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REPLY TO: Tallahassee

October 30, 1992

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

HAND DELIVERY

Re: FPSC Docket No. 920199-WS

Dear Mr. Tribble:

Enclosed herewith for filing in the above-referenced docket are the following documents:

1. Original and fifteen copies of Southern States Utilities, Inc.'s Second Modification to Draft Prehearing Statement; and
2. A disk in Word Perfect 5.0 containing a copy of the document entitled "GIGA.MOD."

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,

  
Kenneth A. Hoffman

ACK \_\_\_\_\_  
 AEA 4  
 AFP \_\_\_\_\_  
 GAC \_\_\_\_\_  
 FAS \_\_\_\_\_  
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 SEC 1  
 WAS 1  
 OTH \_\_\_\_\_

KAH/rl  
Enclosures  
cc: Brian P. Armstrong, Esq.

DOCUMENT NUMBER-DATE

12774 OCT 30 1992

FPSC-RECORDS/REPORTS

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 30, 1992

**SOUTHERN STATES UTILITIES, INC.'S  
SECOND MODIFICATION TO DRAFT PREHEARING ORDER**

SOUTHERN STATES UTILITIES, INC. and DELTONA UTILITIES, INC.'S (hereafter collectively referred to as "Southern States"), modifications to the draft Prehearing Order issued on Monday, October 26, 1992 are as follows:

**IV. ORDER OF WITNESSES**

Beginning at page 5 of the draft Prehearing Order is the list of witnesses and the issues assigned to each witness. The following is SSU's assignment of issues to direct testimony witnesses and the identification of rebuttal witnesses and each's assigned issues.

<b><u>Direct</u></b>	<b><u>Issues</u></b>
Bert T. Phillips	55, OPC 91, OPC 92, OPC 97
Arend J. Sandbulte	OPC 23, 66, OPC 112
Bruce E. Gangnon	8, 10, 52, OPC 82, OPC 4-A, 62, 62-A, 84, 85, 86, 87
Forrest L. Ludsen	OPC 14, OPC 76, 58, 64, 67, 72, OPC 94, OPC 95, OPC 96, OPC 100, 82, 107, 108
Charles K. Lewis	7, 12, 22, 33, 41, 42, 43, 44, 45, 46, 47, 48, OPC 110, 110

DOCUMENT NUMBER-DATE

12774 OCT 30 1992 **939**

FPSC-RECORDS/REPORTING

Scott W. Vierima	12, 46, OPC 24, 53, OPC 66, OPC 77, OPC 85, OPC 89, OPC 99
Charles L. Sweat <sup>1</sup>	88, OPC 106, 89, SS87
Gerald C. Hartman	OPC 7, 15, 17, HJ8, HJ9, 24, 46, 77
Gary S. Morse	OPC 7, 18, 27, 109
Joseph P. Cresse	102
Helena Loucks	OPC 70, OPC 70-A, 92, ST-5, 105, 106

**Rebuttal**

**Issues**

Bert T. Phillips	55, OPC 91, OPC 92, OPC 97
Arend J. Sandbulte	OPC 23, 66, OPC 112
Forrest L. Ludsen	OPC 14, OPC 76, 58, 64, 67, 72, OPC 94, OPC 95, OPC 96, OPC 100, 82, 107, 108
Scott W. Vierima	12, 46, OPC 24, 53, OPC 66, OPC 77, OPC 85, OPC 89, OPC 99
Bruce E. Gangnon	8, 10, 52, OPC 82, OPC 4-A, 62, 62-A, 84, 85, 86, 87
Charles L. Sweat	88, OPC 106, 89, SS87
Gerald C. Hartman	OPC 7, 15, 17, HJ8, HJ9, 24, 46, 77
Judith J. Kimball	OPC 13, 13, 20, 23A, 23B, 32, OPC 75, 70, OPC 107, OPC 108, OPC 88, OPC 90, OPC 93, OPC 98, OPC 103, OPC 109, 83
Charles E. Wood	OPC 97

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<sup>1</sup>Mr. Sweat was erroneously omitted as a witness filing direct testimony on behalf of Southern States in the draft Prehearing Order.

**VI. ISSUES AND POSITIONS:**

The following represents SSU's position and assigned witnesses for the five new issues identified at the Prehearing Conference:

**Issue ST-1:**

**SSU Position:** If uniform rates are to be established, the benefits of such a rate structure could best be achieved only on a statewide basis. Neither County geographical boundaries nor the Company's own "regional" boundaries would recognize the factors previously identified as being critical to a proper uniform rate structure. The statewide rates could be developed using one of three methods: (1) a method similar to the "rate caps" proposed by the Company in this proceeding; (2) rate "bands" where systems falling in certain bands based upon cost of service and other pertinent factors would be considered together; and (3) the Company's preferred method, a statewide rate for standard and advanced treatment processes.

**SSU Witness:** Ludsen.

**Issue ST-2:**

**SSU Position:** Whether a system is served by advanced water or wastewater treatment facilities should be considered in the rate structure analysis. Under the Company's preferred statewide rate, additional costs of serving these systems should be reflected in the gallonage rate and base facility charge.

