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REBUTTAL TESTIMONY OF FORREST L. LUDSEN
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
ON BEHALF OF
SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 950495-WS

DOCUMENT NUMBER-DATE
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FPSC-RECORDS/REPORTING

1 Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

2 A. My name is Forrest L. Ludsen and my business
3 address is 1000 Color Place, Apopka, Florida 32703.

4 Q. ARE YOU THE SAME FORREST L. LUDSEN WHO SUBMITTED
5 PRE-FILED DIRECT TESTIMONY IN THIS PROCEEDING?

6 A. Yes, I am.

7 Q. DO YOU HAVE ANY COMMENTS IN REBUTTAL TO INTERVENOR
8 WITNESSES OPPOSING A UNIFORM RATE STRUCTURE?

9 A. Yes. The intervenor's witnesses opposing uniform
10 rates raise no new facts or arguments from those
11 already considered by the Commission in Docket Nos.
12 920199-WS and 930880-WS. Therefore, there is no
13 evidentiary basis for the Commission to alter its
14 prior findings in favor of a uniform rate
15 structure.

16 Q. COULD YOU PLEASE DESCRIBE EXHIBIT _____ (FLL-6).

17 A. Exhibit _____ (FLL-6) provides the rate schedules
18 and supporting data reflecting the five alternative
19 rate design proposals identified by Staff witness
20 Gregory Shafer, as applied to the 1996 test year.
21 As indicated in the exhibit, based upon the revenue
22 requirements being requested by SSU, there would be
23 no service area which would be effected by the
24 minimum \$1.00 gallonage charge or \$4.00 base
25 facility charge suggested in Staff witness Shafer's

1 proposal. Also, due to time constraints and
2 unfamiliarity with the proposed mechanics of the
3 "treatment type/CIAC factor" design, SSU was unable
4 to show the Commission and parties what the rates
5 based on such a factored design would look like.

6 The exhibit provides the service area specific
7 data necessary to establish rates on Mr. Shafer's
8 stand alone or modified stand alone rate designs
9 for 1996. Information supporting these designs is
10 identical to the information previously provided on
11 three occasions to the Commission, and the Public
12 Counsel (1) during on site audits to Staff in July
13 and Public Counsel in September, (2) through
14 document requests responded to by SSU in September
15 and (3) a third time in supplemental MFR Volumes
16 filed with the Commission and served on all parties
17 in November, 1995. This exhibit is being presented
18 to reflect the actual rates which would arise under
19 the rate structure alternatives identified by Staff
20 witness Shafer as well as to rebut accusations
21 during customer service hearings that SSU has not
22 provided service area specific data such that rates
23 could be calculated on a stand alone or modified
24 stand alone basis. At an agenda conference on
25 February 6, Commissioner Deason indicated that he

1 would oppose the introduction of the supplemental
2 MFR information if he later determined that the
3 information somehow bolstered SSU's case. To this
4 day, SSU does not understand the Commissioner's
5 concerns, however, we felt compelled to file this
6 exhibit for two reasons: (1) to make sure that the
7 record contains sufficient rate information and
8 supporting data relative to Staff's rate design
9 alternatives to satisfy anyone's purported due
10 process rights; and (2) to ensure that the
11 Commission knew that the service area specific cost
12 information had been available to the Commission
13 staff and the parties since as early as July and
14 September 1995, respectively -- despite repeated
15 protestations of Public Counsel to the contrary.

16 **Q. IF EITHER THE "MODIFIED" RATE DESIGN OR MODIFIED**
17 **WITH MINIMUM GALLONAGE/BASE FACILITY CHARGE RATE**
18 **DESIGN PROPOSAL IS ADOPTED BY THE COMMISSION, HOW**
19 **WOULD SSU PROPOSE THAT FUTURE INDEXINGS AND PASS-**
20 **THROUGHS BE TREATED?**

21 **A.** If either the "modified" or "minimum" rate design
22 proposals are adopted, future indexings and pass-
23 throughs should be implemented so as to increase
24 the caps and minimums by the amount of increases.
25 Commission consideration of new caps and minimums

1 would not be set until another full-blown rate
2 proceeding is conducted. The indexings and pass-
3 through adjustments would be applied to the
4 Commission's approved rates which would increase
5 the caps and minimum levels. To do otherwise would
6 create extraordinary complexity and confusion to
7 customers.

8 **Q. MS. DISMUKES SUGGESTS THAT SSU'S CUSTOMERS HAVE NOT**
9 **BENEFITED FROM SSU'S ACQUISITION PROGRAM AND HAS**
10 **RECOMMENDED THAT THE COMMISSION REDUCE SSU'S**
11 **ADJUSTED TEST YEAR A&G EXPENSES BY \$243,773 TO**
12 **ACCOUNT FOR WHAT SHE REFERS TO AS DISECONOMIES OF**
13 **SCALE. DO YOU AGREE WITH THIS ADJUSTMENT?**

14 **A.** No I do not. Ms. Dismukes examined the
15 Buenaventura Lakes acquisition which occurred at
16 the end of 1995 and the Lehigh acquisition which
17 occurred in late 1991 and determined that because
18 costs to the customers of those systems increased
19 after SSU acquired the utilities, specifically the
20 administrative and general costs, that SSU's
21 customers have not benefited from these
22 acquisitions. I must note that Public Counsel
23 already raised this argument as it relates to the
24 Lehigh service area in the last rate proceeding.
25 The Commission rejected Public Counsel's argument

1 in that case.

2 **Q. DID THE COSTS TO CUSTOMERS IN THOSE SERVICE AREAS**
3 **INCREASE AFTER SSU ACQUIRED THEM?**

4 A. Yes, the cost to the customers of those facilities
5 did increase; however, it must be understood that
6 both Buenaventura Lakes and Lehigh were developer
7 owned utilities and it is not uncommon for
8 developer owned utilities to be subsidized by the
9 developer to keep utility rates artificially low to
10 help the sale of homes. As an example,
11 Buenaventura Lakes shows in its 1994 annual report
12 a management fee of \$30,000 from its parent
13 corporation Landstar Development Corporation. This
14 management fee is for accounting and data
15 processing services. The fee was developed for a
16 1987 rate case and is the same amount included in
17 the 1994 annual report. Obviously, Landstar is not
18 billing the utility for the true cost of these
19 services.

20 **Q. DID THE COMMISSION APPROVE THE TRANSFER OF THE**
21 **BUENAVENTURA AND LEHIGH UTILITIES TO SSU?**

22 A. Yes, the Commission approved both transfers and
23 found the transfers to be in the best interest of
24 customers. As I indicated earlier, in the case of
25 Lehigh, the Commission also reviewed and approved

1 the increased administrative and general costs
2 associated with the transfer to SSU in rate case
3 Docket No. 911188-WS. Ms. Dismukes fails to bring
4 this fact to the Commission's attention.

5 **Q. DO YOU AGREE WITH MS. DISMUKES THAT ACQUIRING**
6 **UTILITIES LIKE BUENAVENTURA LAKES AND LEHIGH IS NOT**
7 **NECESSARILY BENEFICIAL TO CUSTOMERS?**

8 A. No I do not. The attached Exhibit _____ (FLL-7)
9 shows a comparison of A & G and customer service
10 costs per customer without and with the
11 Buenaventura Lakes acquisition. SSU's total cost
12 per customer of A & G and customer service expenses
13 without the Buenaventura acquisition is \$85 per
14 customer. The total cost with the acquisition is
15 \$80 per customer. Therefore, although Buenaventura
16 customers experience an increase in costs, the
17 overall body of SSU customers benefited by the
18 acquisition because it provided a larger customer
19 base over which to spread common costs. Whenever a
20 utility is acquired, the cost/benefit to the
21 acquired utility can be positive or negative
22 depending on the acquired utility's cost structure
23 as compared to SSU's cost structure. Generally,
24 the result of adding additional customers is the
25 lowering of the cost per customer of the common

1 costs allocated to SSU's other customers.
2 Ultimately it is the stimulation of growth that
3 provides the economies of scale to help hold down
4 costs. This does not mean that an acquisition will
5 result in a rate reduction.

6 **Q. HOW DO THE CUSTOMER SERVICE AND A & G COMMON COSTS**
7 **FOR SSU COMPARE TO OTHER UTILITIES?**

8 A. I have attached as Exhibit _____ (FLL-8) a schedule
9 which compares Southern States to the National
10 Association of Water Companies (NAWC) survey
11 information. This exhibit shows that SSU's
12 customer accounts and A & G expenses compare
13 favorably to the NAWC companies when compared to
14 revenues, customers and employees. In 1994 SSU's
15 combined customer accounts and A & G expenses were
16 21.5% of actual revenues and 17.1% of required
17 revenues. The comparable NAWC companies were at
18 21.3% of revenues. Comparing these same expenses
19 on a cost per customer and cost per employee basis,
20 we find that SSU's 1994 cost per customer was \$73
21 and SSU's 1994 cost per employee was \$21,725.
22 Similar sized NAWC companies in 1994 had a cost per
23 customer of \$94 and a cost per employee of \$33,991.
24 Although Ms. Dismukes may consider our costs high
25 compared to the developer owned costs of

1 Buenaventura and Lehigh, our common costs compare
2 vary favorably with the NAWC "utility" companies
3 surveyed.

4 **Q. DO YOU FEEL THAT COST IS THE ONLY CONSIDERATION IN**
5 **WHETHER CUSTOMERS BENEFIT BY AN ACQUISITION?**

6 A. No. Low cost does not necessarily equate to good
7 quality and reliable service. As verification of
8 this fact, we invite the Commission to review the
9 transcript of the customer service hearing held in
10 Kissimmee on September 19, 1995 in this docket.
11 The acquisition of the Buenaventura Lakes service
12 area by SSU had not yet been approved by the
13 Commission at that time so the utility owning and
14 operating the related facilities was Orange Osceola
15 Utilities, not SSU. The customers of OOU expressed
16 extreme dissatisfaction with the service they were
17 receiving from OOU in terms of quality of water and
18 customer service. What we believe will be seen
19 from a review of the transcript is that over the
20 long term, customers are better served by someone
21 like SSU that can provide all the services of a
22 full-time utility rather than a developer that has
23 its primary focus on home sales and often sends the
24 wrong price signal to customers by subsidizing the
25 utility rates. Our belief is supported by the fact

1 that one of the witnesses from the Kissimmee
2 hearing testified that he owned property in three
3 service areas -- two properties received service
4 from SSU and the other OOU. The witness emphasized
5 that he was happy with the service from SSU but OOU
6 was a problem. SSU believes we can rectify the
7 problem.

8 **Q. MS. DISMUKES HAS PROPOSED AN ADJUSTMENT TO INCREASE**
9 **RATE CASE EXPENSE BY \$30,481 TO REFLECT THE**
10 **OVERTIME INCLUDED IN THE 1995 BUDGET. DO YOU AGREE**
11 **WITH THIS ADJUSTMENT?**

12 **A.** Yes I do. I believe it is reasonable to include
13 in-house overtime as rate case expense rather than
14 a normal expense item. Overtime related to rate
15 case may not be an ongoing annual expense;
16 therefore, including this expense as part of rate
17 case expense with amortization over four years
18 avoids this possibility.

19 **Q. MS. DISMUKES HAS REMOVED THE RATE CASE EXPENSE**
20 **BUDGETED FOR MR. GARTZKE AND MR. CRESSE BECAUSE**
21 **THEY DID NOT PROVIDE DIRECT TESTIMONY IN THIS**
22 **PROCEEDING. SHE HAS ALSO REMOVED THE ESTIMATED**
23 **FEE OF THE COST OF CAPITAL CONSULTANT, DR. MORIN**
24 **WHO DID PROVIDE DIRECT TESTIMONY IN THIS**
25 **PROCEEDING. DO YOU AGREE WITH THESE ADJUSTMENTS?**

1 A. Mr. Gartzke and Mr. Cresse did not provide direct
2 testimony in this proceeding and are not going to
3 provide rebuttal testimony; therefore, I agree that
4 these costs should be removed. Similarly, we have
5 added additional witnesses for rebuttal testimony
6 to address issues raised by customers and their
7 counsel and those costs should be added to and
8 recoverable as a part of rate case expense.

9 Ms. Dismukes has removed Dr. Morin's rate case
10 expenses because the Commission developed the
11 leverage formula to estimate water and wastewater
12 utilities' cost of equity. I do not agree that
13 this adjustment should be made. Dr. Morin has
14 shown that the past leverage graph formula did not
15 properly reflect the cost of capital required for
16 water and wastewater utilities through the cost of
17 capital workshop and specifically demonstrated in
18 this proceeding that it is not appropriate for SSU.
19 If the leverage graph is flawed and SSU cannot put
20 a witness before the Commission to correct the flaw
21 because it cannot cover its rate case expense, then
22 it becomes a catch 22 for the Company. I have been
23 advised as stated in Dr. Morin's testimony that
24 certain changes he recommended were incorporated
25 into the current leverage graph by a Commission

1 order issued on August 10, 1995 -- six weeks after
2 his direct testimony was filed in this proceeding.
3 Therefore, his testimony has been beneficial and
4 his rate case expenses should be allowed to be
5 recovered by SSU. In addition, Section
6 367.081(4)(f) of the Florida Statutes states that
7 the use of the leverage graph is optional to the
8 utility as follows:

9 (f) "The commission may regularly,
10 not less often than once each year,
11 establish by order a leverage
12 formula that reasonably reflect the
13 range of returns on common equity
14 for an average water or wastewater
15 utility and which, for purposes of
16 this section, shall be used to
17 calculate the last authorized rate
18 of return on equity for any utility
19 which otherwise would have no
20 established rate of return on
21 equity. In any other proceeding in
22 which an authorized rate of return
23 on equity is to be established, a
24 utility, in lieu of presenting
25 evidence on its rate of return on

1 common equity, may move the
2 commission to adopt the range of
3 rates of return on common equity
4 that has been established under this
5 paragraph. (emphasis added)

6 Rule 25-30.415(1), (2) also allow the Commission to
7 consider a generally accepted financial model as
8 follows:

9 (1) "The Commission will establish,
10 at least once each year, a leverage
11 scale or scales that reflect the
12 range of returns on common equity as
13 required by Section 367.081(4)(f),
14 F.S.

15 (2) In determining the range of
16 returns on common equity, the
17 Commission may consider generally
18 accepted financial models."

19 Again, SSU should not be foreclosed from testing
20 the leverage graph as clearly permitted under the
21 law. Finally, we note that Public Counsel
22 submitted testimony contesting Dr. Morin's
23 testimony. SSU cannot legitimately be denied
24 recovery of expenses incurred to rebut Public
25 Counsel's witness -- particularly since nobody,

1 including SSU, could have known whether Public
2 Counsel intended to present a cost of capital
3 witness regardless of whether SSU did.

4 **Q. DO YOU AGREE WITH MS. DISMUKES' ADJUSTMENT TO**
5 **DISALLOW \$345,671 OUT OF THE \$432,069 ASSOCIATED**
6 **WITH THE DOCKET NO. 930880-WS UNIFORM RATE**
7 **INVESTIGATION?**

8 A. No I do not. Ms. Dismukes has disallowed 80% of
9 the costs related to the uniform rate investigation
10 and has not specified how she has arrived at this
11 percentage. The costs relating to the uniform rate
12 investigation as outlined in Ms. Dismukes testimony
13 include: \$34,358 on telemarketing consultants,
14 \$95,285 on consultants testimony, \$4,587 on image
15 marketing associates, \$102,629 on legal services,
16 \$104,804 on FPSC notices, transportation and
17 security, \$54,963 for customer education mailings,
18 \$1,574 for open houses, and the remainder of
19 \$33,888 on miscellaneous travel and federal express
20 and other miscellaneous items. Ms. Dismuke'
21 proposed allowance of \$86,398 does not even cover
22 our cost for FPSC notices required to meet the
23 requirements of the Commission. Ms. Dismukes
24 agrees that SSU had an obligation to bring to the
25 Commission a reasonable and not unduly

1 discriminatory rate design and that SSU had an
2 obligation to fully cooperate with the Commission's
3 investigation. However, she felt the advocacy of
4 uniform rates in that docket was unnecessary. SSU
5 believes it had a right to take a position on the
6 issues in that case. SSU supported uniform rates
7 consistent with the Commission's decision in Docket
8 No. 920199-WS because SSU believes that it is in
9 the long term best interest of SSU, our customers
10 and the environment to have uniform rates.
11 Ultimately, the Commission heard evidence from
12 those supporting and opposed to uniform rates and
13 decided in favor of uniform rates for SSU. To not
14 allow the Company to recover such costs is
15 equivalent to informing the Company to not
16 participate in any such generic proceedings in the
17 future. Of course, such a signal would not serve
18 the customer or the Commission well in future
19 generic proceedings of this type. Obviously, the
20 customers opposed to uniform rates were very well
21 represented throughout this proceeding and would
22 have preferred that SSU did not advocate uniform
23 rates so the Commission would not have the record
24 evidence to issue their decision supporting uniform
25 rates. Because of SSU's advocacy role in support

1 of uniform rates and the intervenors advocacy role
2 against uniform rates, the Commission had a
3 complete record upon which to base their decision.
4 Public Counsel chose not to participate. SSU
5 believes that all costs incurred to date, currently
6 \$451,385, should be recoverable through rate case
7 expense. This includes the costs incurred to
8 educate customers on the potential impact to them
9 of uniform and non-uniform rates and our efforts
10 made to encourage customers to attend and
11 participate in the hearings whether for or against
12 uniform rates. A final point -- Ms. Dismukes'
13 proposed disallowance, in SSU's view, is yet
14 another none too subtle demonstration of the Public
15 Counsel's activities evidencing Public Counsel's
16 opposition to the uniform rate structure.

