOOD, PURNELL & HOFFMAN  
PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW

EXHIBIT \_\_\_\_\_ (*WJK-3*)

PAGE 1 OF 1

STEPHEN A. ECENIA  
KENNETH A. HOFFMAN  
THOMAS W. KONRAD  
R. DAVID PRESCOTT  
HAROLD F. X. PURNELL  
GARY R. RUTLEDGE  
R. MICHAEL UNDERWOOD  
WILLIAM S. WILLINGHAM

POST OFFICE BOX 551, 32302-0551  
215 SOUTH MONROE STREET, SUITE 420  
TALLAHASSEE, FLORIDA 32301-1841

TELEPHONE (904) 681-5788  
TELECOPIER (904) 681-6515

GOVERNMENTAL CONSULTANTS:  
PATRICK R. MALOY  
AMY J. YOUNG

MEMORANDUM

TO: Counsel of Record in Docket No. 950495-WS  
FROM: Kenneth A. Hoffman, Esq. *KAH*  
DATE: November 13, 1995  
RE: Judy Kimball - Late-Filed Deposition Exhibit Nos. 1 and 2

Enclosed are copies of the above-referenced late-filed deposition exhibits of Judy Kimball.

**Southern States Utilities, Inc.**  
**1995 Filed and Actual FPSC Plant in Service Additions (w/o General Plant)**  
**As of December 31, 1995**

**Schedule A**  
 Page 1 of 8

Project #	Project Description	In-Service Date		In-Service Amount	
		Filed	Actual	Filed	Actual
<b>AMELIA ISLAND</b>					
95CN303	REPLACE WELL PUMP #1	03/31/95	06/16/95	11,310	10,861
	Total Water			11,310	10,861
94CN035	WWTP RERATING/EXPANSION	11/22/95	11/21/95	403,693	513,794
95CN700	SUMMER BEACH EFF LINE	06/26/95	06/15/95	106,163	81,611
95CN305	LS/MANHOLE REPLACEMENT	12/31/95	11/27/95	87,383	92,252
94CN088	LS REHAB & MANHOLE REPL	03/31/95	07/28/94	48,915	49,164
95CN304	CATWALK ON CLARIFIER	05/31/95	12/27/95	11,905	25,663
	Total Wastewater			658,058	762,485
	Total Amelia Island			669,368	773,347
<b>APPLE VALLEY</b>					
95CC701	LEAD AND COPPER CONTROL	Expensed		6,378	0 (a)
95CC306	REPLACE MAIN ELEC BREAKER	04/30/95	12/20/95	1,429	1,142
	Total Apple Valley - Water			8,006	1,142
<b>BAY LAKE ESTATES</b>					
95CC307	WTP BUILDING	Cancelled		1,786	0
	Total Bay Lake Estates - Water			1,786	0
<b>BEACON HILLS</b>					
94CN040	WTP EXPANSION & IMPROVE	05/30/95	06/09/95	796,393	733,259 (b)
93CN056	COBBLESTONE WELL #2	06/20/95	06/09/95	203,513	168,111
93CN064	COBBLESTONE CHEMICAL FEED	12/12/95		182,078	0
94CN037	DUVAL COUNTY UTILITY RELO	11/07/95		121,498	0
95CN702	HIDDEN HILLS WATER MAIN	07/11/95	11/21/95	86,521	95,854
95CN309	CHLORINE ANALYZERS(2)	05/31/95	03/01/95	7,381	7,451
	Total Water			1,397,383	1,004,676
93CN061	WW COLL SYS IMPROVE	07/25/95	12/28/95	283,785	388,797
95CN314	TROUGH REPLACEMENT	04/30/95	12/21/95	29,763	21,723
95CN313	MANHOLE REFURBISHMENTS	06/01/95	11/28/95	23,810	22,923
95CN312	REPLACE LS PUMPS	12/31/95	11/28/95	14,286	7,291
95CN310	REPLACE AIR DIFFUSERS	03/31/95	07/28/95	8,572	8,231
95CN308	SHOWER/EYEWASH STATIONS	02/28/95	03/02/95	3,095	2,079
	Total Wastewater			363,311	451,043
	Total Beacon Hills			1,760,694	1,455,719
<b>BEECHER'S POINT</b>					
95CN316	INSTALL 5,000 GAL TANK	03/31/95	11/15/95	8,929	10,357
95CN315	INSTALL FLOW METER AT WW	Cancelled		4,167	0
	Total Beecher's Point - Wastewater			13,096	10,357
<b>BURNT STORE</b>					
95CS703	INJECTION WELL PHASE II	12/26/95	11/29/95	1,419,341	2,742,986
	Total Water			1,419,341	2,742,986
95CS325	COLLECTION LINE REHAB.	06/30/95	12/08/95	52,977	51,535
95CS324	INFLUENT TROUGH WWTP	06/30/95	06/16/95	23,970	23,019
95CS323	INSTALL BLOWER & MOTORS	11/30/95	12/13/95	15,048	9,357
95CS320	LIFT STATION ACCESS DOORS	Cancelled		11,191	0
95CS319	LIFT STATION CNTRL PANEL	03/30/95	06/26/95	10,715	7,393
95CS318	L/S EMERGENCY CONNECTIONS	03/30/95	11/22/95	1,691	1,616
	Total Wastewater			115,590	92,920
	Total Burnt Store			1,534,931	2,835,906
<b>CARLTON VILLAGE</b>					
(a) 94CC017	HYDRO TANK & NEW WELL	08/15/95		117,469	0

- (a) Completed and expense of phase is expensed.  
 (b) Reflects completion of a phase, but not entire project.  
 (c) Not required because gov't authority did not perform it's project.  
 (d) Refers to Refundable Advance, with zero rate base impact.

**Southern States Utilities, Inc.**  
 1995 Filed and Actual FPSC Plant in Service Additions (w/o General Plant)  
 As of December 31, 1995

Schedule A  
 Page 2 of 8

Project #	Project Description	In-Service Date		In-Service Amount	
		Filed	Actual	Filed	Actual
94CC018	DISTRIBUTION SYS UPGRADE	05/15/95	08/09/95	106,909	98,075
	Total Cherokee Village - Water			274,377	98,075
<b>CENTRAL REGION PLANT</b>					
95CC202	WATER SERVICES	12/31/95	12/29/95	133,937	59,809
95CC203	NEW METERS/CHANGE OUT PRG	12/31/95	12/29/95	107,582	89,996
95CC331	CHLORINATR/BSTR PMP/EJETR	01/31/95	12/20/95	12,015	12,015
95CC201	WATER MAIN EXTENSIONS	12/31/95	12/29/95	5,953	16,131
95CC200	FIRE HYDRANTS	12/01/95	12/29/95	2,143	4,419
	Total Water			261,629	182,371
95CC204	HAND RAILS/WALKWAY	05/31/95	12/28/95	81,852	78,721
	Total Wastewater			81,852	78,721
	Total Central Region			343,481	261,092
<b>CHULUOTA</b>					
94CC019	COLLECTION SYSTEM UPGRADE	08/28/95	04/07/95	202,138	229,226
	Total Chuluota - Wastewater			202,138	229,226
<b>CRYSTAL RIVER</b>					
93CW247	WTP IMPROVEMENT	09/13/95	12/05/95	64,346	46,584 (b)
	Total Crystal River - Water			64,346	46,584
<b>DEEP CREEK</b>					
95CS704	IN-LINE BOOSTER PUMP	12/18/95		48,945	0
	Total Water			48,945	0
94CS050	LIFT STATION IMPROVEMENTS	04/10/95	07/10/95	274,604	253,810
95CS337	UPGRADE L/S 4-23 & 6-20	09/30/95	05/25/95	38,525	36,578
95CS335	MANHOLE REHABILITATION	05/30/95	05/15/95	9,548	9,146
	Total Wastewater			322,676	299,534
	Total Deep Creek			371,621	299,534
<b>DELTONA LAKES</b>					
93CN660	WELLINGTON WTP EXPANSION	10/12/95		1,365,786	0
93CN661	AGATHA/SAXON WTP IMPRV	09/14/95		284,873	0
93CN659	SAGAMORE DR WTP DIST SYS	12/12/95		232,790	0
95CC353	PULL WELL TURBINES (4)	05/31/95	10/26/95	38,096	42,773
95CC352	REPLACE 4" WATER MAIN	02/28/95	07/28/95	35,715	9,763
95CC351	MASTER METERS	05/31/95	12/29/95	21,429	21,023
95CC705	VOLUSIA CTY/DOT UTILITY	Cancelled		13,290	0 (c)
95CC349	REPLACE VALVES - DIST SYS	Cancelled		11,857	0
95CC341	ROOF REPLACEMENTS (5)	01/31/95	08/04/95	4,464	5,029
95CC340	CORROSION CONTROL EQUIP	Cancelled		3,572	0
95CC342	TELEMETRY EQUIPMENT	01/31/95	04/04/95	2,527	2,427
	Total Water			2,014,400	81,016
94CN046	FP&L EASEMENT EFF IRG SYS	09/20/95	06/30/95	726,332	604,035
94CN341	DHCC - EFF DISP IMPROVE	05/26/95		330,625	0
95CC350	ENTERPRISE SCHOOL L/S 016	03/31/95	12/07/95	17,727	19,183
95CC348	L/S AT BRISTOL CT - 006	02/28/95	11/22/95	11,830	12,723
95CC347	TELEMETRY EQUIP UPGRADE	03/31/95	04/18/95	9,131	8,769
95CC346	DELTONA LK ELM L/S - #024	04/30/95	12/19/95	8,928	9,088
95CC345	ANTILLES L/S - 002	01/31/95	06/30/95	6,251	6,364
95CC344	JESSAMINE COURT L/S - 013	02/28/95	10/30/95	6,113	7,069
95CC338	FOUNTAINHEAD L/S - 004	01/31/95	06/30/95	2,769	2,819
95CC339	L/S AT CONDO B - #022	03/31/95	12/19/95	2,769	5,478
95CC342	TELEMETRY EQUIPMENT	01/31/95	04/04/95	2,527	2,426
	Total Wastewater			1,125,002	677,953

(a) Completed and capitalized.  
 (b) Reflects completion of a phase, but not entire project.  
 (c) Not required because gov't authority did not perform it's project.  
 (d) Refers to Refundable Advance, with zero rate base impact.



**Southern States Utilities, Inc.**  
**1995 Filed and Actual FPSC Plant in Service Additions (w/o General Plant)**  
**As of December 31, 1995**

**Schedule A**  
**Page 3 of 8**

Project #	Project Description	In-Service Date		In-Service Amount			
		Filed	Actual	Filed	Actual		
<b>Total Dalton Lake</b>						<b>139,407</b>	<b>758,969</b>
<b>EAST LAKE HARRIS EST.</b>							
94CC022	DISTRIBUTION SYSTEM UPGRADE	06/13/95	06/16/95	262,782		248,010	
94CC023	PLANT IMPROVEMENTS	04/10/95	06/09/95	226,744		247,327	(b)
<b>Total East Lake Harris Est. - Water</b>				<b>489,526</b>		<b>495,337</b>	
<b>FERN PARK</b>							
94CC457	REPLACE HYDRO TANK	03/31/95	01/19/95	24,830		24,107	
<b>Total Fern Park - Water</b>				<b>24,830</b>		<b>24,107</b>	
<b>FISHERMAN'S HAVEN</b>							
95CC354	CHLORINE BUILDING & PAD	04/30/95	04/01/95	1,786		1,712	
<b>Total Water</b>				<b>1,786</b>		<b>1,712</b>	
94CC025	DIGESTER UPGRADE	08/22/95	12/21/95	71,331		38,634	
94CC488	FLOW METER	01/31/95	03/20/95	4,133		4,009	
<b>Total Wastewater</b>				<b>75,464</b>		<b>42,642</b>	
<b>Total Fisherman's Haven</b>				<b>77,250</b>		<b>44,353</b>	
<b>FOUNTAINS</b>							
95CC706	LEAD AND COPPER CONTROL	Expensed		1,973		0	(a)
<b>Total Fountains - Water</b>				<b>1,973</b>		<b>0</b>	
<b>FOX RUN</b>							
95CC707	LEAD AND COPPER CONTROL	11/15/95	12/26/95	1,973		4,223	
<b>Total Fox Run - Water</b>				<b>1,973</b>		<b>4,223</b>	
<b>GRAND TERRACE</b>							
95CC708	LEAD AND COPPER CONTROL	Expensed		1,973		0	(a)
<b>Total Grand Terrace - Water</b>				<b>1,973</b>		<b>0</b>	
<b>HARMONY HOMES</b>							
94CC027	DISTRIBUTION SYS UPGRADE	02/27/95	02/14/95	35,619		29,064	
<b>Total Harmony Homes - Water</b>				<b>35,619</b>		<b>29,064</b>	
<b>INTERLACHEN LAKE EST.</b>							
95CN355	REPLACE ROOF	03/31/95	06/23/95	5,357		5,488	
<b>Total Interlachen Lake Est. - Water</b>				<b>5,357</b>		<b>5,488</b>	
<b>KEYSTONE HEIGHTS</b>							
95CN075	CLAY CTY/DOT UTILITY RELO	12/18/95	07/24/95	50,816		42,694	
<b>Total Keystone Heights - Water</b>				<b>50,816</b>		<b>42,694</b>	
<b>LAKE AJAY</b>							
95CC356	FENCE PROPERTY	04/30/95	12/29/95	4,762		841	
<b>Total Lake Ajay - Water</b>				<b>4,762</b>		<b>841</b>	
<b>LAKE BRANTLEY</b>							
94CC030	HYDRO TANK AND AERATOR	04/24/95	05/31/95	123,371		120,584	
<b>Total Lake Brantley - Water</b>				<b>123,371</b>		<b>120,584</b>	
<b>LAKE HARRIET</b>							
95CC358	REPLACE AERATOR TRAYS	07/31/95	10/12/95	17,262		14,994	
95CC357	ELECTRIC PANEL UPGRADE	07/31/95	12/06/95	4,762		4,998	
<b>Total Lake Harriet - Water</b>				<b>22,024</b>		<b>19,992</b>	

- (a) Completed and expensed rather than capitalized.  
(b) Reflects completion of a phase, but not entire project.  
(c) Not required because gov't authority did not perform it's project.  
(d) Refers to Refundable Advance, with zero rate base impact.







**Southern States Utilities, Inc.**  
**1995 Filed and Actual FPSC Plant in Service Additions (w/o General Plant)**  
**As of December 31, 1995**

**Schedule A**  
 Page 7 of 8

Project #	Project Description	In-Service Date		In-Service Amount	
		Filed	Actual	Filed	Actual
95CS213	WATER SERVICES	12/30/95	12/29/95	136,384	56,453
	Total Water			362,257	169,641
95CS212	SEWER SERVICES	12/31/95	12/29/95	12,500	2,366
	Total Wastewater			12,500	2,366
	Total South Region Plant			374,757	172,008
<b>ST. JOHN'S HIGHLANDS</b>					
95CN421	REPLACE ROOF	04/30/95	09/01/95	2,083	1,181
	Total St. John's Highlands - Water			2,083	1,181
<b>SUGAR MILL CC</b>					
95CC721	LEAD AND COPPER CONTROL	Expensed		6,578	0 (a)
95CC426	OVERHAUL #2 PUMP	01/31/95	03/23/95	4,149	3,983
95CC425	REPLACE CHLORINATOR	01/31/95	02/28/95	3,572	3,849
95CC423	REPLACE ROOF	02/28/95	02/28/95	2,976	3,029
	Total Water			17,274	10,862
95CC428	REPLACE CONTROL PANEL (2)	03/31/95	07/01/95	10,238	6,336
95CC427	REPLACE PUMPS	02/28/95	03/24/95	8,691	8,326
95CC424	REWORK BLOWERS (2)	02/28/95	05/15/95	3,214	3,267
95CC422	CHLORINE CYLINDER SCALE	01/31/95	02/23/95	617	544
	Total Wastewater			22,760	18,473
	Total Sugar Mill CC			40,034	29,335
<b>SUGAR MILL WOODS</b>					
95CW430	DUAL 150W CL2 SCALES(2)	Cancelled		2,857	0
	Total Water			2,857	0
93CW255	WWTP IMPROVEMENTS	09/14/95	12/05/95	875,038	846,717 (b)
	Total Wastewater			875,038	846,717
	Total Sugar Mill Woods			877,895	846,717
<b>SUNNY HILLS</b>					
95CW432	UPGRADE LIFT STATION #4A	04/30/95	12/18/95	40,178	30,773
	Total Sunny Hills - Wastewater			40,178	30,773
<b>SUNSHINE PARKWAY</b>					
94CC512	WTP IMPROVEMENTS	11/15/95	11/02/95	189,952	161,687
94CC033	PRETREATMENT REPAIR	01/30/95	03/09/95	64,779	69,529
	Total Sunshine Parkway - Water			254,731	231,217
<b>TROPICAL PARK</b>					
94CC034	HYDRO TANK REPLACEMENT	09/28/95		46,718	0
	Total Tropical Park - Water			46,718	0
<b>UNIVERSITY SHORES</b>					
95CC724	LEAD AND COPPER CONTROL	11/15/95		40,251	0
	Total Water			40,251	0
94CC083	CHAPEL HILL CEMETERY UPGR	01/31/95	01/28/95	29,997	29,780
94CC507	MASTER LIFT STATION HOIST	03/31/95	12/30/94	5,629	3,094
	Total Wastewater			35,626	32,873
	Total University Shores			75,877	32,873

- (a) Completed and expensed rather than capitalized.  
 (b) Reflects completion of a phase, but not entire project.  
 (c) Not required because gov't authority did not perform it's project.  
 (d) Refers to Refundable Advance, with zero rate base impact.















