

Cypress & Oak Villages Association, Inc.

91 CYPRESS BOULEVARD WEST • SUGARMILL WOODS • HOMOSASSA, FLORIDA 32646

September 28, 1992

Mr. Steve C. Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: In re: Application for a Rate Increase in Citrus, Nassau, Seminole, Osceola, Duval, Putnam, Charlotte, Lee, Lake, Orange, Marion, Volusia, Martin, Clay, Brevard, Highlands, Collier, Pasco, Hernando, and Washington Counties by Southern States Utilities, Inc. and Deltona Utilities Inc. Docket No. 920199-WS

Dear Mr. Tribble:

Enclosed is the original and 16 copies of the Testimony of Harry C. Jones to be filed on behalf of Cypress and Oak Villages Association (COVA) in the above referenced docket.

If you have any questions, please let me know.

Sincerely,

Harry C. Jones
Harry C. Jones
President

ACK _____
AFA 3
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEA ~~01/02/01~~
LIN orig 1/4
OPD _____
RCH _____
SEC 1
WAS 2
OTH _____

DOCUMENT NUMBER-DATE

11440 OCT -1 1992

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Southern)
States Utilities, Inc. and Deltona)
Utilities, Inc. for Increased)
Water and Wastewater Rates in)
Citrus, Nassau, Seminole, Osceola,)
Duval, Putnam, Charlotte, Lee,)
Lake, Orange, Marion, Volusia)
Martin, Clay, Brevard, Highlands,)
Collier, Pasco, Hernando, and)
Washington Counties.)

Docket No. 920199-WS
Filed: October 5, 1992

DIRECT TESTIMONY

OF

HARRY C. JONES

CYPRESS AND OAK VILLAGES ASSOCIATION

AT

SUGARMILL WOODS

IN

CITRUS COUNTY

DOCUMENT NUMBER-DATE
11440 OCT-1 1992
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DIRECT TESTIMONY OF HARRY C. JONES

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Q Would you please state your name and address.

A My name is Harry C. Jones and I reside at 3 Shumard Court South, Homosassa, Florida 34446.

Q What are your qualifications for testifying in this rate case for the Southern States Utilities customers in Sugarmill Woods?

A I am president of the Cypress and Oak Villages Association in Sugarmill Woods. COVA is a volunteer civic association representing all the homeowners. I am a retired professional engineer, licensed in the state of Florida. I have been a resident of Sugarmill Woods for approximately nine years and was involved in most of the prior rate cases at Sugarmill Woods. I am a graduate of General Motors Institute and spent the last twenty years prior to my retirement as owner of an engineering company in New Jersey where I was also licensed. I was president of several civic associations in New Jersey and was co-founder and later president of the Fluid Power Distributors Association, an international group. I was Vice President of the New Jersey Cooperative Education Consortium, a member of the White House Conference on Small Business, and a consultant to Governors Byrne and Kean on small business in New Jersey. I was also Southern Regional Coordinator for the Fluid Power Educational Foundation after my retirement.

Q What is the purpose of your testimony?

1 A My testimony in this case on behalf of the Cypress and Oak
2 Villages Association (COVA) serves several purposes.
3 First, to point out to the Commission that consumers need to
4 receive timely notice when a utility files a rate request. As we
5 indicated in our request for intervention it is almost impossible
6 for a consumer group with all volunteer members to collect enough
7 data to form intelligent questions.
8 Second, to show that by providing inaccurate information to the
9 newspapers our residents were led to believe that their utility
10 bills would not increase materially. We finally corrected this in
11 our late September newsletter.
12 Third, to get Southern States Utilities (SSU) to change their
13 usage from meter sizes to residential units to determine ERC's.
14 Previous Public Service Commission decisions used residential
15 units.
16 Fourth, to show that SSU is using incorrect data to determine
17 used and useful percentages. The 1990 rate decision, Docket No.
18 900329 is based on lower used and useful. Since that decision
19 three new wells have been added and growth has averaged only 6%.
20 Obviously the used and useful percentage requested by SSU is too
21 high. The water distribution used and useful calculates to be
22 22%. SSU uses 50%. The water plant used and useful calculates to
23 be 73%. SSU uses 100%. The sewer collection used and useful
24 calculates to be 21%. SSU uses 49%. All the above percentages
25 include margin reserve. Refer to HCJ Exhibit 1.
26

1 Fifth that there is no justification for raising our sewer cap
2 above 6000 gallons. Prior rate cases and history prove this
3 figure to be correct.