17 **Q. HAVE YOU DETERMINED THE ACTUAL RATE CASE EXPENSE TO**
18 **DATE?**

19 A. Yes. Attached as Exhibit _____ (FLL-9) are the
20 actual rate case expenses paid through January 31,
21 1996 for both the current Docket No. 950495-WS case
22 and Docket No. 930880-WS uniform rate
23 investigation. We projected a total rate case
24 expense in the current case of \$995,152 and the
25 actual to date is \$975,364. Our actual costs are

1 running higher than originally projected primarily
2 because of the impact of extending the case,
3 scheduling additional customer service hearings,
4 and renoticing customers. A significant portion of
5 the increased cost has occurred in outside printing
6 required to meet the noticing schedules. The
7 actuals through January 31, 1996 for the uniform
8 rate investigation are \$451,385 as compared to the
9 \$432,089 filed in the MFRs. The Company requests
10 that additional costs incurred for rate case
11 expense over the filed amounts be used as an offset
12 to any Commission reductions in expenses.

13 **Q. DO YOU HAVE ANY COMMENTS REGARDING PUBLIC COUNSEL**
14 **WITNESS KIM DISMUKES' ATTEMPT TO USE THE**
15 **COMMISSION'S "ONE SYSTEM" FINDING IN DOCKET NO.**
16 **930945-WS TO JUSTIFY A CUSTOMER SHARING OF THE GAIN**
17 **FROM THE SALE OF THE VENICE GARDENS FACILITIES?**

18 **A.** Yes. Ms. Dismukes' attempt to use the Commission's
19 "one system" finding is outrageous since it is
20 contrary to the Public Counsel's opposition
21 throughout the remand proceedings in Docket No.
22 920199-WS to SSU's position that the "one system"
23 finding reflected in the Commission's July 1995
24 order in 930945-WS acted to cut off SSU's alleged
25 refund liability and, indeed, obviated the

1 Commission's perceived need to revert to a modified
2 stand alone rate structure as a result of the
3 appellate decision in Citrus County v. FPSC. For
4 this inherent inconsistency along, Public Counsel's
5 contention should be rejected outright. Further
6 reasons to reject Public Counsel's proposal include
7 the fact that the "one system" finding was made
8 after every sale, including Venice Gardens,
9 identified by Public Counsel. Public Counsel seeks
10 retroactive application of the finding without
11 presenting any evidence in support of its
12 proposition. Also, a "one system" finding does
13 little to counteract the multitude of reasons
14 provided by SSU's witnesses Sandbulte and Gower
15 confirming that requiring SSU to share any portion
16 of the gain with customers would be unlawful and
17 improper.

18 **Q. MR. WOELFFER INDICATES THAT HE SEES NO BENEFIT FROM**
19 **THE WEATHER NORMALIZATION CLAUSE FOR SSU'S MARCO**
20 **ISLAND CUSTOMERS. DO YOU HAVE ANY COMMENTS?**

21 A. Mr. Woelffer suggests that the weather
22 normalization clause is a risk shifting mechanism
23 and that seasonal variations in water sales due to
24 weather is a risk of SSU. I do not agree with Mr.
25 Woelffer because variations in weather are a risk

1 to both the customer and SSU. The adoption of the
2 weather normalization clause is merely a mechanism
3 to minimize risk to the customer and SSU from
4 events which would cause the consumption per
5 customer to vary from the levels reflected in the
6 design of their rates. The consumption per
7 customer could vary from such factors as weather,
8 the impacts of conservation education, or the
9 impact of the rate design that the Commission
10 ultimately recommends. The goal of the Company is
11 to include a level of consumption in the design of
12 the rates which we think is realistic and reflects
13 the elasticity of the rate design we have proposed,
14 however, if the pattern of usage should change for
15 whatever reason, then the weather normalization
16 clause would protect both the customer and the
17 Company. The suggestion by anyone that the WNC
18 penalizes customers by raising their rates if they
19 use less water ignores the fact that rates will
20 rise in such event regardless of the existence of a
21 WNC. However, customers will save the cost of rate
22 cases if the WNC is approved because the WNC will
23 provide gradual monthly adjustments to reflect
24 consumption decreases over time.

25 **Q. DO YOU HAVE ANY COMMENTS TO MR. WOELFFER'S**

1 **STATEMENT ON PAGE 16 THAT THE UNIFORM RATES**
2 **PROPOSED BY SSU WOULD REQUIRE MARCO ISLAND**
3 **RESIDENTS TO SUBSIDIZE THROUGH HIGHER RATES SSU'S**
4 **REVENUE REQUIREMENT?**

5 A. Yes I do. Mr. Woelffer indicates that the Marco
6 Island subsidy would be \$1,568,026. The actual so-
7 called "subsidy" indicated in the MFRs is
8 \$1,229,194 consisting of \$346,331 for water and
9 \$882,863 for wastewater. However, I would like to
10 point out to Mr. Woelffer that the uniform rates of
11 Marco Island are based on a combined rate for Burnt
12 Store and Marco Island. SSU's basic position on
13 uniform rates is that they are in the long term
14 best interest of the total body of customers. At
15 any point in time, some customers benefit and other
16 customers don't benefit. This can be dependent on
17 many factors such as the density of the service
18 areas, the age of the facilities, the amount of
19 CIAC for the service area, the operating efficiency
20 of the plant, the consumption of the customers in
21 the service areas, and the environmental
22 requirements for capital in any particular area.
23 As Staff witness Greg Shafer indicated, all rates
24 contain subsidies including stand-alone rates.
25 Marco Island customers should be aware that

1 although they are currently subsidizing Burnt
2 Store, eventually it could be Burnt Store providing
3 the subsidy to the Marco Island customers. Part of
4 the reason Marco Island is subsidizing Burnt Store
5 is because Burnt Store has low density and low
6 consumption and because it is a start-up facility.
7 At the end of 1994 Burnt Store had approximately
8 400 customers while Marco Island had about 6,000
9 customers. Burnt Store's average consumption for
10 residential customers was 3,924 gallons while Marco
11 Island's average consumption per customer was
12 17,508. Marco's average consumption per customer
13 is decreasing. At the end of 1995, the average
14 consumption (residential and non-residential)
15 dropped to 15,000 gallons. Burnt Store currently
16 is growing at a very fast rate, approximately 35%
17 per year, which is somewhat deceiving because they
18 are working from a low base but they are adding
19 approximately 150 customers per year to their
20 service area with an eventual build-out in our
21 current service area of approximately 4,350. As
22 Burnt Store continues to build-out, their cost per
23 customer should become less than Marco Island
24 because their incremental cost will be less and
25 they don't have the costly critical water supply

1 problems of Marco's island environment. If the
2 current growth continues, within the next five
3 years you could see the average cost for Burnt
4 Store customers be less than Marco Island
5 customers.

6 **Q. DO YOU HAVE ANY COMMENTS WITH RESPECT TO MR. JOHN**
7 **WILLIAMS TESTIMONY ON SERVICE AVAILABILITY CHARGES?**

8 A. Yes, I do. Mr. Williams has made several
9 significant statements which demonstrate that the
10 Staff recognizes the problems inherent in the
11 application of current FPSC CIAC policy. These
12 include the following:

13 1. Obviously, changes in charges will only affect
14 a growing utility (p. 4, 14).

15 2. A utility's CIAC level, which is the basis for
16 complying with the rule, is a moving target (p. 4,
17 22).

18 3. Over time, it is inevitable that some
19 utilities will be under-contributed with no
20 apparent means available to inject additional CIAC
21 into the system under the traditional scheme (p. 5,
22 9).

23 4. When SSU acquired systems, SSU inherited the
24 individual CIAC levels which were based upon
25 various levels of charges, donated property as well

1 as imputed CIAC (p. 5, 19).

2 5. SSU's present mix of individual service
3 availability charges and CIAC levels are to a great
4 extent dependent upon the service availability
5 policies implemented by the prior owners of the
6 systems (p. 6, 14).

7 6. It has long been established that there is an
8 inverse relationship between rates and CIAC level
9 (p. 7, 5).

10 7. Service availability charges may need to be
11 modified to compliment the chosen rate structure
12 (p. 8, 3).

13 8. Service availability charges designed to bring
14 the Company to a 75% CIAC (maximum) level would be
15 unreasonably high in many cases, and would
16 unnecessarily stifle growth (p. 11, 8).

17 9. The appropriate service availability goal for
18 SSU would be to design charges that will help to
19 move the utility closer to the minimum levels
20 outlined in the rules (p. 11, 11).

21 10. If the Commission finds that it is appropriate
22 to calculate separate service availability charges
23 for each service area, it will be very difficult to
24 design reasonable charges and still comply with the
25 minimum/maximum guidelines contained in the rule

1 (p. 11, 14).

2 11. The Commission should be prepared to grant an
3 exemption from the guidelines if charges are set on
4 a service area by service area basis (p. 11, 25).

5 **Q. DO YOU AGREE WITH ALL OF THESE STATEMENTS?**

6 A. Yes, with the exception of item no. 6 above. I do
7 not believe there is always an inverse relationship
8 between rates and CIAC levels although there is a
9 predominant perception that this is true. In fact,
10 customer density and consumption are the
11 predominant determinations of rates.

12 **Q. DO YOU HAVE EVIDENCE TO DEMONSTRATE THAT THERE IS**
13 **NOT ALWAYS AN INVERSE RELATIONSHIP BETWEEN RATES**
14 **AND CIAC LEVELS?**

15 A. Yes, I have prepared Exhibit _____ (FLL-10) which
16 sorts the service areas (plants) included in this
17 filing by the percentage of CIAC to plant in
18 ascending order and subtotaled in increments of
19 10%. Also shown is the stand alone bill for each
20 of these service areas at a theoretical 10,000
21 gallon consumption level for ease of presentation.
22 I have also weighted the information by the number
23 of customers in each service area to emulate a
24 uniform rate comparison.

25 **Q. DOES THIS ANALYSIS DEMONSTRATE A CONSISTENT INVERSE**

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RELATIONSHIP BETWEEN RATES AND CIAC LEVELS?

A. No. This exhibit shows that sometimes there is a relationship between rates and CIAC levels and sometimes there is not. This inconsistent result clearly demonstrates that CIAC is only one factor that determines the level of rates and therefore it would be unreasonable to assume that high CIAC equates to low rates or that raising the level of CIAC will mean low rates. It also means that it does not make sense to attempt to base rate structure on only the levels of CIAC. Other factors, which in some service areas can be more critical than CIAC in influencing the level of stand alone rates, may include density, the level of consumption, the type of treatment, the age of the facility, location, growth and environmental requirements.

Q. WHAT WAS THE BASIS FOR SSU'S DETERMINATION OF THE LEVEL OF CIAC RATES PROPOSED IN THIS FILING?

A. SSU based the level of CIAC rates proposed in this filing on a market comparison of other utilities.

Q. DID MR. WILLIAMS ADDRESS THE IMPORTANCE OF THE MARKET WITH RESPECT TO ESTABLISHING THE LEVEL OF CIAC RATES AND WHAT AN APPROPRIATE LEVEL OF CIAC SHOULD BE UNDER EACH OF HIS ALTERNATIVES?

1 A. Not directly. Mr. Williams did indicate that
2 service availability rates designed to bring the
3 Company to a 75% CIAC (maximum) level would be
4 unreasonably high in many cases, and would
5 unnecessarily stifle growth and that the FPSC
6 guidelines may not be appropriate.

7 **Q. WHAT DO YOU BELIEVE IS THE MAIN CONSIDERATION IN**
8 **DEVELOPING CIAC RATES AND WHAT DO YOU BELIEVE IS AN**
9 **APPROPRIATE LEVEL OF RATES?**

10 A. I believe that CIAC guidelines are, in theory,
11 significant in providing a new utility with a
12 target for developing CIAC charges, however, I
13 believe that reality is that the market is the
14 critical factor in determining CIAC charges and
15 that the guidelines should only be used to move
16 charges plus or minus within the market range. I
17 believe that there has been a misguided reliance on
18 CIAC being the answer to high rates. I agree it is
19 part of the answer, but only if the level of CIAC
20 rates does not hamper growth. Ultimately growth is
21 more important in keeping rates low than CIAC. If
22 you have significant growth in a service area you
23 still can have low general rates without CIAC
24 because of the benefits of economies of scale.
25 However, without growth you have nothing because if

1 no new customers are connecting you are not
2 collecting any CIAC and in addition you do not have
3 the benefits of economies of scale. Obviously, the
4 ideal situation is to have CIAC charges which
5 reflect the market so that growth is encouraged.
6 In this way you get the benefit of economies of
7 scale from the growth plus you get the CIAC fees as
8 new customers connect which offsets investment
9 costs.

10 **Q. HOW DOES THE LEVEL OF CIAC CHARGES AFFECT GROWTH?**

11 A. Most of SSU's growth results from building by
12 developers. Developers build in areas where they
13 are able to build homes at market prices. CIAC
14 charges which do not reflect market prices act as a
15 disincentive to the developer building in our
16 service area and thus builders may move to another
17 area where costs are competitive. It does not
18 really matter to the developer if the CIAC charges
19 meet or do not meet the FPSC's guidelines. All he
20 cares about is if he can build his homes at a
21 competitive price so that they can be sold.

22 **Q. DO YOU HAVE AN EXAMPLE OF HOW AN UNREASONABLE LEVEL**
23 **OF CIAC CHARGES HAS STOPPED GROWTH?**

24 A. Yes , I do. On September 18, 1990, the FPSC issued
25 Order No. 23511 attached as Exhibit _____ (FLL-11)

1 relating to an SSU rate increase request in
2 Seminole County. Included as part of this filing
3 was our Chuluota wastewater service area.
4 Stipulation 35 stated that service availability
5 (plant capacity) charges should be implemented for
6 the Chuluota wastewater system. SSU's position was
7 that service availability charges should be
8 designed to generate the minimum levels of CIAC
9 rather than the maximum. The FPSC ordered the
10 service availability charges be designed to achieve
11 the maximum CIAC level set forth in Rule 25-30.580,
12 F.A.C. of 75%. The Order further states that if
13 the FPSC were to accept SSU's position of using the
14 minimum CIAC level permitted by the rule, the
15 related facilities only would be 7.7% contributed.
16 The FPSC suggested that such a contribution level
17 would be contrary to the intent of the rule.

18 **Q. HAS THIS DECISION STOPPED GROWTH?**

19 A. Yes, it has. In 1984 we had 117 wastewater
20 customers in Chuluota and in 1990 when the FPSC
21 implemented the maximum levels of CIAC we had 132
22 customers. This represents about a 2.5% growth
23 rate. Year-to-date in 1996 we have 134 customers.
24 We have had virtually no growth in wastewater since
25 the implementation of the maximum CIAC charges. In

1 fact the 7.7% level of CIAC which the Commission
2 then deemed unreasonable under SSU's minimum level
3 proposal has now gone down to 2.65% of plant and
4 Chuluota has the highest stand alone wastewater
5 bill of all of our wastewater service areas. Their
6 stand alone wastewater bill at the capped level of
7 6,000 gallons of consumption is \$271.11. Chuluota
8 customers receive the worst of all worlds, no
9 economies of scale related to growth and, with no
10 growth, no collection of CIAC to reduce investment
11 costs. In this case, perhaps implementing the
12 minimum charge would not have made a significant
13 difference in their current rates, but implementing
14 the maximum charge stopped any chance for growth.

15 **Q. WHAT IS THE CURRENT SERVICE AVAILABILITY CHARGE FOR**
16 **CHULUOTA?**

17 A. The capacity charge is \$2,730, the minimum service
18 installation charge is \$350, the main extension
19 charge is actual cost less 20% and the AFPI charge
20 is \$3,197. Therefore the minimum service
21 availability charge to the developer for just
22 wastewater would be \$6,277 not including the main
23 extension charge.

24 **Q. MR. WILLIAMS HAS RECOMMENDED ALTERNATIVES TO STAND**
25 **ALONE CIAC CHARGES, BUT HAS NOT MADE ANY**

1 **RECOMMENDATIONS ON WHAT THE LEVEL OF CIAC CHARGES**
2 **SHOULD BE EXCEPT THAT IT MAY BE APPROPRIATE TO**
3 **DESIGN THE CHARGES TO MOVE SSU TOWARDS THE MINIMUM**
4 **LEVELS. DO YOU AGREE WITH THIS POSITION?**

5 A. If we have growth we will move toward minimum
6 levels, however, to the developer, the FPSC's
7 theoretical minimum may not reflect reality.
8 Reality is the level of CIAC which reflects the
9 market and which will enable SSU to attract
10 developers to our service areas which will create
11 the growth to lower general rates through economies
12 of scale and collect CIAC as customers connect.

13 **Q. What are the CIAC charges you have proposed in this**
14 **filing?**

15 A. We have proposed a \$750 CIAC charge for
16 conventional water, a \$1,500 CIAC charge for
17 reverse osmosis water and a \$1,500 wastewater
18 charge for all wastewater customers.