**Southern States Utilities, Inc.****New FPSC Projects Added and Completed During the Year - Plant In Service Additions  
As of December 31,1995****Schedule C**

Page 1 of 1

Project #	Project Description	In-Service Date	In-Service Amount
<b>ADMINISTRATIVE</b>			
95CA910	AUTOMATED MAPPING	12/29/95	899,476
<b>BEACON HILLS</b>			
92CN305	WWTP OUTFALL	12/20/95	302,949
<b>DELTONA LAKES</b>			
95CC742	FORCE MAIN UPGRADE	08/16/95	49,219
<b>MARCO ISLAND</b>			
95CS730	INJECTION WELL HYDRO TANK	10/10/95	25,444
95CS739	RAW WATER MAIN REPL/CR951	10/27/95	240,274
95CS747	WELL REMEDIATION	12/13/95	59,291
<b>PINE RIDGE</b>			
94CW036	BOOSTER STATION	03/07/95	166,803
<b>SALT SPRINGS</b>			
95CW733	FDOT S.R. 19 UTILITY RELO	09/14/95	26,829
TOTAL PROJECTS ADDED AND COMPLETED IN 1995			<u><u>1,770,284</u></u>

# Southern States Utilities

## Summary of 1995 FPSC Filed and Actual Plant In Service Additions As of December 31, 1995

### 1995 Plant In Service

	Number of Projects		Additions				13 Month Average Additions			
	Filed	Actual	Filed	Actual	Actual vs Filed		Filed	Actual	Actual vs Filed	
					\$	%			\$	%
12/31/95 Water & Sewer PIS	242	203	27,015,827	21,722,668	(5,293,159) *		8,622,459	7,481,545	(1,140,914)	
New Projects Added and Completed	0	8	0	1,770,284	1,770,284			313,870	313,870	
1995 Plant In Service	<u>242</u>	<u>211</u>	<u>27,015,827</u>	<u>23,492,953</u>	<u>(3,522,874)</u>	<u>(13.04)</u>	<u>8,622,459</u>	<u>7,795,415</u>	<u>(827,044)</u>	<u>(9.59)</u>
Refundable Advances - Lehigh Lines (1)	(2)	(2)	(2,507,000)	(559,404)	1,947,596		(1,060,654)	(43,031)	1,017,623	
<b>Total 1995 Plant In Service</b>	<u>240</u>	<u>209</u>	<u>24,508,827</u>	<u>22,933,549</u>	<u>(1,575,278)</u>	<u>(6.43)</u>	<u>7,561,805</u>	<u>7,752,384</u>	<u>190,579</u>	<u>2.52</u>

(1) The Lehigh lines are funded by refundable advances which are deducted from rate base, and therefore have zero rate base impact.

\* Note: Variance between the 242 projects filed and the 203 actual projects

- 1) 11 Projects were completed but expensed rather than capitalized -
- 2) 14 Projects were not completed in 1995 and are projected to be in service in 1996 -
- 3) 14 Projects, including 3 general plant projects projected at \$17,560 were cancelled -

Adjustment Amount
(30,914)
(3,993,383)
(706,362)
<u>(4,730,659)</u>

EXHIBIT \_\_\_\_\_ (JK-S)  
 PAGE 1 OF 2

# Southern States Utilities

## Summary of Monthly 1995 FPSC Filed and Actual Plant In Service Additions As of December 31, 1995 and 13 Month Average

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL ADDITIONS	13 Mo Average
Plant In Service (Excl. General Plant)	108,264	38,601	121,777	262,588	196,835	8,497,320	1,023,229	167,483	285,905	114,769	3,859,343	4,166,893	18,843,006	6,670,061
General Plant	488	7,616	32,361	4,071	11,527	4,674	361,233	1,323,290	0	27,520	918	1,105,962	2,879,661	811,464
New Projects Added and Completed	0	0	166,803	0	0	0	0	49,219	26,829	265,718	0	1,261,716	1,770,284	313,870
<b>ACTUAL PIS ADDITIONS</b>	<b>108,752</b>	<b>46,218</b>	<b>320,941</b>	<b>266,659</b>	<b>208,363</b>	<b>8,501,994</b>	<b>1,384,462</b>	<b>1,539,991</b>	<b>312,734</b>	<b>408,007</b>	<b>3,860,261</b>	<b>6,534,571</b>	<b>23,492,952</b>	<b>7,795,415</b>
MFR PIS ADDITIONS (w/Lehigh Lines)	155,133	471,204	894,749	851,966	1,962,301	3,221,231	2,548,525	254,599	4,131,475	1,621,933	1,326,369	9,576,341	27,015,825	8,622,459
<b>ACTUAL VS FILED</b>														
AMOUNT VARIANCE	(46,381)	(424,986)	(573,808)	(585,307)	(1,753,939)	5,280,763	(1,164,063)	1,285,392	(3,818,740)	(1,213,926)	2,533,891	(3,041,770)	(3,522,874)	(827,044)
% VARIANCE	(29.90%)	(90.19%)	(64.13%)	(68.70%)	(89.38%)	163.94%	(45.68%)	504.87%	(92.43%)	(74.84%)	191.04%	(31.76%)	(13.04%)	(9.59%)
<b>Excluding Lehigh Refundable Advances</b>														
ACTUAL PIS ADDITIONS	108,752	46,218	320,941	266,659	208,363	8,501,994	1,384,462	1,539,991	312,734	408,007	3,860,261	5,975,167	22,933,548	7,752,384
MFR PIS ADDITIONS	155,133	471,204	267,999	851,966	1,962,301	2,594,481	2,548,525	254,599	3,504,725	1,621,933	1,326,369	8,949,591	24,508,825	7,561,805
<b>ACTUAL VS FILED</b>														
AMOUNT VARIANCE	(46,381)	(424,986)	52,942	(585,307)	(1,753,939)	5,907,513	(1,164,063)	1,285,392	(3,191,990)	(1,213,926)	2,533,891	(2,974,424)	(1,575,278)	190,579
% VARIANCE	(29.90%)	(90.19%)	19.75%	(68.70%)	(89.38%)	227.70%	(45.68%)	504.87%	(91.08%)	(74.84%)	191.04%	(33.24%)	(6.43%)	2.52%

SCHEDULE OF NON-USED AND USEFUL CIAC AMOUNTS  
 REFERENCED IN LARKIN'S SCHEDULE 10  
 BY PLANT AND CATEGORY  
 AT DECEMBER 1996

PLANT	WATER		WASTEWATER	
	PLANT CAPACITY	LINE/MAIN EXTENSIONS	PLANT CAPACITY	LINE/MAIN EXTENSIONS
BURNT STORE	20,686	607	382,560	367,093
DEEP CREEK	-	10,775	1,815	2,431
SUGARMILL WOODS	47,487	255,363	1,041,719	959,412
<b>TOTALS</b>	<b>68,173</b>	<b>266,745</b>	<b>1,426,094</b>	<b>1,328,936</b>





**ACTUAL WORKER'S COMPENSATION PREMIUM PAYMENTS  
BY YEAR  
1992-1995**

	ACTUAL CASH DISBURSEMENTS IN:				1995
	1992	1993	1994	1995	BUDGET
<b>Monthly Premium Payments for Policy Period: *</b>					
1991-92	130,465	0	0	0	0
1992-93	218,836	133,449	0	0	0
1993-94	0	43,040	90,486	0	0
1994-95 (8/94-1/95)	0	0	47,675	0	0
1995-96	0	0	0	117,420	120,000
<b>Calendar Year Payments</b>	<b>349,301</b>	<b>176,489</b>	<b>138,161</b>	<b>117,420</b>	<b>120,000</b>
<b>Payroll Audit Adjustments for:</b>					
1991-92	4,060	0	0	0	0
1992-93	11,216	0	0	0	0
<b>Calendar Year Payments</b>	<b>15,276</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Experience Modification Adjustment for:</b>					
1992-93	(4,125)	0	0	0	0
<b>Final Premium Audit for:</b>					
1990-91	0	7,037	0	0	0
1991-92	0	62,520	0	0	0
1992-93	0	0	0	79,034	0
1993-94	0	0	0	30,366	0
<b>Calendar Year Payments</b>	<b>0</b>	<b>69,557</b>	<b>0</b>	<b>109,400</b>	<b>0</b>
<b>Settlements</b>					
1991-92 (Flex Retention)	0	0	0	(74,980)	0
1992-93 (Flex Retention)	0	0	0	68,510	0
1992-93 (Claims Settlement)	0	40,000	0	0	0
<b>Settlements</b>	<b>0</b>	<b>40,000</b>	<b>0</b>	<b>(6,470)</b>	<b>0</b>
<b>Retrospective Rating Plan True-Up Paid Losses For:</b>					
1989-90	28,107	7,956	0	93,656	0
1992-93	0	(11,003)	0	0	0
1993-94	0	0	28,234	66,047	0
8/94-1/95	0	0	0	139,198	0
8/94-8/95	0	0	19,668	(95,363)	0
1995-96	0	0	0	50,278	130,000
<b>Calendar Year Payments</b>	<b>28,107</b>	<b>(3,047)</b>	<b>47,902</b>	<b>253,816</b>	<b>130,000</b>
<b>TOTAL YEARLY CASH PAYMENTS</b>	<b>388,559</b>	<b>282,999</b>	<b>186,063</b>	<b>474,166</b>	<b>250,000</b>

\* Note: Until 8/94, the policy period was 8/31-8/31. In 1994, there was a short policy period to bring the policy periods to a calendar year basis.



SOUTHERN STATES UTILITIES  
 COMPARISON OF ATTRITION ADJUSTMENT AT 1.95% VERSUS 2.49%  
 FPSC FILED DIRECT COSTS SUBJECT TO ATTRITION  
 DOCKET NO. 950495-WS

Line No.	(1) Account No. and Name	(2) 1996 FPSC FILED DIRECT COSTS (INCLUDING BUENVENTURA)				(6) TOTAL	(7) Attrition Adjustment of 1.95%	(8) Staff Recommend Attrition Adjustment of 2.49% (1)	(9) Difference Col (8) - Col (7)
		SSU		Buenaventura					
		Direct Water (Vol. II Book 3 of 4) (page 123)	Direct Sewer (Vol. II Book 3 of 4) (page 183)	Direct Water (Vol. II Book 3 of 4) (page 314)	Direct Sewer (Vol. II Book 3 of 4) (page 315)				
1	6/703 Salaries & Wages - Employees	2,375,013	2,121,134	79,210	333,210	4,908,567	0	0	0
2	6/703 Salaries & Wages - Officers, Etc.	0	0	0	0	0	0	0	0
3	6/704 Employee Pensions & Benefits	589,804	526,756	19,670	82,746	1,218,976	0	0	0
4	6/710 Purchased Water	1,601,340 (2)	1,741,365	0	0	3,342,705	0	0	0
5	711 Sludge Removal Expense	0	702,898	0	77,293	780,191	15,214	19,427	4,213
6	6/715 Purchased Power	1,924,137	1,099,887	69,551	257,704	3,351,279	0	0	0
7	6/716 Fuel for Power Production	24,264	17,116	909	1,179	43,468	848	1,082	235
8	6/718 Chemicals	731,306	531,574	13,728	47,430	1,324,038	25,819	32,969	7,150
9	6/720 Materials & Supplies	866,338	750,150	29,682	31,542	1,677,712	32,715	41,775	9,060
10	6/731 Contractual Services - Eng.	2,920	27,057	0	0	29,977	585	746	162
11	6/732 Contractual Services - Acct.	0	0	0	0	0	0	0	0
12	6/733 Contractual Services - Legal	0	0	0	0	0	0	0	0
13	6/734 Contractual Services - Mgmt Fees	0	0	0	0	0	0	0	0
14	6/735 Contractual Services - Other	389,468	212,118	40,169	130,870	772,625	15,066	19,238	4,172
15	6/741 Rental of Real Building/Real Property	5,570	60	0	0	5,630	110	140	30
16	6/742 Rental of Equipment	10,148	20,634	184	4,644	35,609	694	887	192
17	6/750 Transportation Expense	223,291	99,763	12,183	16,486	351,723	6,859	8,758	1,899
18	6/756 Insurance - Vehicle	0	0	0	0	0	0	0	0
19	6/757 Insurance - General Liability	0	0	0	0	0	0	0	0
20	6/758 Insurance - Workman's Comp	42,490	37,945	1,417	5,961	87,813	0	0	0
21	6/759 Insurance - Other	0	0	0	0	0	0	0	0
22	6/760 Advertising Expense	0	0	0	0	0	0	0	0
23	6/766 Reg. Comm. Exp. - Rate Case Amort.	0	0	0	0	0	0	0	0
24	6/767 Reg. Comm. Exp. - Other	0	0	0	0	0	0	0	0
25	6/770 Bad Debt Expense	0	0	0	0	0	0	0	0
26	6/775 Miscellaneous Expenses	213,399	172,366	328	2,020	388,113	7,568	9,664	2,096
27	<b>TOTAL WATER &amp; SEWER O &amp; M EXPENSES</b>	<b>8,999,488</b>	<b>8,060,823</b>	<b>267,031</b>	<b>991,085</b>	<b>18,318,427</b>	<b>105,477</b>	<b>134,686</b>	<b>29,209</b>

Note:

(1) Docket No. 960005-WS recommended 1996 Price Index for water and wastewater utilities.

(2) Excludes Marco Shores Purchased water adjustment of \$24,387 included in filing. This adjustment was for ratemaking purposes only it is not actually booked to expense.

PAGE 2 OF 3

EXHIBIT

(.00008)

SOUTHERN STATES UTILITIES  
 COMPARISON OF ATTRITION ADJUSTMENT AT 1.95% VERSUS 2.49%  
 FPSC FILED COMMON COSTS SUBJECT TO ATTRITION  
 DOCKET NO. 950495-WS

Line No.	(1) Account No. and Name	(2) 1995 FILED COMMON COSTS SUBJECT (INCLUDING BUENAVENTURA)				(6) TOTAL	(7) FPSC		(8) Attrition Adjustment of 1.95%	(9) Staff Recommend Attrition Adjustment of 2.49% (1)	(10) Difference Col (9) - Col (8)
		SSU		Buenaventura			Allocated Portion (75.94%) (Allocation % found) (in Volume II Book 2 of 4) (Page 19)	Attrition Adjustment of 1.95%			
		Customer Accounts (Vol. II Book 3 of 4) (page 225)	A&G (Vol. II Book 3 of 4) (page 235)	Customer Accounts (Vol. II Book 3 of 4) (page 316)	A&G (Vol. II Book 3 of 4) (page 317)						
1	6/703 Salaries & Wages - Employees	1,603,243	4,208,394	89,508	52,206	5,953,351	4,521,051	0	0	0	
2	6/703 Salaries & Wages - Officers, Etc.	0	0	0	0	0	0	0	0	0	
3	6/704 Employee Pensions & Benefits	398,133	1,045,070	22,227	12,964	1,478,395	1,122,712	0	0	0	
4	6/710 Purchased Water	0	0	0	0	0	0	0	0	0	
5	711 Sludge Removal Expense	0	0	0	0	0	0	0	0	0	
6	6/715 Purchased Power	5,565	74,927	0	10,139	90,631	68,826	0	0	0	
7	6/716 Fuel for Power Production	0	0	0	0	0	0	0	0	0	
8	6/718 Chemicals	0	0	0	0	0	0	0	0	0	
9	6/720 Materials & Supplies	88,540	200,251	9,202	8,729	306,722	232,929	4,542	5,800	1,258	
10	6/731 Contractual Services - Eng.	0	33,523	0	0	33,523	25,458	496	634	137	
11	6/732 Contractual Services - Acct.	0	177,985	0	0	177,985	135,164	2,636	3,366	730	
12	6/733 Contractual Services - Legal	0	107,248	0	0	107,248	81,446	1,588	2,028	440	
13	6/734 Contractual Services - Mgmt Fees	0	0	0	0	0	0	0	0	0	
14	6/735 Contractual Services - Other	0	276,594	0	45,805	322,399	244,834	4,774	6,096	1,322	
15	6/741 Rental of Real Building/Real Property	0	159,134	0	24,926	184,060	139,777	2,726	3,480	755	
16	6/742 Rental of Equipment	0	7,283	0	3,697	10,980	8,338	163	208	45	
17	6/750 Transportation Expense	62,637	77,824	7,835	3,834	152,130	115,530	2,253	2,877	624	
18	6/756 Insurance - Vehicle	0	122,008	0	0	122,008	92,654	1,807	2,307	500	
19	6/757 Insurance - General Liability	0	250,798	0	52,050	302,848	229,986	4,485	5,727	1,242	
20	6/758 Insurance - Workman's Comp	28,682	75,288	1,601	934	106,505	80,882	0	0	0	
21	6/759 Insurance - Other	0	24,899	0	0	24,899	18,909	369	471	102	
22	6/760 Advertising Expense	0	27,165	0	0	27,165	20,629	402	514	111	
23	6/766 Reg. Comm. Exp. - Rate Case Amort.	0	469,893	0	0	469,893	373,256	0	0	0	
24	6/767 Reg. Comm. Exp. - Other	0	59,415	0	0	59,415	44,362	0	0	0	
25	6/770 Bad Debt Expense	217,899	0	23,558	0	241,457	183,365	3,576	4,566	990	
26	6/775 Miscellaneous Expenses	546,534	1,234,725	31,560	50,494	1,863,312	1,415,023	27,593	35,234	7,641	
27	<b>TOTAL WATER &amp; SEWER O &amp; M EXPENSES</b>	<b>2,951,233</b>	<b>8,632,425</b>	<b>185,490</b>	<b>265,777</b>	<b>12,034,926</b>	<b>9,155,132</b>	<b>67,409</b>	<b>73,307</b>	<b>15,898</b>	

Note:  
 (1) Docket No. 960005-WS recommended 1996 Price Index for water and wastewater utilities.

