

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a rate increase)	DOCKET NO. 910020-WS
in Pasco County by UTILITIES, INC. OF)	ORDER NO. 25251
FLORIDA)	ISSUED: 10/25/91
_____)	

Pursuant to notice, a prehearing conference was held on October 16, 1991, before Commissioner Deason, as Prehearing Officer, in Tallahassee, Florida

APPEARANCES:

Wayne L. Schiefelbein, Esquire, Gatlin, Woods, Carlson & Cowdery, 1709-D Mahan Drive, Tallahassee, Florida 32308
on behalf of Utilities, Inc. of Florida

H. F. Mann, II, Esquire, Office of Public Counsel, Auditor General Building, Room 810, 111 West Madison Street, Tallahassee, Florida 32399-1400
on behalf of Citizens

John L. Wharton, Esquire, Rose, Sundstrom & Bentley, 2548 Blairstone Pines Drive, Tallahassee, Florida 32301
on behalf of PPW Water and Sewer Company, Inc.

Catherine Bedell, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0863
on behalf of the Commission Staff

David E. Smith, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0863
Counsel to the Commission

DOCUMENT NUMBER-DATE

10666 OCT 25 1991

FPSC-RECORDS/REPORTING

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PREHEARING ORDER

I. Case Background

Utilities, Inc. of Florida (Utilities Inc. or the utility) is a Class B utility providing water and wastewater service for 26 systems in 6 counties in Central Florida. The water and wastewater systems of PPW Water and Sewer Company, Inc. (PPW) in Pasco County has been operated by Utilities, Inc. since October, 1990. The system serves a predominantly residential area. The minimum filing requirements (MFRs) indicate that in 1990 the utility was providing water and wastewater service to 715 customers with revenues of \$64,311 and \$54,996 recorded for the respective water and wastewater systems. The corresponding net income amounts were negative \$32,649 and negative \$5,935. The utility's water and wastewater rates were last adjusted by Order No. 14158, issued on March 12, 1985, as a result of the 1984 price index adjustment. The utility has not previously had a rate case before the Commission.

On December 17, 1990, Utilities, Inc. initiated a limited proceeding to request a wastewater rate increase and recover operating cost increases resulting from a Department of Environmental Regulation ordered interconnection with Pasco County. By Order No. 24277, issued on March 25, 1991, the Commission approved a temporary wastewater rate increase subject to refund to compensate the utility for increased operational costs incurred as a result of the interconnection with Pasco County for wastewater treatment and disposal. The utility was granted a temporary wastewater revenue increase of \$195,561 (355.6 percent), subject to refund. Final determination of the interconnection costs and any possible refunds arising from the limited proceeding will be addressed in this rate case.

By Order No. 24259, issued on March 20, 1991, the Commission approved the transfer of the PPW water and wastewater systems from PPW Water Company, Inc. and PPW Sewer Company, Inc. of Florida to Utilities, Inc. and ordered that establishing a rate base and determining the appropriateness of an acquisition adjustment would be determined in this rate case.

On April 19, 1991, Utilities, Inc. filed an application for increased water and wastewater rates. The MFRs were deficient, and the utility submitted a revised application on June 6, 1991. The information in the revised application satisfied the MFRs and the official filing date was established as June 6, 1991. The application for increased rates is based on the projected twelve

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month test year ended April 30, 1991. In its application the utility requested interim water rates designed to generate annual revenues of \$157,337. These revenues exceed test year revenues by \$93,026 (144.6 percent). The utility did not request a wastewater interim rate increase since those rates were temporarily increased in the limited proceeding. The utility has requested annual revenue requirements of \$185,258 for water service and \$454,380 for wastewater service. These requested revenues exceed the test year revenues by \$120,945 (188 percent) for water and \$399,384 (726 percent) for wastewater. By Order No. 24962, issued August 22, 1991, the Commission suspended the proposed rates and granted an interim increase in water rates, subject to refund, with interest.

On July 11, 1991, the Commission issued Order No. 24801 granting the intervention of the PPW Water and Sewer Company, Inc. The Commission acknowledged the intervention of OPC by Order No. 24864, issued July 29, 1991.

