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June 25, 1991

**ORIGINAL
FILE COPY**

Hand Delivery

Mr. Steve Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0850

RE: Complaint and petition of Sandy Creek Airpark, Inc., against
SANDY CREEK UTILITIES, INC., regarding provision of water
and sewer service in Bay County.
Docket No. 910111-WS

Dear Mr. Tribble:

Enclosed for filing please find an original and fifteen (15)
copies of the following:

1. Prefiled Rebuttal Testimony of Deborah D. Swain; and
2. Certificate of Service indicating that copies of the
above have been served upon the parties of record.

Please acknowledge receipt of the foregoing by stamping the
enclosed extra copy of this letter and returning same to my
attention. Thank you for your assistance.

ACK
AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG
LIN *2x orig*
OPC _____
RCH _____
SEC
WAS
OIR _____

Very truly yours,

Wayne L. Schiefelbein

Wayne L. Schiefelbein

WLS/bp

Enclosures

RECEIVED & FILED
TB
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

06388 JUN 25 1991

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION


IN RE: Complaint and petition of
Sandy Creek Airpark, Inc., against
SANDY CREEK UTILITIES, INC., regarding
provision of water and sewer service
in Bay County.

DOCKET NO. 910111-WS

FILED: June 25, 1991

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the
Prefiled Rebuttal Testimony of Deborah D. Swain has been
furnished by regular U.S. Mail to F. MARSHALL DETERDING, ESQ.,
Rose, Sundstrom & Bentley, 2548 Blairstone Pines Drive,
Tallahassee, Florida 32301; and by hand delivery to MATTHEW J.
FEIL, ESQ., Division of Legal Services, Florida Public Service
Commission, 101 East Gaines Street, Tallahassee, Florida
32399-0863, on this 25th day of June, 1991.



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Attorneys for Sandy Creek
Utilities, Inc.

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
COMPLAINT OF SANDY CREEK AIRPARK, INC.,
AGAINST
SANDY CREEK UTILITIES, INC.
BAY COUNTY, FLORIDA

DOCKET NO. 910111-WS

Prefiled Rebuttal Testimony of
Deborah D. Swain

Exhibit No. _____

DOCUMENT NUMBER-DATE

06388 JUN 25 1991

FPSC-RECORDS/REPORTING

1 Q. Ms. Swain, have you examined the prefiled testimony
2 and exhibits of Mr. Greg Delavan, the complainant in
3 this docket?

4 A. Yes.

5 Q. Is there anything in that testimony for which you are
6 able to present rebuttal testimony at this time?

7 A. Yes, within the scope of my assignment, I find
8 several major issues which require rebuttal. My
9 rebuttal testimony at this time will address Sandy
10 Creek Utilities, Inc., ("the Utility") policy and
11 Florida Public Service Commission rules and
12 regulations as they pertain to developer agreements,
13 and service availability policies and developers
14 agreements in general.

15 Q. Ms. Swain, will you please characterize the Utility's
16 policy regarding connecting customers who are not in
17 its certificated territory?

18 A. Until the end of 1990, customers whose lots were
19 adjacent to the Utility's water and wastewater lines
20 were connected upon request. However, during the
21 pendency of the Utility's staff assisted rate case,
22 Docket 900505-WS, the FPSC staff advised the Utility
23 that it was providing service outside of its
24 certificated territory. Further, the FPSC staff
25 advised the Utility that it must file an application

1 to amend its certificate to include those customers.
2 The Utility filed this application on March 1, 1991.
3 Pending resolution of the issues of service
4 availability and the territory which the Utility is
5 authorized to serve, the Utility determined it was
6 not prudent to accept additional requests for service
7 outside of its certificated area.

8 Q. Is it the Company's policy to extend lines on a lot-
9 by-lot basis, as characterized by Mr. Delavan.

10 A. No, of course not. The Utility has filed two
11 applications regarding its certificate. It filed an
12 application for an original certificate, to include
13 an area of approximately 100 lots. In 1991, it filed
14 an application to amend its certificate to include an
15 additional approximately 60 lots. The next
16 application will include all those lots adjacent to
17 lines installed and owned by the Utility.