EXHIBIT  
 PAGE 3 OF 3  
 (JJK-8)

SOUTHERN STATES UTILITIES, INC.  
DOCKET NO.: 950495-WS  
RESPONSE TO INTERROGATORIES

REQUESTED BY: OPC  
SET NO: 18  
INTERROGATORY NO: 343  
ISSUE DATE: 01/05/96  
WITNESS: Judith J. Kimball  
RESPONDENT: Judith J. Kimball

INTERROGATORY NO: 343

Please explain why the non-used and useful adjustment for Lehigh is a positive number as opposed to a negative number. In other words, the non-used and useful adjustment for Lehigh actually increases rate base, when normally non-used and useful adjustments decrease rate base.

RESPONSE: 343

There are three instances where the Lehigh non-used and useful adjustment is a debit to rate base rather than the typical credit. This occurs in both water and wastewater rate base in the 1996 test year and in the wastewater rate base in the 1995 test year. The debits can be seen on Schedule A-2(S), page 1 of 1, and A-7(S), page 1 of 1 as they relate to wastewater rate base and schedule A-1(W), page 1 of 1, and A-7(W), page 1 of 1 as they relate to the water rate base. Schedule A-16(W) (S) is also important in this discussion as it portrays water and wastewater advances for construction. Schedule A-7 summarizes the component parts of the Utility's non-used and useful adjustment to rate base. The positive non-used and useful adjustment is a fallout from the various non-used and useful calculations as they relate to plant in service, accumulated depreciation and advances for construction as well as CIAC amortization.

It is important to realize that all amounts included in advances are 100% non-used and useful. In the case of Lehigh, the utility assets constructed with advances for construction are all included in utility plant in service in the rate proceeding. A calculated non-used and useful percentage is applied to the plant in service balance and the resulting non-used and useful plant is carried over to Schedule A-7. The same holds true for the non-used and useful impact on accumulated depreciation. In the case of advances for construction, the entire advance has been included on Schedule A-16 even though the Utility did not receive any cash related to these advances for construction. The dollars included on Schedule A-16 are the other side of the entry which records plant in service. The only way these advances are reduced is when Southern States reimburses Lehigh Corporation for the construction as new customers come on line. In the rate filing, the entire advance is deducted from rate base on Schedules A-1(W) and A-2(S) but is added back as non-used and useful on Schedule A-7 because the customers have not yet come on line. Once they do connect, the advance is reduced as a result of the repayment to Lehigh Corporation and Contributions in Aid of Construction is increased due to the payment of the tariffed rates by the new water and sewer customer.

If advances for construction were deducted from rate base with no consideration as to non-used and useful, the Utility's rate base would be unduly eroded because of the non-used and useful calculation applied to the assets that the advances are related to. If one excludes the assets from rate base, the related advance must also be excluded or the Utility faces the potential of a negative rate base. To illustrate, consider the following example. Plant in service (lines) is constructed in the amount of \$2 million and is deeded to the utility under a refundable advance agreement. There are no customers on the lines. Impacts to rate base as presented in a rate filing are as follows:

Rate Base

Plant in service	\$2,000,000 (a)
Non-used and useful	
Plant in Service	<2,000,000> (b)
Advances for Construction	2,000,000 (c)
Advances for Construction	<2,000,000> (d)
Total Rate Base	-0-

Under this scenario, one can see the impact of the transaction on rate base is zero due to removing all of the plant and Advances as 100% non-used and useful [(b) and (c)]. If non-useful plant (b) was removed and the Advances (d) were removed with no consideration of (c), the utility would have a negative \$2 million rate base.

The above example may raise the concern that plant in service (b) has not been reduced by 100% in the current filing; however, advances for construction (c) have been added back to non-used and useful by 100%. In the filing, the non-used and useful percentage for plant in service is much smaller than 100%; however, it is being applied against a much larger pot of dollars (total plant in service--not just plant in service constructed through advances). As an example, if one refers to OPC Interrogatory No. 317, the Company's response shows the average dollars included in the rate case for plant in service and reflects the average dollars of useful plant in service after non-used and useful percentages are applied. Using the 1996 sewer plant numbers as an example from that interrogatory, it would appear that \$191,019 of average plant was included in rate base with a non-used and useful percentage of 11.69% applied to it which resulted in a net average useful plant in service of \$168,689. Logic would follow that the Utility is removing 100% of the Advance, or \$191,019, but only \$22,330 of the average plant in service. However, when one looks at the total account information for NARUC Account 361, they will see that non-used and useful for that account is \$829,000. Therefore, it is easy to see that the entire amount of plant funded by advances for construction has been removed as a non-used and useful adjustment which necessitates the add back of the 100% of non-used and useful advances for construction. To do otherwise will result in the negative rate base situation as described in the example.

The fact that in these three instances the non-used and useful turned into a positive number relates to a combination of the factors discussed above as well as the impact of the accumulated depreciation calculation. In two of the three instances, it was the reduction to accumulated depreciation due to non-used and useful that drove the overall non-used and useful to a positive adjustment.

**RECONCILIATION OF SUGAR MILL WOODS  
WASTEWATER CIAC DIFFERENCE  
BETWEEN 920199 MFRS AND BOOK BALANCES**

MFR additions for 1989 per Docket 920199 MFRs	2,954,412	
Less 1989 additions in CIAC account 271.009	<u>(16,635)</u>	
MFR additions per notes on Chuck Lewis and Nixon workpaper	<u>2,937,777</u>	
Less 1989 Additions in CIAC account 271.500	<u>(1,695,953)</u>	
Balance of MFR 1989 activity that should pertain to CIAC account 271.022	<u>1,241,824</u>	
1989 Actual Activity in Account 271.022		237,054
Less Acquisition Booking Entry already in MFR beginning points		<u>(97,620)</u>
Amount that should have been picked up as 1989 activity in Account 271.022	<u>139,434</u>	<u>139,434</u>
Excess CIAC added to Docket 920199 (THIS AMOUNT AGREES WITH THE DIFFERENCE BETWEEN THE GENERAL LEDGER AND THE MFRS AT 12/31/89)	<u>1,102,390</u>	
Amount related to acquisition transaction	<u>1,108,870</u>	
Unexplained difference	<u>6,480</u>	
Adjustment presented in 950495 as a CIAC overstatement	<u>1,116,283</u>	
Decrease in adjustment required	(7,413)	





Southern States Utilities, Inc  
Reconciliation of  
1993 Accumulated Depreciation  
General Ledger to MFR's

	<u>Water</u>	<u>Sewer</u>	<u>General Plant</u>	<u>Total</u>
12/31/93 Balance per General Ledger	\$(32,442,354)	\$(29,900,070)	\$ (9,186,855)	\$(71,529,279)
Less VGU Balance	<u>3,734,459</u>	<u>3,222,474</u>	<u>440,177</u>	<u>7,397,110</u>
Total General Ledger Excluding VGU	<u>(28,707,895)</u>	<u>(26,677,597)</u>	<u>(8,746,678)</u>	<u>(64,132,169)</u>
Plus 1991 Lead Schedule Adjustments (In MFRs but not on books):				
Improper Purchase Accounting	(828,901)	(2,045,200)	0	(2,874,101)
Depreciation on Assets Unbooked at Acquisition	(111,197)	(114,929)	0	(226,126)
Unbooked Retirements	18,305	21,262	0	39,567
Accounting Mistakes	15,859	(57,663)	40,436	(1,368)
Depreciation on Non-Used and Useful	<u>(911,812)</u>	<u>(908,937)</u>	<u>0</u>	<u>(1,820,749)</u>
Total Adjustments reconciled on Lead schedules	<u>(1,817,746)</u>	<u>(3,105,467)</u>	<u>40,436</u>	<u>(4,882,777)</u>
Plus Additional 1989-1993 Adjustments				
1989-1991 Adjustments due to Incorrect Rates	466,224	198,123	0	664,347
1989-1991 Adjustments due to Asset Correction	(2,365)	2,805	0	440
'92 Adjustments due to Incorrect Rates	262,246	326,545	86,767	675,557
'92 Adjustments due to Asset Correction	6,399	(3,239)	0	3,160
'92 Depreciation on Non-Used and Useful	(478,464)	(389,828)	0	(868,292)
'93 Adjustments due to Incorrect Rates	194,297	373,170	(10,839)	556,627
'93 Adjustments due to Asset Correction	6,932	(5,916)	0	1,016
'93 Depreciation on Non-Used and Useful	<u>(475,142)</u>	<u>(371,115)</u>	<u>0</u>	<u>(846,257)</u>
Total Additional Adjustments 1989-1993	<u>(19,874)</u>	<u>130,544</u>	<u>75,928</u>	<u>186,599</u>
Total Adjusted General Ledger 1993 Balance	<u>\$(30,545,515)</u>	<u>\$(29,652,519)</u>	<u>\$ (8,630,314)</u>	<u>\$(68,828,348)</u>
12/31/93 Balance per MFR's	\$(31,465,847)	\$(29,666,181)	\$ (8,223,607)	\$(69,355,635)
Plus Adjustments Needed on MFRs				
Prior Period Retirements shown in 1996 MFR's	141,680	161,252	0	302,932
Marion Oaks Adjustments due to Incorrect Rates	<u>(8,856)</u>	<u>(36,727)</u>	<u>0</u>	<u>(45,583)</u>
Adjustments for 1993 MFR Balance	<u>132,824</u>	<u>124,525</u>	<u>0</u>	<u>257,349</u>
Total Adjusted MFR's	<u>\$(31,333,023)</u>	<u>\$(29,541,656)</u>	<u>\$ (8,223,607)</u>	<u>\$(69,098,286)</u>
Variance MFR's to General Ledger	<u>\$ (787,508)</u>	<u>\$ 110,863</u>	<u>\$ 406,707</u>	<u>\$ (269,938)</u>
Less Plant 01 not picked up in MFR's	<u>187,620</u>	<u>(17)</u>	<u>0</u>	<u>187,603</u>
Total Adjustment needed to General Ledger	<u>\$(599,888)</u>	<u>\$ 110,846</u>	<u>\$ 406,707</u>	<u>\$ (82,335)</u>

## Note:

MFRs historically moved several items booked as general plant to water asset accounts. The books continued to depreciate as general plant assets. That explains why general plant accumulated depreciation is greater on the books than in the MFRs, but water accumulated depreciation is less on the books than in the MFRs.

**SSU**  
**Rate Department**

DATE: August 22, 1995  
TO: Ron Mayes, FPSC Auditor  
FROM: Judy Kimball  
RE: FPSC Audit Document Request No. 22, CIAC Amortization

---

In your audit request, you cite MFR Schedules A-14, page 1, column 4, line 6 which is represented as "balance per books" as of 12/31/94. You indicate these balances for CIAC amortization do not agree with the general ledger balances as of the same date. "Balance per books" is a generic column heading that is used on a multitude of schedules. It does not always necessarily mean the general ledger specifically. In the case of CIAC amortization as well as accumulated depreciation, these balances will not agree with the books. They are calculated numbers constructed for the purpose of putting together the MFRs. The amortization is calculated in the MFRs to insure correct additions based on Commission ordered CIAC balances from the last test year. Commission orders reflecting these CIAC balances may not be issued for many months or even years after the books have been closed. In addition, sometimes there are adjustments that may take some time to get booked and the independent calculation in the MFRs corrects these timing problems. Calculated MFR amortization activity also ensures consistent and up-to-date amortization rates and facilitates the presentation of 13-month average balances.

A general information response explaining how the books calculate amortization versus how the MFRs calculate amortization will undoubtedly suffice as an explanation for most of the differences. The most important factor is that the MFRs calculate CIAC amortization in a process independent from Company books. Unlike plant additions and CIAC additions in which the MFRs pull numbers directly from the general ledgers, depreciation and amortization are calculated off MFR balances, both actual and projected. During 1994, SSU booked adjustments to accumulated amortization of CIAC based on Commission ordered balances as of December 31, 1991. For all plants which had rate base established at that time plus Marco Island and Lehigh, the books and the MFRs should have been in agreement as of December 1991. Therefore, any differences would have had to occur during 1992-1994. One cause for the differences is related to amortization rates. In this intervening three year period, which runs through the historic test year ended December 31, 1994, the books used the following methodologies for calculating the rates to be used for amortization of CIAC:

1992 Plant asset balances in accounts 304-339 (water) and 354-389 (wastewater) were divided by accumulated depreciation to arrive at composite rates to be used for all CIAC amortization.

1993 & 1994      **Composite rates for cash CIAC accounts were arrived at by taking balances in plant assets accounts 304-339 (water) and 354-389 (wastewater) divided by accumulated depreciation.**

CIAC accounts related to property contributions were amortized at a rate equivalent to the depreciation rate used on the associated asset account.

On the MFR side, we have provided an example of the steps taken to arrive at the amortization rates using Amelia Island water plant and CIAC. That example and the trail of calculations is provided in Appendix FPSC 22-A. As can be seen from a comparison of the rates used in the specific plant explanations, a majority of the differences are attributable to rate differentials.

A significant difference between the books and the MFRs exists in the case of the Punta Gorda plants (Sugarmill Woods, Burnt Store, and Deep Creek). In the case of these plants, there is a large amount of "prepaid CIAC" on the books which the Company has not amortized and does not amortize until the connection materializes. However, on the MFR side, all prepaid CIAC is included in the CIAC calculation as well as the amortization calculation before non-used and useful adjustments are applied to the offsetting expense. This is explained in more detail in the reconciliations contained in Appendix FPSC 22-B.

Specific responses to the underlined plants are as follows. Refer to Appendix FPSC 22-B in all cases for calculations. In the calculations included in Appendix FPSC 22-B, in some cases composite rates are portrayed in the "per books" presentation for ease in calculations even though line item rates were actually used in the books.

1.      Pine Ridge water--ledger \$16,097 greater than MFR balance. This difference is created by the difference in rates used on the books versus rates used in the MFRs.
2.      Sugarmill Woods water--MFR amortization greater than general ledger by \$150,159. Amortization on prepaid CIAC which is done in the MFRS and not in the books accounted for a difference of \$162,365. The remaining difference of \$12,206 (going the opposite direction) is a result of rate differentials due to methodology of calculating the amortization rate.
3.      Burnt Store water--MFR balance greater than general ledger balance by \$6,581. This difference is created by the difference in rates used on the books versus rates used in the MFRs.
4.      Lehigh water--MFR balance greater than general ledger by \$152,280. The majority of this difference relates to a journal entry which was posted twice in error when the books were adjusted to agree with the Commission order in December 1994. The amount of that adjustment is \$137,607. The books had also taken amortization on an incorrect amount of CIAC totaling \$136,213 which went back to December 1991. Amortization on that amount for the three year period totaled \$12,055. The MFRs correctly reflected this adjustment and the related amortization impact. Finally, the difference in amortization rates in the MFRs versus the books accounted for increased amortization of \$26,722 in the MFRs over the books.

5. Fox Run water--MFR balance greater than general ledger balance by \$5,186. In 1993, the Company established separate CIAC accounts for each related plant asset account. They took the booked accumulated amortization which existed as a pool of dollars and reassigned the pool to the various amortization accounts that had related CIAC balances. In the process, there was a misclassification between the water amortization balances and the wastewater amortization balances which caused water amortization to be \$8,100 less than it should have been and wastewater amortization to be \$4,502 more than it should have been. Adding \$8,100 to the general ledger water amortization balance brings the booked water to \$35,896 or \$2,914 greater than the MFR balance. Although the wastewater side was not included in those plants requiring analysis, the book accumulated amortization dollars are \$8,657 greater than the MFR balances. Deducting the \$4,502 overstatement brings the difference down to \$4,155. As a result, the net difference for the Fox Run plant is that the books have \$7,069 more CIAC amortization than what is reflected in the MFRs. This difference is attributable to the fact that the MFRs utilized different amortization rates than did the books for 1992 through 1994.

Prior to the last rate case (Docket No. 920199-WS), Fox Run should have used a 2.5% amortization rate until asset lives were changed in accordance with Florida Administrative Code Rule 25-30.140. Those rates were changed in Docket No. 920199-WS. However, the MFRs restated the amortization for 1991 (the last test year) plus 1992 and eight months of 1993 (the time final rates went into effect from Docket No. 920199-WS). The rationale for this change is that the new rates should not actually be implemented until the receipt of final revenues, at which point there is a proper matching of revenues and accelerated expense for depreciation. The books utilized an amortization rate nearly double what the MFRs used during this three year period.