A prehearing conference was held on October 16, 1991, in Tallahassee, Florida. A formal hearing is scheduled to be held in New Port Richey, Florida, on October 31 and November 1, 1991.

II. Prefiled Testimony and Exhibits

Testimony of all witnesses to be sponsored by the utility, the Office of Public Counsel (OPC) and the Staff of this Commission (Staff) has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

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III. Order of Witnesses

<u>Witness</u>	<u>Appearing for</u>	<u>Issues #</u>
<u>Direct</u>		
Donald W. Rasmussen	Utility	1, 7-9, 13-17, 25-27, 29
Patricia M. Cuddie	Utility	3-8, 17-20, 25, 26, 28-31, 33-41, 43, 44
Carl J. Wenz	Utility	3, 4, 6, 17, 21, 22, 28, 32, 35, 42, 44
Harry De Meza	OPC	1, 9-16
David J. Effron	OPC	9, 17-19, 23, 24, 26, 28-30
Peter Burghardt	Staff	1
Gerald Foster	Staff	1
Andrew L. Maurey	Staff	Stipulation No. 3
<u>Rebuttal</u>		
Patricia M. Cuddie	Utility	9, 13, 15, 18, 23-26
Donald Rasmussen	Utility	1, 29
Frank Seidman	Utility	9-16, 25, 26, 28
Carl J. Wenz	Utility	17, 21, 22

IV. Basic Positions

UTILITY: A rate increase is necessary to allow the utility to recover the reasonable and prudent costs of providing service and an opportunity to earn a fair and reasonable rate of return on its invested capital. At this time, the utility will not oppose the adjustments indicated in its statement of positions. However, the utility's requested revenue requirements remain the same.

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OPC: Citizens' basic position in this docket is that Utilities, Inc. has failed to justify a large portion of its request for a revenue increase. The utility's requested revenue increase should be reduced.

All adjustments are to amounts stated in the minimum filing requirements submitted by the utility.

PPW: It is PPW's basic position that rate base should be established as requested by Utilities, Inc., adjusted for depreciation and plant additions.

STAFF: The information gathered through discovery and prefiled testimony indicates, at this point, that the utility is entitled to some level of increase. The specific level cannot be determined until the evidence presented at hearing is analyzed.

V. Issues and Positions

QUALITY OF SERVICE

ISSUE 1: Is the quality of service provided by Utilities, Inc. of Florida satisfactory?

POSITIONS

UTILITY/PPW: Yes.

OPC: No. The utility has excessive amounts of unaccounted for water and infiltration. Customer testimony at the hearing will help determine this issue.

STAFF: No position pending receipt of customer testimony.

RATE BASE

ISSUE 2: Under what circumstances may year end rate base be allowed?

POSITIONS This is a legal issue to be briefed by the parties.

ISSUE 3: Should this utility be allowed to use a year-end rate base?

POSITIONS

UTILITY/PPW: Yes.

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OPC: No. Year-end rate base should only be used under extraordinary circumstances. The utility has not shown that extraordinary circumstances exist.

STAFF: Yes, because the utility incurred significant costs for upgrading required by DER which will not be offset by customer growth.

ISSUE 4: Should capitalized expenses relating to the purchase of the utility be removed from Plant in Service?

POSITIONS

UTILITY/PPW: No.

OPC: Yes. The amounts identified in the audit report of September 23, 1991, should be removed.

STAFF: Yes, all costs relating to the purchase of utility assets should be removed from the Plant in Service accounts and recorded as part of the acquisition adjustment. The Plant in Service accounts should be reduced by \$2,152 and \$2,055, respectively, for the water and wastewater systems.

ISSUE 5: Should the pro forma general plant be included in rate base?

POSITIONS

UTILITY/PPW: Yes.

OPC: No, remove \$31,083 from water plant and \$31,081 from wastewater plant.

STAFF: Yes.

ISSUE 6: Should an adjustment be made to remove the value of the building and the land on which the abandoned wastewater plant was located?

POSITIONS

UTILITY/PPW: No.

OPC: Yes. Also, the building and the associated land identified in the audit report (Audit Disclosure 1) should be removed. Any gain on its sale should be amortized above the line.