**SSU Witness:** Cresse and Ludsen.

**Issue ST-3**

**SSU Position:** Yes, the caps are appropriate, and the

Commission should also recognize that few customers would pay the maximum rate since, generally speaking, average consumption in those systems would be less than 10,000 gallons.

**SSU Witness:** Cresse.

**Issue ST-4**

**SSU Position:** Revenue deficiencies caused by the proposed "cap" on bills should be recovered as proposed by the Company.

**SSU Witness:** Ludsen.

**Issue SST-5**

**SSU Position:** No. If conservation rates are implemented it should not be done on a system-by-system basis but rather on a company-wide basis after some form of uniform rates have been implemented and after an analysis has been conducted on the impact of conservation rates on consumption. Currently, we have conservation embedded in our proposed rate structure through the use of a gallonage charge and base facility charge.

**SSU Witness:** Ludsen.

**ISSUE NO. 7 (page 19):** The gas operations use the same general plant facilities as the water and wastewater operations.

The administrative and general and customer service functions of the gas operations, i.e., billing, customer service, management, legal, accounting, etc., are performed by the same personnel and equipment as are used to carry out the water and wastewater operations. Therefore, Public Counsel's objection to "gas plant" being allocated to water and wastewater operations is misplaced. In fact, gas operations are allocated a disproportionately large

share of general plant and administrative and general and customer service expenses since the gas operations are unregulated and do not require all the administrative and general and customer services related to regulated operations, i.e., tariffs, annual reports, MFRs, comprehensive environmental regulations and extensive accounting recordkeeping as is required under the uniform system of accounts.

**SSU Witness:** Ludsen

**IDENTIFICATION OF WITNESSES FOR ISSUES:**

Please correct the following identification of witnesses for specific issues:

**Issue OPC-3 (page 12):** Add Gangnon.

**Issue OPC-13 (page 18):** Delete Kimball; add Ludsen.

**Issue OPC 75 (page 50):** Delete Kimball; add Ludsen.

**Issue 77 (page 70):** Delete Hartman; add Wood.

**Issue 93 (page 78):** Keep Loucks and add Ludsen.

**VII. EXHIBIT LIST**

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Vierima	SSU	SWV-2	Public Counsel Interrogatory No. 176 to Southern States Utilities, Inc. Concerning Merger Efficiencies and the Company's Response Thereto
Ludsen	SSU	FLL-7	Adjusted Non-Used and Useful Percentages for Property Tax Purposes

	SSU	FLL-8	Information Substantiating Requested 5% Payroll Increase
		FLL-9	Water Utility Compensation and Benefit Survey Results
Kimball	SSU	JJK-1	Southern States 1988 Tangible Personal Property Tax Return
		JJK-2	Previous Owners 1987 Tangible Personal Property Tax Return
		JJK-3	1990 Tangible Personal Property Invoice for Sugar Mill Woods Property
		JJK-4	1990 Tangible Personal Property Invoice for Sugar Mill Woods Property
		JJK-5	Property Value Information
Sweat	SSU	CLS-3	Brenda Ball (DER) Correspondence to Bob Williams, Citrus Springs System
		CLS-4	Mr. Maher (DER) Correspondence Silver Lake Oaks System
		CLS-5	Bruce Paster ( S S U ) Correspondence with Donald White (DER) Fisherman's Haven and Leilani

		Heights System
	CLS-6	John Levesque (SSU), November 19, 1991 Correspondence with David MacColeman (DER) Sugar Mill Woods System
	CLS-7	Melvin Fisher (SSU), April 29, 1992 Correspondence with David G. MacColeman (DER) Sugar Mill Woods Inspection
Hartman	GCH-3	Capital Cost Curves
	GCH-4	Memorandum of Understanding Between Florida Department of Environmental Regulation and Florida Public Service Commission
	GCH-5	Commission Staff Current Draft of Used and Useful Rules

**VIII. PROPOSED STIPULATIONS**


In addition to the stipulations reached at the Prehearing Conference, Southern States proposes to stipulate to Staff's position on Issue 98 (page 81) and further proposes to stipulate to Staff's adjustment of \$32,806 under Issue 62-A (pages 55-56).

Southern States advises that it is working toward a stipulation with Staff to waive cross-examination of all DER and county witnesses presenting quality of service testimony on behalf



of the Staff. Counsel for Southern States will hold further discussions on this issue with counsel for the Commission Staff on Monday, November 2, 1992.

Respectfully submitted,

  
KENNETH A. HOFFMAN, ESQUIRE  
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and

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Attorneys for Applicants Southern  
States Utilities, Inc. and  
Deltona Utilities, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Southern States Utilities, Inc.'s Second Modification to Draft Prehearing Statement was furnished by hand delivery (\*) and/or U. S. Mail, this 30th day of October, 1992, to the following:

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By:   
KENNETH A. HOFFMAN, ESQ.