6. Deltona Lakes wastewater--MFR balance greater than ledger balance by \$77,819.  
Deltona Lakes water--MFR balance less than general ledger balance by \$345,272.

Please refer to the narrative for Fox Run as the part related to the activity in 1993 which misclassified amortization balances applies in the case of Deltona Lakes as well. This misclassification resulted in \$117,885 being over allocated to water and \$99,868 being under allocated to sewer. Adding the under allocation for sewer of \$99,868 to the book amortization balance brings the book balance to \$235,517 compared to an MFR balance of \$213,468 or a \$22,049 difference. Subtracting the over allocation in water of \$117,885 from the book amortization balance brings the book balance to \$1,852,123 compared to an MFR balance of \$1,624,736 or a \$227,387 difference.

As can be seen in Appendix FPSC 22-B, the most significant differences between the books and the MFRs occurs in 1992 where book amortization for the year is \$194,776 greater than the MFR amortization balance. As in the case of Fox Run, the MFRs reflect a 2.5% amortization rate for 1991, 1992 and eight months of 1993 while the books reflect a much higher amortization rate (almost double that used in the MFRs). The same holds true for 1993, although it is not quite as significant because the MFRs have picked up four months at the accelerated rates. 1994 is pretty consistent between the book rate and the MFR rate. There was a retirement of CIAC amortization which occurred in 1992 on the books with a correcting entry in 1993 related to a sale to Volusia County of part of the Deltona Lakes service area. It appears that the MFRs did not pick up this retirement of amortization which accounts for \$10,451 of the total difference. In other words, water accumulated amortization on the MFRs is overstated by \$10,451.

7. Enterprise wastewater--MFR balance greater than general ledger by \$15,370. The last test year for the Enterprise plant was a March 1985 test year. Since that time, the MFRs calculated amortization on CIAC utilizing related depreciation rates for a Class C utility. The books, however, utilized an amortization rate since 1986 that had been established by Deltona which was much lower than the Class C rate.

8. Burnt Store wastewater--MFR balance greater than general ledger balance by \$308,651. The large difference in this plant relates to amortization taken on prepaid CIAC in the MFR's, but not in the books. Built into the 1991 beginning points of accumulated amortization is \$90,109 of expense for the years 1989 through 1991 that was not amortized on the books as well as an additional \$198,046 of amortization for the years 1992 through 1994. The remaining difference of \$14,320 is attributable to rate differentials between the books and the MFR's.

9. Deep Creek wastewater--MFR balance \$627,459 greater than general ledger balance. The difference at this plant relates to amortization taken on prepaid CIAC in the MFR's, but not in the books. For the years 1989 through 1990 (12/31/90 was the last Deep Creek test year) amortization on prepaid CIAC totaled \$260,984. For the years 1991 through 1994, amortization on prepaid CIAC totaled \$466,948. The remaining difference of \$100,472 is attributable to rate differentials between the books and the MRF's.

It is the Company's position that CIAC amortization as reflected in the MFRs is correct with the exception of the retirement at the Deltona Lakes water plant in the amount of \$10,451 which was not picked up in the MFRs.



SCHEDULE OF WATER PLANT IN SERVICE BY PRIMARY ACCOUNT - 1994  
 YEAR AVERAGE BALANCE / SUMMARY

Company: SSU / Nassau / Amelia Island  
 Docket No.: 950485-W5  
 Schedule Year Ended: 12/31/94  
 Interim: [ ] Final [ ]  
 Historical: [x] Projected [ ]  
 Simple Ave.: [x] 13 Month Ave. [ ]  
 FPSC Uniform: [x] FPSC Non-uniform [ ] Non FPSC [ ]

Explanation: Provide the beginning, ending and average balances of PIS by account for the prior year and the last year.

FPSC  
 Schedule: A-5 (W)  
 Page 1 of 7  
 Preparer: Kimball  
 Recap schedules: A-1(W), A-4(W)

Line No.	Account No. and Name	1994 PLANT IN SERVICE					1994 AVERAGE BALANCE				
		Balance Per Books 12/31/93	Net Additions 12/31/93 - 12/31/94			Balance Per Books 12/31/94	Adjusted Balance 12/31/94	Balance Per Books	Utility Adjustments	Adjusted Utility Balance	
			Gross	Retirements	Net						
1	<b>INTANGIBLE PLANT</b>										
2	301.1 Organization	50,516	0	0	0	50,516	0	50,516	50,516	0	50,516
3	302.1 Franchises	3,243	0	0	0	3,243	0	3,243	3,243	0	3,243
4	339.1 Other Plant & Miscellaneous	(102)	0	0	0	(102)	0	(102)	(102)	0	(102)
5	<b>SOURCE OF SUPPLY &amp; PUMPING</b>										
6	303.2 Land & Land Rights	0	0	0	0	0	0	0	0	0	0
7	304.2 Structures & Improvements	144	11,001	0	11,001	11,145	0	11,145	5,645	0	5,645
8	305.2 Collecting & Impounding Reservoirs	0	0	0	0	0	0	0	0	0	0
9	306.2 Lake, River & Other Intakes	0	0	0	0	0	0	0	0	0	0
10	307.2 Wells & Springs	84,890	986	0	986	85,879	0	85,879	85,186	0	85,186
11	308.2 Infiltration Galleries & Tunnels	0	0	0	0	0	0	0	0	0	0
12	309.2 Supply Mains	5,265	0	0	0	5,265	0	5,265	5,265	0	5,265
13	310.2 Power Generation Equipment	0	1,906	(4,500)	(2,594)	(2,594)	0	(2,594)	(1,297)	0	(1,297)
14	311.2 Pumping Equipment	18,557	5,082	0	5,082	23,639	0	23,639	21,098	0	21,098
15	339.2 Other Plant & Miscellaneous	102	0	0	0	102	0	102	102	0	102
16	<b>WATER TREATMENT PLANT</b>										
17	303.3 Land & Land Rights	70,313	0	0	0	70,313	0	70,313	70,313	0	70,313
18	304.3 Structures & Improvements	35,274	0	0	0	35,274	0	35,274	35,274	0	35,274
19	320.3 Water Treatment Equipment	7,273	8,725	0	8,725	15,998	0	15,998	11,635	0	11,635
20	321.3 Permeators	0	0	0	0	0	0	0	0	0	0
21	339.3 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0	0	0
22	<b>TRANSMISSION &amp; DISTRIBUTION</b>										
23	303.4 Land & Land Rights	0	0	0	0	0	0	0	0	0	0
24	304.4 Structures & Improvements	0	0	0	0	0	0	0	0	0	0
25	330.4 Distribution Reservoirs	60,644	5,558	0	5,558	66,202	0	66,202	63,423	0	63,423
26	331.4 Transmission & Distribution	2,611,325	64,399	0	64,399	2,675,724	0	2,675,724	2,843,524	0	2,843,524
27	333.4 Services	205,931	25,344	0	25,344	231,275	0	231,275	218,803	0	218,803
28	334.4 Meters & Meter Installation	139,270	15,352	0	15,352	154,622	0	154,622	146,946	0	146,946
29	335.4 Hydrants	138,014	16,348	0	16,348	154,362	0	154,362	146,188	0	146,188
30	339.4 Other Plant & Miscellaneous	8,089	0	0	0	8,089	0	8,089	8,089	0	8,089
31	<b>GENERAL PLANT</b>										
32	303.5 Land & Land Rights	4,663	(0)	0	(0)	4,663	0	4,663	4,663	0	4,663
33	304.5 Structures & Improvements	38,327	3,296	(48)	3,248	41,576	0	41,576	39,951	0	39,951
34	340.5 Office Furniture & Equipment	22,373	3,029	(36)	2,993	25,366	0	25,366	23,870	0	23,870
35	340.51 Computer Equipment	39,826	23,287	(619)	22,668	62,494	0	62,494	51,180	0	51,180
36	341.5 Transportation Equipment	35,317	8,217	(5,508)	2,709	38,027	0	38,027	36,672	0	36,672
37	342.5 Stores Equipment	253	180	0	180	413	0	413	333	0	333
38	343.5 Tools, Shop & Garage Equipment	10,877	3,238	0	3,238	14,215	0	14,215	12,596	0	12,596
39	344.5 Laboratory Equipment	1,737	2,298	0	2,298	4,035	0	4,035	2,886	0	2,886
40	345.5 Power Operated Equipment	11,564	2,851	(322)	2,529	14,093	0	14,093	12,829	0	12,829
41	346.5 Communication Equipment	4,500	1,932	(20)	1,912	6,412	0	6,412	5,456	0	5,456
42	347.5 Miscellaneous Equipment	1,862	1,528	0	1,528	3,389	0	3,389	2,626	0	2,626
43	348.5 Other Tangible Plant	94	0	0	0	94	0	94	94	0	94
44	<b>INTANGIBLE PLANT</b>	53,657	0	0	0	53,657	0	53,657	53,657	0	53,657
45	<b>SUPPLY &amp; PUMPING</b>	108,781	18,978	(4,500)	14,478	123,237	0	123,237	115,999	0	115,999
46	<b>WATER TREATMENT PLANT</b>	112,880	8,725	0	8,725	121,585	0	121,585	117,222	0	117,222
47	<b>TRANSMISSION &amp; DISTRIBUTION</b>	3,163,273	127,000	0	127,000	3,290,273	0	3,290,273	3,226,773	0	3,226,773
48	<b>GENERAL PLANT</b>	171,485	49,835	(6,552)	43,283	214,778	0	214,778	193,136	0	193,136
49	<b>TOTAL PLANT IN SERVICE</b>	<b>3,810,046</b>	<b>204,535</b>	<b>(11,052)</b>	<b>193,483</b>	<b>3,803,529</b>	<b>0</b>	<b>3,803,529</b>	<b>3,708,787</b>	<b>0</b>	<b>3,708,787</b>
50	<b>LAND &amp; LAND RIGHTS</b>	<b>74,976</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>74,976</b>	<b>0</b>	<b>74,976</b>	<b>74,976</b>	<b>0</b>	<b>74,976</b>
51	<b>TOTAL PIS LESS LAND</b>	<b>3,535,080</b>	<b>204,535</b>	<b>(11,052)</b>	<b>193,483</b>	<b>3,728,553</b>	<b>0</b>	<b>3,728,553</b>	<b>3,631,811</b>	<b>0</b>	<b>3,631,811</b>

12

**SCHEDULE OF WATER CONTRIBUTIONS IN AID OF CONSTRUCTION BY CLASSIFICATION - 1994  
TEST YEAR AVERAGE BALANCE / SUMMARY**

Company: SSU / Nassau / Amella Island

Docket No.: 950495-WS

Schedule Year Ended: 12/31/94

Interim  Final

Historical  Projected

Simple Ave.  13 Month Ave.

FPSC Uniform  FPSC Non-uniform  Non FPSC

Explanation: Provide the beginning, ending and average balances of CIAC by classification for the prior year and the test year and show the non-used and useful percent and amount.

FPSC

Schedule: A-12 (W)

Page 1 of 6

Preparer: Kimball

Recap schedules: A-1(W), A-7(W)

(1) Line No.	(2) Classification	1994 CONTRIBUTIONS IN AID OF CONSTRUCTION				1994 AVERAGE BALANCE			1994 NON-USED & USEFUL		
		(3) Balance Per Books 12/31/93	(4) Net Additions	(5) Balance Per Books 12/31/94	(6) Utility Adjustments	(7) Adjusted Balance 12/31/94	(8) Balance Per Books	(9) Utility Adjustments	(10) Adjusted Utility Balance	(11) Percentage	(11) Amount
1	Plant Capacity Fees	5,207	0	5,207	0	5,207	5,207	0	5,207	0.00%	0
2	Line/Main Extensions	1,670,892	0	1,670,892	0	1,670,892	1,670,892	0	1,670,892	0.00%	0
3	Meter Installation Fees	307,427	18,228	325,655	0	325,655	316,541	0	316,541	0.00%	0
4	Contributed Lines	103,941	60,359	164,300	0	164,300	134,120	0	134,120	0.00%	0
5	Cont. Prpty Other than Lines	23,826	16,348	40,174	0	40,174	32,000	0	32,000	5.53%	1,770
6	Service Installation Fees	23,187	18,277	41,464	0	41,464	32,326	0	32,326	0.00%	
7	<b>TOTAL WATER CIAC</b>	<b>2,134,480</b>	<b>113,212</b>	<b>2,247,692</b>	<b>0</b>	<b>2,247,692</b>	<b>2,191,086</b>	<b>0</b>	<b>2,191,086</b>	<b>0.08%</b>	
8	<b>FPSC MARGIN RESERVE - CIAC</b>				<b>78,240</b>	<b>78,240</b>	<b>0</b>	<b>39,120</b>	<b>39,120</b>		

Column:  
(10) from Schedule A-5 (page 7 of 7)

EXHIBIT \_\_\_\_\_  
 PAGE 7 OF 22  
 (JDK-b)



SCHEDULE OF NET WATER DEPRECIATION EXPENSE - 1994  
SUMMARY - DEPRECIATION, NET OF CIAC AMORTIZATION EXPENSE

Company: SSU / Nassau / Amelia Island  
Docket No.: 950495-W5  
Schedule Year Ended: 12/31/94  
Interim  Final   
Historical  Projected   
Simple Avs.  13 Month Avs.   
FPSC Uniform  FPSC Non-uniform  Non FPSC

Explanation: Provide a schedule of last year depreciation expense by primary account.

FPSC  
Schedule: B-13(W)  
Page 1 of 3  
Preparer: Kimball  
Recap Schedules: B-1(W), B-3(W), B-18 (W)  
Supporting Schedules: A-5 (W), F-Schedules

Line No.	Account No. and Name	1994 Avg. Adj. PIS	Life	Rate (%)	DEPRECIATION RATE			1994 DEPRECIATION EXPENSE			1994 USED & USEFUL DEPRECIATION EXPENSE		
					Per Books	Utility Adjustment	Adjusted Depreciation Expense	Non-used and Useful Percentage	Non-used and Useful Amount	Used and Useful Depreciation Exp.			
1	<b>INTANGIBLE PLANT</b>												
2	301.1 Organization	50,518	40	2.50%	1,263	0	1,263	0.00%	0	1,263			
3	302.1 Franchise	3,243	40	2.50%	81	0	81	0.00%	0	81			
4	339.1 Other Plant & Misc.	(102)	25	4.00%	(4)	0	(4)	0.00%	0	(4)			
5	<b>SOURCE OF SUPPLY &amp; PUMPING</b>												
6	303.2 Land & Land Rights	0	NA	NA	0	0	0	0.00%	0	0			
7	304.2 Structures & Improvements	5,645	33	3.03%	171	0	171	6.68%	11	160			
8	305.2 Collect. & Impound.	0	50	2.00%	0	0	0	6.68%	0	0			
9	306.2 Lake, River & Other	0	40	2.50%	0	0	0	6.68%	0	0			
10	307.2 Wells & Springs	85,186	30	3.33%	2,837	0	2,837	6.68%	190	2,647			
11	308.2 Infiltration Galleries	0	40	2.50%	0	0	0	6.68%	0	0			
12	309.2 Supply Mains	5,265	35	2.86%	151	0	151	6.68%	10	141			
13	310.2 Power Generation Equip.	(1,297)	20	5.00%	(65)	0	(65)	0.00%	0	(65)			
14	311.2 Pumping Equipment	21,098	20	5.00%	1,055	0	1,055	0.00%	0	1,055			
15	339.2 Other Plant & Misc.	102	25	4.00%	4	0	4	0.00%	0	4			
16	<b>WATER TREATMENT PLANT</b>												
17	303.3 Land & Land Rights	70,313	NA	NA	0	0	0	0.00%	0	0			
18	304.3 Structures & Improvements	35,274	33	3.03%	1,069	0	1,069	0.00%	0	1,069			
19	320.3 Water Treatment Equip.	11,635	22	4.55%	529	0	529	0.00%	0	529			
20	321.3 Permeators	0	5	20.00%	0	0	0	0.00%	0	0			
21	339.3 Other Plant & Misc.	0	25	4.00%	0	0	0	0.00%	0	0			
22	<b>TRANSMISSION &amp; DISTRIBUTION</b>												
23	303.4 Land & Land Rights	0	NA	NA	0	0	0	0.00%	0	0			
24	304.4 Structures & Improvements	0	33	3.03%	0	0	0	0.00%	0	0			
25	330.4 Distr. Reservoirs	63,423	37	2.70%	1,712	0	1,712	0.00%	0	1,712			
26	331.4 Transmission & Distribution	2,643,524	43	2.33%	61,594	0	61,594	0.00%	0	61,594			
27	333.4 Services	218,603	40	2.50%	5,465	0	5,465	0.00%	0	5,465			
28	334.4 Meters & Meter Installation	146,946	20	5.00%	7,347	0	7,347	0.00%	0	7,347			
29	335.4 Hydrants	146,168	45	2.22%	3,245	0	3,245	0.00%	0	3,245			
30	339.4 Other Plant & Misc.	8,089	25	4.00%	324	0	324	0.00%	0	324			
31	<b>GENERAL PLANT</b>												
32	303.5 Land & Land Rights	4,663	NA	NA	0	0	0	0.00%	0	0			
33	304.5 Structures & Improvements	39,951	40	2.50%	999	0	999	0.00%	0	999			
34	340.5 Office Furniture & Equipment	23,870	15	6.67%	1,592	0	1,592	0.00%	0	1,592			
35	340.5.1 Computer Equipment	51,160	6	16.67%	8,528	0	8,528	0.00%	0	8,528			
36	341.5 Transportation Equipment	36,672	8	16.67%	6,113	0	6,113	0.00%	0	6,113			
37	342.5 Storage Equipment	333	18	5.56%	19	0	19	0.00%	0	19			
38	343.5 Tools, Shop & Garage	12,596	16	6.25%	787	0	787	0.00%	0	787			
39	344.5 Laboratory Equipment	2,886	15	6.67%	192	0	192	0.00%	0	192			
40	345.5 Power Operated Equipment	12,829	12	8.33%	1,069	0	1,069	0.00%	0	1,069			
41	346.5 Communication Equipment	5,456	10	10.00%	546	0	546	0.00%	0	546			
42	347.5 Miscellaneous Equipment	2,626	15	6.67%	175	0	175	0.00%	0	175			
43	348.5 Other Tangible Plant	94	10	10.00%	9	0	9	0.00%	0	9			
44	<b>INTANGIBLE PLANT</b>	53,657		2.50%	1,340	0	1,340	0.00%	0	1,340			
45	<b>SUPPLY &amp; PUMPING</b>	115,999		3.58%	4,153	0	4,153	5.08%	211	3,942			
46	<b>WATER TREATMENT PLANT</b>	117,222		1.36%	1,598	0	1,598	0.00%	0	1,598			
47	<b>TRANSMISSION &amp; DISTRIBUTION</b>	3,226,773		2.47%	79,667	0	79,667	0.00%	0	79,667			
48	<b>GENERAL PLANT</b>	193,136		10.37%	20,029	0	20,029	0.00%	0	20,029			
49	<b>TOTAL DEPRECIATION EXPENSE</b>	3,706,767		2.88%	106,807	0	106,807	0.20%	211	106,596			
50	<b>LESS: AMORTIZATION OF CIAC</b>				(59,670)	0	(59,670)		(41)	(59,629)			
51	<b>NET DEPRECIATION EXPENSE - WATER</b>				47,137	0	47,137		170	46,967			