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STAFF: Yes, an adjustment should be made to remove the value of the land on which the abandoned wastewater plant was located. No adjustment is necessary for the building as it is not in rate base.

ISSUE 7: Should an adjustment be made to remove the value of wastewater plant structures and improvements which have been abandoned?

POSITIONS

UTILITY/PPW: No.

OPC: Yes.

STAFF: Yes, an adjustment should be made to remove \$28,818 in Account 354, Structures and Improvements with corresponding reductions to accumulation depreciation and depreciation expense for \$16,696 and \$356, respectively.

ISSUE 8: Should the cost of wells no. 2, no. 15, and no. 17 be removed from rate base? (See also, Issue 16)

POSITIONS

UTILITY/PPW: No.

OPC: Yes.

STAFF: Account 307 should be reduced by \$38,310 to remove the cost of well no. 15 from rate base. Corresponding reductions should be made to accumulation depreciation and depreciation expense of \$11,115 and \$473, respectively. No adjustment for well no. 2 is necessary as it was not included in rate base.

ISSUE 9: Should an adjustment be made for excessive unaccounted for water?

POSITIONS

UTILITY/PPW: Yes, reduce purchased power by \$1,203 and chemical expense by \$248.

OPC: Yes, there is excessive lost water which requires a reduction in water expenses of \$1,861.

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STAFF: Yes. The used and useful calculation of water treatment plant expense should be reduced for unaccounted for water by 16.5 percent. The purchased power expense should be reduced by \$1,967 and chemical expense should be reduced by \$430.

ISSUE 10: Should the used and useful calculations include a margin reserve?

POSITIONS

UTILITY/PPW: If the Commission finds that used and useful is less than 100 percent, a margin reserve may be appropriate.

OPC: No. Inclusion of a margin reserve introduces costs not connected with test year customers.

STAFF: No. The utility did not request any margin reserve.

ISSUE 11: What is the used and useful amount for the new interconnection (i.e., force main, lift station, pumps, and meter) with Pasco County's treatment plant?

POSITIONS

UTILITY/PPW: 100 percent.

OPC: 37 percent.

STAFF: 100 percent.

ISSUE 12: What is the total capacity in ERCs for the water distribution and wastewater collection systems?

POSITIONS

UTILITY/PPW: The total capacity in ERCs for the water distribution system is 1,585; for the wastewater collection system it is 715.

OPC: The total of ERC's for water is 5,319 and for wastewater is 1,952.

STAFF: Agree with utility.

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ISSUE 13: What are the appropriate used and useful percentages for the water plant and water distribution system?

POSITIONS

UTILITY/PPW: 100 percent. Further, the water distribution system is fully contributed; therefore, no adjustment is necessary.

OPC: The water treatment plant is 51 percent used and useful and the distribution system is 30 percent used and useful.

STAFF: The water plant is 51 percent used and useful. The water distribution system is 100 percent used and useful because it is fully contributed.

ISSUE 14: Should an adjustment be made for excessive infiltration/inflow into the wastewater collection system?

POSITIONS

UTILITY/PPW: Yes. Reduce purchased sewage treatment by \$114,400 and purchased power by \$4,802.

OPC: Yes.

STAFF: Yes. An adjustment to used and useful should be made for excess infiltration. The purchased power, purchased wastewater treatment and chemical expenses for wastewater should be reduced to reflect the excessive infiltration.

ISSUE 15: What is the appropriate used and useful percentage for the wastewater collection system?

POSITIONS

UTILITY/PPW: 100 percent. Further, the collection lines are fully contributed; therefore, no adjustment is necessary.

OPC: The wastewater collection system is 37 percent used and useful.

STAFF: The wastewater collection system is 100 percent used and useful because it is fully contributed.

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ISSUE 16: Should an adjustment be made to remove from rate base the 1,315 linear feet of 8-inch water main connecting well no. 15 and well no. 13?

POSITIONS

UTILITY: No.

PPW: No.

OPC: Yes.

STAFF: Yes, Account 331 should be reduced by \$11,500 with corresponding reductions to accumulation depreciation for \$1,463 and depreciation expense for \$101.

