

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

REPLY TO: Tallahassee

June 5, 1992

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

HAND DELIVERED

**ORIGINAL
FILE COPY**

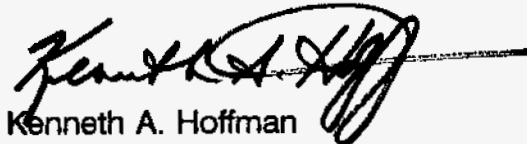
Re: FPSC Docket No. 920199-WS

Dear Mr. Tribble:

Enclosed for filing are an original and fifteen copies of a letter to Mr. Charles H. Hill, Director, Division of Water and Wastewater in the above-referenced docket. Please date stamp the extra copy of this letter enclosed to indicate this filing and return the copy to me.

Thank you for your assistance in the processing of this filing, and please call if there are any questions or further requirements.


Sincerely,


Kenneth A. Hoffman

ACK _____
AFA 3
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG 1
LIN 4
OPC _____
RCH KAH:sb
SEC 1
WAS Enclosures
OTH cc. _____

Parties of Record
Brian P. Armstrong, Esq.

RECEIVED & FILED


FPSC BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

05858 JUN-5 1992

FPSC-RECORDS/REPORTING

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REPLY TO: Tallahassee

June 5, 1992

BY HAND DELIVERY

Mr. Charles H. Hill
Director, Division of Water and Wastewater
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0850

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 dated May 29, 1992.

Dear Mr. Hill:

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

The purpose of this letter is to request that you issue a letter withdrawing Item No. 3 of the May 29 deficiency letter on the following grounds. First, Item No. 3 does not constitute a deficiency, but rather represents a disagreement with Applicant's chosen, and heretofore approved, methodology for calculating income tax expenses. Applicant submits that the MFR review process is not intended to be a forum for litigating disputed methodologies identified by parties to a proceeding. The Commission's rules do not contemplate multi-system filings and thus fail to "require" any particular method of calculating income tax expenses for multi-system utilities.

60

DOCUMENT NUMBER-DATE

05858 JUN -5 1992

FPSC-RECORDS/REPORTING

Mr. Charles H. Hill
June 5, 1992
Page 2

Second, as Applicant has previously informed the Commission, Applicant does not compute taxes on a system-by-system, water/wastewater basis. This Applicant and other applicants have consistently provided, and the Commission has accepted for ratemaking purposes, computations of income tax expense on a system-by-system basis using statutory tax rates. Appendix A, attached hereto, identifies a number of cases in which this methodology was used and accepted.

Third, as Commission Staff has recognized in the past, the presentation of income tax expenses by a multi-system utility on a system by system basis broken down by water and wastewater categories is virtually impossible to accomplish for ratemaking purposes due to the impact of tax timing differences, used and useful applications and other circumstances. In addition, due to the existence of such pending issues as used and useful utility plant and the recognition of tax timing differences, the end result of 127 such computations would be meaningless in this case.

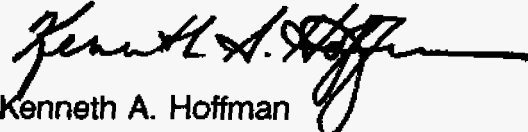
Finally, and particularly in light of the volume of this application (127 systems), we must re-emphasize that to go back through Applicant's records and derive the necessary information to recalculate tax expenses in the manner indicated, for each system, and to then recalculate the numerous schedules in the MFRs affected by this recalculation 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 services, 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 C schedules and all of the other affected schedules would impose an excessive economic burden upon the Applicant and is simply not justified.

Applicant requests that if Staff continues to believe that Applicant's methodology is incorrect, the question of whether such methodology is appropriate can be identified as an issue in this case. However, the withdrawal of the alleged deficiency appears justified for the reasons expressed in this letter. In the alternative, for the reasons stated in this letter, Applicant requests that the Commission consider this letter a request for waiver of any applicable Commission rules or policies.

Mr. Charles H. Hill
June 5, 1992
Page 3

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

Respectfully submitted,



Kenneth A. Hoffman
Counsel for Southern States
Utilities, Inc. and
Deltona Utilities, Inc.

KAH:sb\hill.kah

Enclosures

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

APPENDIX A

<u>DOCKETS</u>	<u>DESCRIPTION</u>	<u>ORDER</u>	<u>DATE</u>
	<u>MOST RECENT RATE CASE DOCKET & ORDER HISTORY</u>		
880520-WS	MARION COUNTY RATE CASE FINAL ORDER ESTABLISHING RATES	21322	06-05-89
900329-WS	34 SYSTEMS RATE CASE MFRS ACCEPTED BY LETTER OF OCTOBER 16, 1990		
890868-WS	SEMINOLE COUNTY RATE CASE FINAL ORDER SETTING RATES AND CHARGES	23511	09-18-90
890951-WS	DUVAL COUNTY RATE CASE NOTICE OF PAA, ORDER ESTAB- LISHING INCREASED RATES AND CHARGES	22871	04-30-90
890951-WS	AMENDATORY ORDER - DUVAL CO.	22871-A	05-14-90
890951-WS	AMENDATORY ORDER - DUVAL CO.	22871-B	10-01-90
890951-WS	DUVAL COUNTY RATE CASE ORDER DISMISSING PETITION, ON AND REVIVING AND CONSUMMATING PROVISIONS OF PAA ORDER NO. 22871	23419	08-29-90