Column:  
(2) from Schedule A-5, page 1, column 11  
(8) from F Schedules

**SCHEDULE OF NET WATER DEPRECIATION EXPENSE - 1994  
CIAC AMORTIZATION EXPENSE**

Company: SSU / Nassau / Amelia Island  
Docket No.: 950495-WS  
Schedule Year Ended: 12/31/94  
Interim  Final   
Historical  Projected   
Simple Ave.  13 Month Ave.   
FPSC Uniform  FPSC Non-uniform  Non FPSC

Explanation: Provide a schedule that shows the calculation of CIAC amortization expense.

FPSC  
Schedule: B-13(W)  
Page 2 of 3  
Preparer: Kimball  
Recap Schedules: B-13(W)1/3  
Supporting Schedules: A-12(W), B-13(W)3/3

Line No.	(1) WATER CIAC Classifications	(2)	(3)	1994 CIAC AMORTIZATION EXPENSE			1994 USED & USEFUL CIAC AMORTIZATION EXPENSE		
		Avg. Adj. CIAC Balance	CIAC Amort. Composite Rate	Per Books	Utility Adjustment	Utility Adjusted CIAC Amort.	Composite Non-used and Useful Percentage	Non-used and Useful Amount	Used and Useful CIAC Amort.
1	Plant Capacity Fees	5,207	3.30%	172	0	172	0.00%	0	172
2	Line/Main Extension Fees	1,670,892	2.33%	38,932	0	38,932	0.00%	0	38,932
3	Meter Installation Fees	316,541	5.00%	15,827	0	15,827	0.00%	0	15,827
4	Contributed Lines	134,120	2.33%	3,125	0	3,125	0.00%	0	3,125
5	Contributed Property Other Than Lines	32,000	2.52%	806	0	806	5.08%	41	765
6	Service Installation Fees	32,326	2.50%	808	0	808	0.00%	0	808
7	<b>TOTAL WATER CIAC AMORT. EXP.</b>	<b>2,191,086</b>		<b>59,670</b>	<b>0</b>	<b>59,670</b>		<b>41</b>	<b>59,629</b>

Column:

- (2) from A-12 (W).
- (3) from B-13 (W) ( page 3 of 3)
- (7) from B-13 (W) ( page 1 of 3)

Notes:

1. The resulting CIAC amortization expense is subtracted from the depreciation expense in the bottom of B-13 (W) (Page 1 of 3).
2. Amortization rate and Non-used and Useful percentage is calculated at the plant level. Summaries reflect a weighted composite rate.

**SCHEDULE OF NET WATER DEPRECIATION EXPENSE - 1994  
COMPOSITE CIAC AMORTIZATION RATES**

Company: SSU / Nassau / Amelia Island  
 Docket No.: 950495-WS Explanation: Provide a schedule that shows the development  
 Schedule Year Ended: 12/31/94 of composite CIAC amortization rates for the test year.  
 Interim  Final   
 Historical  Projected   
 Simple Ave.  13 Month Ave.   
 FPSC Uniform  FPSC Non-uniform  Non FPSC

FPSC  
 Schedule: B-13(W)  
 Page 3 of 3  
 Preparer: Kimball  
 Recap Schedules: B-13(W)1/3,2/3  
 Supporting Schedules: A-5(W)

Line No.	(1) WATER CIAC Classifications and Associated Plant Accounts	(4) 1994 COMPOSITE CIAC AMORTIZATION RATE		
		(2) Average Adjusted UPIS	(3) Average Adjusted Dep. Exp.	(4) Composite CIAC Amort. Rate (3) / (2)
1	<b>PLANT CAPACITY FEES:</b>			
2	304.2 Structures & Improvements	5,645	171	3.03%
3	305.2 Collecting & Impounding reservoirs	0	0	0.00%
4	306.2 Lake, River & Other Intakes	0	0	0.00%
5	307.2 Wells & Springs	85,186	2,837	3.33%
6	308.2 Infiltration Galleries & Tunnels	0	0	0.00%
7	309.2 Supply Mains	5,265	151	2.87%
8	310.2 Power Generation Equipment	(1,297)	(65)	5.01%
9	311.2 Pumping Equipment	21,098	1,055	5.00%
10	339.2 Other Plant & Miscellaneous	102	4	3.92%
11	304.3 Structures & Improvements	35,274	1,069	3.03%
12	320.3 Water Treatment Equipment	11,635	529	4.55%
13	321.3 Permeators	0	0	0.00%
14	339.3 Other Plant & Miscellaneous	0	0	0.00%
15	330.4 Distribution Reservoirs	63,423	1,712	2.70%
16	<b>COMPOSITE RATE</b>	<b>226,331</b>	<b>7,463</b>	<b>3.30%</b>
17	<b>LINE/MAIN EXTENSION FEES &amp; CONTRIBUTED LINES:</b>			
18	304.4 Structures & Improvements	0	0	0.00%
19	331.4 Transmission & Distribution	2,643,524	61,594	2.33%
20	335.4 Hydrants	146,188	3,245	2.22%
21	339.4 Other Plant & Miscellaneous	8,089	324	4.01%
22	<b>COMPOSITE RATE</b>	<b>2,797,801</b>	<b>65,163</b>	<b>2.33%</b>
23	<b>METER INSTALLATION FEES:</b>			
24	334.4 Meters & Meter Installation	146,946	7,347	5.00%
25	<b>COMPOSITE RATE</b>	<b>146,946</b>	<b>7,347</b>	<b>5.00%</b>
26	<b>SERVICE INSTALLATION FEES:</b>			
27	333.4 Services	218,603	5,465	2.50%
28	<b>COMPOSITE RATE</b>	<b>218,603</b>	<b>5,465</b>	<b>2.50%</b>
29	<b>OTHERS: (Weighted Average of Above Rates):</b>			
30	Plant Capacity Fees (Line 16)	226,331	7,463	3.30%
31	Line/Main Extension Fees & Contributed Lines (Line 22)	2,797,801	65,163	2.33%
32	Meter Installation Fees (Line 25)	146,946	7,347	5.00%
33	Service Installation Fees (Line 28)	218,603	5,465	2.50%
34	<b>COMPOSITE RATE</b>	<b>3,389,681</b>	<b>85,438</b>	<b>2.52%</b>

Column:  
 (2) is From Schedule B-13(W), page 1, column 2.  
 (3) is From Schedule B-13(W), page 1, column 7.



RECONCILIATION OF MFR'S TO BOOKS FOR ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION - WATER

Company: SSU / Citrus / Sugar Mill Woods

WATER CIAC ACCOUNTS

No.	MFR BALANCES	Adjusted 12/31/91	1992 Average Balance	1992 Rate	1992 Amort. Expense	1993 Average Balance	1993 Rate	1993 Amort. Expense	1994 Average Balance	1994 Rate	1994 Amort. Expense
1	Plant Capacity Fees		100,237	2.50%	2,561	100,237	2.50%	2,561	100,517	3.81%	3,737
2	Line/Main Extension Fees		529,051	2.50%	13,226	530,451	2.50%	13,261	545,011	2.34%	12,753
3	Meter Installation Fees		216,270	2.50%	5,408	283,835	2.50%	7,096	336,360	5.00%	16,820
4	Contributed Lines		2,294,615	2.50%	57,365	2,331,861	2.50%	58,292	2,332,429	2.34%	54,579
5	Cont Property Other than Lines		5,282	2.50%	132	8,848	2.50%	218	8,328	2.84%	236
6	Service Installation Fees		10,725	2.50%	268	16,667	2.50%	417	16,900	2.50%	423
7	<b>TOTAL WATER CIAC</b>		<b>3,156,280</b>		<b>76,962</b>	<b>3,274,550</b>	<b>0</b>	<b>81,663</b>	<b>3,342,573</b>	<b>0</b>	<b>88,546</b>
8	<b>ACCUM. AMORT. OF CIAC BALANCE</b>	<b>214,451</b>			<b>290,433</b>			<b>375,296</b>			<b>463,844</b>

No.	BOOK BALANCES	1992 Average Balance	1992 Rate	1992 Amort. Expense	1993 Average Balance	1993 Rate	1993 Amort. Expense	1994 Average Balance	1994 Rate	1994 Amort. Expense
9	Plant Capacity Fees	1,019,214	2.98%	30,190	1,099,611	2.81%	32,011	1,183,977	2.93%	34,967
10	Line/Main Extension Fees	0	0.00%	0	0	0.00%	0	0	0.00%	0
11	Meter Installation Fees	0	0.00%	0	0	0.00%	0	0	0.00%	0
12	Contributed Lines	0	0.00%	0	0	0.00%	0	0	0.00%	0
13	Cont Property Other than Lines	0	0.00%	0	0	0.00%	0	0	0.00%	0
14	Service Installation Fees									
15	<b>TOTAL WATER CIAC</b>	<b>1,019,214</b>	<b>0</b>	<b>30,190</b>	<b>1,099,611</b>	<b>0</b>	<b>32,011</b>	<b>1,183,977</b>	<b>0</b>	<b>34,967</b>

16	ACCUM. AMORT. OF CIAC BALANCE	172,187		202,377			234,386		<u>Book Adjustments</u> 44,326		313,891
17	<b>DIFFERENCE BETWEEN MFR'S AND BOOKS</b>										<b>150,153</b>

RECONCILIATION

18	1989-1991 AMORT. EXPENSE RELATED TO PREPAIDS										
19	RATE ORDER ADJUSTMENT NOT BOOKED IN 1994										
20	1992 EXPENSE RELATED TO PREPAIDS							2,222,704	2.50%		55,568
21	1993 EXPENSE RELATED TO PREPAIDS							2,216,149	2.50%		55,404
22	1994 EXPENSE RELATED TO PREPAIDS							2,198,288	2.50%		51,383
23	<b>TOTAL RECONCILING ITEMS</b>										<b>162,355</b>
24	<b>AMORTIZATION RATE DIFFERENCES</b>										<b>12,212</b>

Explanation

The difference between the MFR Balance for Accumulated Amortization of CIAC and the book balance as of the historic test period 12/31/94 is \$150,159. The majority of the difference is a result of the MFR's amortizing the prepaid CIAC before making a non-used and unasked adjustment for ratemaking purposes. The books do not amortize prepaid CIAC. The remaining variance is a result of different rates being used to amortize the CIAC Balances since the last rate order.  
 Note: \* This adjustment represents amortization on Prepaid CIAC at the time of Acquisition as ordered by the FPSC in order #32836-B.

RECONCILIATION OF MFR'S TO BOOKS FOR ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION - WATER

Company: SSU / Charlotte/Lee / Burnt Store

WATER CIAC ACCOUNTS

No.	MFR BALANCES	Adjusted 12/31/91	1992 Average Balance	1992 Rate	1992 Amort. Expense	1993 Average Balance	1993 Rate	1993 Amort. Expense	1994 Average Balance	1994 Rate	1994 Amort. Expense
1	Plant Capacity Fees		67,678	4.12%	2,788	67,678	4.12%	2,788	67,678	4.20%	2,842
2	Line/Main Extension Fees		1,987	2.33%	46	1,987	2.33%	46	1,987	2.33%	46
3	Meter Installation Fees		82,221	5.00%	4,111	121,583	5.00%	6,080	190,285	5.00%	9,514
4	Contributed Lines		0	0.00%	0	0	0.00%	0	5,913	2.33%	138
5	Cont Property Other than Lines		0	0.00%	0	0	0.00%	0	1,015	3.13%	32
6	Service Installation Fees		0	0.00%	0	0	0.00%	0	900	2.50%	23
7	TOTAL WATER CIAC		151,886		6,948	191,258	0	8,914	267,808	0	12,595
8	ACCUM. AMORT. OF CIAC BALANCE	19,565			26,511			35,425			48,020
No.	BOOK BALANCES		1992 Average Balance	1992 Rate	1992 Amort. Expense	1993 Average Balance	1993 Rate	1993 Amort. Expense	1994 Average Balance	1994 Rate	1994 Amort. Expense
9	Plant Capacity Fees		67,678	3.89%	2,497	67,678	3.42%	2,315	67,678	3.63%	2,457
10	Line/Main Extension Fees		1,987	3.89%	73	1,987	3.42%	68	1,987	3.63%	72
11	Meter Installation Fees		82,221	3.89%	3,004	121,583	3.42%	4,158	190,285	3.63%	6,907
12	Contributed Lines		0	3.89%	0	0	3.42%	0	5,913	3.63%	215
13	Cont Property Other than Lines		0	3.89%	0	0	3.42%	0	1,015	3.63%	37
14	Service Installation Fees		0	3.89%	0	0	3.42%	0	900	3.63%	34
15	TOTAL WATER CIAC		151,886	0	5,605	191,258	0	6,541	267,808	0	9,722
16	ACCUM. AMORT. OF CIAC BALANCE	15,973			21,578			28,119		<u>Book Adjustment</u> 3,506	41,437
17	DIFFERENCE BETWEEN MFR'S AND BOOKS										6,803

Explanation

The difference between the MFR balance for Accumulated Amortization of CIAC and the book balance as of the historic test period 12/31/94 is \$6,803. This is a result of different rates being used to amortize the CIAC Balances since the last rate order. The MFR's used a composite amortization rate based on the plant assets associated with each CIAC classification. Please see above for the rates used on the books.