ISSUE 17: Should the acquisition adjustment requested by the utility be an allowed rate base component?

POSITIONS

UTILITY/PPW: Yes.

OPC: No. The acquisition adjustments requested by the utility should not be granted.

STAFF: No, acquisition adjustments should be excluded from rate base absent evidence of extraordinary circumstances.

ISSUE 18: What is the appropriate working capital amount?

POSITIONS

UTILITY/PPW: Agree with Staff.

OPC: The balance sheet approach should be used for calculating working capital. However, as the utility has not proven a need for working capital, none should be included in rate base.

STAFF: Working capital should be computed using the formula method and the amount is a fall-out number (1/8 of adjusted operation and maintenance expenses).

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ISSUE 19: Should the working capital allowance include an additional provision for deferred charges?

POSITIONS

UTILITY/PPW: Yes.

OPC: No. In the event a working capital allowance is allowed, no additional allowance should be made for deferred charges.

STAFF: No, the working capital allowance should not include an allowance for deferred debits using the formula method.

ISSUE 20: What is the test year rate base?

POSITIONS

UTILITY/PPW: Fall-out number.

OPC: This is a fall-out issue.

STAFF: Fall-out number.

COST OF CAPITAL

ISSUE 21: What is the appropriate amount of investment tax credits (ITCs) and deferred taxes to be included in the capital structure?

POSITIONS

UTILITY/PPW: \$7,576 in deferred taxes and no ITCs.

OPC: There should be an imputation of ITCs and deferred taxes from Utilities, Inc.'s parent company.

STAFF: The appropriate amount of investment tax credits is \$0 and deferred taxes is \$7,576.

ISSUE 22: What is the appropriate overall rate of return after reconciliation?

POSITIONS

UTILITY/PPW: Fall-out number.

OPC: This is a fall-out issue.

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STAFF: This is a fall-out number based on the specific identification of used and useful deferred taxes and ITCs with a pro rata reconciliation over all other sources.

NET OPERATING INCOME (NOI)

ISSUE 23: Is the requested 7 percent escalation rate reasonable?

POSITIONS

UTILITY/PPW: Yes, except purchased power.

OPC: No. The utility has not proffered any evidence to show that this is a reasonable request. Salaries and wages should be reduced by \$1,752 for both water and wastewater and associated expenses should be reduced by \$593. Besides the specific expense adjustments above, both water and wastewater expenses should be reduced by \$419.

STAFF: No, the appropriate rate is 4.12 percent, the 1991 price index adjustment rate approved by the Commission in Orders Nos. 24278, issued March 25, 1991, and 24278-A, issued May 2, 1991.

ISSUE 24: Is the utility's requested level of purchased power proper?

POSITIONS

UTILITY/PPW: Other than adjustments to reflect unaccounted for water and excessive infiltration and to remove the 7 percent escalation, the requested level of purchased power is proper.

OPC: No. Purchased power for wastewater should be reduced by \$2,404.

STAFF: This issue is already addressed in Issues 9, 14 and 23.

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ISSUE 25: Should the pro forma provision for purchased wastewater treatment be adjusted to reflect actual wastewater flows?

POSITIONS

UTILITY/PPW: Yes. Please refer to our position on Issue 13 for the appropriate adjustment.

OPC: Yes.

STAFF: Yes. The pro forma provision for purchased wastewater treatment should be reduced by \$146,946 to reflect actual average daily wastewater flows.

ISSUE 26: Should the \$3,000 purchased water expense be included for recovery?

POSITIONS

UTILITY/PPW: Yes.

OPC: No. Reduce water expenses by \$3,000.

STAFF: No.

ISSUE 27: Should the provision for materials and supplies be adjusted?

POSITIONS

UTILITY/PPW: No.

OPC: Yes. Any expenses that are found to be overstated should be removed.

STAFF: Yes, because the maintenance expense associated with "sewer rodding" is overstated.

ISSUE 28: What is the appropriate allowance for rate case expense?

POSITIONS

UTILITY/PPW: Currently projected at \$154,789.

OPC: Any necessary and prudently incurred rate case expense should be amortized over four years. This results in an annual reduction in expenses of \$3,125 for both the water and wastewater from the annual rate case expense reflected by the utility.