19 **Q. WHAT ARE THESE RATES BASED ON?**

20 A. These rates are based on a market study SSU did of
21 Florida utilities located in the proximity of our
22 service areas and was based on judgment of what
23 appeared to be the average rate based on the
24 utilities analyzed.

25 **Q. DO YOU AGREE WITH MR. WILLIAMS THAT IF THE**

1 **COMMISSION ORDERS A STAND ALONE RATE THAT THE CIAC**
2 **CHARGES SHOULD BE STAND ALONE AND THAT IF THE**
3 **ORDERED RATE IS UNIFORM THAT THE CIAC CHARGES**
4 **SHOULD BE UNIFORM?**

5 A. In theory I agree, however, the reality is that
6 the CIAC charge should be based on the market to
7 stimulate growth rather than costs based on the
8 FPSC formula. The goal should be to develop a rate
9 which will encourage growth which will ultimately
10 benefit the customer the most through economies of
11 scale and increased CIAC collections. We cannot
12 change the past and no matter where you set the
13 CIAC charges you are not going to significantly
14 change history or the effect of history on the
15 future. I have no problem with a uniform CIAC rate
16 for all customers if the Commission orders stand
17 alone rates since the stand alone general rate
18 itself would theoretically reflect the so called
19 stand alone cost of the service area. Mr. Williams
20 did not specifically address what the CIAC rate
21 levels should be, however, if you review the stand
22 alone CIAC charges based on the Commission's
23 minimum and maximum rules, a significant number of
24 the charges are unreasonable and do not reflect the
25 market. I agree with Mr. Williams that it will be

1 very difficult to design charges that comply with
2 the minimum and maximum guidelines.

3 **Q. WHAT DO YOU RECOMMEND IF STAND ALONE RATES ARE**
4 **ORDERED AND THE COMMISSION ORDERS STAND ALONE**
5 **SERVICE AVAILABILITY CHARGES?**

6 A. I would recommend that the market rates provided in
7 my exhibit be used and that a deviation from this
8 rate to reflect stand alone characteristics be no
9 more than plus or minus 20% from the rate filed by
10 the Company. All rates will, therefore, still be
11 within a reasonable market range. I believe that
12 all new customers, in all service areas, should pay
13 a fair and reasonable CIAC charge as they connect
14 to our system. Ultimately growth, whether you have
15 stand alone rates or uniform rates, helps all
16 customers since common costs are allocated between
17 all service areas and the Company's revenues are
18 determined on a total company basis. Charges to
19 past customers, and the history which cannot be
20 changed, should not be determinative of the charges
21 that future customers should pay.

22 **Q. MS. DISMUKES LISTS SEVEN PROBLEMS WITH SSU'S**
23 **PROPOSED WEATHER NORMALIZATION CLAUSE (WNC). DO**
24 **YOU HAVE ANY COMMENTS WITH RESPECT TO HER CONCERNS?**

25 A. Yes, I do. Ms. Dismukes, like Mr. Woelffer, first

1 concern is that the WNC shifts the risk of revenue
2 recoverability from SSU's shareholders to
3 customers. This is not true. The WNC is designed
4 to eliminate risk to both the customer and
5 shareholder from events which influence consumption
6 levels such as dry years, wet years, conservation
7 efforts or unpredicted rate design effects. The
8 clause goes both plus and minus which means nobody
9 is benefiting but rather the customer is paying
10 exactly what they should be paying and the Company
11 is recovering only the revenue at which it is
12 entitled based on the rate assumptions determined
13 in its last rate case. What is the problem with
14 that?

15 **Q. MS. DISMUKES SECOND CONCERN IS THAT THE WNC WILL**
16 **NOT REDUCE THE AMOUNT OF LITIGATION ASSOCIATED WITH**
17 **ESTABLISHING THE APPROPRIATE TEST YEAR CONSUMPTION**
18 **LEVELS AS I HAD INDICATED IN MY DIRECT TESTIMONY.**
19 **DO YOU HAVE ANY COMMENTS?**

20 **A.** There certainly is no guarantee that the OPC will
21 not keep raising the consumption issues over and
22 over again in future rate cases even if a WNC is
23 allowed; however, I would hope that the WNC would
24 eventually result in less litigation relating to
25 consumption issues. Apparently Ms. Dismukes

1 believes that because SSU proposed a repression
2 adjustment and a conservation adjustment that we
3 must not believe our own statement. I am not sure
4 what Ms. Dismukes' reasoning is because even if a
5 WNC is approved, the consumption levels used to
6 design rates should reflect the best estimate of
7 what actual consumption will be under the proposed
8 rates. The WNC is designed to be a true-up
9 mechanism which should go positive and negative;
10 therefore, it is important that base consumption
11 reflects the best estimate possible for consumption
12 which requires that we reflect the repression
13 adjustment and conservation adjustment in our
14 estimate of consumption.

15 **Q. MS. DISMUKES THIRD CONCERN CLAIMS THAT SSU HAS NOT**
16 **STARTED WITH WEATHER NORMALIZED TEST YEAR**
17 **CONSUMPTION. IS THIS CONCERN VALID?**

18 A. No, Mr. Bencini addresses this issue in his
19 testimony and shows that SSU's 1995 and 1996
20 projections when compared to actual 1995
21 consumption are far more realistic than Ms.
22 Dismukes' projections and in fact show that
23 consumption as filed by SSU should be reduced
24 rather than increased as Ms. Dismukes proposes.
25 SSU based its projections on historical consumption

1 which takes into account all factors affecting
2 consumption, not only weather.

3 **Q. MS. DISMUKES FOURTH CONCERN IS THAT SSU HAS NOT**
4 **PROPERLY ACCOUNTED FOR CHANGES IN COSTS THAT WOULD**
5 **BE AFFECTED BY CHANGES IN CONSUMPTION. DOES THE**
6 **WNC ACCOUNT FOR CHANGES IN COSTS?**

7 A. Ms. Dismukes is correct that the WNC does not
8 specifically provide for adjustments relating to
9 changes in costs relating to changes in
10 consumption. I see this as a risk to the customer
11 and Company that is no different than if you do not
12 have the WNC, except that the risk is less with the
13 WNC because at least the customer is not overpaying
14 or underpaying revenues. If the test year
15 consumption used to develop the base rate is
16 realistic the WNC adjustment over time should go
17 positive and negative. What is not needed is a
18 clause that is burdened with micro regulatory
19 requirements which in the final analysis do not
20 make any difference in the overall impact on
21 customers. This includes Ms. Dismukes' proposal to
22 include an interest adjustment in the clause.
23 Without the clause there is no means of even
24 truing-up over or under collections let alone
25 interest without incurring the expense of rate

1 cases and associated costs to customers. Why does
2 it suddenly becomes necessary to reflect interest
3 when a clause that will true-up the over and under
4 collections is implemented.

5 **Q. MS. DISMUKES FIFTH CONCERN IS HOW SSU PROPOSES TO**
6 **RECOVER OVER OR UNDER COLLECTIONS ON THE CUSTOMERS**
7 **BILL. HOW DO YOU PROPOSE TO SHOW THE ADJUSTMENT ON**
8 **THE BILL?**

9 A. The WNC adjustment would appear as a separate line
10 item on the customer's bill similar to the fuel
11 adjustment on an electric bill.

12 **Q. MS. DISMUKES SIXTH CONCERN IS THAT THE CLAUSE MAY**
13 **CREATE CUSTOMER CONFUSION BECAUSE IF CUSTOMERS**
14 **CONSUME LESS, (IN TOTAL) THE ACTUAL UNIT COST WILL**
15 **INCREASE AND VISE VERSA. DO YOU BELIEVE CUSTOMERS**
16 **WILL BE CONFUSED?**

17 A. My experience is that there always will be some
18 customers confused when something new is
19 introduced, but if the clause is explained
20 properly, customers will understand over time.

21 **Q. MS. DISMUKES SEVENTH CONCERN IS THAT THE WNC COULD**
22 **LEAD TO PERVERSE INCENTIVES RELATED TO QUALITY OF**
23 **SERVICE ISSUES. IN OTHER WORDS MS. DISMUKES**
24 **SUGGESTS THAT SSU PROBABLY WOULD NOT HAVE THE**
25 **INCENTIVE TO FIX LINE BREAKS IF WE KNEW WE WOULD**

1 **STILL COLLECT OUR REVENUES. DO YOU AGREE?**

2 A. No, I think Ms. Dismukes is really reaching. If
3 SSU where to provide customer service in the
4 fashion outlined by Ms. Dismukes we would not be in
5 business very long. I have a difficult time
6 visualizing a SSU customer service representative
7 or operations person just ignoring the customer and
8 his or her complaint about a line break because SSU
9 will recover the revenue anyway.

10 **Q. DO YOU HAVE ANY OTHER COMMENTS WITH REGARD TO THE**
11 **WNC?**

12 A. Yes, the staff has proposed several alternative
13 rate structures. Application of the WNC is only
14 practical if you have uniform rates because without
15 uniform rates it would be necessary to have a
16 separate clause for each service area where the
17 gallonage rate is different. If the Commission
18 orders stand alone or modified stand alone rates we
19 would have approximately 100 different gallonage
20 charges which would mean 100 different clauses
21 which would be administratively impractical to
22 administer.

23 **Q. IF THE COMMISSION DECIDES TO IMPLEMENT THE CLAUSE**
24 **ON A TRIAL BASIS, WHAT SERVICE AREAS WOULD YOU**
25 **RECOMMEND BE INCLUDED IN THE TRIAL?**

1 A. I would recommend the Marco Island or reverse
2 osmosis class be used in the trial because of the
3 significant changes in consumption patterns and the
4 limited number of service areas included in the
5 reverse osmosis class.

6 **Q. STAFF WITNESS SHAFER SUMMARIZES FIVE RATE DESIGN**
7 **OPTIONS IN HIS TESTIMONY. WHAT ARE THESE OPTIONS?**

8 A. Option I is a modified stand alone rate, Option II
9 is a stand alone rate, Option III is a new rate
10 design option reflecting modified stand alone rate
11 with minimums, Option IV is a uniform rate, Option
12 V is a new rate design option called a
13 CIAC/treatment type factored rate.

14 **Q. HOW DO THESE OPTIONS COMPARE TO THE COMPANY'S FILED**
15 **RATE DESIGN IN THIS RATE CASE?**

16 A. The Company has proposed final rates similar to the
17 Option IV uniform rates which consists of a uniform
18 water rate for conventional treatment, a uniform
19 water rate for reverse osmosis treatment, and a
20 uniform wastewater rate. The Commission has
21 ordered the Company to implement modified stand
22 alone and stand alone rates similar to Option I and
23 Option II for interim rates. The modified stand
24 alone rates reflect a \$52.00 cap at 10,000 gallons
25 for water and a \$65.00 cap at 10,000 gallons for

1 wastewater and apply to those service areas which
2 previously had uniform rates. Option III is a new
3 rate proposal and is a variation of Option I, with
4 a \$1.00 minimum for gallonage and a \$4.00 minimum
5 for the base charge. The Option I modified stand
6 alone rates provided in Exhibit _____ (FLL-6)
7 exceed these minimums. As previously stated, the
8 Option V CIAC/treatment type factored rate is a new
9 rate proposal.

10 **Q. DO YOU SUPPORT THE NEW CIAC/TREATMENT TYPE FACTORED**
11 **RATE PROPOSAL?**

12 A. No, I do not.

13 **Q. COULD YOU EXPLAIN WHY?**

14 A. The CIAC/treatment proposal is not only complex and
15 difficult to understand, but it takes into
16 consideration only the cost factors relating to
17 CIAC and treatment type. It does not take into
18 consideration the many other costs factors which
19 determine the level of a customer's bill, such as
20 density, consumption, age of facilities, economies
21 of scale, location, and environmental requirements.

22 **Q. DO YOU HAVE ANY OTHER COMMENTS RELATING TO THIS**
23 **RATE PROPOSAL?**

24 A. Yes, I do. I have prepared Exhibit _____ (FLL-12)
25 which is a comparison of SSU's CIAC to plant,

1 sorted by treatment type and the stand alone
2 residential bill; Exhibit _____ (FLL-13) is a
3 comparison of stand alone residential bills, sorted
4 by treatment type and the percent of CIAC to plant;
5 and Exhibit _____ (FLL-14) is a comparison of
6 treatment types and stand alone residential bills,
7 sorted by the percent of CIAC to plant.

8 **Q. WHAT DO THESE THREE EXHIBITS SHOW?**

9 A. These three exhibits contain the same information
10 sorted three different ways and all show that there
11 is no consistent pattern of costs relative to CIAC
12 or treatment type. In other words, low CIAC does
13 not consistently mean high bills and vice versa.
14 An example is shown on Exhibit _____ (FLL-14) page
15 2 of 3, lines 121 and 122 for Gospel Island which
16 has a CIAC to plant ratio of 74.23% and a typical
17 residential bill of \$105.50 at 10,000 gallons.
18 Amelia Island which has a 75.02% CIAC to plant
19 ratio, however, only has a typical residential
20 stand alone bill of \$15.58 at the same consumption
21 level.

22 **Q. HAS STAFF WITNESS SHAFER RECOMMENDED A PREFERRED**
23 **RATE DESIGN IN HIS TESTIMONY?**

24 A. No.

25 **Q. IF THE COMMISSION SHOULD NOT GRANT THE COMPANY'S**

1 **PROPOSED UNIFORM RATES, WHAT OPTION DOES THE**
2 **COMPANY SUPPORT?**

3 A. If the Company's proposed uniform rates are not
4 granted, the Company supports the modified stand
5 alone rate Option III with minimums and with a
6 lower cap than the one used by the Commission to
7 set interim rates. The modified stand alone rate
8 has the advantage over the stand alone rate Option
9 II of recognizing affordability, and has the
10 advantage over the CIAC/treatment Option V of being
11 less complex while reflecting all factors
12 influencing costs such as density, consumption,
13 CIAC, treatment type, location, age of facilities,
14 etc. It also provides a means for the Commission
15 to move toward a uniform rate by lowering the cap
16 or maximum bill at 10,000 gallons of consumption.

17 **Q. HOW DOES SSU'S UNIFORM RATE PROPOSAL DIFFER FROM**
18 **THE OPTIONS PROPOSED BY STAFF?**

19 A. SSU has established two classes of uniform rates
20 for water based on whether the treatment is for
21 fresh water (conventional treatment) or brackish
22 water (reverse osmosis treatment). The
23 distinguishing factors between these two classes is
24 (1) there is a significant difference in the
25 treatment process, (2) there is a significant

1 difference in the product being treated, and (3)
2 there is a significant difference in the average
3 cost of the particular water treatment. The lime
4 softening, filtration aeration and disinfection
5 only treatment types are all variations of
6 freshwater treatment at SSU and have been included
7 in the determination of conventional uniform rates.
8 Reverse osmosis treatment is used for the treatment
9 of brackish water and is the last resort for
10 treatment because of its high cost and therefore
11 has been included in a separate uniform rate class.
12 Typically, R.O. facilities are located along
13 coastal areas where you have high populations which
14 have depleted the freshwater supply resulting in
15 the intrusion of brackish or salt water.

16 The average cost of R.O treatment is
17 significantly higher than the average cost of
18 conventional or freshwater treatment and this is
19 confirmed when you compare the uniform conventional
20 freshwater rate with the uniform R.O. rate. SSU's
21 uniform conventional rate averages the cost of 95
22 plants and therefore provides a representative
23 average cost of conventional treatment. This
24 average rate also reflects the variances that
25 result between plants due to a number of factors

1 such as freshwater treatment types, customer
2 density, consumption, CIAC, differences in
3 depreciated value and O&M due to the age of the
4 facilities, as well as manpower requirements which
5 can vary due to regulatory requirements or
6 operating characteristics of individual facilities.
7 The R.O. uniform rate reflects the cost of SSU's
8 two R.O. facilities at Marco Island and Burnt
9 Store. Exhibit _____ (FLL-15) shows a comparison
10 of the Company's proposed final conventional and
11 reverse osmosis uniform rates. As shown on this
12 schedule, the base charge for the uniform
13 conventional rates is \$9.17 while the base charge
14 for the uniform R.O facilities is \$23.62. The
15 gallorage charge for uniform conventional plants is
16 \$2.16 while the gallorage charge for uniform R.O.
17 plants is \$3.27. The bill at 10,000 gallons for
18 the uniform conventional plants is \$30.77 while the
19 typical bill for the uniform R.O. plants is \$56.32.

20 The uniform base charge for R.O. treatment is
21 2.5 times the uniform base charge for conventional
22 treatment which reflects the highly capital
23 intensive nature of R.O. treatment compared to
24 conventional. Within the R.O. group, Marco Island
25 and Burnt Store have almost identical stand alone

1 base charges which indicates the similarity in
2 capital costs for R. O. treatment.

3 The uniform gallonage charge for R.O treatment
4 is 1.5 times greater than the conventional uniform
5 gallonage charge. Within the R.O. group, Marco's
6 gallonage charge is low compared to Burnt Store
7 because of higher per customer monthly consumption
8 at Marco in 1995 of approximately 26,000 gallons as
9 compared to approximately 10,000 gallons at Burnt
10 Store. Residential consumption at Marco is
11 projected to be approximately 15,000 gallons
12 compared to 4,000 gallons at Burnt Store in 1996.