RECONCILIATION OF MFR'S TO BOOKS FOR ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION - WATER

Company: SSU / Lee / Lehigh

WATER CIAC ACCOUNTS														
No.	MFR BALANCES	Adjusted 9/30/91	1991 Average Balance	1991 Rate	1991 Amort. Expense	1992 Average Balance	1992 Rate	1992 Amort. Expense	1993 Average Balance	1993 Rate	1993 Amort. Expense	1994 Average Balance	1994 Rate	1994 Amort. Expense
1	Plant Capacity Fees		3,082,140	0.83%	4,854	3,141,059	2.50%	78,526	3,102,402	3.42%	106,100	3,243,965	3.75%	121,831
2	Line/Main Extension Fees		0	0.00%	0	6,588	2.50%	165	52,422	2.50%	1,240	132,583	2.33%	3,069
3	Meter Installation Fees		0	0.00%	0	0,000	2.50%	225	71,172	4.38%	3,117	184,786	5.00%	9,239
4	Contributed Lines		0	0.00%	0	0	2.50%	0	57,057	2.38%	1,358	227,544	2.33%	5,201
5	Cont Property Other than Lines		1,811	0.83%	2	2,022	2.50%	51	8,687	2.77%	240	17,251	2.85%	495
6	Service Installation Fees		0	0.00%	0	0	2.50%	0	9,758	2.50%	244	25,558	2.50%	639
7	TOTAL WATER CIAC		3,083,151		4,854	3,150,677		79,967	3,392,406	0	115,415	3,823,301	0	146,465
8	ACCUM. AMORT. OF CIAC BALANCE	840,970			845,828			924,793			1,048,208			1,186,783
No.	BOOK BALANCES		1991 Average Balance	1991 Rate	1991 Amort. Expense	1992 Average Balance	1992 Rate	1992 Amort. Expense	1993 Average Balance	1993 Rate	1993 Amort. Expense	1994 Average Balance	1994 Rate	1994 Amort. Expense
9	Plant Capacity Fees		3,082,140	0.83%	4,854	3,277,272	3.12%	102,251	3,328,615	2.85%	94,799	3,211,591	2.88%	95,274
10	Line/Main Extension Fees		0	0.00%	0	6,588	3.12%	208	52,422	2.85%	1,493	132,583	2.88%	3,818
11	Meter Installation Fees		0	0.00%	0	0,000	3.12%	281	71,172	2.85%	2,827	184,786	2.88%	5,379
12	Contributed Lines		0	0.00%	0	0	3.12%	0	57,057	2.85%	1,625	227,544	2.88%	6,553
13	Cont Property Other than Lines		1,811	0.83%	2	2,022	3.12%	63	8,687	2.85%	276	17,251	2.88%	500
14	Service Installation Fees		0	0.00%	0	0	3.12%	0	9,758	2.85%	279	25,558	2.88%	734
15	TOTAL WATER CIAC		3,083,151	0	4,854	3,294,890	0	102,801	3,528,711	0	106,468	3,901,407	0	112,388
16	ACCUM. AMORT. OF CIAC BALANCE	991,845			21,578			1,094,648			1,165,144			1,224,428
17	DIFFERENCE BETWEEN MFR'S AND BOOKS													152,274
RECONCILIATION														
18	1994 JE 10500 Posted in Error													137,807
19	1992 Amort. Related to Booking Error											136,213	3.12%	-4,256
20	1993 Amort. Related to Booking Error											136,213	2.85%	-3,887
21	1994 Amort. Related to Booking Error											136,213	2.88%	-3,923
22	TOTAL RECONCILING ITEMS													125,652
23	Amortization Rate Differences													26,722

Explanation

The difference between the MFR balance for Accumulated Amortization of CIAC and the book balance as of the historic test period 12/31/94 is \$152,280. This is a result of the books amortizing 136,213 more than the MFR's for 1992, 1993, and 1994. The books also double counted a rate case adjustment in the amount of \$137,807. The remainder of the variance is a result of different rates being used to amortize the CIAC balances since the last rate order. The MFR's used a composite amortization rate based on the plant assets associated with each CIAC classification. Please see above for the rates used on the books.

EXHIBIT \_\_\_\_\_  
 PAGE 14 OF 22  
 (JJK-12)

RECONCILIATION OF MFR'S TO BOOKS FOR ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION - WATER

Company: SSU / Martin / Fox Run

WATER CIAC ACCOUNTS

No.	MFR BALANCES	Adjusted 12/31/91	1992 Average Balance	1992 Rate	1992 Amort. Expense	1993 Average Balance	1993 Rate	1993 Amort. Expense	1994 Average Balance	1994 Rate	1994 Amort. Expense
1	Plant Capacity Fees		0	2.50%	0	0	3.06%	0	0	4.09%	0
2	Line/Main Extension Fees		89,487	2.50%	2,487	89,487	2.44%	2,428	89,487	2.20%	2,318
3	Meter Installation Fees		7,313	2.50%	183	7,783	3.33%	258	8,175	5.00%	409
4	Contributed Lines		4,496	2.50%	112	4,496	2.44%	110	4,486	2.23%	105
5	Cont Property Other than Lines		0	2.50%	0	0	2.97%	0	0	3.88%	0
6	Service Installation Fees		252	2.50%	6	252	2.50%	6	252	2.50%	6
7	TOTAL WATER CIAC		111,558		2,788	112,008		2,802	112,420		2,838
8	ACCUM. AMORT. OF CIAC BALANCE	24,553			27,342			30,144			32,982
No.	BOOK BALANCES		1992 Average Balance	1992 Rate	1992 Amort. Expense	1993 Average Balance	1993 Rate	1993 Amort. Expense	1994 Average Balance	1994 Rate	1994 Amort. Expense
9	Plant Capacity Fees		0	3.99%	0	0	3.07%	0	0	3.07%	0
10	Line/Main Extension Fees		99,487	3.99%	3,974	99,487	3.07%	3,053	99,487	3.07%	3,054
11	Meter Installation Fees		7,313	3.99%	292	7,783	3.07%	238	8,175	3.07%	251
12	Contributed Lines		4,496	3.99%	180	4,496	3.07%	138	4,496	3.07%	138
13	Cont Property Other than Lines		0	3.99%	0	0	3.07%	0	0	3.07%	0
14	Service Installation Fees		252	3.99%	10	252	3.07%	8	252	3.07%	8
15	TOTAL WATER CIAC		111,558	0	4,456	112,008	0	3,438	112,420	0	3,451
16	ACCUM. AMORT. OF CIAC BALANCE	22,890			27,146		<u>Book Adjustment</u> -8,100	22,483		<u>Rate Order Adjustment</u> 1,863	27,296
17	DIFFERENCE BETWEEN MFR'S AND BOOKS	1,863			-106			-7,861			5,186
RECONCILIATION											
18	Misclassification between Water and Sewer										8100
19	Amortization Rate Differences										-2914

The difference between the MFR balance for Accumulated Amortization of CIAC and the book balance as of the historic test period 12/31/94 is \$3,186. This is a result of a misclassification between water and sewer that occurred on the books in 1993 of \$8,100. The remainder of the difference is a result of different rates being used to amortize the CIAC Balances since the last rate order. The MFR's used a composite amortization rate based on the plant assets associated with each CIAC classification. Please see above for the rates used on the books.



RECONCILIATION OF MFR'S TO BOOKS FOR ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION - SEWER

Company: SSU / Merita / Fox Run

SEWER CIAC ACCOUNTS

No.	MFR BALANCES	Last Established Rate Base 12/31/91	1992			1993			1994		
			Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense
1	Plant Capacity Fees		0	2.8%	0	0	2.8%	0	1,799	3.1%	92
2	Line/Main Extension Fees		199,321	2.5%	4,734	199,948	2.8%	5,321	199,373	2.6%	4,849
3	Contributed Lines		3,394	2.8%	94	3,394	2.8%	101	3,394	2.6%	139
4	Cont Property Other than Lines		0	2.5%	0	0	2.1%	0	-1,799	4.3%	-79
5	Service Installation Fees		0	2.8%	0	0	2.5%	0	0	2.2%	0
6	<b>TOTAL SEWER CIAC</b>		<b>193,121</b>		<b>4,828</b>	<b>193,948</b>	<b>0</b>	<b>5,422</b>	<b>194,171</b>	<b>0</b>	<b>7,022</b>
7	<b>ACCUM. AMORT. OF CIAC BALANCE</b>	<b>46,666</b>			<b>51,514</b>			<b>58,906</b>			<b>63,959</b>

  

No.	BOOK BALANCES	1992			1993			1994			
		Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	
8	Plant Capacity Fees		0	4.3%	0	0	3.3%	0	1,799	3.4%	61
9	Line/Main Extension Fees		199,321	4.3%	8,284	199,948	3.3%	6,284	199,373	3.4%	6,472
10	Contributed Lines		3,394	4.3%	154	3,394	3.3%	129	3,394	3.1%	122
11	Cont Property Other than Lines		0	4.3%	0	0	3.3%	0	-1,799	3.4%	-61
12	Service Installation Fees		0	4.3%	0	0	3.3%	0	0	3.4%	0
13	<b>TOTAL SEWER CIAC</b>		<b>193,121</b>	<b>0</b>	<b>8,360</b>	<b>193,948</b>	<b>0</b>	<b>6,474</b>	<b>194,171</b>	<b>0</b>	<b>6,594</b>
14	<b>ACCUM. AMORT. OF CIAC BALANCE</b>	<b>48,618</b>			<b>57,578</b>		<b>Book Adjustment 4,502</b>	<b>68,954</b>		<b>Rate Order Adjustment -2,932</b>	<b>72,616</b>
15	<b>DIFFERENCE BETWEEN MFR'S AND BOOKS</b>	<b>2,932</b>									<b>-8,667</b>

  

RECONCILIATION		
16	Misclassification between Water and Sewer	-4,502
17		
18	Amortization Rate Differences	-4,155

Explanation

The difference between the MFR balance for Accumulated Amortization of CIAC and the book balance as of the historic test period 12/31/94 is \$8,857. This is a result of a misclassification between water and sewer that occurred on the books in 1993 of \$4,502. The remainder of the difference is a result of different rates being used to amortize the CIAC Balances since the last rate order. The MFR's used a composite amortization rate based on the plant assets associated with each CIAC classification. Please see above for the rates used on the books.

**Deltona Lakes - 1806**  
**Reconciliation of Accumulated Amortization of CIAC**

	Per GL			Per MFR's			Difference GL to MFR's		
	water	sewer	net	water	sewer	net	water	sewer	net
<b>Beg Balance</b>									
12/31/91 CIAC Ending Balance	7,285,564	543,494	7,829,058	7,285,563	543,493	7,829,056	1	1	2
12/31/91 Beg Bal Accum Amort plus rx entry	1,023,240	154,883	1,178,123	986,121	153,982	1,140,103	37,119	901	38,020
Adjusted BB	(37,121)	(901)	(38,022)	0	0	0	(37,121)	(901)	(38,022)
	986,119	153,982	1,140,101	986,121	153,982	1,140,103	(2)	0	(2)
<b>1992</b>									
12/31/92 CIAC Ending Balance	7,636,912	629,925	8,266,837	7,637,192	629,643	8,266,835	(280)	282	2
92 CIAC Average Balance	7,461,238	586,710	8,047,948	7,461,378	586,568	8,047,946	(140)	142	2
92 Accum Amort Exp	364,828	31,146	395,974	186,534	14,664	201,198	178,294	16,482	194,776
12/31/92 Accum Amort Bal	1,388,068	186,029	1,574,097	1,172,655	168,646	1,341,301	178,292	16,482	194,774
92 Accum Amort Exp Rate	4.890%	5.309%	4.920%	2.500%	2.500%	2.500%			
<b>1993</b>									
12/31/93 CIAC Ending Balance	7,974,352	661,558	8,635,910	7,974,351	661,557	8,635,908	1	1	2
93 CIAC Average Balance	7,805,632	645,742	8,451,374	7,805,772	645,600	8,451,372	(140)	142	2
93 Accum Amort Exp	364,906	(76,073)	288,833	208,337	18,807	227,144	156,569	(94,880)	61,689
12/31/93 Accum Amort Bal	1,752,974	109,956	1,862,930	1,380,992	187,453	1,568,445	334,861	(78,398)	256,463
93 Accum Amort Exp Rate	4.675%	-11.781%	3.418%	2.669%	2.913%	2.688%			
<b>1994</b>									
12/31/94 CIAC Ending Balance	8,243,881	683,839	8,927,720	8,243,882	683,838	8,927,720	(1)	1	0
94 CIAC Average Balance	8,109,117	672,699	8,781,815	8,109,117	672,698	8,781,814	0	1	1
94 Accum Amort Exp	254,154	26,594	280,748	243,744	26,015	269,759	10,410	579	10,989
12/31/94 Accum Amort Bal	1,970,007	135,649	2,105,656	1,624,736	213,468	1,838,204	345,271	(77,819)	267,452
94 Accum Amort Exp Rate	3.134%	3.953%	3.197%	3.006%	3.867%	3.072%			

PAGE 17 OF 22

EXHIBIT (JJE-12)

RECONCILIATION OF MFR'S TO BOOKS FOR ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION - SEWER

Company: SSU / Yehuda / Enterprise

SEWER CIAC ACCOUNTS

No.	MFR BALANCES	1986 Amort. Expense	1987 Amort. Expense	1988 Amort. Expense	1989 Amort. Expense	1990 Amort. Expense	1991 Amort. Expense	1992 Amort. Expense	1993 Amort. Expense	1994 Amort. Expense
1	Plant Capacity Fees	5,595	3,685	3,250	3,242	3,310	3,310	3,310	3,327	3,261
2	Line/Main Extension Fees	1	1	1	1	1	1	1	0	0
3	Contributed Lines	0	0	0	0	0	0	0	0	0
4	Cont Property Other than Lines	0	0	0	0	0	0	0	0	0
5	Service Installation Fees	348	242	245	244	243	243	243	243	244
	<b>TOTAL SEWER CIAC*</b>	<b>5,944</b>	<b>3,928</b>	<b>3,494</b>	<b>3,487</b>	<b>3,553</b>	<b>3,553</b>	<b>3,553</b>	<b>3,570</b>	<b>3,495</b>
	<b>ACCUMULATED AMORTIZATION OF CIAC BALAI</b>	<b>23,595</b>	<b>27,523</b>	<b>31,127</b>	<b>34,814</b>	<b>38,168</b>	<b>41,721</b>	<b>45,275</b>	<b>48,845</b>	<b>52,450</b>

\* The 7 months of amortization expense in 1985 is included in 1986 expense.

No.	BOOK BALANCES	1986 Amort. Expense	1987 Amort. Expense	1988 Amort. Expense	1989 Amort. Expense	1990 Amort. Expense	1991 Amort. Expense	1992 Amort. Expense	1993 Amort. Expense	1994 Amort. Expense
1	Plant Capacity Fees	1,004	2,044	2,044	2,950	2,851	2,851	2,851	1,288	1,288
2	Line/Main Extension Fees	1	0	0	0	0	0	0	0	0
3	Contributed Lines	0	0	0	0	0	0	0	0	0
4	Cont Property Other than Lines	0	0	0	0	0	0	0	0	0
5	Service Installation Fees	0	0	0	428	425	425	447	213	210
	<b>TOTAL SEWER CIAC</b>	<b>1,005</b>	<b>2,044</b>	<b>2,044</b>	<b>2,484</b>	<b>2,476</b>	<b>2,476</b>	<b>2,718</b>	<b>1,500</b>	<b>1,598</b>
	<b>ACCUMULATED AMORTIZATION OF CIAC BALAI</b>	<b>19,618</b>	<b>21,640</b>	<b>23,725</b>	<b>28,200</b>	<b>28,605</b>	<b>31,181</b>	<b>33,800</b>	<b>35,470</b>	<b>37,978</b>
	<b>DIFFERENCE BETWEEN MFR'S AND BOOKS</b>	<b>3,939</b>	<b>6,663</b>	<b>7,403</b>	<b>8,405</b>	<b>9,483</b>	<b>10,600</b>	<b>11,285</b>	<b>13,205</b>	<b>15,372</b>

Explanation:

The difference between the MFR balance for Accumulated Amortization of CIAC and the book balance as of the historic last period 12/31/94 is \$15,378. This is a result of different rates being used to amortize the CIAC Balances since the last rate order. The MFR's used a composite amortization rate based on the plant assets associated with each CIAC classification (as reflected for a Class "C" Utility). The books continued to use rates established by Debona before the merger. Please see above for the rates used on the books. Also, the books did not start to amortize Service Installation fees until 1989.

Note: \*\*1 and 1/2 years of amortization.

PAGE 18 OF 22

EXHIBIT (22K-12)

CONTRIBUTIONS IN AID OF CONSTRUCTION - SEWER  
 - Amortization Expense Additions Subsequent to Last Established Rate Base -

Company: SSU / Volusia / Enterprise

SEWER CIAC ACCOUNTS

No.	MFR BALANCES	1986	1986	1986	1987	1987	1987	1988	1988	1988	1989	1989	1989	1990	1990	1990
		Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense
1	Plant Capacity Fees	53,625	6.67%	5,595 *	55,250	6.67%	3,685	55,792	6.02%	3,359	55,616	5.82%	3,242	55,440	5.97%	3,310
2	Line/Main Extension Fees	15	4.19%	1	15	4.21%	1	15	4.21%	1	15	4.21%	1	15	4.21%	1
3	Contributed Lines	0	4.19%	0	0	4.21%	0	0	4.21%	0	0	4.21%	0	0	4.21%	0
4	Cont Property Other than Lines	0	4.25%	0	0	4.27%	0	0	4.26%	0	0	4.29%	0	0	4.31%	0
5	Service Installation Fees	8,222	2.86%	368	8,471	2.86%	242	8,554	2.86%	245	8,527	2.86%	244	8,500	2.86%	243
<b>TOTAL SEWER CIAC</b>		<b>61,861</b>	<b>0</b>	<b>5,964</b>	<b>63,736</b>	<b>0</b>	<b>3,928</b>	<b>64,361</b>	<b>0</b>	<b>3,604</b>	<b>64,156</b>	<b>0</b>	<b>3,487</b>	<b>63,955</b>	<b>21.54%</b>	<b>3,550</b>
<b>ACCUMULATED AMORTIZATION OF CIAC</b>		<b>17,631</b>		<b>23,595</b>			<b>27,523</b>			<b>31,127</b>			<b>34,614</b>			<b>38,168</b>

\* The 7 months of amortization expense in 1985 is included in 1986 expense.