18 This history of filing two applications to include
19 all lots it is presently serving certainly cannot be
20 properly characterized as lot-by-lot.

21 Q. Ms. Swain, would you describe the Utility's service
22 availability policy?

23 A. With regard to individual requests for service, the
24 Utility has only provided service to those customers
25 who are adjacent to existing water and wastewater

1 lines, and has required payment of the rates and
2 charges in its approved tariff from each individual.

3 Q. What is the policy regarding requests for service
4 requiring a reservation of capacity, and connecting
5 facilities designed and constructed by an outside
6 party?

7 A. The Utility has stated its policy clearly in the list
8 of conditions given to the FPSC staff, Mr. Delavan,
9 and Mr. Deterding on March 21, 1991, titled
10 "Attachment A" in my prefiled direct testimony.

11 Q. Ms. Swain, is the Utility willing to provide service
12 to the Airpark?

13 A. Yes, it is. But only if the Airpark first complies
14 with the list of conditions.

15 Q. Is the Utility prohibited or limited by some
16 authority or regulation from imposing those
17 conditions?

18 A. No, it is not. Even under the FPSC Rules (Chapter
19 25-30.540(3)(a), F.A.C., which pertains only to those
20 requests for service within the Utility's
21 certificated territory), a Utility is entitled to
22 recover certain administrative costs and its approved
23 rates and charges. It does not establish limits as
24 to the timing of the collection of its service
25 availability charges.

- 1 Q. Ms. Swain, has the Airpark indicated that it is
2 willing to first meet the conditions the Utility has
3 established?
- 4 A. No. On the contrary, the Mr. Delavan has made it
5 very clear that he wants service to the Airpark and
6 is unwilling to pay for it. Mr. Delavan has stated
7 that he will not pay the plant capacity fees for the
8 entire area for which he requires the Utility to make
9 a commitment to provide service.
- 10 Q. Do you have any personal experience with negotiating
11 developers agreements?
- 12 A. Yes, I have. While Vice President and Controller of
13 the utility subsidiaries of the Deltona Corporation,
14 I worked closely with our legal counsel writing
15 developer agreements. In fact, I personally
16 established the policies incorporated in those
17 contracts with regard to the payment of service
18 availability fees.
- 19 Q. Did those contracts require the payment of plant
20 capacity fees at the time of the execution of the
21 contract?
- 22 A. Yes, they did. Of over 25 contracts entered into
23 from 1984 to 1989, every one of them required the
24 payment of plant capacity fees at the time the
25 agreement was executed. In fact, the new management

1 of those utilities continues to require those fees to
2 be paid in the same manner. My experience has been
3 that this practice is common and acceptable. In my
4 opinion, it would be imprudent for any utility to
5 commit the capacity of its plant without first
6 obtaining the service availability fees approved in
7 its tariff.

8 Q. If the Utility was required by this Commission to
9 extend its territory to include the Airpark, would
10 the Utility be precluded from requiring the
11 conditions already discussed?

12 A. Absolutely not. There is no legal restriction from
13 requiring those conditions, and the Utility would
14 continue to require they be met.

15 Q. Ms. Swain, would there be an additional investment
16 required to provide service to the Airpark?

17 A. Yes, there would. Although not immediately required,
18 it cannot be ignored. The Utility has just completed
19 construction of a 75,000 gpd wastewater treatment
20 plant, which has the capacity to provide service only
21 to the certificated area. If the 44 lots in the
22 Airpark are connected, then there will not be
23 adequate capacity to provide service to the last 44
24 lots in the certificated area. That of course means
25 that before its own territory is fully built out, an

1 additional expansion must be made, for those last 44
2 lots.

3 Q. Is the Utility financially able to make that
4 investment?

5 A. No, it is not. The Utility has historically
6 experienced substantial losses, and on its own cannot
7 obtain financing from outside sources. It would be
8 dependent upon stockholder subsidization for
9 additional financing, which is simply not available.

10 Q. Ms. Swain, does this conclude your rebuttal testimony
11 at this time.

12 A. Yes, it does.

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