13 In summary, the overall annual average cost of
14 R.O. treatment is approximately 1.8 times or almost
15 twice the average cost of SSU's 95 conventional
16 water treatment plants. The average of the cost of
17 95 water plants reflects the true levelized cost of
18 service of conventional treatment and represents a
19 significant and permanent cost difference between
20 conventional and R.O. treatment.

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

22 **A.** Yes, it does.

23

**SUMMARY OF RATE SCHEDULES AND SUPPORTING DATA
ASSOCIATED WITH STAFF PROPOSED RATE DESIGNS**

BOOK 1 OF 13 - Staffs' Rate Design Alternatives:

- STAND ALONE RATES
- MODIFIED STAND ALONE RATES
- UNIFORM RATES
- MODIFIED STAND ALONE RATES WITH MINIMUMS
- CIAC / TREATMENT TYPE FACTORED RATES

BOOK 2 OF 13 - Summary 1996 Operating Income Under Staffs' Rate Design Alternatives:

- STAND ALONE RATES

BOOK 3 OF 13 - Summary 1996 Operating Income Under Staffs' Rate Design Alternatives:

- MODIFIED STAND ALONE RATES

BOOK 4 OF 13 - Summary 1996 Operating Income Under Staffs' Rate Design Alternatives:

- UNIFORM RATES
- MODIFIED STAND ALONE RATES WITH MINIMUMS
- CIAC / TREATMENT TYPE FACTORED RATES

**BOOK 5 OF 13 - Detailed 1996 Water Rate Base and Operating Income For Uniform Plants:
AMELIA ISLAND - DOL RAY MANOR**

**BOOK 6 OF 13 - Detailed 1996 Water Rate Base and Operating Income For Uniform Plants:
DRUID HILLS - HOLIDAY HAVEN**

**BOOK 7 OF 13 - Detailed 1996 Water Rate Base and Operating Income For Uniform Plants:
HOLIDAY HEIGHTS - MARCO SHORES**

**BOOK 8 OF 13 - Detailed 1996 Water Rate Base and Operating Income For Uniform Plants:
MARION OAKS - POINT O' WOODS**

**BOOK 9 OF 13 - Detailed 1996 Water Rate Base and Operating Income For Uniform Plants:
POMONA PARK - ST. JOHNS HIGHLANDS**

**BOOK 10 OF 13 - Detailed 1996 Water Rate Base and Operating Income For Uniform Plants:
STONE MOUNTAIN - ZEPHYR SHORES**

**BOOK 11 OF 13 - Detailed 1996 Wastewater Rate Base and Operating Income For Uniform Plants:
AMELIA ISLAND - FLORIDA CENTRAL COMMERCE PARK**

**BOOK 12 OF 13 - Detailed 1996 Wastewater Rate Base and Operating Income For Uniform Plants:
FOX RUN - PARK MANOR**

**BOOK 13 OF 13 - Detailed 1996 Wastewater Rate Base and Operating Income For Uniform Plants:
POINT O' WOODS - ZEPHYR SHORES**

**SOUTHERN STATES UTILITIES
COST PER CUSTOMER OF CUSTOMER ACCTS AND A&G EXPENSES W/O & WITH BUENAVENTURA LAKES (OOU)
DOCKET NO. 950495-WS**

Line No.	Description	1996 CUSTOMER AND A&G COSTS PER CUSTOMER		
		SSU W/O Buenaventura	Addition of Buenaventura Costs	SSU With Buenaventura (As Filed)
SSU Customers (Total Company)				
1	Water	103,173	8,599	111,772
2	Sewer	43,703	6,889	50,592
3	Gas	2,437		2,437
4	Total	149,313	15,488	164,801
Customer Accounts Expenses				
5	Customer Cost	3,170,452	193,624	3,364,076
6	Cost Per Customer	21.23	12.50	20.41
A&G Expense				
7	Customer Cost	9,645,059	273,397	9,918,456
8	Cost Per Customer	64.60	17.65	60.18
Total Customer & A&G Expenses				
9	Combined Costs	12,815,511	467,021	13,282,532
10	Cost Per Customer	85.83	30.15	80.60

Note:

1) The Buena Ventura Customers offset the loss of the VGU customer base of 15,380 customers (7,751 water and 7,629 wastewater = 15,380 VGU Customers).

COMPARISON OF SSU'S CUSTOMER ACCOUNT AND A&G EXPENSES (CA/A&G) TO NAWC SURVEYED COMPANIES
SUMMARY OF PERCENTAGE OF CA/A&G EXPENSES TO REVENUES
SUMMARY FOR YEARS 1991 - 1996

INVESTOR-OWNED WATER UTILITIES	OPERATING REVENUES	CUSTOMER ACCOUNT AND A&G EXPENSES			PERCENTAGE OF EXPENSES TO REVENUES		
		Cust Account	A&G	Subtotal CA + A&G	Cust Acct	A&G	Subtotal CA + A&G
SOUTHERN STATES UTILITIES: (A)							
Total Company							
Actual Operating Revenues							
1991	32,830,368	1,669,313	6,857,412	8,526,725	5.1%	20.9%	26.0%
1992	37,683,702	1,868,076	7,027,572	8,895,648	5.0%	18.6%	23.6%
1993	50,236,218	2,150,542	7,288,683	9,439,225	4.3%	14.5%	18.8%
1994	50,269,655	2,428,591	8,368,783	10,797,374	4.8%	16.6%	21.5%
Requested Operating Revenues							
1994	57,934,205	2,469,232	8,499,374	10,968,606	4.3%	14.7%	18.9%
1995	64,873,467	2,951,233	8,632,425	11,583,658	4.5%	13.3%	17.9%
1996	76,426,789	3,364,079	9,918,456	13,282,535	4.4%	13.0%	17.4%
NAWC SURVEYED COMPANIES: (B)							
Revenues \$30 - \$50 Million							
1991	222,050,926	13,207,412	32,401,377	45,608,789	5.9%	14.6%	20.5%
1992	332,915,849	19,050,368	53,194,637	72,245,005	5.7%	16.0%	21.7%
Revenues \$50 - \$70 Million							
1993	533,145,563	33,506,143	93,274,013	126,780,156	6.3%	17.5%	23.8%
1994	556,251,870	30,293,904	88,317,192	118,611,096	5.4%	15.9%	21.3%

NOTES:

- (A) SSU Operating Revenues for 1991 is Total Company Operating Revenues from audited 1991 Financial Statements for Lehigh + SSU. Docket No. 920199-WS includes only FPSC filed systems in amount of \$27,077,200.
SSU O&M Expenses for 1991 from Docket No. 920199-WS, Volume 1, Book 3 of 4, pages 16 - 19.
SSU Operating Revenues and Operating Expenses for 1992 and 1993 from Audited SSU Financial Statement for the Years Ended December 31, 1992 and December 31, 1993.
SSU Requested Operating Revenues for 1994 - 1996 from Docket No. 950495-WS, Volume II-A, Book 1 of 4, page 37 "Requested Total Operating Revenues".
SSU Operating Expenses for 1994 - 1996 from Docket No. 950495-WS, Volume II-A, Book 3 of 4, pages 5 - 16, "Water & Sewer - Total O&M Expenses".
- (B) Summary of 1991 - 1994 NAWC Operating Revenues and Operating Expenses by revenue size summarized from 1991 - 1994 NAWC Financial & Operating Data, Table J-1 "Income Statements & Selected Ratios", pages 1-17.

COMPARISON OF SSU'S CUSTOMER ACCOUNT AND A&G EXPENSES (CA/A&G) TO NAWC SURVEYED COMPANIES
 SUMMARY OF CA/A&G EXPENSES PER CUSTOMER AND PER EMPLOYEE
 SUMMARY FOR YEARS 1991 - 1996

INVESTOR-OWNED WATER UTILITIES	Average Number of Customers (A)	Number of Employees (B)	O&M EXPENSES			Customer Accounts		A&G Expenses		Subtotal CA + A&G	
			Cust Accts (C)	A&G (D)	Subtotal CA + A&G	per Customer	per Employee	per Customer	per Employee	per Customer	per Employee
SOUTHERN STATES UTILITIES:											
Total Company											
1991	158,594	438	1,669,313	6,857,412	8,526,725	10.53	3,811	43.24	15,656	53.76	19,467
1992	154,961	461	1,868,076	7,027,572	8,895,648	12.06	4,052	45.35	15,244	57.41	19,296
1993	159,626	475	2,150,542	7,288,683	9,439,225	13.47	4,527	45.66	15,345	59.13	19,872
1994	148,082	497	2,469,232	8,499,374	10,968,606	16.67	4,968	57.40	17,101	74.07	22,070
1995	149,313	473	2,951,233	8,632,425	11,583,658	19.77	6,239	57.81	18,250	77.58	24,490
1996	164,801	478	3,364,079	9,918,456	13,282,535	20.41	7,038	60.18	20,750	80.60	27,788

NAWC SURVEYED COMPANIES: (E)
 Customers 100,000 - 200,000

1991	1,060,325	3,354	31,629,647	49,317,051	80,946,698	29.83	9,430	46.51	14,704	76.34	24,134
1992	1,177,753	3,555	33,051,254	66,670,573	99,721,827	28.06	9,297	56.61	18,754	84.67	28,051
1993	1,186,077	3,722	30,342,029	97,561,439	127,903,468	25.58	8,152	82.26	26,212	107.84	34,364
1994	1,356,590	3,742	27,431,085	99,763,067	127,194,152	20.22	7,331	73.54	26,660	93.76	33,991

NOTES:

- (A) SSU Number of Customers for year 1991 from Docket No. 920199-WS, Volume 1, Book 3 of 4, page 19.
 SSU Number of Customers for years 1992 - 1993 from the 1992-3 Average Number of Customers by System by Revenue Account prepared for the 1992-3 Annual Reports.
 SSU Number of Customers for years 1994 - 1996 from Docket No. 950495-WS, Volume IIA, Book 1 of 4, page 349 "Allocation Method: Average No. of Customers - Including Gas".
- (B) SSU Number of Employees and Total Gross Payroll for years 1991 - 1996 from Docket No. 950495-WS, Volume II, Book 1 of 4, page 39, "Avg. No. of Employees" and "Total Gross Payroll".
- (C) SSU Customer Account Expenses for the year 1991 from Docket No. 920199-WS, Volume I, Book 3 of 4, page 18.
 SSU Customer Account Expenses for years 1992 - 1993 from the Audited SSU Financial Statements for the Years Ended December 31, 1992 & 1993.
 SSU Customer Account Expenses for the years 1994 - 1996 from Docket No. 950495-WS, Volume II-A, Book 3 of 4, pages 5-16, "Water & Sewer - Total O&M Expenses".
- (D) SSU A&G Expenses for the year 1991 from Docket No. 920199-WS, Volume I, Book 3 of 4, page 19.
 SSU A&G Expenses for years 1992 - 1993 from the Audited SSU Financial Statements for the Years Ended December 31, 1992 & 1993.
 SSU A&G Expenses for the years 1994 - 1996 from Docket No. 950495-WS, Volume II-A, Book 3 of 4, pages 5-16, "Water & Sewer - Total O&M Expenses".
- (E) Summary of 1991 - 1994 NAWC data by number of customers summarized from 1991 - 1994 NAWC Financial & Operating Data, Table J-3 "Operating Data & Ratios", page 35-51.

ANALYSIS OF RATE CASE EXPENSE
ACTUAL charges through January, 1996

Line No.	(1) Firm or Vendor Name	(2) Counsel, Consultant or Witness	(3) Hourly Rate Per Person	(4) Total Estimate of Charges by Firm	(5) Actual Charges to date by Firm	(6) Type of Service Rendered
1	1995 Consolidated Rate Case:					
2						
3	Hartman & Associates	Gerald Hartman	\$99	\$70,000	\$60,848	Testimony - Used & Useful and Economies of Scale Study
4						
5	Watertech Consulting	John Whitcomb	\$95	49,750	42,870	Testimony - Conservation Rates
6						
7	Guastella Assoc., Inc.	John Guastella	\$190	30,000	9,698	Testimony - Marco Reuse and Raw Water Rates
8						
9	Minnesota Power	Bruce Gangnon	\$100	30,000	0	Testimony & Discovery - Taxes
10						
11	Minnesota Power	Dave Gartzke	\$125	30,000	1,111	Testimony & Discovery - MP/Cost of Capital
12	Dennis A. Peterson				3,919	
13	Mark A. Schober				1,238	
14	Douglas A. Welhez				627	
15	James C. Erickson				250	
16	John A. Dick				113	
17	Robert D. Edwards				8	
18					7,265	
19						
20	Utility Research Intrnl.	Dr. Roger Morin	\$250	21,500	11,542	Testimony - Cost of Capital
21						
22	Self employed	Hugh Gower	\$300	20,000	17,755	Testimony - CIAC Imputation
23						
24	Jones, Edmunds and Associates, Inc.	Robert C. Edmunds	\$110	12,000	1,457	Testimony - Hydraulic Methodology Theory & Application
25						
26	Source, Inc.	James P. Elliott	\$125	10,000	2,337	Testimony - Used & Useful
27						
28	Rutledge, Ecenia, et al.	Kenneth Hoffman	\$160	200,000	84,305	Legal Services
29						
30	Messer, Caparello, Masdsen			N/A	263	Legal Services
31						
32	Radley, Hinkle, Thomas & McArthur			N/A	23,006	Legal Services
33						
34	Goodwins, Brooke & Dickenson			N/A	1,265	Legal Services
35	Subtotal - Counsel & Witnesses			\$473,250	\$262,610	
36						
37	Southern States Utilities			171,600	216,002	Postage
38				100,000	127,993	Temporary Help
39				56,583	19,255	Travel
40				45,260	59,308	Office Supplies
41				41,500	241,778	Printing
42				28,631	13,695	Maps
43				26,000	15,260	Newspaper Notifications
44				13,000	106	Open Houses
45				10,000	88	Transcripts, Depositions, Court Reporter Fees
46				10,000	4,652	Miscellaneous
47				9,000	494	Advertising
48				4,500	9,000	Filing Fee - Rate Case
49				2,250	4,500	Filing Fee - Service Availability
50				2,078	293	Telephone
51				1,500	329	Dues & Subscriptions
52	Subtotal - Other Filing Costs			\$521,902	\$712,753	
53	TOTAL ESTIMATED & CURRENT RATE CASE EXPENSES			\$995,152	\$975,364	

ANALYSIS OF UNIFORM RATE INVESTIGATION
ACTUAL charges through January, 1996

Line No.	(1) Firm or Vendor Name	(2) Counsel, Consultant or Witness	(3) Hourly Rate Per Person	(4) Total Estimate of Charges by Firm	(5) Actual Charges to date by Firm	(6) Type of Service Rendered
1	Uniform Rate Investigation:					
2						
3	Hancock Information Group		N/A	\$34,358	\$34,358	Telemarketing and Telematch Services
4						
5	Ernst & Young	E. Timothy Barnes	\$246	19,346	19,346	Testimony - Rate Structure
6		Travel		1,772	1,772	
7				\$21,118	\$21,118	
8						
9	Jade Tech, Inc.	Dave Reba	\$60	20,160	20,160	Rate Structure Programming required for discovery requests
10		Travel		707	707	
11				\$20,867	\$20,867	
12						
13	Minnesota Power	Robert Edwards	\$150	4,263	4,263	
14		David Gartzke	\$125	12,228	12,228	MP/Cost of Capital
15		Expenses		2,170	2,170	
16				\$18,661	\$18,661	
17						
18	Guastella Assoc., Inc.	John Guastella	\$180	90	90	Testimony - Rate Structure
19		Vito Pennacchio	\$150	10,795	10,795	
20		Travel		630	630	
21				\$11,515	\$11,515	
22						
23	CH2M Hill	P.L. Waller	\$118	8,025	8,025	Testimony - Engineering and Hydrogeological
24		F.J. Williams	\$41	24	24	
25		J.S. Flair	\$41	61	61	
26		P.E. Smith	\$64	64	64	
27		Y.M. Giovannetti	\$41	45	45	
28		Travel		567	567	
29		Miscellaneous Expense		131	131	
30				\$8,919	\$8,919	
31						
32	Landers & Parsons	Victoria Tschinkel	Flat Fee	7,485	7,485	Testimony - Environmental
33		Travel		1,019	1,019	
34				N/A	1,885	Prepare testimony and attend legislative hearing
35				\$8,504	\$10,389	
36						
37	Image Marketing Assoc.		N/A	4,587	4,587	Assistance with Customer Education
38						
39	Heater Utilities, Inc.	William E. Grantmyre	\$37	3,029	3,029	Testimony - Uniform Rate Experience
40						
41	Mark T. Stewart, PG	Mark T. Stewart	\$100	2,350	2,350	Testimony - Hydrogeological
42		Travel		182	182	
43				\$2,532	\$2,532	
44						
45	Sun Trust	Jerry Ford - Travel		140	140	Testimony - Cost of Capital
46						
47	Rutledge, Eceria, et al.			85,000	101,371	Legal Services
48						
49	Messer, Vickers, et al.			17,629	17,629	Legal Services
50	Subtotal - Counsel & Witnesses			\$236,859	\$255,116	
51						
52	Southern States Utilities			104,804	104,801	FPSC Customer Hearings - Notices, Transportation, Security
53				54,963	56,003	Customer Education - Mailings (Postage and Printing)
54				17,414	17,414	Travel
55				5,569	5,569	Maps
56				4,417	4,417	Temporary Services
57				2,078	2,078	Court Reporting
58				1,574	1,574	Open Houses
59				3,278	3,278	Office Supplies
60				1,006	1,006	Federal Express
61				126	129	Miscellaneous
62	Subtotal - Other Filing Costs			\$195,230	\$196,269	
63						
64	TOTAL ESTIMATED & CURRENT RATE CASE EXPENSES			\$432,089	\$451,385	

