

State of Florida

Commissioners:  
THOMAS M. BEARD, CHAIRMAN  
BETTY EASLEY  
J. TERRY DEASON  
~~SUSAN E. CLARK~~  
LUIS J. LAUREDO



DIVISION OF WATER &  
WASTEWATER  
CHARLES HILL  
DIRECTOR  
(904) 488-8482

Public Service Commission

ORIGINAL  
FILE COPY

May 29, 1992

Mr. Kenneth A. Hoffman  
Messer, Vickers, Caparello, Madsen,  
Lewis, Goldman & Metz, P.A.  
P.O. Box 1876  
Tallahassee, Florida 32302-1876

RE: Docket No. 920199-WS, Application of Southern States Utilities, Inc. and  
Deltona Utilities, Inc. for increased water and wastewater rates. Amended  
minimum filing requirement deficiency letter.

Dear Mr. Hoffman:

We are with this letter supplementing our deficiency letter dated May 21, 1992.  
Three deficiencies not reported to you with our previous deficiency letter have been found.  
The additional deficiencies are identified below:

- ACK \_\_\_\_\_ 1. Schedule B-9, Analysis of test year contractual services. The company's analysis was based on 2% of required revenues not test year revenues as the MFRs require. The company must also indicate for each system whether the 2% threshold was exceeded. Further, the detail provided in Volume I regarding the benchmark is not satisfactory. The instructions require, for those amounts exceeding 2% of test year revenues, that specific detail by type of service, separated by system and method of allocation must be provided.
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_ 2. Schedule B-10, Analysis of Rate Case Expense. The company did not provide a breakdown of consultants by individuals assisting in the preparation and processing of this application and the number of hours estimated to complete the case. An hourly rate range per consultant is not acceptable.
- LEG \_\_\_\_\_
- LN \_\_\_\_\_
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_ 3. Income Tax Expense Schedules C-1, C-2, C-3 and C-5. These schedules reflect the total company numbers only. These amounts are also required to be reflected on a per system basis and between water and wastewater.
- SEC 1 \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_ We would also like to bring the following to your attention which we believe may be a typographical error, but is not a deficiency. It concerns Schedule C-9, which lists parent debt information. The footnotes on the bottom do not agree. Page 1 of 2 states that the

46  
COUNCIL MEMBER-DAT

05557 MAY 29 1992

PSC-RECORDS/REPORTING

Mr. Kenneth A. Hoffman

May 29, 1992

Page Two

information is based on December 31, 1991 actual. Page 2 of 2 states that the information is based on the projected balance as of December 31, 1991.

Please be advised that your petition will not be deemed filed until we have received the above mentioned information. This information along with the information required by our prior letter should be submitted no later than June 17, 1992.

Sincerely,



Charles H. Hill  
Director

cc: Division of Records and Reporting  
Division of Legal Services (Feil, Bedell, Summerlin)  
Division of Water and Wastewater (Willis, Merchant, Crouch, Messer)

LAW OFFICES

MESSER, VICKERS, CAPARELLO, MADSEN, LEWIS, GOLDMAN & METZ  
A PROFESSIONAL ASSOCIATION

ORIGINAL  
FILE COPY

SUITE 701, FIRST FLORIDA BANK BUILDING  
215 SOUTH MONROE STREET  
POST OFFICE BOX 1876

TALLAHASSEE, FLORIDA 32302-1876

TELEPHONE (904) 222-0720

TELECOPIER (904) 224-4359

SUITE 900

2000 PALM BEACH LAKES BOULEVARD  
WEST PALM BEACH, FLORIDA 33409

TELEPHONE (407) 640-0820

TELECOPIER (407) 640-8202

Tallahassee

REPLY TO:

June 1, 1992

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

HAND DELIVERY

ORIGINAL  
FILE COPY

Re: Docket No. 920199-WS

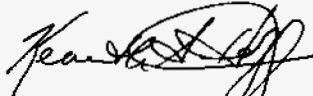
Dear Mr. Tribble:

Enclosed herewith for filing in the above-referenced docket are the original and fifteen copies of a letter dated June 1, 1992 from Kenneth A. Hoffman, counsel for Southern States Utilities, Inc. and Deltona Utilities, Inc. to Charles H. Hill, Director of the Commission's Division of Water and Wastewater.

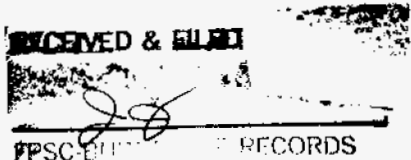
Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely yours,

  
Kenneth A. Hoffman

- ACK   /
- APA   /
- APP
- CAF
- CMU
- CTR        KAH/rl
- EAG        Enclosures
- LEG   /
- LIN   4
- OFC
- RCH
- SEC   1
- WAS   reg
- OTH



DOCUMENT NUMBER-DATE  
05595 JUN -1 1992  
FPSC-RECORDS/REG DIV

LAW OFFICES

MESSER, VICKERS, CAPARELLO, MADSEN, LEWIS, GOLDMAN & METZ  
A PROFESSIONAL ASSOCIATION

SUITE 701, FIRST FLORIDA BANK BUILDING  
215 SOUTH MONROE STREET  
POST OFFICE BOX 1876  
TALLAHASSEE, FLORIDA 32302-1876  
TELEPHONE (904) 222-0720  
TELECOPIER (904) 224-4359

SUITE 900  
2000 PALM BEACH LAKES BOULEVARD  
WEST PALM BEACH, FLORIDA 33409  
TELEPHONE (407) 640-0820  
TELECOPIER (407) 640-8202

**Tallahassee**

REPLY TO:

June 1, 1992

Mr. Charles H. Hill  
Director, Division of Water and Wastewater  
Florida Public Service Commission  
Fletcher Building  
101 East Gaines Street  
Tallahassee, Florida 32399-0870

**HAND DELIVERY**

Re: Docket No. 920199-WS; Application of Southern States Utilities, Inc. and Deltona Utilities, Inc. for increased water and wastewater rates. Original minimum filing requirement deficiency letter.