4 Sixth, that SSU is incorrect to base sewer charges on meter
5 sizes. It should be a flat rate.

6 Seventh, that SSU overstated the fire protection reserve of 2500
7 GPM. It should be 1500 GPM. Refer to HCJ exhibits 2 & 3

8 Eighth, that the rate case expense of \$412,253 for customer
9 notification is exorbitant. With less than 100,000 customers
10 this exceeds \$4 per customer.

11 Ninth, that the three new wells did not go on stream until April
12 1992 but their total cost was included in the 1991 test year.

13 Tenth, that a substantial increase in real estate taxes in 1990
14 and 1991 in Citrus County went unchallenged by the utility. The
15 concept that such pass through items are meaningless creates a
16 real doubt that SSU is attempting to hold down costs.

17 Eleventh, in the last rate case we proved that Sugarmill Woods is
18 unique in its requirement that all residents make substantial
19 payments to the utility called contribution in aid of
20 construction(CIAC).This makes it totally unfair for our residents
21 to be lumped together with other utility customers who are not
22 required to make similar payments when establishing water and
23 sewer rates. These contributions have paid for the water
24 distribution lines, the wastewater collection lines and the sewer
25 plant. There is in place in Sugarmill Woods a complete system to
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2 cover all existing residents plus substantial excess capacity to
3 cover our growth currently at 6% per year for many, many years.

4 Q Do you have any additional testimony to offer?

5 A No

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WATER--ERC and USED & USEFUL CORRECTIONSDISTRIBUTION:

SSU has used connected ERC's based on the meter size concept which for the 1991 test year per Schedule F-9 gives a very high average of 4,291 ERC's as compared to 1707 ERC's in the 1989 test year for the 1990 rate case, Docket No. 900329-WS. That rate case used a single family residential connection as equalling one ERC--this is in accordance with the 1985 Twin County Utility rate case, Docket No. 840206-WS, PSC Orders 14380 (5/17/85) and 15440 (12/12/85). These orders defined for SMW's a water usage of 500 gallons per day for a single family residential connection as being equal to one ERC.

In both the 1990 rate case and this current case, SSU used a potential of 9054 ERC's based on the single family residential connection concept. In fact, the 9054 ERC's is an adjusted figure proposed by COVA and accepted for use by SSU and the PSC.

Changing back to the single family residential connections for the customers on the water distribution system will get the used and useful calculations on an apples-to-apples basis. The following calculations are based on data from Schedule: E-2A, page 0359, which shows that for the 1991 test year, there were 21,223 residential water bills and a water consumption of 323,695,000 gallons. That is an average of 15,252 gallons per month per connection or about 500 gallons per day--identical to the 1985 definition of an ERC for water at SMW.

Dividing the annual bills by 12 months, show an average of 1769 residential connections--1769 ERC's.

For general use customers, there were 451 bills with a usage of 13,107,000 gallons or 29,062 gallons per month per connection. This is an average daily use of 956 gallons per customer or about the equivalent of 2 ERC's for each of (451 bills/12 months) 38 connections for a total of 76 General ERC's.

Total ERC's on the system are $(1769 + 76)$ 1,845.

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$$\begin{aligned} \text{Distribution system percent used and useful} &= \frac{1,845 \text{ ERC}}{9,054} \\ &= 20 \% \end{aligned}$$

Per Schedule F-9, page 0570, the average annual growth is 6.3 %.

$$\begin{aligned} \text{Margin reserve is} &= 116 \text{ ERC} \\ \text{Percent used and useful} &= \frac{1,845 + 116 \text{ ERC}}{9,054} \\ &= 22 \% \text{ with margin reserve} \end{aligned}$$

That is a substantial reduction from the 47% and the 50% erroneously submitted by SSU in their MFR's. Rate base, depreciation and other factors should reflect the change.