**SOUTHERN STATES UTILITIES
COMPARISON OF TREATMENT TYPES AND STAND-ALONE RESIDENTIAL BILLS
WHEN SORTED BY % OF CIAC TO PLANT
PROJECTED TEST YEAR - 1996 (As Filed)**

Line No.	Plant Name	Plant No.	Treatment Type	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill - 5/8" @ 10K gallons (1)	Apprx. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
					Net Plant	Net CIAC	% of CIAC to PLANT		
					(Excl Deprec and NUU)	(Excl Amort and NUU)			
FPSC Residential									
1	Lakeview Villas	1054	CL	12	12,898	0	0.00%	123.00	1,476.00
2	Harmony Homes	326	CL	63	80,089	379	0.47%	53.08	3,344.04
3	East Lake Harris Estates	557	CL	176	507,261	3,650	0.72%	169.48	29,828.48
4	Palm Valley	2301	PW	210	1,139,046	10,657	0.94%	126.94	26,657.40
5	Lake Conway Park	104	PW	86	28,221	266	0.94%	40.88	3,515.68
6	Daetwyler Shores	105	PW	125	54,641	752	1.38%	38.79	4,848.75
7	Kingswood	1701	PW	62	11,139	216	1.94%	40.60	2,517.20
8	Palms Mobile Home Park	559	IF	58	73,570	1,708	2.32%	186.11	10,794.38
9	Salt Springs	1115	CL	119	347,780	8,237	2.37%	54.16	6,445.04
10	Fern Park	324	A/S	182	331,362	7,863	2.37%	48.93	8,905.26
11	Lakeside	995	IF	86	247,874	6,205	2.50%	81.41	7,001.26
12	Hermits Cove	438	A/S	174	181,031	5,260	2.91%	99.90	17,382.60
13	Morningview	562	CL	37	77,758	2,280	2.93%	74.28	2,748.36
14	Quail Ridge	578	CL	18	93,727	2,770	2.96%	140.22	2,523.96
15	Hobby Hills	558	CL	96	41,739	1,361	3.26%	41.56	3,989.76
16	Druid Hills	334	A/S	249	260,780	9,071	3.48%	31.05	7,731.45
17	Palisades Country Club	579	CL	80	251,275	8,882	3.53%	39.40	3,152.00
18	Dol Ray Manor	336	A/S	61	73,213	2,657	3.63%	45.40	2,769.40
19	Tropical Park	781	CL	548	626,186	23,227	3.71%	57.29	31,384.92
20	Skycrest	551	CL	115	319,148	12,329	3.86%	110.38	12,693.70
21	Lake Brantley	325	A/S	67	155,273	6,125	3.94%	70.81	4,744.27
22	Silver Lake Oaks	473	A/S	29	74,707	3,395	4.54%	140.84	4,084.36
23	Piney Woods	553	A/S	168	224,201	10,457	4.66%	48.26	8,107.68
24	Keystone Club Estates	1279	CL	162	183,365	8,596	4.69%	59.57	9,650.34
25	Golden Terrace	992	CL	108	109,399	5,836	5.33%	78.28	8,454.24
26	Chuluota	335	A/S	684	1,535,209	83,205	5.42%	63.66	43,543.44
27	Valencia Terrace	554	CL	365	193,140	11,410	5.91%	34.11	12,450.15
28	Keystone Heights	1094	A/S	1,004	783,153	48,698	6.22%	31.44	31,565.76
29	Meredith Manor	330	A/S	651	752,472	48,225	6.41%	30.93	20,135.43
30	Bay Lake Estates	784	CL	74	55,199	3,697	6.70%	54.27	4,015.98
31	Welaka	447	A/S	139	113,075	7,725	6.83%	86.67	12,047.13
32	Burnt Store	2202	RO	706	4,009,195	278,200	6.94%	96.84	68,369.04
33	Intercession City	780	CL	258	206,698	14,447	6.99%	60.13	15,513.54
34	Fern Terrace	552	CL	125	95,406	6,727	7.05%	39.08	4,885.00
35	Holiday Heights	121	CL	53	79,555	5,742	7.22%	56.50	2,994.50
36	Imperial Mobile Terrace	570	CL	241	270,982	20,948	7.73%	45.35	10,929.35
37	Postmaster Village	1095	CL	160	233,972	18,756	8.02%	53.66	8,585.60
38	Sunny Hills	2801	A/S	437	695,064	56,690	8.16%	68.46	29,917.02
39	River Park	439	A/S	359	176,159	15,501	8.80%	125.40	45,018.60
40	Carlton Village	555	CL	148	362,295	34,182	9.43%	69.78	10,327.44
41	Oakwood	1702	PW	209	27,565	2,747	9.97%	41.21	8,612.89
42									
43	Total - Less than 10.00% CIAC			8,704	15,094,820	799,081		2,958.11	553,671.40
44	Avg - Less than 10.00% CIAC						5.29%	\$ 72.15	\$ 63.61
45									
46	Wootens	446	CL	25	28,746	3,189	11.09%	168.14	4,203.50
47	Rosemont	988	CL	129	281,582	31,374	11.14%	55.55	7,165.95
48	St. Johns Highlands	471	A/S	84	49,766	5,587	11.23%	81.34	6,832.56
49	River Grove	442	A/S	105	88,495	10,034	11.34%	58.04	6,094.20
50	Marco Island	2601	RO & LS	6,144	39,678,429	4,516,062	11.38%	54.61	335,523.84
51	Beecher's Point	472	PW	47	245,512	29,003	11.81%	123.69	5,813.43
52	Palm Port	440	A/S	106	111,551	13,877	12.44%	66.21	7,018.26

SOUTHERN STATES UTILITIES
COMPARISON OF TREATMENT TYPES AND STAND-ALONE RESIDENTIAL BILLS
WHEN SORTED BY % OF CIAC TO PLANT
PROJECTED TEST YEAR - 1996 (As Filed)

Line No.	Plant Name	Plant No.	Treatment Type	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill - 5/8" @ 10K gallons (1)	Apprx. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
					Net Plant (Excl Deprac and NUU)	Net CIAC (Excl Amort and NUU)	% of CIAC to PLANT		
53	Oak Forest	993	CL	147	167,512	20,913	12.48%	40.42	5,941.74
54	Stone Mountain	565	CL	8	9,738	1,251	12.85%	105.39	843.12
55	Interlachen Lake Estates	470	A/S	250	140,823	19,191	13.63%	51.31	12,827.50
56	Pomona Park	443	CL	173	105,742	15,288	14.46%	53.58	9,269.34
57	Geneva Lake Estates	1298	CL	93	77,618	11,399	14.69%	33.53	3,118.29
58	Deep Creek	2201	PW	3,182	1,889,372	287,036	15.19%	67.04	213,321.28
59	Point O Woods	987	IF	361	599,698	94,631	15.78%	67.55	24,385.55
60	Citrus Springs	906	A/S	1,917	3,124,004	519,691	16.64%	38.65	74,092.05
61	Friendly Center	556	CL	21	7,898	1,471	18.62%	54.08	1,135.68
62	Marion Oaks	1106	A/S	2,797	5,488,734	1,095,117	19.95%	57.79	161,638.63
63	Venetian Village	567	CL	140	118,121	23,611	19.99%	48.73	6,822.20
64									
65	Total - 10.00% - 20.00% CIAC			15,729	52,213,341	6,698,726		1,225.65	886,047.12
66	Avg - 10.00% - 20.00% CIAC						12.83%	\$ 68.09	\$ 56.33
67									
68	Marco Shores	2602	LS	308	961,498	195,942	20.38%	102.30	31,508.40
69	Leilani Heights	675	CL	396	325,396	67,054	20.61%	28.46	11,270.16
70	Silver Lake Estates	574	A/S	1,449	1,409,433	296,622	21.05%	20.40	29,559.60
71	Fox Run	679	IF	107	341,332	75,720	22.18%	90.02	9,632.14
72	Lake Ajay Estates	773	A/S	100	276,848	62,189	22.46%	94.83	9,483.00
73	Lake Harriet Estates	323	A/S	284	130,164	29,335	22.54%	30.25	8,591.00
74	Fisherman's Haven	673	CL	144	57,749	13,805	23.91%	37.94	5,463.36
75	Picciola Island	564	CL	134	68,226	16,516	24.21%	34.81	4,664.54
76	Jungle Den	1802	PW	113	27,133	6,743	24.85%	79.54	8,988.02
77	Spring Gardens	994	CL	134	46,711	11,664	24.97%	24.81	3,324.54
78	Apache Shores	990	IF	152	82,316	20,914	25.41%	111.25	16,910.00
79	Apple Valley	332	A/S	983	730,936	188,902	25.84%	25.12	24,692.96
80	Zephyr Shores	1427	CL	484	160,857	44,826	27.87%	56.17	27,186.28
81	Pine Ridge	907	CL	938	4,125,230	1,171,325	28.39%	43.53	40,831.14
82	Palm Terrace	1429	CL	1,193	279,706	80,561	28.80%	37.92	45,238.56
83									
84	Total - 20.00% - 30.00% CIAC			6,919	9,023,535	2,282,119		817.35	277,343.70
85	Avg - 20.00% - 30.00% CIAC						25.29%	\$ 54.49	\$ 40.08
86									
87	Lehigh	2901	LS	9,079	9,273,000	2,906,684	31.35%	56.90	516,595.10
88	Grand Terrace	575	PW	111	103,567	38,074	36.76%	38.53	4,276.83
89	Leisure Lakes	2401	A/S	243	140,834	54,362	38.60%	79.34	19,279.62
90	Beacon Hills	886	A/S	3,178	4,455,692	1,766,103	39.64%	24.36	77,416.08
91									
92	Total - 30.00% - 40.00% CIAC			12,611	13,973,093	4,765,223		199.13	617,567.63
93	Avg - 30.00% - 40.00% CIAC						34.10%	\$ 49.78	\$ 48.97
94									
95	Remington Forest	2302	A/S	87	139,147	56,204	40.39%	49.49	4,305.63
96	Deltona	1806	A/S	23,911	16,493,528	6,855,814	41.57%	20.86	498,783.46
97	Windsong	783	CL	105	135,437	59,029	43.58%	53.12	5,577.60
98	Fountains	772	A/S	34	240,536	108,972	45.30%	245.92	8,361.28
99	Woodmere	888	A/S	1,189	863,615	391,334	45.31%	21.50	25,563.50
100	Holiday Haven	573	PW	111	33,509	15,198	45.35%	77.86	8,642.46
101	Buena Ventura Lakes	785		9,176	5,370,996	2,534,468	47.19%	27.36	251,055.36
102									
103	Total - 40.00% - 50.00% CIAC			34,613	23,276,769	10,021,019		496.11	802,289.29
104	Avg - 40.00% - 50.00% CIAC						43.05%	\$ 70.87	\$ 23.18
105									

**SOUTHERN STATES UTILITIES
COMPARISON OF TREATMENT TYPES AND STAND-ALONE RESIDENTIAL BILLS
WHEN SORTED BY % OF CIAC TO PLANT
PROJECTED TEST YEAR - 1996 (As Filed)**

Line No.	Plant Name	Plant No.	Treatment Type	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill - 5/8" @ 10K gallons (1)	Apprx. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
					Net Plant (Excl Deprec and NUU)	Net CIAC (Excl Amort and NUU)	% of CIAC to PLANT		
106	Westmont	122	PW	139	34,264	17,410	50.81%	32.84	4,564.76
107	Sugar Mill Woods	989	A/S	2,622	3,424,194	1,773,532	51.79%	16.88	44,259.36
108	Sugar Mill	1801	LS	638	797,734	415,131	52.04%	81.26	51,843.88
109	Citrus Park	1117	CL	366	137,118	74,321	54.20%	27.87	10,200.42
110	Pine Ridge Estates	782	A/S	218	333,250	184,365	55.32%	46.01	10,030.18
111									
112	Total - 50.00% - 60.00% CIAC			3,983	4,726,559	2,464,759		204.86	120,898.60
113	Avg - 50.00% - 60.00% CIAC						52.15%	\$ 40.97	\$ 30.35
114									
115	Crystal River Highlands	984	IF	80	136,014	82,724	60.82%	46.24	3,699.20
116	University Shores	106	A/S	3,890	3,807,693	2,576,131	67.66%	20.33	79,083.70
117									
118	Total - 60.00% - 70.00% CIAC			3,970	3,943,707	2,658,856		66.57	82,782.90
119	Avg - 60.00% - 70.00% CIAC						67.42%	\$ 33.29	\$ 20.85
120									
121	Gospel Island Estates	986	IF	8	10,607	7,874	74.23%	105.50	844.00
122	Amelia Island	1518	A/S	1,757	2,423,209	1,820,303	75.12%	15.58	27,374.06
123									
124	Total - 70.00% - 80.00% CIAC			1,765	2,433,816	1,828,177		121.08	28,218.06
125	Avg - 70.00% - 80.00% CIAC						75.12%	\$ 60.54	\$ 15.99
126									
127	Enterprise	1807	PW	244	134,218	116,902	87.10%	30.03	7,327.32
128									
129	Total - 80.00% - 100.00% CIAC			244	134,218	116,902		30.03	7,327.32
130	Avg - 80.00% - 100.00% CIAC						87.10%	\$ 30.03	\$ 30.03
131									
132									
133	Total FPSC Residential			88,538	\$ 124,819,857	\$ 31,634,861		6,118.89	3,376,146.02
	Average FPSC Residential						25.34%	\$ 64.41	\$ 38.13

Treatment Type:
 A/S Aeration/Storage
 IF Iron Filtration
 PW Purchased Water
 RO Revers Osmosis
 LS Lime Softening
 CL Chlorination

Note - The totals for each category are based on:

(1) Simple Average (Total of all plants / Number of Plants)

(2) Weighted average which approximates a uniform rate (Total of all plants weighted by number of customers / Total Number of Customers).

SOUTHERN STATES UTILITIES
COMPARISON OF % CIAC TO STAND-ALONE RESIDENTIAL BILLS - SEWER
WHEN SORTED BY % OF CIAC TO PLANT
PROJECTED TEST YEAR - 1996 (As Filed)

Line No.	Plant Name	Plant No.	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill - 5/8" @ 10K gallons (1)	Appr. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
				Net Plant (Excl Deprec and NUU)	Net CIAC (Excl Amort and NUU)	% of CIAC to PLANT		
FPSC Residential								
1	Sunny Hills	2801	179	173,205	1,837	1.06%	78.40	14,033.60
2	Chuluota	335	136	1,409,322	37,382	2.65%	271.11	36,870.96
3	Deltona	1806	4,719	10,941,176	430,077	3.93%	69.03	325,752.57
4	Holiday Haven	573	92	428,183	21,761	5.08%	203.81	18,750.52
5	Park Manor	444	30	41,254	2,121	5.14%	72.98	2,189.40
6	Valencia Terrace		366	235,753	12,347	5.24%	39.59	14,489.94
7	Fisherman's Haven	673	144	251,463	15,484	6.16%	84.76	12,205.44
8	Morningview	562	36	23,346	1,724	7.38%	84.10	3,027.60
9	Citrus Park	1117	272	591,021	47,350	8.01%	67.76	18,430.72
10	Citrus Springs	906	692	701,060	69,289	9.88%	54.31	37,582.52
11	Marion Oaks	1106	1,371	2,206,704	231,605	10.50%	69.26	94,955.46
12								
13	Total - Less than 10.00% CIAC		8,037	17,002,488	870,977		1,095.11	578,288.73
14	Avg - Less than 10.00% CIAC					5.12%	\$ 99.56	\$ 71.95
15								
16	Palm Port	440	107	125,308	16,256	12.97%	109.91	11,760.37
17	Enterprise	1807	136	35,836	4,839	13.50%	40.72	5,537.92
18	Apache Shores	990	112	72,116	10,084	13.98%	89.39	10,011.68
19	Leilani Heights	675	391	384,501	59,024	15.35%	43.61	17,051.51
20	Silver Lake Oaks	473	27	42,953	6,702	15.60%	107.70	2,907.90
21	Beecher's Point	472	16	49,041	7,761	15.83%	209.76	3,356.16
22	Marco Island	2601	1,937	13,612,593	2,269,562	16.67%	44.66	86,506.42
23	Zephyr Shores	1427	482	402,609	75,390	18.73%	75.19	36,241.58
24	Tropical Isles	2101	284	358,245	69,528	19.41%	36.86	10,468.24
25								
26	Total - 10.00% - 20.00% CIAC		3,492	15,083,202	2,519,146		757.80	183,841.78
27	Avg - 10.00% - 20.00% CIAC					16.70%	\$ 84.20	\$ 52.65
28								
29	Lehigh	2901	7,183	11,841,499	2,707,046	22.86%	53.66	385,439.78
30	Salt Springs	1115	114	151,483	35,631	23.52%	42.53	4,848.42
31	Jungle Den	1802	117	365,099	99,098	27.14%	162.26	18,984.42
32	Woodmere	888	1,180	1,589,073	443,368	27.90%	47.32	55,837.60
33	Apple Valley	332	167	84,606	24,004	28.37%	38.35	6,404.45
34								
35	Total - 20.00% - 30.00% CIAC		8,761	14,031,759	3,309,147		344.12	471,514.67
36	Avg - 20.00% - 30.00% CIAC					23.58%	\$ 68.82	\$ 53.82
37								
38	Point O' Woods	987	147	306,203	94,856	30.98%	79.42	11,674.74
39	Fox Run	679	104	356,198	119,590	33.57%	113.88	11,843.52
40	Palm Terrace	1429	1,035	448,800	151,921	33.85%	44.16	45,705.60
41	Marco Shores	2602	265	786,137	305,947	38.92%	68.29	18,096.85
42								
43	Total - 30.00% - 40.00% CIAC		1,551	1,897,338	672,314		305.75	87,320.71
44	Avg - 30.00% - 40.00% CIAC					35.43%	\$ 76.44	\$ 56.30
45								