Dear Mr. Hill:

Pursuant to Rule 25-30.437(5), F.A.C., you serve as the Commission's designee for purposes of determining whether an applicant for a rate increase has met the minimum filing requirements imposed by Commission rules. We are in receipt of your original deficiency letter dated May 21, 1992 and your amended deficiency letter dated May 29, 1992. Pursuant to the amended deficiency letter, Southern States Utilities, Inc. and Deltona Utilities, Inc. (hereinafter referred to collectively as the "Applicant") has until June 17, 1992 to provide the information requested in the original and amended deficiency letters.

The purpose of this letter is to request that you issue a letter withdrawing Item No. 1 of the original deficiency letter on the grounds that (1) Item No. 1 does not constitute a deficiency, (2) this Applicant and other applicants have consistently used the growth in average ERCs rather than the number of customers to derive operations and maintenance ("O&M") expense levels for comparison to the Commission's O&M benchmark guidelines and this methodology has consistently been accepted by the Commission, (3) the use of average ERCs provides a more meaningful comparison of growth of a utility's system and resulting O&M expenses than the growth in the number of customers, and (4) the recalculation of O&M

DOCUMENT NUMBER-DATE

05595 JUN -1 1992

F-PSC-RECORDS/REPORT...

48

Mr. Charles H. Hill  
Page 2  
June 1, 1992

expenses and the production of numerous revised schedules based on the growth in customers would impose an excessive economic burden upon the Applicant.

Item No. 1 of the original deficiency letter states as follows:

1. Volume I, Book 3 of 4, Volume II, Books 1 through 6 of 11 and Volume III, Books 1 through 3 of 6, Schedule B-7. The calculations have been made using Average Equivalent Residential Connections. The minimum filing requirements require the calculations to be made using customers, not Equivalent Residential Connections.

As summarized above, the Applicant requests that you issue a letter withdrawing Item No. 1 of the original deficiency letter for the following reasons:

1. To Applicant's best information and knowledge, the use of average ERCs to derive O&M expenses and benchmark comparisons complies with the Commission's minimum filing requirements, and consequently, has been consistently accepted by the Commission in the past. Indeed, this methodology has been used by the Applicant and other applicants in prior rate cases and has been consistently accepted by the Commission. Applicant had no notice or reason to believe that the use of average ERCs would be deemed a deficiency in the MFRs by Staff. Applicant has expended significant time and resources in producing the B-7 schedules included in the MFRs which are based on average ERCs and has justifiably relied on Commission policy that such methodology is acceptable.

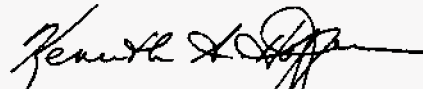
2. Further, the use of average ERCs to gauge the growth in O&M expenses and compare O&M expense levels to the Commission's O&M expense guidelines has been properly accepted in the past as it provides a more meaningful test than the use of growth in customers. The capacity burden placed on a utility system and the resulting O&M expenses are a function of the number of ERCs -- not customers. For example, when a utility provides water and wastewater service to a multi-family unit such as a 200 unit condominium, the burden placed on the system and attendant O&M expenses are in fact affected by the obligation to provide service to 200 ERCs -- not one customer. In this example, analysis of O&M expense levels and comparison to Commission guidelines using growth of one customer rather than the actual burden placed on the system -- growth of 200 ERCs -- ignores reality and should be rejected.

Mr. Charles H. Hill  
Page 3  
June 1, 1992

3. Finally, and particularly in light of the volume of this Application (127 systems), we must stress that to go back through the Applicant's records and derive the number of customers for each system in prior test years and to recalculate numerous schedules in the MFRs will impose an enormous and unjustified burden upon the Applicant. As you are aware, apart from the significant expenditure of time and resources necessary to maintain its proven quality of service, Applicant is currently in the midst of preparing and processing three rate cases -- the instant case, the Lehigh Utilities case, and a case to be filed later this year for the Marco Island systems. Applicant's time, personnel and resources are stressed to the maximum level in order to meet its ongoing operational requirements and rate case obligations. In light of the foregoing, to require Applicant to devote significant amounts of time, personnel and resources to produce revised B-7 schedules would impose an excessive economic burden upon the Applicant and is simply not justified.

We appreciate your consideration of our request and ask that you render your determination as expeditiously as possible.

Respectfully submitted,

  
Kenneth A. Hoffman

KAH/rl

cc: Brian P. Armstrong, Esq.  
Matthew J. Feil, Esq.  
Harold McLean, Esq.