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STAFF: Only that amount of rate case expense reasonably and prudently incurred should be allowed. No position as to the amount at this time.

ISSUE 29: Should the amortization of the deferred charges for the infiltration study and the abandoned treatment plant be included for recovery?

POSITIONS

UTILITY/PPW: Yes.

OPC: No. Reduce wastewater operating expenses by \$13,000.

STAFF: The amortization of the deferred charges for the infiltration study and the amortization of the abandoned treatment plant should be removed.

ISSUE 30: What adjustment is necessary to depreciation expenses?

POSITIONS

UTILITY/PPW: Fall-out number.

OPC: This is a fall-out amount. Consistent with other adjustments, the water expense should be reduced by \$3,165 and wastewater expense by \$3,204.

STAFF: This is a fall-out number based on other adjustments.

ISSUE 31: What is the appropriate provision for income tax expense?

POSITIONS

UTILITY/PPW: Fall-out number.

OPC: This is a fall-out issue.

STAFF: Fall-out number.

ISSUE 32: What is the appropriate parent debt adjustment?

POSITIONS

UTILITY/PPW: Fall-out number.

OPC: The final dollar amount is subject to resolution of other issues.

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STAFF: The final dollar amount is subject to resolution of other issues.

ISSUE 33: What is the appropriate level of test year operating income?

POSITIONS

UTILITY/PPW: Fall-out number.

OPC: This is a fall-out issue.

STAFF: Fall-out number.

REVENUE REQUIREMENT

ISSUE 34: What is the appropriate revenue requirement?

POSITIONS

UTILITY/PPW: Fall-out number.

OPC: This is a fall-out issue.

STAFF: Fall-out number.

STATUTORY ADJUSTMENT

ISSUE 35: Is an adjustment necessary to comply with Section 367.0815, Florida Statutes, regarding the limitation of rate case expense?

POSITIONS

UTILITY/PPW: No. The company should be allowed to recover all prudently incurred expenses.

OPC: Yes.

STAFF: Yes, an adjustment may be necessary; however, no adjustment should be made if it will cause the utility's return on equity to drop below its authorized range.

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RATES AND CHARGES

ISSUE 36: Should the rates be designed utilizing the base facility charge rate design?

POSITIONS

UTILITY/PPW: Yes.

OPC: No position, pending customer testimony.

STAFF: Yes.

ISSUE 37: Should the proposed wastewater gallonage cap be reduced?

POSITIONS

UTILITY/PPW: No.

OPC: No position, pending customer testimony.

STAFF: Yes, the proposed cap should be reduced from 10,000 gallons to 6,000 gallons.

ISSUE 38: Should the Utility's requested change in its billing cycle from monthly to bi-monthly be approved?

POSITIONS

UTILITY/PPW: Yes.

OPC: No position, pending customer testimony.

STAFF: Yes.

ISSUE 39: Should the utility's requested service availability policy and charges be approved?

POSITIONS

UTILITY/PPW: Yes.

OPC: No position.

STAFF: The utility's service availability policy should be approved. Service availability charges should not be approved at this time because there is no expected growth.

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ISSUE 40: Is any refund of interim water or temporary wastewater rates approved in Orders Nos. 24962, issued August 22, 1991, and 24277, issued March 25, 1991, required?

POSITIONS

UTILITY/PPW: No.

OPC: Any excess revenues collected should be refunded.

STAFF: The utility should be required to refund any excess revenues.

ISSUE 41: What are the appropriate water and wastewater rates?

POSITIONS

UTILITY/PPW: Fall-out number.

OPC: Fall-out number.

STAFF: Fall-out number.

ISSUE 42: What is the appropriate amount of rate reduction in four years as required by Section 367.0816, Florida Statutes?

POSITIONS

UTILITY/PPW: Utilities, Inc. recognizes that such a rate reduction is called for under the statute.

OPC: Fall-out number.

STAFF: Fall-out number.

ISSUE 43: Should the AFUDC requested by the utility be approved?

POSITIONS

UTILITY/PPW: Yes. Subject to any adjustment to capital structure, AFUDC should be 10.62 percent.

OPC: No position.