No.	BOOK BALANCES	1986	1986	1986	1987	1987	1987	1988	1988	1988	1989	1989	1989	1990	1990	1990
		Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense
1	Plant Capacity Fees	53,625	3.70%	1,984 *	55,250	3.70%	2,044	55,792	3.70%	2,064	55,616	3.70%	2,058	55,440	3.70%	2,051
2	Line/Main Extension Fees	15	0.00%	1	15	0.00%	0	15	0.00%	0	15	0.00%	0	15	0.00%	0
3	Contributed Lines	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0
4	Cont Property Other than Lines	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0
5	Service Installation Fees	8,222	0.00%	0	8,471	0.00%	0	8,554	0.00%	0	8,527	0.00%	428	8,500	0.00%	425
<b>TOTAL SEWER CIAC</b>		<b>61,861</b>	<b>0</b>	<b>1,985</b>	<b>63,736</b>	<b>0</b>	<b>2,044</b>	<b>64,361</b>	<b>0</b>	<b>2,064</b>	<b>64,156</b>	<b>0</b>	<b>2,486</b>	<b>63,955</b>	<b>0</b>	<b>2,478</b>
<b>ACCUMULATED AMORTIZATION OF CIAC</b>		<b>17,631</b>		<b>19,616</b>			<b>21,660</b>			<b>23,725</b>			<b>26,209</b>			<b>28,683</b>
<b>DIFFERENCE BETWEEN MFR'S AND BOOKS</b>				<b>3,979</b>			<b>3,863</b>			<b>7,403</b>			<b>8,406</b>			<b>9,483</b>

EXHIBIT \_\_\_\_\_  
 PAGE 19 OF 22  
 (JJK-12)

CONTRIBUTIONS IN AID OF CONSTRUCTION - SEWER  
- Amortization Expense Additions Subsequent to Let

Company: SSU / Yukon / Enterprise

SEWER CIAC ACCOUNTS

No.	MFR BALANCES	1991	1991	1991	1992	1992	1992	1993	1993	1993	1994	1994	1994
		Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense
1	Plant Capacity Fees	55,440	5.97%	3,310	55,440	5.97%	3,310	55,448	6.00%	3,327	55,455	6.08%	3,361
2	Line/Main Extension Fees	15	4.21%	1	15	4.21%	1	8	4.21%	0	0	4.27%	0
3	Contributed Lines	0	4.21%	0	0	4.21%	0	0	4.21%	0	0	4.27%	0
4	Cont Property Other than Lines	0	4.31%	0	0	4.31%	0	0	4.32%	0	0	4.38%	0
5	Service Installation Fees	8,500	2.86%	243	8,500	2.86%	243	8,500	2.86%	243	8,500	2.87%	244
<b>TOTAL SEWER CIAC</b>		<b>63,955</b>	<b>0</b>	<b>3,553</b>	<b>63,955</b>	<b>0</b>	<b>3,553</b>	<b>63,955</b>	<b>0</b>	<b>3,576</b>	<b>63,955</b>	<b>0</b>	<b>3,605</b>
<b>ACCUMULATED AMORTIZATION OF CIAC</b>				<b>41,721</b>			<b>45,275</b>			<b>48,813</b>			<b>52,450</b>

\* The 7 months of amortization expense in 1985 is included

No.	BOOK BALANCES	1991	1991	1991	1992	1992	1992	1993	1993	1993	1994	1994	1994
		Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense
1	Plant Capacity Fees	55,440	3.70%	2,051	55,440	3.70%	2,051	55,448	2.50%	1,386	55,455	2.50%	1,386
2	Line/Main Extension Fees	15	0.00%	0	15	0.00%	0	8	0.00%	0	0	0.00%	0
3	Contributed Lines	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0
4	Cont Property Other than Lines	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0
5	Service Installation Fees	8,500	5.00%	425	8,500	5.00%	425	8,500	2.50%	213	8,500	2.50%	213
<b>TOTAL SEWER CIAC</b>		<b>63,955</b>	<b>0</b>	<b>2,476</b>	<b>63,955</b>	<b>0</b>	<b>2,476</b>	<b>63,955</b>	<b>0</b>	<b>1,599</b>	<b>63,955</b>	<b>0</b>	<b>1,599</b>
<b>ACCUMULATED AMORTIZATION OF CIAC</b>				<b>31,161</b>			<b>33,637</b>			<b>35,479</b>			<b>37,078</b>
<b>DIFFERENCE BETWEEN MFR'S AND BOOKS</b>				<b>10,560</b>			<b>11,305</b>			<b>13,366</b>			<b>15,372</b>



RECONCILIATION OF MFR'S TO BOOKS FOR ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION - SEWER

Company: SSU / Charlotte / Deep Creek

SEWER CIAC ACCOUNTS

No.	MFR BALANCES	Last Established	1991		1992		1993		1994		1994			
		Rate Base 12/31/89	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense
1	Plant Capacity Fees		0	0.00%	0	0	0.00%	0	316	3.96%	17	2,213	13.88%	303
2	Line/Main Extension Fees		0	0.00%	0	88	2.22%	2	1,635	2.22%	36	4,896	2.24%	92
3	Contributed Lines		9,490,562	2.22%	216,890	9,491,271	2.22%	216,706	9,491,271	2.22%	216,706	9,490,474	2.24%	212,587
4	Cont Property Other than Lines		0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0
5	Service Installation Fees		0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0
6	<b>TOTAL SEWER CIAC</b>		<b>9,490,562</b>		<b>216,890</b>	<b>9,491,271</b>		<b>216,706</b>	<b>9,492,161</b>		<b>216,739</b>	<b>9,490,783</b>		<b>212,982</b>
7	ACCUM. AMORT. OF CIAC BALANCE	1,812,456			2,924,146			2,234,555			2,445,614			2,556,596

  

No.	BOOK BALANCES	1991		1992		1993		1994		1994				
		Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	Average Balance	Rate	Amort. Expense	
8	Plant Capacity Fees		0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0
9	Line/Main Extension Fees		0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0
10	Contributed Lines		4,057,523	2.22%	90,677	4,205,230	2.22%	93,690	4,218,085	3.31%	143,109	4,407,719	3.31%	145,806
11	Cont Property Other than Lines		0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0
12	Service Installation Fees		0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0
13	<b>TOTAL SEWER CIAC</b>		<b>4,057,523</b>		<b>90,677</b>	<b>4,205,230</b>		<b>93,690</b>	<b>4,218,085</b>		<b>143,109</b>	<b>4,407,719</b>		<b>145,806</b>
14	ACCUM. AMORT. OF CIAC BALANCE	364,767			454,844			548,534			691,843			2,031,126
15	DIFFERENCE BETWEEN MFR'S AND BOOKS													927,468

  

RECONCILIATION														
16	1988-1994 AMORT. EXPENSE RELATED TO PREPAIDS													260,984
17	1991 AMORT. EXP. RELATED TO PREPAIDS											3,433,038	2.22%	129,613
18	1992 AMORT. EXP. RELATED TO PREPAIDS											3,267,014	2.22%	117,372
19	1993 AMORT. EXP. RELATED TO PREPAIDS											5,176,105	2.22%	114,910
20	1994 AMORT. EXP. RELATED TO PREPAIDS											5,081,657	2.22%	114,053
21	TOTAL RECONCILING ITEMS													727,922
22	AMORTIZATION RATE DIFFERENCES													100,472

  

Explanation

The difference between the MFR Balance for Accumulated Amortization of CIAC and the book balance as of the historic test period 12/31/94 is \$627,458. The majority of the difference is a result of the MFR's amortizing the prepaid CIAC books making a non-used and useful adjustment for rate-making purposes. The books do not amortize prepaid CIAC. The remaining variance is a result of different rates being used to amortize the CIAC Balances since the last rate order.

Note: The \$1,192,467 of sewer amortization shown is amortization of HULLU CIAC not recorded at the time of acquisition.

# SSU

## Rate Department Intra-Company Correspondence

DATE: September 26, 1995  
TO: Ron Mayes, FPSC Auditor  
FROM: Judy Kimball  
RE: FPSC Audit Document Request No. 71

---

In response to this audit request, the following information is provided:

1. You requested an official SSU definition as to what "balance per books" represents in any and all of your financial data. I assume you are referring to the financial data contained in the MFRs. If that is not the case, I can only speculate as to what other financial data you are referring to. Obviously, when one is dealing with audited financial statements, those numbers are in agreement with the General Ledger and represent the "balance per books". However, there may be various financial analyses conducted throughout the Company that may not represent data that is on the books. Typically, one would expect that "balance per books" to represent general ledger balances.

In an effort to accommodate your request, and assuming you are referring to MFR data, we have delineated all of the water and wastewater A and B Schedules for 1994 in the attached Appendix FPSC 71-A. This Appendix gives the file name and indicates those instances in which "balance per books" was utilized as a column heading. An N/A in that column indicates that nomenclature was not used on that MFR schedule. The last column provides a brief explanation of what the dollars in the "balance per books" column represent and the reason why they may not exactly agree with the General Ledger.

We have not replicated the 1994 schedules for the 1995 and 1996 projected periods. Obviously the explanations given in 1994 are also appropriate for 1995 and 1996. In addition, however, these years are both projected test periods; therefore, none of the 1995 rate base additions or expenses are "per the books" but rather reflect SSU's projections. In 1995, the "per books" balances reflect the Company's 1995 operating and capital budgets with some additions included for the Lake and Lake Utilities 1995 acquisitions.

In 1996, the "balance per books" is again a projection and represents, in the case of Operating Expenses, an attrition factor of 1.95% applied to 1995 expenses for most expense accounts. It also includes the addition of Buenaventura Lakes rate base and expenses. Not all accounts were escalated by 1.95%. The details of which accounts received this attrition factor and which accounts received other applications is contained in Schedules B5W, pages 6-9 and B6S, pages 6-9 in Volume III, Books 1 and 2, and amended Volume III-A, Book 1.





EXHIBIT \_\_\_\_\_ (WK-B)

Page 3

PAGE 3 OF 13

4. The Company has filed this case consistent with the filings in Docket 911188-WS (Lehigh), 920199-WS and 920655 (Marco) which were approved by the Commission.

5. The Company has provided detailed reconciliations or calculations of balances included in this filing and the source of the balances. In many cases these amounts cannot be directly found on our books because ratemaking treatment is not always the same as book treatment.

JK/pss

Per Books\* Explanations for  
1994 WATER A SCHEDULES - RATE BASE

FILE NAME	FILE TITLE	Column Name	Explanation
1 A01W	WATER RATE BASE	Balance per Books	This is an average balance - see individual schedules for detail.
2 A03W1	ADJUSTMENTS TO WATER RATE BASE	N/A	
3 A03W2	ADJUSTMENTS TO WATER RATE BASE (CONT.)	N/A	
4 A04W1	ANNUAL PLANT ADDITIONS AND BALANCES	N/A	
5 A04W2	ANNUAL PLANT ADDITIONS AND BALANCES (CONT.)	N/A	
6 A05W1	WATER PLANT IN SERVICE BY PRIMARY ACCOUNT - SUMMARY	Balance per Books 12/31/93	Built up from ending balances in prior rate case. Rate case adjustments made to beginning balances on MFR's, not booked until end of 1994. In addition to the rate order entries, this contains the books balances for plant account 1010 and some 1030 account balances. Some reclassifications between sub-accounts. The GP accounts are rolled to total company then allocated back to plants.
		Balance per Books 12/31/94	Books balances for plant account 1010 and some 1030 account balances. Some reclassifications between sub-accounts. The GP accounts are rolled to total company then allocated back to plants.
		Average Balance per Books	This is an average balances - averages not maintained on books
7 A05W2	WATER PIS BY PRIMARY ACCT - MONTHLY BALANCES	Balance per Books 12/31/93	Same as A05W1
		Balance per Books 12/31/94	Same as A05W1
8 A05W3	WATER PIS BY PRIMARY ACCT - NET ADDITIONS	N/A	
9 A05W4	WATER PIS BY PRIMARY ACCT - GROSS ADDITIONS	N/A	
10 A05W5	WATER PIS BY PRIMARY ACCT - RETIREMENTS	N/A	
11 A05W6	WATER PIS BY PRIMARY ACCT - ADJUSTMENTS	N/A	
12 A05W7	WATER PIS BY PRIMARY ACCT - NON-USED & USEFUL	N/A	
13 A07W	SUMMARY OF NON-USED & USEFUL	Balance per Books	This is an average balance - see individual schedules for detail.
14 A08W1	ANNUAL ACCUM. DEPR. ADDITIONS AND BALANCES	N/A	
15 A08W2	ANNUAL ACCUM. DEPR. ADDITIONS AND BALANCES (CONT.)	N/A	
16 A09W1	WATER ACCUM. DEPR. BY PRIMARY ACCT - SUMMARY	Balance per Books 12/31/93	Built up from ending balances in prior rate case. Book balances not used. Independent MFR calculations.
		Balance per Books 12/31/94	Deprecition calculated in MFR schedules. Book balances not used.
		Average Balance per Books	This is an average balances - averages not maintained on books.
17 A09W2	WATER ACCUM. DEPR. BY PRIMARY ACCT - MONTHLY BALANCES	Balance per Books 12/31/93	Same as A09W1
		Balance per Books 12/31/94	Same as A09W1
18 A09W3	WATER ACCUM. DEPR. BY PRIMARY ACCT - NET ADDITIONS	N/A	
19 A09W4	WATER ACCUM. DEPR. BY PRIMARY ACCT - GROSS ADDITIONS	N/A	
20 A09W5	WATER ACCUM. DEPR. BY PRIMARY ACCT - RETIREMENTS	N/A	
21 A09W6	WATER ACCUM. DEPR. BY PRIMARY ACCT - ADJUSTMENTS	N/A	
22 A09W7	WATER ACCUM. DEPR. BY PRIMARY ACCT - NON-USED & USEFUL	N/A	
23 A11W1	ANNUAL ADDITIONS AND BALANCES TO WATER CIAC	N/A	

PAGE 4 OF 13

EXHIBIT

(11)K-13



Per Books\* Explanations for  
1994 SEWER A SCHEDULES - RATE BASE

FILE NAME	FILE TITLE	Column Name	Explanation
1 A02S	SEWER RATE BASE	Balance per Books	This is an average balance - see individual schedules for detail.
2 A03S1	ADJUSTMENTS TO SEWER RATE BASE	N/A	
3 A03S2	ADJUSTMENTS TO SEWER RATE BASE (CONT.)	N/A	
4 A04S1	ANNUAL PLANT ADDITIONS AND BALANCES	N/A	
5 A04S2	ANNUAL PLANT ADDITIONS AND BALANCES (CONT.)	N/A	
6 A06S1	SEWER PLANT IN SERVICE BY PRIMARY ACCOUNT - SUMMARY	Balance per Books 12/31/93	Built up from ending balances in prior rate case. Rate case adjustments made to beginning balances on MFR's, not booked until end of 1994. In addition to the rate order entries, this contains the books balances for plant account 1010 and some 1030 account balances. Some reclassifications between sub-accounts. The GP accounts are rolled to total company then allocated back to plants.
		Balance per Books 12/31/94	Books balances for plant account 1010 and some 1030 account balances. Some reclassifications between sub-accounts. The GP accounts are rolled to total company then allocated back to plants.
		Average Balance per Books	This is an average balances - averages not maintained on books
7 A06S2	SEWER PIS BY PRIMARY ACCT - MONTHLY BALANCES	Balance per Books 12/31/93	Same as A06S1
		Balance per Books 12/31/94	Same as A06S1
8 A06S3	SEWER PIS BY PRIMARY ACCT - NET ADDITIONS	N/A	
9 A06S4	SEWER PIS BY PRIMARY ACCT - GROSS ADDITIONS	N/A	
10 A06S5	SEWER PIS BY PRIMARY ACCT - RETIREMENTS	N/A	
11 A06S6	SEWER PIS BY PRIMARY ACCT - ADJUSTMENTS	N/A	
12 A06S7	SEWER PIS BY PRIMARY ACCT - NON-USED & USEFUL	N/A	
13 A07S	SUMMARY OF NON-USED & USEFUL	Balance per Books	This is an average balance - see individual schedules for detail.
14 A08S1	ANNUAL ACCUM. DEPR. ADDITIONS AND BALANCES	N/A	
15 A08S2	ANNUAL ACCUM. DEPR. ADDITIONS AND BALANCES (CONT.)	N/A	
16 A10S1	SEWER ACCUM. DEPR. BY PRIMARY ACCT - SUMMARY	Balance per Books 12/31/93	Built up from ending balances in prior rate case. Book balances not used. Independent MFR calculations.
		Balance per Books 12/31/94	Deprecition calculated in MFR schedules. Book balances not used.
		Average Balance per Books	This is an average balances - averages not maintained on books.
17 A10S2	SEWER ACCUM. DEPR. BY PRIMARY ACCT - MONTHLY BALANCES	Balance per Books 12/31/93	Same as A10S1
		Balance per Books 12/31/94	Same as A10S1
18 A10S3	SEWER ACCUM. DEPR. BY PRIMARY ACCT - NET ADDITIONS	N/A	
19 A10S4	SEWER ACCUM. DEPR. BY PRIMARY ACCT - GROSS ADDITIONS	N/A	
20 A10S5	SEWER ACCUM. DEPR. BY PRIMARY ACCT - RETIREMENTS	N/A	
21 A10S6	SEWER ACCUM. DEPR. BY PRIMARY ACCT - ADJUSTMENTS	N/A	
22 A10S7	SEWER ACCUM. DEPR. BY PRIMARY ACCT - NON-USED & USEFUL	N/A	
23 A11S1	ANNUAL ADDITIONS AND BALANCES TO SEWER CIAC	N/A	