SEWER--COLLECTION:

The MFR's show that SSU used ERC's based on meter size rather than the 255 gallons per day for a single family connection as specified and intended in the Twin County Utility rate case, Docket No. 840206-WS. However, as in water distribution, the potential 9054 ERC's, based on the single family residential connection was used--so, we are not apples-to-apples again.

Schedule: E-2A, page 0165, shows 20,602 billings for wastewater for the 1991 test year, which on a monthly basis calculates to be an average of 1717 sewer residential connections, or 1717 ERC's.

For general service, the schedule shows a consumption of 9,440,000 gallons for the test year. With 325 bills for the year, there is an average flow of 29,046 gallons per month per customer or 955 gallons per day. An ERC for sewer was established at 255 gallons per day in the 1985 rate case, so there are (955/255) 3.75 ERC's per connection. The number of connections are (325 annual bills/12months) an average of 27 which at 3.75 ERC's each, the total for general service is 101 ERC's.

ERC's, residential	1,717
ERC's, general service	<u>101</u>
Total ERC's	<u>1,818</u>
Potential system ERC's	9,054
Percent used and useful	20 %
Margin reserve (1 yr at 6% growth)	109
Total ERC's including margin reserve	1,927
Percent used and useful	21 %

In MFR Schedule F-8, page 0202, SSU showed usage of 1.5 years for margin reserve for collection lines, and on Schedule F-6, page 0200, they showed used and useful percentages at 46% and 49% . Correction of their error in overstating the connected ERC's has made a very significant reduction in the collection system used and useful.

340. CALCULATION OF NEEDED FIRE FLOW (NFF_i):

$$NFF_i = (C_i)(O_i)(X + P)_i$$

When a wood shingle roof covering on the building being considered, or on exposed buildings, can contribute to spreading fires add 500 gpm to the Needed Fire Flow

The Needed Fire Flow shall not exceed 12,000 gpm nor be less than 500 gpm.

The Needed Fire Flow shall be rounded off to the nearest 250 gpm if less than 2500 gpm and to the nearest 500 gpm if greater than 2500 gpm.

Note 1: For 1- and 2-family dwellings not exceeding 2 stories in height, the following Needed Fire Flows shall be used.

Distance between buildings	Needed Fire Flow
Over 100'	500 gpm
31-100'	750
11-30'	1000 *
10' or less	1500

Note 2: Other habitational buildings, up to 3500 gpm maximum.



CITRUS COUNTY
DEPARTMENT OF DEVELOPMENT SERVICES
1300 South Lecanto Highway
Lecanto, Florida 32661-8099
(904) 746-4223

HCU EXHIBIT 2 P62

In reply, refer to:

October 28, 1991

Andy Woodcock
Hartman & Associates Inc.
201 East Pine Street
Southeast Bank Building, Suite 1000
Orlando, Florida 32801

Subject: Sugarmill Woods Fire Flow Requirements

Dear Mr. Woodcock,

This letter is to verify the Fire Flow Requirements for Sugarmill Woods. As per Citrus County ordinance 86-10 and NFPA 1231 the required Fire Flow for this project is 1500 gpm.

I would also like to take this opportunity to make you aware of the commercial corridor along US 19, which this system will have to serve in the future. Please make your calculations to figure into this plan for future use.

If you should have any further questions concerning this matter, please feel free to call upon me.

Sincerely,

John Reeves
Deputy Fire Marshal
Citrus County Fire Prevention

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was sent by U.S. Postal Service to the following parties this 30th day of September, 1992.

Harold McLean, Esq.
Office of Public Counsel
111 West Madison Street
Room 812
Tallahassee, Florida 32399-1400

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

By:


HARRY S. JONES