STAFF: No.

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OTHER ISSUES

ISSUE 44: Are the utility's books and records in compliance with the Commission's Rules and Regulations?

POSITIONS

UTILITY/PPW: They are in substantial compliance.

OPC: Based on the evidence, it appears that the utility is not complying with Commission Rules and Regulations.

STAFF: No, the utility should be required to comply with the Uniform System of Accounts - Accounting Instruction 4, which states that each utility shall keep its books on a monthly basis.

VI. Proposed Stipulations

1. The appropriate rate of return on equity should be determined based on the leverage formula that is in effect at the time of the agenda conference.
2. The appropriate equity balance prior to reconciliation to rate base is \$1,184,042.
3. Advances From Parent Company is a capital structure item, and its cost rate is 9.86 percent?
4. The billing analyses should be adjusted to reflect the actual classes of customers. (OPC took no position on this issue.)
5. The utility's proposed miscellaneous service charges should be approved. (OPC took no position on this issue.)
6. The approved rates will be effective for meter readings on or after thirty days from the stamped approval date of 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 that the proposed customer notice is adequate. (OPC took no position on this issue.)

VII. Rulings

1. OPC's request to call witnesses not previously identified in their prehearing statement was denied.

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VIII. Exhibits

<u>Witness</u>	<u>Proffered By</u>	<u>I. D. No.</u>	<u>Description</u>
<u>Direct</u>			
Rasmussen	Utility	DWR-1 Composite	Florida Department of Environmental Regulation (FDER) report regarding its September 11, 1990 plant inspection
		DWR-2 Composite	FDER Notice of Violation and Orders for Correction Action (OGC Case No. 88-1099)
		DWR-3 Composite	Consent Order (OGC Case No. 88-1099)
Cuddie	Utility	PMC-1* Composite	Commission Form PSC/WAS 18, entitled "Financial, Rate and Engineering Minimum Filing Requirements - C l a s s C Utilities", as filed with the Commission June 6, 1991
		PMC-2 Composite	Billing Analysis (Schedule E-6/separately bound), as filed with the Commission on June 6, 1991

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<u>Witness</u>	<u>Proffered By</u>	<u>I. D. No.</u>	<u>Description</u>
<u>Direct</u>			
Cuddie	Utility	PMC-3* Composite	detailed maps and related blueprints and an aerial survey of the service area, in compliance with Rule 25-30.440(1), Florida Administrative Code, as filed with the Commission on April 19, 1991
		PMC-4* Composite	detailed drawings of the water distribution and sewer collection systems in the Arborwood system, as filed with the Commission on June 6, 1991
		PMC-5* Composite	Additional Engineering Information, in compliance with Rule 25-30.440(2) through (10), Florida Administrative Code, (Additional Schedules 1 through 9), as filed with the Commission on June 6, 1991

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<u>Witness</u>	<u>Proffered By</u>	<u>I. D. No.</u>	<u>Description</u>
<u>Direct</u>			
Cuddie	Utility	PMC-6* Composite	Monthly operating reports: (Additional Schedules 3 and 3A, and separate folder marked Monthly Operating Reports), as filed with the Commission on June 6, 1991
		PMC-7* Composite	Engineering Information required in an application for rate increase by a utility seeking to recover the cost of investment for plant construction required by governmental authority, pursuant to Rule 25-30.441, Florida Administrative Code (Additional Schedules 10 through 12: see also the second <u>Note</u> on the sheet preceding Schedules 1 through 14), as filed with the Commission on June 6, 1991

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<u>Witness</u>	<u>Proffered By</u>	<u>I. D. No.</u>	<u>Description</u>
<u>Direct</u>			
Cuddie	Utility	PMC-8 Composite	Interim rates statement of income and expense, proposed rates and revenues and capital structure (MFR Schedules G-2, G-3, and G-4; see also MFR Schedules A-1, A-2 and D-2), as filed with the Commission on June 6, 1991
		PMC-9 Composite	Schedule of the basis of projections (MFR Schedule G-1), as filed with the Commission on June 6, 1991
		PMC-10* Composite	Supporting information for the proposed service availability charges pursuant to Rule 25-30.564(4), Florida Administrative Code (Additional Schedules 5, 5A, 5B, 5C, 6, 6A, 10, 11, 12, 13 and 14; see also MFR Schedules D-2, E-4, F-3 and F-4 and applicable <u>Notes</u> on the sheet preceding Additional Schedules 1 through 14), as filed with the Commission on June 6, 1991