SOUTHERN STATES UTILITIES
COMPARISON OF % CIAC TO STAND-ALONE RESIDENTIAL BILLS - SEWER
WHEN SORTED BY % OF CIAC TO PLANT
PROJECTED TEST YEAR - 1996 (As Filed)

Line No.	Plant Name	Plant No.	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill - 5/8" @ 10K gallons (1)	Appr. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
				Net Plant (Excl Deprec and NUU)	Net CIAC (Excl Amort and NUU)	% of CIAC to PLANT		
				(1)	(2)	(3)		
46	Amelia Island	1518	1,455	4,822,450	2,157,138	44.73%	35.45	51,579.75
47	Buena Ventura Lakes	785	7,360	12,594,101	5,646,730	44.84%	47.61	350,409.60
48	University Shores	106	3,637	6,154,211	2,930,185	47.61%	46.25	168,211.25
49								
50	Total - 40.00% - 50.00% CIAC		12,452	23,570,762	10,734,053		129.31	570,200.60
51	Avg - 40.00% - 50.00% CIAC					45.54%	\$ 43.10	\$ 45.79
52								
53	Spring Gardens		134	68,533	39,458	57.58%	24.88	3,333.92
54	Beacon Hills	886	3,178	4,564,273	2,675,404	58.62%	32.81	104,270.18
55								
56	Total - 50.00% - 60.00% CIAC		1,656	2,316,403	1,357,431		28.85	53,802.05
57	Avg - 50.00% - 60.00% CIAC					58.60%	\$ 28.85	\$ 32.49
58								
59	Sugar Mill	1801	634	978,926	597,573	61.04%	53.45	33,887.30
60	Meredith Manor	330	29	25,927	16,599	64.02%	35.95	1,042.55
61	Venetian Village	567	89	83,703	55,788	66.65%	52.52	4,674.28
62	Burnt Store	2202	641	668,522	453,159	67.79%	32.66	20,935.06
63								
64	Total - 60.00% - 70.00% CIAC		1,393	1,757,077	1,123,119		174.58	60,539.19
65	Avg - 60.00% - 70.00% CIAC					63.92%	\$ 43.65	\$ 43.46
66								
67	Sugar Mill Woods	989	2,548	3,618,288	3,198,301	88.39%	23.09	58,833.32
68								
69	Total - 81.00% - 90.00% CIAC		2,548	3,618,288	3,198,301		23.09	58,833.32
70	Avg - 81.00% - 90.00% CIAC					88.39%	\$ 23.09	\$ 23.09
71								
72	Leisure Lakes	2401	230	96,766	91,226	94.27%	43.05	9,901.50
73	Deep Creek	2201	3,259	3,304,378	3,248,379	98.31%	47.25	153,987.75
74								
75	Total - 91.00% - 100.00% CIAC		3,489	3,401,144	3,339,605		90.30	163,889.25
76	Avg - 91.00% - 100.00% CIAC					98.19%	\$ 45.15	\$ 46.97
77								
78								
79	Total FPSC Residential		45,035	\$ 84,994,864	\$ 28,481,525		2,977.75	2,282,032.35
80	Average FPSC Residential					33.51%	\$ 72.63	\$ 50.67

Note - The totals for each category are based on:

(1) Simple Average (Total of all plants / Number of Plants)

(2) Weighted average which approximates a uniform rate (Total of all plants weighted by number of customers / Total Number of Customers).

CITE as 90 FPSC 9:305

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Section 367.0816, Florida Statutes, requires that rate case expense be apportioned for recovery over a period of four years. The statute further requires that the rates of the utility be reduced immediately by the amount of rate case expense previously included in the rates. This statute applies to all rate cases filed on or after October 1, 1989. Accordingly, we find that the water rates should be reduced by \$9,026 and the wastewater rates should be reduced by \$940 as shown in Schedule No. 4, at the end of the four year recovery period. The revenue reductions reflect the annual rate case amounts amortized (expensed) plus the gross-up for regulatory assessment fees.

The utility shall file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The utility also shall file a proposed customer letter setting forth the lower rates and the reason for the reduction. If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

By Orders Nos. 22620 and 22620-A, issued March 1, 1990 and March 3, 1990, respectively, we authorized the utility to collect increased water rates on an interim basis, subject to refund with interest, pending the outcome of this proceeding. Since the final revenue requirement for the water system is larger than the interim water system revenue requirement, no refund of interim water rates is required.

Service Availability Charges

Stipulation 35, which we accepted, states that service availability (plant capacity) charges should be implemented for the Chuluota wastewater system and adjusted for the Florida Central Commerce Park, to be consistent with Rule 25-30.580, Florida Administrative Code. However, the stipulation did not address the specific level of service availability charges. The utility's position is that the service availability charges resulting from the stipulation should be designed to generate the minimum levels of CIAC rather than the maximum. We recognize that the utility did not request a change in its water service availability charges. However, it is our policy to review service availability charges when a company comes in for a rate case so we can determine whether the utility's contribution levels are appropriate and consistent with our rule.

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Upon review of the utility's water service availability charges, we find that no adjustment is necessary. Of the four wastewater systems contained in the utility's filing, we will make no changes to the existing service availability charges for the Apple Valley and Meredith Manor systems. We will, however, implement and adjust, respectively, the charges for the Chuluota and Florida Central Commerce Park wastewater systems in order to achieve the maximum CIAC level of 75 percent as set forth in Rule 25-30.580, Florida Administrative Code.

A new wastewater treatment plant has been built to replace the old Chuluota plant. This system has no existing plant capacity charge. In order to achieve the 75 percent contribution level in conformance with our rule, we find that the utility should charge a plant capacity charge of \$2,730 per ERC, with an ERC equalling 250 gallons per day (gpd) for residential customers. For all others, the charge is \$11.04 per gpd. The utility should continue collecting the existing service line installation fees shown in its tariff. If we were to accept the utility's position of using the minimum CIAC level permitted by the rule, this system would be 7.70 percent contributed. Such a very small contribution level would be contrary to the intent of our rule. The purpose of CIAC is to reduce the utility's investment and thereby keep service rates within a reasonable range, which benefits the utility's customers over the long term.

The Florida Central Commerce Park wastewater treatment plant serves an industrial park. The existing plant capacity charge is \$350 per ERC.

At hearing, utility witness Lewis testified that the plant capacity charge should be increased from the present \$350 per ERC level. He further testified that the long range effect on wastewater rates would be to lower them if the plant capacity charge were increased. However, witness Lewis further expressed his concerns regarding a substantial increase in the plant capacity charge. He stated that the utility was now having problems getting the customers to abandon their septic tanks and hook-up to the utility's wastewater facilities at the present plant capacity charge of \$350 per ERC.

Utility witness Lewis further testified: "My concern is that if we don't come up with some kind of additional plant capacity fee, that keeping uniform rates, which we requested in

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this rate case, would put more exposure on Apple Valley and Meredith Manor customers. So the alternative is, as you say, to increase the CIAC portion of these plants to back off the revenue requirement for everyone."

This witness further testified that, under the uniform rates proposed in the utility's application, the Apple Valley and Meredith Manor systems would be subsidizing the Chuluota and Florida Central Commerce Park systems, and it was this cross-subsidization impact that was a factor in the utility's stipulating to an across-the-board increase of 20 percent.

Upon consideration, we do not believe that Florida Central Commerce Park should be treated differently than any other wastewater system. Accordingly, the present plant capacity charge of \$350 must be increased. In order to achieve the maximum CIAC level of 75 percent, the appropriate charge is \$1,435 per ERC, with an ERC equalling 220 gpd. For all others, the charge shall be \$6.52 per gpd. If we were to implement the minimum CIAC level, this system would be 34.93 percent contributed. In addition, the same service line fees applicable to the other three wastewater systems shall be established for this system.

The service line fees are set forth below:

SERVICE LINE FEES

COMMISSION
APPROVED
CHARGE

DESCRIPTION

Short Service Line (Note 1) -	-	\$ 350
Long Service Line (Note 2) -	-	\$ 450
Long Service Line (Note 3) -	-	\$ 650

Note 1: Short Service Line - Tapping into the wastewater collection main located on the same side of the street as property to be served.

Note 2: Long Service Line - Tapping into the wastewater collection main located on the opposite side of an unpaved road of the property to be served.

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Note 3: Long Service Line - Tapping into the wastewater collection main located on the opposite side of a paved road of the property to be served, requiring jacking or boring the service line under the street.

The approved service availability charges should become effective for all connections made on or after the stamped approval date on the revised tariff sheets. The revised tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision and the proposed service availability charge notice is adequate for those parties known by the utility who will be affected by the change.

Allowance for Funds Prudently Invested (AFPI) Charges

The AFPI charge is designed to allow the utility to recover a fair rate of return on the portion of the plant facilities which were prudently constructed, but exceed the amount necessary to serve current customers. The utility requested AFPI charges for its Chuluota and Florida Central Commerce Park systems. Stipulation 37 provides that since the utility agrees with the AFPI methodology and agrees to the used and useful percentages for the Chuluota and Florida Central Commerce Park wastewater systems, the AFPI amounts are fall-out numbers. We have calculated the AFPI charges based on the audited actual costs of \$1,035,945 for the Chuluota system and \$1,372,667 for the Florida Central Commerce Park system. However, since \$479,413 of plant for the Florida Central Commerce Park system was contributed by the seller of this system, we have excluded this plant from the AFPI calculation because it does not represent an investment of the utility. This amount would be excluded from rate base in the ratemaking process, and the utility would not be allowed to earn a return on this contributed plant. Therefore, it is appropriate to exclude this amount from the AFPI calculation. Similarly, since advances for construction do not represent an investment of the utility and are excluded from earning a rate of return in the rate base calculation, advances for construction totalling \$400,000 have been excluded from the AFPI calculation. Therefore, based on these adjustments and the used and useful percentage of 20 percent for the Florida Central Commerce Park system, the amount of non-used and useful plant eligible to accrue AFUDC has been calculated to be \$433,254. The Chuluota plant was determined to be 39 percent used and useful. Therefore, the amount of non-used and useful plant eligible to accrue AFUDC was calculated to be \$742,496 for the Chuluota system.

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The calculation of the AFPI charges for the Chuluota and Florida Central Commerce Park systems is shown on Schedules Nos. 5 and 6, respectively. The cost of the qualifying assets is the net plant cost removed from the rate base. The capacity of the qualifying asset is that portion left over after considering test year consumption, fire flow, and margin reserve and the number of future customers is calculated based on the remaining capacity and the average usage of the current customers. The charge for the Chuluota system shall begin at \$46.25 in April 1990 and accumulate to \$3,197.04 over a five year period. The charge for the Florida Central Commerce Park system shall begin at \$20.07 at December 1989 and accumulate to \$1,372.75 over a five year period. While the utility is not prevented from collecting the charge after five years, after five years, the amount should remain fixed at the five year level. After the utility collects the charge from 244 ERCs for the Chuluota system and 347 ERCs for the Florida Central Commerce Park system, the charge should be discontinued.

Spray Irrigation Charge

During the course of this proceeding, the issue was raised regarding whether a charge should be implemented for spray irrigation and who should pay the charge if one is implemented.

The utility supports the establishment of a rate for treated effluent for spray irrigation. Its position is that this charge will reduce the charge for wastewater by the amount of revenues to be derived for effluent water and that the charge should only be applicable to the Florida Commerce Park system because none of the other systems have in place the necessary piping to transport effluent to individual property owners for use. In the future, it would be the intention of the utility to review the opportunity for expanding effluent disposal where cost effective. This will reduce the cost to the individual property owners in that they will not have to use and pay for potable water for irrigation purposes and, therefore, is a positive conservation effort on the part of the utility.

We believe a charge for spray irrigation is appropriate and have approved Stipulation 38 which explains how the charge should be developed. The only item absent at the time of the stipulation was the number of sprinkler heads to be used in the calculation. Our staff has received this information from the utility and we hereby develop the charge, which we find to be reasonable, as shown below.

**SOUTHERN STATES UTILITIES
COMPARISON OF % CIAC WHEN SORTED BY TREATMENT TYPE
AND STAND ALONE RESIDENTIAL BILL
PROJECTED TEST YEAR - 1996 (As Filed)**

Line No.	Plant Name	Plant No.	Treatment Type	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill @ 10,000 gallons (1)	Apprx. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
					Net Plant (Excl Deprec and NUU)	Net CIAC (Excl Amort and NUU)	% of CIAC to PLANT		
					(5)	(6)	(7)		
FPSC Residential									
1	Ameia Island	1518	A/S	1,757	2,423,209	1,820,903	75.12%	15.58	27,374.06
2	Sugar Mill Woods	989	A/S	2,622	3,424,194	1,773,532	51.79%	16.88	44,258.36
3	University Shores	106	A/S	3,890	3,807,693	2,576,131	67.66%	20.33	79,083.70
4	Silver Lake Estates	574	A/S	1,449	1,409,433	296,622	21.05%	20.40	29,559.60
5	Deltona	1806	A/S	23,911	16,493,528	6,855,814	41.57%	20.86	498,783.46
6	Woodmere	888	A/S	1,189	863,615	391,334	45.31%	21.50	25,563.50
7	Beacon Hills	886	A/S	3,178	4,455,692	1,766,103	39.64%	24.36	77,416.08
8	Apple Valley	332	A/S	983	730,936	188,902	25.84%	25.12	24,692.96
9	Buena Ventura Lakes	785	A/S	9,176	5,370,996	2,534,468	47.19%	27.38	251,055.36
10	Lake Harriet Estates	323	A/S	284	130,164	29,335	22.54%	30.25	8,591.00
11	Meredit Manor	330	A/S	651	752,472	48,225	6.41%	30.93	20,135.43
12	Druid Hills	334	A/S	249	260,780	9,071	3.48%	31.05	7,731.45
13	Keystone Heights	1094	A/S	1,004	783,153	48,698	6.22%	31.44	31,565.76
14	Citrus Springs	906	A/S	1,917	3,124,004	519,691	16.64%	38.65	74,092.05
15	Dol Ray Manor	336	A/S	61	73,213	2,657	3.63%	45.40	2,769.40
16	Fine Ridge Estates	782	A/S	218	333,250	184,365	55.32%	46.01	10,030.18
17	Piney Woods	553	A/S	168	224,201	10,457	4.66%	48.26	8,107.68
18	Fern Park	324	A/S	182	331,362	7,863	2.37%	48.93	8,905.26
19	Remington Forest	2302	A/S	87	139,147	56,204	40.39%	49.49	4,305.63
20	Inlerlachen Lake Estates	470	A/S	250	140,823	19,191	13.63%	51.31	12,827.50
21	Marion Oaks	1106	A/S	2,797	5,488,734	1,095,117	19.95%	57.79	161,638.63
22	River Grove	442	A/S	105	88,495	10,034	11.34%	58.04	6,094.20
23	Chuluola	335	A/S	684	1,535,209	83,205	5.42%	63.66	43,543.44
24	Palm Port	440	A/S	106	111,551	13,877	12.44%	66.21	7,018.26
25	Sunny Hills	2801	A/S	437	695,064	56,690	8.16%	68.46	29,917.02
26	Lake Brantley	325	A/S	67	155,273	6,125	3.94%	70.81	4,744.27
27	Leisure Lakes	2401	A/S	243	140,834	54,362	38.60%	79.34	19,279.62
28	St. Johns Highlands	471	A/S	84	49,766	5,587	11.23%	81.34	6,832.56
29	Welaka	447	A/S	139	113,075	7,725	6.83%	86.67	12,047.13
30	Lake Ajay Estates	773	A/S	100	276,848	62,189	22.46%	94.83	9,483.00
31	Hermits Cove	438	A/S	174	181,031	5,260	2.91%	99.90	17,382.60
32	River Park	439	A/S	359	176,159	15,501	8.80%	125.40	45,018.60
33	Silver Lake Oaks	473	A/S	29	74,707	3,395	4.54%	140.84	4,084.36
34	Fountains	772	A/S	34	240,536	108,972	45.30%	245.92	8,361.28
35									
36	Total - Aeration/Storage			58,584	54,599,147	20,667,007		1,983.32	1,622,294.39
37	Avg. - Aeration/Storage						37.85%	\$ 58.33	\$ 27.69
38									
39	Spring Gardens	994	CL	134	46,711	11,664	24.97%	24.81	3,324.54
40	Citrus Park	1117	CL	366	137,118	74,321	54.20%	27.87	10,200.42
41	Leilani Heights	675	CL	396	325,396	67,054	20.61%	28.46	11,270.16
42	Geneva Lake Estates	1298	CL	93	77,618	11,399	14.69%	33.53	3,118.29
43	Valencia Terrace	554	CL	365	193,140	11,410	5.91%	34.11	12,450.15
44	Piccola Island	564	CL	134	68,226	16,516	24.21%	34.81	4,664.54
45	Palm Terrace	1429	CL	1,193	279,706	80,561	28.80%	37.92	45,238.56
46	Fisherman's Haven	673	CL	144	57,749	13,805	23.91%	37.94	5,463.36
47	Fern Terrace	552	CL	125	95,406	6,727	7.05%	39.08	4,885.00
48	Palisades Country Club	579	CL	80	251,275	8,882	3.53%	39.40	3,152.00
49	Oak Forest	993	CL	147	167,512	20,913	12.48%	40.42	5,941.74
50	Hobby Hills	558	CL	96	41,739	1,361	3.26%	41.56	3,989.76
51	Fine Ridge	907	CL	938	4,125,230	1,171,325	28.39%	43.53	40,831.14
52	Imperial Mobile Terrace	570	CL	241	270,982	20,948	7.73%	45.35	10,929.35
53	Venetian Village	567	CL	140	118,121	23,611	19.99%	48.73	6,822.20
54	Harmony Homes	326	CL	63	80,089	379	0.47%	53.08	3,344.04
55	Windsong	783	CL	105	135,437	59,029	43.58%	53.12	5,577.60
56	Pomona Park	443	CL	173	105,742	15,288	14.46%	53.58	9,269.34
57	Postmaster Village	1095	CL	160	233,972	18,756	8.02%	53.66	8,585.60
58	Friendly Center	556	CL	21	7,898	1,471	18.62%	54.08	1,135.68
59	Salt Springs	1115	CL	119	347,780	8,237	2.37%	54.16	6,445.04
60	Bay Lake Estates	784	CL	74	55,199	3,697	6.70%	54.27	4,015.98
61	Rosemont	988	CL	129	281,582	31,374	11.14%	55.55	7,165.95
62	Zephyr Shores	1427	CL	484	160,857	44,826	27.87%	56.17	27,186.28
63	Holiday Heights	121	CL	53	79,555	5,742	7.22%	56.50	2,994.50