Per Books\* Explanations for  
1994 SEWER A SCHEDULES - RATE BASE

FILE NAME	FILE TITLE	Column Name	Explanation
24 A11S2	ANNUAL ADDITIONS AND BALANCES TO SEWER CIAC (CONT.)	N/A	
25 A12S1	WATER CIAC BY CLASSIFICATION - SUMMARY	Balance per Books 12/31/93	Built up from ending balances in prior rate case. Rate case adjustments made to beginning balances on MFR's not booked until end of 1994. In addition to the rate order entries, this contains some reclassifications between sub-accounts
		Balance per Books 12/31/94	Book balances for CIAC account 2710, with some reclassifications between subaccounts.
		Average Balance per Books	This is an average balances - averages not maintained on books.
26 A12S2	SEWER CIAC BY CLASSIFICATION - MONTHLY BALANCES	Balance per Books 12/31/93	Same as A12S1
		Balance per Books 12/31/94	Same as A12S1
27 A12W3	SEWER CIAC BY CLASSIFICATION - NET ADDITIONS	N/A	
28 A12S4	SEWER CIAC BY CLASSIFICATION - GROSS ADDITIONS	N/A	
29 A12S5	SEWER CIAC BY CLASSIFICATION - RETIREMENTS	N/A	
30 A12S6	SEWER CIAC BY CLASSIFICATION - ADJUSTMENTS	N/A	
31 A13S1	ANNUAL ADD. AND BAL. TO ACCUM. AMORT. OF SEWER CIAC	N/A	
32 A13S2	ANNUAL ADD. AND BAL. TO ACCUM. AMORT. OF SEWER CIAC (CONT.)	N/A	
33 A14S1	ACCUM. AMORT. OF SEWER CIAC BY CLASS - SUMMARY	Balance per Books 12/31/93	Built up from ending balances in prior rate case. Book balances not used. Composite Amortization rates linked to MFR depreciation calculations.
		Balance per Books 12/31/94	Amortization calculated in MFR schedules. Book balances not used
		Average Balance per Books	This is an average balances - averages not maintained on books.
34 A14S2	ACCUM. AMORT. OF SEWER CIAC BY CLASS - MONTHLY BALANCES	Balance per Books 12/31/93	Same as A14W1
		Balance per Books 12/31/94	Same as A14W1
35 A14S3	ACCUM. AMORT. OF SEWER CIAC BY CLASS - NET ADDITIONS	N/A	
36 A14S4	ACCUM. AMORT. OF SEWER CIAC BY CLASS - GROSS ADDITIONS	N/A	
37 A14S5	ACCUM. AMORT. OF SEWER CIAC BY CLASS - RETIREMENTS	N/A	
38 A14S6	ACCUM. AMORT. OF SEWER CIAC BY CLASS - ADJUSTMENTS	N/A	
39 A15S1	PRESENT AND PROPOSED AFUDC RATES	Per Book Balance	Actual Per Book Balances.
40 A15S2	PRESENT AND PROPOSED AFUDC RATES (CONT.)	N/A	
41 A16S	ANNUAL ADD., BAL. AND 13 MONTH AVE. OF ADV. FOR CONST.	N/A	
42 A17S	SCHEDULE OF WORKING CAPITAL ALLOWANCE	N/A	
43 A18S	SEWER BALANCE SHEET - ASSETS	N/A	
44 A19S	SEWER BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES	N/A	
45 A20S	SEWER ACQUISITION ADJUSTMENTS	N/A	
46 A21S	OTHER	N/A	

PAGE 7 OF 13

EXHIBIT (JDE-13)

**"PER BOOKS EXPLANATION" FOR  
1994 WATER B SCHEDULES - INCOME STATEMENT**

FILE NAME	FILE TITLE	Column Name	Explanation
1 B01W1	PRESENT & REQUESTED NET OPERATING INCOME	Income Per Books - Sales Revenues	Per Book numbers
		Income Per Books - Other Revenues	Per Book numbers
		Income Per Books - Operation and Maintenance Expense	Started with Per Book numbers, adjusted for certain items (See Volume II-A, Book 3 of 4, pages 385-390 for details). Common Costs are booked at the company level not at the plant level. These costs were allocated to the plant level based on Average Number of Customers. Therefore, any common costs in the MFR's at the plant level cannot be per book numbers because they are only found on the books at the company level.
		Income Per Books - Depreciation Expense Net of CIAC	Not Per Books. Calculated in MFR's Schedule B-13(W) (See below Schedules B13W1 and B13W2 for explanation).
		Income Per Books - Taxes Other Than Income	Not Per Books RAF, and Payroll Tax are calculated as a percentage of Revenues and Salaries and Wages, respectively. Property Tax was allocated to the plant level based on Net Taxable Value
		Income Per Books - Income Taxes	Not Per Books. Calculated in MFR's Schedule B-16(W)
2 B01W2	PRESENT & REQUIRED NET OPERATING INCOME	Income Per Books - Sales Revenues	Same As Above
		Income Per Books - Other Revenues	Same As Above
		Income Per Books - Operation and Maintenance Expense	Same As Above
		Income Per Books - Depreciation Expense Net of CIAC	Same As Above
		Income Per Books - Taxes Other Than Income	Same As Above
		Income Per Books - Income Taxes	Same As Above
3 B01W3	REQUIRED & REQUESTED REVENUE INCREASE CALCULATION	N/A	N/A
4 B03W	ADJUSTMENTS TO WATER OPERATING INCOME	N/A	N/A
5 B04W	WATER OPERATING REVENUES	1994 Revenues (Present) Per Books	Per Book numbers
6 B05W1	TOTAL WATER O & M EXPENSES	Per Books - O&M	Started with Per Book numbers, adjusted for certain items (See Volume II-A, Book 3 of 4, pages 385-390 for details). Common Costs are booked at the company level not at the plant level. These costs were allocated to the plant level based on Average Number of Customers. Therefore, any common costs in the MFR's at the plant level cannot be per book numbers because they are only found on the books at the company level.
7 B05W2	TOTAL DIRECT & ALLOCATED EXPENSE (.1 - .8)	Per Books - O&M	Same as B05W1
8 B05W3	TOTAL DIRECT EXPENSE (.1 - .5)	Per Books - O&M	Same as B05W1
9 B05W4	TOTAL ALLOCATED CUSTOMER ACCOUNTS EXPENSE (.7)	Per Books - O&M	Same as B05W1
10 B05W5	TOTAL ALLOCATED A & G EXPENSE (.8)	Per Books - O&M	Same as B05W1
11 B05W6	ADJUSTMENTS TO DIRECT & ALLOCATED EXPENSE (.1 - .8)	Per Books - O&M	Same as B05W1

PAGE 8 OF 13

EXHIBIT (2)(K)(13)





**"PER BOOKS EXPLANATION" FOR  
1994 SEWER B SCHEDULES - INCOME STATEMENT**

FILE NAME	FILE TITLE	Column Name	Explanation
1 B02S1	PRESENT & REQUESTED NET OPERATING INCOME	Income Per Books - Sales Revenues	Per Book numbers
		Income Per Books - Other Revenues	Per Book numbers
		Income Per Books - Operation and Maintenance Expense	Started with Per Book numbers, adjusted for certain items (See Volume II-A, Book 3 of 4, pages 385-390 for details). Common Costs are booked at the company level not at the plant level. These costs were allocated to the plant level based on Average Number of Customers. Therefore, any common costs in the MFR's at the plant level cannot be per book numbers because they are only found on the books at the company level.
		Income Per Books - Depreciation Expense Net of CIAC	Not Per Books. Calculated in MFR's Schedule B-14(S) (See below Schedules B14S1 and B14S2 for explanation.
		Income Per Books - Taxes Other Than Income	Not Per Books. RAF and Payroll Tax are calculated as a percentage of Revenues and Salaries and Wages, respectively. Property Tax was allocated to the plant level based on Net Taxable Value
	Income Per Books - Income Taxes	Not Per Books. Calculated in MFR's Schedule B-17(S)	
2 B02S2	PRESENT & REQUIRED NET OPERATING INCOME	Income Per Books - Sales Revenues	Same As Above
		Income Per Books - Other Revenues	Same As Above
		Income Per Books - Operation and Maintenance Expense	Same As Above
		Income Per Books - Depreciation Expense Net of CIAC	Same As Above
		Income Per Books - Taxes Other Than Income	Same As Above
	Income Per Books - Income Taxes	Same As Above	
3 B02S3	REQUIRED & REQUESTED REVENUE INCREASE CALCULATION	N/A	N/A
4 B03S	ADJUSTMENTS TO SEWER OPERATING INCOME	N/A	N/A
5 B04S	SEWER OPERATING REVENUES	1994 Revenues (Present) Per Books	Per Book numbers
6 B06S1	TOTAL SEWER O & M EXPENSES	Per Books - O&M	Started with Per Book numbers, adjusted for certain items (See Volume II-A, Book 3 of 4, pages 385-390 for details). Common Costs are booked at the company level not at the plant level. These costs were allocated to the plant level based on Average Number of Customers. Therefore, any common costs in the MFR's at the plant level cannot be per book numbers because they are only found on the books at the company level.
7 B06S2	TOTAL DIRECT & ALLOCATED EXPENSE (.1 - .8)	Per Books - O&M	Same as B-06S1
8 B06S3	TOTAL DIRECT EXPENSE (.1 - .6)	Per Books - O&M	Same as B-06S1
9 B06S4	TOTAL ALLOCATED CUSTOMER ACCOUNTS EXPENSE (.7)	Per Books - O&M	Same as B-06S1
10 B06S5	TOTAL ALLOCATED A & G EXPENSE (.8)	Per Books - O&M	Same as B-06S1
11 B06S6	ADJUSTMENTS TO DIRECT & ALLOCATED EXPENSE (.1 - .8)	Per Books - O&M	Same as B-06S1
12 B06S7	ADJUSTMENTS TO DIRECT EXPENSE (.1 - .6)	Per Books - O&M	Same as B-06S1

PAGE 10 OF 13

EXHIBIT (CJJK-13)

"PER BOOKS EXPLANATION" FOR  
1994 SEWER B SCHEDULES - INCOME STATEMENT

FILE NAME	FILE TITLE	Column Name	Explanation
13 B06S8	ADJUSTMENTS TO ALLOCATED CUSTOMER ACCOUNTS EXP (.7)	Per Books - O&M	Same as B-06S1
14 B06S9	ADJUSTMENTS TO ALLOCATED A & G EXPENSE (.8)	Per Books - O&M	Same as B-06S1
15 B08S1	COMP. OF O & M EXP. TO BENCHMARK - TOTAL DIR. & ALLOC.	N/A	N/A
16 B08S2	COMP. OF O & M EXP. TO BENCHMARK - TOTAL DIRECT	N/A	N/A
17 B08S3	COMP. OF O & M EXP. TO BENCHMARK - ALLOC CUST ACCTS EXP	N/A	N/A
18 B08S4	COMP. OF O & M EXP. TO BENCHMARK - ALLOC A&G	N/A	N/A
19 B08S5	COMP. OF O & M EXP. TO BNCHMRK - EXPLANATION OF DEVIATIONS	N/A	N/A
20 B09S	CONTRACTUAL SERVICES OVER 2%	N/A	N/A
21 B10S	ANALYSIS OF RATE CASE EXPENSES	N/A	N/A
22 B11S	MAJOR MAINTENANCE PROJECTS OVER 2%	N/A	N/A
23 B12S	ALLOCATION OF EXPENSES	N/A	N/A
24 B14S1	NET SEWER DEPRECIATION EXPENSE	1994 Depreciation Expense - Per Books	Not Per Books. Calculated in the MFR's based on average adjusted Plant in Service balances - averages not maintained on the books.
25 B14S2	CIAC AMORT EXPENSE	1994 CIAC Amortization Expense - Per Books	Not Per Books. Calculated in the MFR's based on average adjusted CIAC balances - averages not maintained on the books.
26 B14S3	COMPOSITE CIAC AMORT RATE	N/A	N/A
27 B15S	TAXES OTHER THAN INCOME	1994 Taxes Other Than Income - Per Books	Not Per Books. RAF and Payroll Tax are calculated as a percentage of Revenues and Salaries and Wages, respectively. Property Tax was allocated to the plant level based on Net Taxable Value.
28 B17S	INCOME TAXES UNDER PRESENT INCOME	1994 Income Taxes - Per Books	Not Per Books. Calculated based on all income components listed above.
29 B18S	ACQUISITION ADJUSTMENT AMORTIZATION EXPENSE	Acquisition Adj. Amort. Expense - Per Books	Not Per Books. Calculated in the MFR's based on average adjusted Acquisition Adjustment balances - averages not maintained on the books.
		1994 Non-Used and Useful Acq. Adj. Amort. Exp. - Per Books	Same As Above

PAGE 11 OF 13

EXHIBIT (JDK-13)

Schedule of Water Rate Base

Florida Public Service Commission

Company:  
 Docket No.:  
 Schedule Year Ended:  
 Interim [ ] Final [ ]  
 Historical [ ] Projected [ ]

Schedule: A-1  
 Page 1 of 1  
 Preparer:

EXHIBIT \_\_\_\_\_ (JJK-13)

PAGE 12 OF 13

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use. If method other than formula approach (1/8 O&M) is used to determine working capital, provide additional schedule showing detail calculation.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Adjustments	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service				A-5
2	Utility Land & Land Rights				A-5
3	Less: Non-Used & Useful Plant				A-7
4	Construction Work in Progress				-
5	Less: Accumulated Depreciation				A-9
6	Less: CIAC				A-12
7	Accumulated Amortization of CIAC				A-14
8	Acquisition Adjustments				-
9	Accum. Amort. of Acq. Adjustments				-
10	Advances For Construction				A-16
11	Working Capital Allowance				A-17
12	Total Rate Base	-----	-----	-----	
		=====	=====	=====	



## FPSC AUDIT DOCUMENT REQUEST 95

The Tallahassee analysts are concerned about the organization costs relating to purchase of any additional plants or systems. In the withdrawn rate case (900329) similar costs were included in rate base.

1) What is the status of these old amounts?

Organization costs which were included in Docket Number 900329 were subsequently removed from that account and expensed, transferred to Topeka Group, transferred to Franchise and Consents, Accounts 3021 (water) and 3521 (wastewater), or charged to Unauthorized Acquisition Adjustments. These transfers occurred in 1990 and 1991. Organization costs were not included in the Company's rate case including 127 of the plants owned by SSU (Docket 920199-WS). This was done to avoid any controversial issues in that rate case.

2) Are any similar costs included in 950495-WS?

The only organization costs included in the current docket are those that had been approved by the Florida Public Service Commission prior to SSU ownership of those plants. In addition, a few plants that had been regulated by counties had organization costs approved in prior rate cases. The organization cost dollars involved are immaterial as they relate to Docket 950495-WS (\$112,788 in water account 3011 and \$115,567 in wastewater account 3511).

In addition to the standard procedures followed in a rate case audit, please perform the following procedures.

HIGH PRIORITY - STANDARD REQUIREMENTS

1. The utility's filing is based on the budgeted 1995 amounts and 1996 is forecasted from the budget year 1995. There is a benchmark analysis comparing 1995 budgeted amounts to the actual 1994 balances (Vol II, Book 3). We will review this comparison and if we deem any additional audit work performed we will inform the auditors as soon as possible.

2. In Morris Bencini's testimony on page 12, he states how the projected year 1995 was determined based on the capital and revenue and expense budgets. He states that the budget is in the company's general ledger system (Software 2000). It appears that this information can be sampled through the computer. The 1996 test year was projected based on the 1995 budget and escalated as described in Bencini's testimony on page 13.

3. On page 12-14 of Judy Kimball's testimony, she discusses adjustments made to rate base for retirements of plant in various years. Please review the supporting detail for each of these retirements and attach copies of the documentation in the workpapers.

4. On page 22-26 of Judy Kimball's testimony, she discusses a major study she undertook to analyze the rate base amounts from prior cases. She has attached Exhibit JJK-1 which details this analysis. It deals with plant, accumulated depreciation, CIAC and amortization. The CIAC adjustment is very large. Please audit this study to determine if this analysis is correct. If the auditor perceives any time constraints regarding this request, please let us know as early as possible so that we can make other arrangements to review this information.

5. Obtain copies of all costs incurred related to the \$8 million Marco Island Barron Collier land condemnation. We will cover through discovery the deferred costs mentioned in Bencini's testimony regarding the failed attempts to purchase land for Marco Island.

6. Determine whether the utility is including any organization costs in rate base related to any purchase or sale of any plants or facilities. These costs were not included in rate base for the last case and the Commission has not addressed the removal of these costs previously. In the 900329-WS docket, the company included them, staff recommended removal but the case was

withdrawn. No mention through testimony in this case has been made regarding organization costs.

7. Do not determine the mechanical accuracy of the MFRs. This should be done by the accounting analyst and reported to the auditors.

8. Review the outside auditors report or workpapers.

9. Sample the 1994 base year amounts for O&M expenses and taxes other than income. If any major adjustments are found compare the adjusted amounts to the budget 95 amounts.

10. Compare the actual 95 amounts to budget for most recent timeframe. Note any major differences.

11. If any of the above procedures are deemed necessary by the auditor to be deleted for scope limitations, first contact the accounting analyst during the planning stage to make other arrangements so that the required work will be completed.