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<u>Witness</u>	<u>Proffered By</u>	<u>I. D. No.</u>	<u>Description</u>
<u>Direct</u>			
Cuddie	Utility	PMC-11 Composite	The Water Utility Asset Purchase Agreement and the Sewer Utility Asset Purchase Agreement, filed with the Commission as Schedule 23 in the April 19, 1991 filing
		PMC-12 Composite	Proposed Tariff Sheets 17B, 17.3A, 17.5, 17.5A, 18.3A, 20.3, 24.0 and 24.1, as filed with the Commission on June 6, 1991
		PMC-13 Composite	Attachments consisting of Financial Schedules 1 through 12
		PMC-14	Schedule A detail Net Book Value
		PMC-15	Schedule B invoices for infiltration studies
		PMC-16	Schedule C document of abandonment close out costs
		PMC-17	Schedule D analyses of actual sewage flow and purchased sewage treatment costs

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<u>Witness</u>	<u>Proffered By</u>	<u>I. D. No.</u>	<u>Description</u>
<u>Direct</u>			
Cuddie	Utility	PMC-18	Schedule E calculation of electric expense for master lift station
		PMC-19	Schedule F summary of unaccounted for water adjustment to purchased power and chemical expense
		PMC-20	Schedule G summary of salaries
Exhibits identified with an "" will be sponsored by both Cuddie and Rasmussen. PMC 1 through 12 are the MFRs.			
De Meza	OPC	HDM-1	Schedule 1 Water Treatment Plant Used and Useful
		HDM-2	Schedule 2 Water Distribution System Used and Useful
		HDM-3	Schedule 3 Sewage Collection Plant Used and Useful
		HDM-4	Schedule 4 Sewage Lift Station Used and Useful
Effron	OPC	DJE-1	Schedule A Revenue deficiency
		DJE-2	Schedule B Rate Base
		DJE-3	Schedule B-1 Plant in Service Adjustments
		DJE-4	Schedule B-2 Depreciation Reserve Adjustments

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<u>Witness</u>	<u>Proffered By</u>	<u>I. D. No.</u>	<u>Description</u>		
<u>Direct</u>					
Effron	OPC	DJE-5	Schedule C Operating Income		
		DJE-6	Schedule C-1 Operating and Maintenance Expense		
		DJE-7	Schedule C-1.1 Sewer Treatment Expense		
		DJE-8	Schedule C-1.2 Unaccounted for Water		
		DJE-9	Schedule C-2 Depreciation Expense		
		DJE-10	Schedule C-3 Taxes Other Than Income Taxes		
		DJE-11	Schedule C-4 Income Taxes		
		DJE-12	Schedule D Cost of Capital		
		Maurey	Staff	ALM-1	Distribution of Interest Expense
				ALM-2	Moody's 1/28/91
				ALM-3	Bond Yield Averages
				ALM-4	Moody's 9/16/91
<u>Rebuttal</u>					
Seidman	Utility	FS-1	Calculation of allowable volume of unaccounted for water		

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<u>Witness</u>	<u>Proffered By</u>	<u>I. D. No.</u>	<u>Description</u>
<u>Rebuttal</u>			
Seidman	Utility	FS-2	Calculation of peak demand requirements and ERCs for the water supply and treatment facility
		FS-3	Calculation of used and useful factor for water and wastewater lines
		FS-4	Calculation of allowable infiltration
		FS-5	Calculation of wastewater ERCs for treatment

Parties and Staff reserve the right to identify exhibits for the purpose of cross-examination.

Based upon the foregoing, it is

ORDERED by Commissioner J. Terry Deason, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings unless modified by the Commission.

By ORDER of Commissioner J. Terry Deason, as Prehearing Officer, this 25th day of OCTOBER, 1991.


 J. TERRY DEASON, Commissioner
 and Prehearing Officer

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.