**SOUTHERN STATES UTILITIES
COMPARISON OF % CIAC WHEN SORTED BY TREATMENT TYPE
AND STAND ALONE RESIDENTIAL BILL
PROJECTED TEST YEAR - 1996 (As Filed)**

Line No.	Plant Name	Plant No.	Treatment Type	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill - 500' @ 100 gallons (1)	Apprx. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
					Net Plant (Excl Deprec and NUU)	Net CIAC (Excl Amort and NUU)	% of CIAC to PLANT		
64	Tropical Park	781	CL	548	626,186	23,227	3.71%	57.29	31,394.92
65	Keystone Club Estates	1279	CL	182	183,365	8,596	4.69%	59.57	9,850.34
66	Intercession City	780	CL	258	206,698	14,447	6.99%	60.13	15,513.54
67	Carlton Village	555	CL	148	362,295	34,182	9.43%	69.78	10,327.44
68	Morningview	562	CL	37	77,758	2,280	2.93%	74.28	2,748.36
69	Golden Terrace	992	CL	108	109,399	5,836	5.33%	78.28	8,454.24
70	Stone Mountain	565	CL	8	9,738	1,251	12.85%	105.39	843.12
71	Skycrest	551	CL	115	319,148	12,329	3.86%	110.38	12,693.70
72	Lakeview Villas	1054	CL	12	12,898	0	0.00%	123.00	1,476.00
73	Quail Ridge	578	CL	18	93,727	2,770	2.96%	140.22	2,523.96
74	Wootens	446	CL	25	28,746	3,189	11.09%	168.14	4,203.50
75	East Lake Harris Estates	557	CL	176	507,261	3,650	0.72%	169.48	29,828.48
76									
77	Total - Chlorination			7,588	10,281,258	1,841,054		2,317.63	377,658.82
78	Avg - Chlorination						17.91%	\$ 62.64	\$ 49.77
79									
80	Crystal River Highlands	984	IF	80	136,014	82,724	60.82%	46.24	3,699.20
81	Point O' Woods	987	IF	361	599,698	94,631	15.78%	67.55	24,385.55
82	Lakeside	995	IF	86	247,874	6,205	2.50%	81.41	7,001.26
83	Fox Run	679	IF	107	341,332	75,720	22.18%	90.02	9,632.14
84	Gospel Island Estates	986	IF	8	10,607	7,874	74.23%	105.50	844.00
85	Apache Shores	990	IF	152	82,316	20,914	25.41%	111.25	16,910.00
86	Palms Mobile Home Park	559	IF	58	73,570	1,708	2.32%	186.11	10,794.38
87									
88	Total - Iron Filtration			852	1,491,411	289,777		688.08	73,266.53
89	Avg - Iron Filtration						19.43%	\$ 98.30	\$ 85.90
90									
91	Lehigh	2301	LS	9,079	9,273,000	2,906,684	31.35%	56.90	516,595.10
92	Sugar Mill	1801	LS	638	797,734	415,131	52.04%	81.26	51,843.88
93	Marco Shores	2602	LS	308	961,498	195,942	20.38%	102.30	31,508.40
94									
95	Total - Lime Softening			10,025	11,032,231	3,517,757		240.46	599,947.38
96	Avg - Lime Softening						31.89%	\$ 80.15	\$ 59.85
97									
98	Enterprise	1807	PW	244	134,218	116,902	87.10%	30.03	7,327.32
99	Westmont	122	PW	139	34,264	17,410	50.81%	32.84	4,564.76
100	Grand Terrace	575	PW	111	103,567	38,074	36.76%	38.53	4,276.83
101	Daetwyler Shores	105	PW	125	54,641	752	1.38%	38.79	4,848.75
102	Kingswood	1701	PW	62	11,139	216	1.94%	40.60	2,517.20
103	Lake Conway Park	104	PW	86	28,221	266	0.94%	40.88	3,515.68
104	Oakwood	1702	PW	209	27,565	2,747	9.97%	41.21	8,612.89
105	Deep Creek	2201	PW	3,182	1,889,372	287,036	15.19%	67.04	213,321.28
106	Holiday Haven	573	PW	111	33,509	15,198	45.35%	77.86	8,642.46
107	Jungle Den	1802	PW	113	27,133	6,743	24.85%	79.54	8,988.02
108	Beecher's Point	472	PW	47	245,512	29,003	11.81%	123.69	5,813.43
109	Palm Valley	2301	PW	210	1,139,046	10,657	0.94%	126.94	26,657.40
110									
111	Total - Purchased Water			4,639	3,728,186	525,005		737.95	299,086.02
112	Avg - Purchased Water						14.08%	\$ 61.50	\$ 64.47
113									
114	Burnt Store	2202	RO	706	4,009,195	278,200	6.94%	96.84	68,369.04
115	Marco Island	2601	RO & LS	6,144	39,678,429	4,516,062	11.38%	54.61	335,523.84
116									470
117	Total - Reverse Osmosis			6,850	43,687,624	4,794,262		151.45	403,892.88
118	Avg - Reverse Osmosis						10.97%	\$ 75.73	\$ 58.96
119									
120									
121	Total FPSC Residential			88,538	124,819,857	31,634,861		6,118.89	3,376,146.02
122	Average FPSC Residential						25.34%	64.41	38.13

Note - The totals for each category are based on:

(1) Simple Average (Total of all plants / Number of Plants)

(2) Weighted average which approximates a uniform rate (Total of all plants weighted by number of customers / Total Number of Customers).

**SOUTHERN STATES UTILITIES
COMPARISON OF STAND-ALONE RESIDENTIAL BILLS
WHEN SORTED BY TREATMENT TYPE AND % CIAC TO PLANT
PROJECTED TEST YEAR - 1996 (As Filed)**

Line No.	Plant Name	Plant No.	Treatment Type	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill - 5/8" @ 10K gallons (1)	Apprx. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
					Net Plant (Excl Deprec and NUU)	Net CIAC (Excl Amort and NUU)	% of CIAC		
FPSC Residential									
1	Fern Park	324	A/S	182	331,362	7,863	2.37%	48.93	8,905.26
2	Hermits Cove	438	A/S	174	181,031	5,260	2.91%	99.90	17,382.60
3	Druid Hills	334	A/S	249	260,780	9,071	3.48%	31.05	7,731.45
4	Dol Ray Manor	336	A/S	61	73,213	2,657	3.63%	45.40	2,769.40
5	Lake Brantley	325	A/S	67	155,273	6,125	3.94%	70.81	4,744.27
6	Silver Lake Oaks	473	A/S	29	74,707	3,395	4.54%	140.84	4,084.36
7	Piney Woods	553	A/S	188	224,201	10,457	4.66%	48.26	8,107.68
8	Chuluota	335	A/S	684	1,535,209	83,205	5.42%	63.66	43,543.44
9	Keystone Heights	1094	A/S	1,004	783,153	48,698	6.22%	31.44	31,565.76
10	Meredith Manor	330	A/S	651	752,472	48,225	6.41%	30.93	20,135.43
11	Welaka	447	A/S	139	113,075	7,725	6.83%	86.67	12,047.13
12	Sunny Hills	2801	A/S	437	695,064	56,690	8.16%	68.46	29,917.02
13	River Park	439	A/S	359	176,159	15,501	8.80%	125.40	45,018.60
14	St. Johns Highlands	471	A/S	84	49,766	5,587	11.23%	81.34	6,832.56
15	River Grove	442	A/S	105	88,495	10,034	11.34%	58.04	6,094.20
16	Palm Port	440	A/S	106	111,551	13,877	12.44%	66.21	7,018.26
17	Interlachen Lake Estates	470	A/S	250	140,823	19,191	13.63%	51.31	12,827.50
18	Citrus Springs	906	A/S	1,917	3,124,004	519,691	16.64%	38.65	74,092.05
19	Marion Oaks	1106	A/S	2,797	5,488,734	1,095,117	19.95%	57.79	161,638.63
20	Silver Lake Estates	574	A/S	1,449	1,409,433	296,622	21.05%	20.40	29,559.60
21	Lake Ajay Estates	773	A/S	100	276,848	62,189	22.46%	94.83	9,483.00
22	Lake Harriet Estates	323	A/S	284	130,164	29,335	22.54%	30.25	8,591.00
23	Apple Valley	332	A/S	983	730,936	188,902	25.84%	25.12	24,692.96
24	Leisure Lakes	2401	A/S	243	140,834	54,362	38.60%	79.34	19,279.62
25	Beacon Hills	886	A/S	3,178	4,455,692	1,766,103	39.64%	24.36	77,416.08
26	Remington Forest	2302	A/S	87	139,147	56,204	40.39%	49.49	4,305.63
27	Deltona	1806	A/S	23,911	16,493,528	6,855,814	41.57%	20.86	498,783.46
28	Fountains	772	A/S	34	240,536	108,972	45.30%	245.92	8,361.28
29	Woodmere	888	A/S	1,189	863,615	391,334	45.31%	21.50	25,563.50
30	Buena Ventura Lakes	785	A/S	9,176	5,370,996	2,534,468	47.19%	27.36	251,055.36
31	Sugar Mill Woods	989	A/S	2,622	3,424,194	1,773,532	51.79%	16.88	44,259.36
32	Pine Ridge Estates	782	A/S	218	333,250	184,365	55.32%	46.01	10,030.18
33	University Shores	106	A/S	3,890	3,807,693	2,576,131	67.68%	20.33	79,083.70
34	Ameia Island	1518	A/S	1,757	2,423,209	1,820,303	75.12%	15.58	27,374.06
35									
36	Total - Aeration/Storage			58,584	54,599,147	20,667,007		1,983.32	1,622,294.39
37	Avg - Aeration/Storage						37.85%	\$ 58.33	\$ 27.69
38									
39	Lakeview Villas	1054	CL	12	12,898	0	0.00%	123.00	1,476.00
40	Harmony Homes	325	CL	63	80,089	379	0.47%	53.08	3,344.04
41	East Lake Harris Estates	557	CL	176	507,261	3,650	0.72%	169.48	29,828.48
42	Salt Springs	1115	CL	119	347,780	8,237	2.37%	54.16	6,445.04
43	Morningview	562	CL	37	77,758	2,280	2.93%	74.28	2,748.36
44	Quail Ridge	573	CL	18	93,727	2,770	2.96%	140.22	2,523.96
45	Hobby Hills	553	CL	96	41,739	1,361	3.26%	41.56	3,989.76
46	Palisades Country Club	579	CL	80	251,275	8,882	3.53%	39.40	3,152.00
47	Tropical Park	781	CL	548	626,186	23,227	3.71%	57.29	31,394.92
48	Skycrest	551	CL	115	319,148	12,329	3.86%	110.38	12,693.70
49	Keystone Club Estates	1279	CL	162	183,365	8,596	4.69%	59.57	9,650.34
50	Golden Terrace	992	CL	108	109,399	5,836	5.33%	78.28	8,454.24
51	Valencia Terrace	554	CL	365	193,140	11,410	5.91%	34.11	12,450.15
52	Bay Lake Estates	784	CL	74	55,199	3,697	6.70%	54.27	4,015.98
53	Intercession City	790	CL	258	206,698	14,447	6.99%	60.13	15,513.54
54	Fern Terrace	552	CL	125	95,406	6,727	7.05%	39.08	4,885.00
55	Holiday Heights	121	CL	53	79,555	5,742	7.22%	56.50	2,994.50
56	Imperial Mobile Terrace	570	CL	241	270,982	20,948	7.73%	45.35	10,929.35
57	Postmaster Village	1095	CL	160	233,972	18,756	8.02%	53.66	8,585.60
58	Carlton Village	555	CL	148	362,295	34,182	9.43%	69.78	10,327.44
59	Woolens	446	CL	25	28,746	3,189	11.09%	168.14	4,203.50
60	Rosemont	983	CL	129	281,582	31,374	11.14%	55.55	7,165.95
61	Oak Forest	993	CL	147	167,512	20,913	12.48%	40.42	5,941.74
62	Stone Mountain	565	CL	8	9,738	1,251	12.85%	105.39	843.12
63	Pomona Park	443	CL	173	105,742	15,288	14.46%	53.58	9,269.34

**SOUTHERN STATES UTILITIES
COMPARISON OF STAND-ALONE RESIDENTIAL BILLS
WHEN SORTED BY TREATMENT TYPE AND % CIAC TO PLANT
PROJECTED TEST YEAR - 1996 (As Filed)**

Line No.	Plant Name	Plant No.	Treatment Type	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill - 5/8" @ 10K gallons (1)	Apprx. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
					Net Plant (Excl Deprec and NUJ)	Net CIAC (Excl Amort and NUJ)	% of CIAC to Plant		
64	Geneva Lake Estates	1298	CL	93	77,818	11,399	14.69%	33.53	3,118.29
65	Friendly Center	566	CL	21	7,898	1,471	18.62%	54.08	1,135.68
66	Veneian Village	567	CL	140	118,121	23,611	19.99%	48.73	6,822.20
67	Laitani Heights	675	CL	396	325,396	67,054	20.61%	28.46	11,270.16
68	Fisherman's Haven	673	CL	144	57,749	13,805	23.91%	37.94	5,463.36
69	Piccola Island	564	CL	134	68,228	16,516	24.21%	34.61	4,664.54
70	Spring Gardens	994	CL	134	46,711	11,664	24.97%	24.81	3,324.54
71	Zephyr Shores	1427	CL	484	160,857	44,826	27.87%	56.17	27,186.28
72	Fine Ridge	907	CL	938	4,125,230	1,171,325	28.39%	43.53	40,831.14
73	Palm Terrace	1429	CL	1,193	279,706	80,561	28.80%	37.92	45,238.56
74	Windsong	783	CL	105	135,437	59,029	43.58%	53.12	5,577.60
75	Citrus Park	1117	CL	366	137,118	74,321	54.20%	27.87	10,200.42
76									
77	Total - Chlorination			7,588	10,281,258	1,841,054		2,317.63	377,658.82
78	Avg - Chlorination						17.91%	\$ 62.64	\$ 49.77
79									
80	Palms Mobile Home Park	559	IF	58	73,570	1,708	2.32%	186.11	10,794.38
81	Lakeside	995	IF	86	247,874	6,205	2.50%	81.41	7,001.26
82	Point O' Woods	987	IF	361	599,698	94,631	15.78%	67.55	24,385.55
83	Fox Run	679	IF	107	341,332	75,720	22.18%	90.02	9,632.14
84	Apache Shores	990	IF	152	82,316	20,914	25.41%	111.25	16,910.00
85	Crystal River Highlands	984	IF	80	136,014	82,724	60.82%	46.24	3,699.20
86	Gospel Island Estates	986	IF	8	10,607	7,874	74.23%	105.50	844.00
87									
88	Total - Iron Filtration			852	1,491,411	289,777		688.08	73,266.53
89	Avg - Iron Filtration						19.43%	\$ 98.30	\$ 85.99
90									
91	Marco Shores	2602	LS	308	961,498	195,942	20.38%	102.30	31,508.40
92	Lehigh	2901	LS	9,079	9,273,000	2,906,684	31.35%	56.90	516,595.10
93	Sugar Mill	1801	LS	638	797,734	415,131	52.04%	81.26	51,843.88
94									
95	Total - Lime Softening			10,025	11,032,231	3,517,757		240.46	599,947.38
96	Avg - Lime Softening						31.89%	\$ 80.15	\$ 58.85
97									
98	Palm Valley	2301	PW	210	1,139,046	10,657	0.94%	126.94	26,657.40
99	Lake Conway Park	104	PW	86	28,221	266	0.94%	40.88	3,515.68
100	Darbwyler Shores	105	PW	125	54,641	752	1.38%	38.79	4,848.75
101	Kingswood	1701	PW	82	11,139	216	1.94%	40.60	2,517.20
102	Oakwood	1702	PW	209	27,565	2,747	9.97%	41.21	8,612.89
103	Beecher's Point	472	PW	47	245,512	29,003	11.81%	123.69	5,813.43
104	Deep Creek	2201	PW	3,182	1,889,372	287,036	15.19%	67.04	213,321.28
105	Jungle Den	1802	PW	113	27,133	6,743	24.85%	79.54	8,988.02
106	Grand Terrace	575	PW	111	103,567	38,074	36.76%	38.53	4,276.83
107	Holiday Haven	573	PW	111	33,509	15,198	45.35%	77.86	8,642.46
108	Westmont	122	PW	139	34,264	17,410	50.81%	32.84	4,564.76
109	Enterprise	1807	PW	244	134,218	116,902	87.10%	30.03	7,327.32
110									
111	Total - Purchased Water			4,639	3,728,186	525,005		737.95	299,086.02
112	Avg - Purchased Water						14.08%	\$ 61.50	\$ 64.47
113									
114	Burnt Store	2202	RO	706	4,009,195	278,200	6.94%	96.84	68,369.04
115	Marco Island	2601	RO & LS	6,144	39,678,429	4,516,062	11.38%	54.61	335,523.84
116									
117	Total - Reverse Osmosis			6,850	43,687,624	4,794,262		151.45	403,892.88
118	Avg - Reverse Osmosis						10.97%	\$ 75.73	\$ 58.96
119									
120									
121	Total FPSC Residential			88,538	124,819,857	31,634,861		6,118.89	3,376,146.02
122	Average FPSC Residential						25.34%	64.41	36.13

Note - The totals for each category are based on:

(1) Simple Average (Total of all plants / Number of Plants)

(2) Weighted average which approximates a uniform rate (Total of all plants weighted by number of customers / Total Number of Customers).

