

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
SUSAN F. CLARK
J. TERRY DEASON
JOE GARCIA
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DIVISION OF WATER & WASTEWATER
CHARLES HILL
DIRECTOR
(904) 413-6900
ORIGINAL FILE COPY

Public Service Commission

April 22, 1997

Mr. J. J. Purtell
Route 23, Box 1521
Lake City, FL 32025

Re: Docket No. 961332-SU Kirby D. Morgan, Inc. Staff Assisted Rate Case in Columbia County.

Dear Mr. Purtell:

Thank you for your letters of March 31, 1997, and April 14, 1997. As requested in your first letter please find enclosed copies of the Accounting Report dated March 17, 1997 and the Engineering Report dated February 3, 1997.

Most of the concerns expressed in your letter dated April 14, 1997, were explained in the customer meeting you attended on April 15, 1997. The utility's operating loss is not due to the learning curve in operating a new business. The loss is due to the utility's present revenue level which is insufficient to cover staff's recommended expense levels. The loss is not due to extending service to new developments. Commission practice has been to require new growth to pay its own way. The \$4,800 you asked about is the amount staff is recommending for the Operator's Salary for the test year. Staff is recommending testing cost of \$1,815 for the utility during the test year. The utility's testing is done by a commercial lab.

The Commissioners will vote on the staff final recommendation June 10, 1997, and interested parties may attend and address the Commission at that time. If you have any questions please contact Roli Okome at (904) 413-6920.

Sincerely,

Charles H. Hill
Director

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cc: Division of Records & Reporting
 Division of Legal Services (K. Johnson)
 Bureau of Special Assistance (Bethea, Okome, Edwards)

DOCUMENT NUMBER-DATE