SOUTHERN STATES UTILITIES
COMPARISON OF TREATMENT TYPES AND STAND-ALONE RESIDENTIAL BILLS
WHEN SORTED BY % OF CIAC TO PLANT
PROJECTED TEST YEAR - 1996 (As Filed)

Line No.	Plant Name	Plant No.	Treatment Type	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill - 5/8" @ 10K gallons (1)	Apprx. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
					Net Plant (Excl Deprec and NUU)	Net CIAC (Excl Amort and NUU)	% of CIAC to PLANT		
FPSC Residential									
1	Lakeview Villas	1054	CL	12	12,898	0	0.00%	123.00	1,476.00
2	Harmony Homes	326	CL	63	80,089	379	0.47%	53.08	3,344.04
3	East Lake Harris Estates	557	CL	176	507,261	3,650	0.72%	169.48	29,828.48
4	Palm Valley	2301	PW	210	1,139,046	10,657	0.94%	126.94	26,657.40
5	Lake Conway Park	104	PW	86	28,221	266	0.94%	40.88	3,515.68
6	Daetwyler Shores	105	PW	125	54,641	752	1.38%	38.79	4,848.75
7	Kingswood	1701	PW	62	11,139	216	1.94%	40.60	2,517.20
8	Palms Mobile Home Park	559	IF	58	73,570	1,708	2.32%	186.11	10,794.38
9	Salt Springs	1115	CL	119	347,780	8,237	2.37%	54.16	6,445.04
10	Fern Park	324	A/S	182	331,362	7,863	2.37%	48.93	8,905.26
11	Lakeside	995	IF	86	247,874	6,205	2.50%	81.41	7,001.26
12	Hermits Cove	438	A/S	174	181,031	5,260	2.91%	99.90	17,382.60
13	Morningview	562	CL	37	77,758	2,280	2.93%	74.28	2,748.36
14	Quail Ridge	578	CL	18	93,727	2,770	2.96%	140.22	2,523.96
15	Hobby Hills	558	CL	96	41,739	1,361	3.26%	41.56	3,989.76
16	Druid Hills	334	A/S	249	260,780	9,071	3.48%	31.05	7,731.45
17	Palisades Country Club	579	CL	80	251,275	8,882	3.53%	39.40	3,152.00
18	Dol Ray Manor	336	A/S	61	73,213	2,657	3.63%	45.40	2,769.40
19	Tropical Park	781	CL	548	626,186	23,227	3.71%	57.29	31,394.92
20	Skycrest	551	CL	115	319,148	12,329	3.86%	110.38	12,693.70
21	Lake Brantley	325	A/S	67	155,273	6,125	3.94%	70.81	4,744.27
22	Silver Lake Oaks	473	A/S	29	74,707	3,395	4.54%	140.84	4,084.36
23	Piney Woods	553	A/S	168	224,201	10,457	4.66%	48.26	8,107.68
24	Keystone Club Estates	1279	CL	162	183,365	8,596	4.69%	59.57	9,650.34
25	Golden Terrace	992	CL	108	109,399	5,836	5.33%	78.28	8,454.24
26	Chuluota	335	A/S	684	1,535,209	83,205	5.42%	63.66	43,543.44
27	Valencia Terrace	554	CL	365	193,140	11,410	5.91%	34.11	12,450.15
28	Keystone Heights	1094	A/S	1,004	783,153	48,698	6.22%	31.44	31,565.76
29	Meredith Manor	330	A/S	651	752,472	48,225	6.41%	30.93	20,135.43
30	Bay Lake Estates	784	CL	74	55,199	3,697	6.70%	54.27	4,015.98
31	Welaka	447	A/S	139	113,075	7,725	6.83%	86.67	12,047.13
32	Burnt Store	2202	RO	706	4,009,195	278,200	6.94%	96.84	68,369.04
33	Intercession City	780	CL	258	206,698	14,447	6.99%	60.13	15,513.54
34	Fern Terrace	552	CL	125	95,406	6,727	7.05%	39.08	4,885.00
35	Holiday Heights	121	CL	53	79,555	5,742	7.22%	56.50	2,994.50
36	Imperial Mobile Terrace	570	CL	241	270,982	20,948	7.73%	45.35	10,929.35
37	Postmaster Village	1095	CL	160	233,972	18,756	8.02%	53.66	8,585.60
38	Sunny Hills	2801	A/S	437	695,064	56,690	8.16%	68.46	29,917.02
39	River Park	439	A/S	359	176,159	15,501	8.80%	125.40	45,018.60
40	Carlton Village	555	CL	148	362,295	34,182	9.43%	69.78	10,327.44
41	Oakwood	1702	PW	209	27,565	2,747	9.97%	41.21	8,612.89
42									
43	Total - Less than 10.00% CIAC			8,704	15,094,820	799,081		2,958.11	553,671.40
44	Avg - Less than 10.00% CIAC						5.29%	\$ 72.15	\$ 63.61
45									
46	Woolens	446	CL	25	28,746	3,189	11.09%	168.14	4,203.50
47	Rosemont	988	CL	129	281,582	31,374	11.14%	55.55	7,165.95
48	St. Johns Highlands	471	A/S	84	49,766	5,587	11.23%	81.34	6,832.56
49	River Grove	442	A/S	105	88,495	10,034	11.34%	58.04	6,094.20
50	Marco Island	2601	RO & LS	6,144	39,678,429	4,516,062	11.38%	54.61	335,523.84
51	Beecher's Point	472	PW	47	245,512	29,003	11.81%	123.69	5,813.43
52	Palm Port	440	A/S	106	111,551	13,877	12.44%	66.21	7,018.26

**SOUTHERN STATES UTILITIES
COMPARISON OF TREATMENT TYPES AND STAND-ALONE RESIDENTIAL BILLS
WHEN SORTED BY % OF CIAC TO PLANT
PROJECTED TEST YEAR - 1996 (As Filed)**

Line No.	Plant Name	Plant No.	Treatment Type	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill - 5/8" @ 10K gallons (1)	Apprx. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
					Net Plant (Excl Deprec and NUU)	Net CIAC (Excl Amort and NUU)	% of CIAC to PLANT		
53	Oak Forest	993	CL	147	167,512	20,913	12.48%	40.42	5,941.74
54	Stone Mountain	565	CL	8	9,738	1,251	12.85%	105.39	843.12
55	Interlachen Lake Estates	470	A/S	250	140,823	19,191	13.63%	51.31	12,827.50
56	Pomona Park	443	CL	173	105,742	15,288	14.46%	53.58	9,269.34
57	Geneva Lake Estates	1298	CL	93	77,618	11,399	14.69%	33.53	3,118.29
58	Deep Creek	2201	PW	3,182	1,889,372	287,036	15.19%	67.04	213,321.28
59	Point O Woods	987	IF	361	599,698	94,631	15.78%	67.55	24,385.55
60	Citrus Springs	906	A/S	1,917	3,124,004	519,691	16.64%	38.65	74,092.05
61	Friendly Center	556	CL	21	7,898	1,471	18.62%	54.08	1,135.68
62	Marion Oaks	1106	A/S	2,797	5,488,734	1,095,117	19.95%	57.79	161,638.63
63	Venetian Village	567	CL	140	118,121	23,611	19.99%	48.73	6,822.20
64									
65	Total - 10.00% - 20.00% CIAC			15,729	52,213,341	6,698,726		1,225.65	886,047.12
66	Avg - 10.00% - 20.00% CIAC						12.83%	\$ 68.09	\$ 56.33
67									
68	Marco Shores	2602	LS	308	961,498	195,942	20.38%	102.30	31,508.40
69	Leilani Heights	675	CL	396	325,396	67,054	20.61%	28.46	11,270.16
70	Silver Lake Estates	574	A/S	1,449	1,409,433	296,622	21.05%	20.40	29,559.60
71	Fox Run	679	IF	107	341,332	75,720	22.18%	90.02	9,632.14
72	Lake Ajay Estates	773	A/S	100	276,848	62,189	22.46%	94.83	9,483.00
73	Lake Harriet Estates	323	A/S	284	130,164	29,335	22.54%	30.25	8,591.00
74	Fisherman's Haven	673	CL	144	57,749	13,805	23.91%	37.94	5,463.36
75	Picciola Island	564	CL	134	68,226	16,516	24.21%	34.81	4,664.54
76	Jungle Den	1802	PW	113	27,133	6,743	24.85%	79.54	8,988.02
77	Spring Gardens	994	CL	134	46,711	11,664	24.97%	24.81	3,324.54
78	Apache Shores	990	IF	152	82,316	20,914	25.41%	111.25	16,910.00
79	Apple Valley	332	A/S	983	730,936	188,902	25.84%	25.12	24,692.96
80	Zephyr Shores	1427	CL	484	160,857	44,826	27.87%	56.17	27,186.28
81	Pine Ridge	907	CL	938	4,125,230	1,171,325	28.39%	43.53	40,831.14
82	Palm Terrace	1429	CL	1,193	279,706	80,561	28.80%	37.92	45,238.56
83									
84	Total - 20.00% - 30.00% CIAC			6,919	9,023,535	2,282,119		817.35	277,343.70
85	Avg - 20.00% - 30.00% CIAC						25.29%	\$ 54.49	\$ 40.08
86									
87	Lehigh	2901	LS	9,079	9,273,000	2,906,684	31.35%	56.90	516,595.10
88	Grand Terrace	575	PW	111	103,567	38,074	36.76%	38.53	4,276.83
89	Leisure Lakes	2401	A/S	243	140,834	54,362	38.60%	79.34	19,279.62
90	Beacon Hills	886	A/S	3,178	4,455,692	1,766,103	39.64%	24.36	77,416.08
91									
92	Total - 30.00% - 40.00% CIAC			12,611	13,973,093	4,765,223		199.13	617,567.63
93	Avg - 30.00% - 40.00% CIAC						34.10%	\$ 49.78	\$ 48.97
94									
95	Remington Forest	2302	A/S	87	139,147	56,204	40.39%	49.49	4,305.63
96	Deltona	1806	A/S	23,911	16,493,528	6,855,814	41.57%	20.86	498,783.46
97	Windsong	783	CL	105	135,437	59,029	43.58%	53.12	5,577.60
98	Fountains	772	A/S	34	240,536	108,972	45.30%	245.92	8,361.28
99	Woodmere	888	A/S	1,189	863,615	391,334	45.31%	21.50	25,563.50
100	Holiday Haven	573	PW	111	33,509	15,198	45.35%	77.86	8,642.46
101	Buena Ventura Lakes	785		9,176	5,370,996	2,534,468	47.19%	27.36	251,055.36
102									
103	Total - 40.00% - 50.00% CIAC			34,613	23,276,769	10,021,019		496.11	802,289.29
104	Avg - 40.00% - 50.00% CIAC						43.05%	\$ 70.87	\$ 23.18
105									

SOUTHERN STATES UTILITIES
COMPARISON OF TREATMENT TYPES AND STAND-ALONE RESIDENTIAL BILLS
WHEN SORTED BY % OF CIAC TO PLANT
PROJECTED TEST YEAR - 1996 (As Filed)

Line No.	Plant Name	Plant No.	Treatment Type	No. of Customers	% of CIAC to Plant			Residential Stand-Alone Bill - 5/8" @ 10K gallons (1)	Apprx. Uniform Rate (Weighted Avg.) Residential Bill @ 10,000 gallons (2)
					Net Plant (Excl Deprec and NUU)	Net CIAC (Excl Amort and NUU)	% of CIAC to PLANT		
106	Westmont	122	PW	139	34,264	17,410	50.81%	32.84	4,564.76
107	Sugar Mill Woods	989	A/S	2,622	3,424,194	1,773,532	51.79%	16.88	44,259.36
108	Sugar Mill	1801	LS	638	797,734	415,131	52.04%	81.26	51,843.88
109	Citrus Park	1117	CL	366	137,118	74,321	54.20%	27.87	10,200.42
110	Pine Ridge Estates	782	A/S	218	333,250	184,365	55.32%	46.01	10,030.18
111									
112	Total - 50.00% - 60.00% CIAC			3,983	4,726,559	2,464,759		204.86	120,898.60
113	Avg - 50.00% - 60.00% CIAC						52.15%	\$ 40.97	\$ 30.35
114									
115	Crystal River Highlands	984	IF	80	136,014	82,724	60.82%	46.24	3,699.20
116	University Shores	106	A/S	3,890	3,807,693	2,576,131	67.66%	20.33	79,083.70
117									
118	Total - 60.00% - 70.00% CIAC			3,970	3,943,707	2,658,856		66.57	82,782.90
119	Avg - 60.00% - 70.00% CIAC						67.42%	\$ 33.29	\$ 20.85
120									
121	Gospel Island Estates	986	IF	8	10,607	7,874	74.23%	105.50	844.00
122	Amelia Island	1518	A/S	1,757	2,423,209	1,820,303	75.12%	15.58	27,374.06
123									
124	Total - 70.00% - 80.00% CIAC			1,765	2,433,816	1,828,177		121.08	28,218.06
125	Avg - 70.00% - 80.00% CIAC						75.12%	\$ 60.54	\$ 15.99
126									
127	Enterprise	1807	PW	244	134,218	116,902	87.10%	30.03	7,327.32
128									
129	Total - 80.00% - 100.00% CIAC			244	134,218	116,902		30.03	7,327.32
130	Avg - 80.00% - 100.00% CIAC						87.10%	\$ 30.03	\$ 30.03
131									
132									
133	Total FPSC Residential			88,538	\$ 124,819,857	\$ 31,634,861		6,118.89	3,376,146.02
	Average FPSC Residential						25.34%	\$ 64.41	\$ 38.13

Treatment Type:

A/S	Aeration/Storage
IF	Iron Filtration
PW	Purchased Water
RO	Revers Osmosis
LS	Lime Softening
CL	Chlorination

Note - The totals for each category are based on:

(1) Simple Average (Total of all plants / Number of Plants)

(2) Weighted average which approximates a uniform rate (Total of all plants weighted by number of customers / Total Number of Customers).

**SOUTHERN STATES UTILITIES
 COMPARISON OF PROPOSED FINAL CONVENTIONAL AND REVERSE OSMOSIS UNIFORM RATES
 DOCKET NO. 950495-WS**

Line No.	Description	(1)	(2)	(3)	(4)	(5)
		<u>Reverse Osmosis (R.O.)</u>				
		<u>Uniform Conventional (95 Plants)</u>	<u>Uniform R.O.</u>	<u>Stand-Alone</u>		
				<u>Marco Island</u>	<u>Burnt Store</u>	
1	Base Charge	\$9.17	\$23.62	\$23.51	\$24.94	
2	Gallonage Charge	\$2.16	\$3.27	\$3.11	\$7.19	
3	Bill @ 10,000 Gallons	\$30.77	\$56.32	\$54.61	\$98.84	