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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

98-713

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In the Matter of

:  
: DOCKET NO. 920199-WS

Application for rate increase in Brevard:  
Charlotte/Lee, Citrus, Clay, Duval,  
Highlands, Lake, Marion, Martin, Nassau,  
Orange, Osceola, Pasco, Putnam, Seminole:  
Volusia, and Washington Counties by  
SOUTHERN STATES UTILITIES, INC.; Collier:  
County by MARCO SHORES UTILITIES  
(Deltona); Hernando County by SPRING  
HILL UTILITIES (Deltona); and Volusia  
County by DELTONA LAKES UTILITIES  
(Deltona)

FILED  
JAN 25 11:31  
CLERK OF THE PUBLIC SERVICE COMMISSION

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THIRD DAY - EVENING SESSION

VOLUME IX

Pages 1201 through 1362

PROCEEDINGS:

FINAL HEARING

BEFORE:

CHAIRMAN THOMAS M. BEARD  
COMMISSIONER BETTY EASLEY  
COMMISSIONER SUSAN F. CLARK

RECEIVED

DATE: Division of Records & Reporting

Tuesday, November 10, 1992

TIME: NOV 16 1992

Commenced at 9:30 a.m.

PLACE: Florida Public Service Commission

FPSC, Hearing Room 106  
101 East Gaines Street  
Tallahassee, Florida 32399

REPORTED BY:

JOY KELLY, CSR, RPR  
SYDNEY C. SILVA, CSR, RPR  
PAMELA A. CANELL  
Official Commission Reporters  
and  
LISA GIROD JONES, RPR, CM

APPEARANCES:

(As heretofore noted.)

DOCUMENT NUMBER-DATE  
FLORIDA PUBLIC SERVICE COMMISSION

13416 NOV 16 1992

FPSC-RECORDS/REPORTING

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P R O C E E D I N G S

1  
2 (Transcript continues in sequence from Volume  
3 VIII.)

4 MR. HOFFMAN: Are you ready, Mr. Sweat?

5 WITNESS SWEAT: Ready to go, sir.

6 MR. HOFFMAN: Have you been sworn?

7 WITNESS SWEAT: No, I have not.

8 CHARLES L. SWEAT

9 was called as a witness on behalf of Southern States  
10 Utilities, Inc., and, having been duly sworn, testified  
11 as follows:

## DIRECT EXAMINATION

12  
13 BY MR. HOFFMAN:

14 Q Sir, would you please state your name and  
15 business address?

16 A My name is Charles L. Sweat. My business  
17 address is 1000 Color Place, Apopka 32703.

18 Q Mr. Sweat, did you prepare and cause to be  
19 filed prefiled direct testimony and prefiled rebuttal  
20 testimony on behalf of Southern States Utilities in  
21 this proceeding?

22 A Yes, I did.

23 Q Mr. Sweat, do you have any changes or  
24 revisions to your prefiled direct testimony?

25 A No, I do not.

1 Q All right, sir. Do you have any changes or  
2 revisions to your prefiled rebuttal testimony?

3 A No, I do not.

4 Q So that if I asked you the same questions  
5 contained in your prefiled direct testimony and  
6 prefiled rebuttal testimony today, would your answers  
7 be the same?

8 A Yes, they would.

9 MR. HOFFMAN: Mr. Chairman, I would ask that  
10 Mr. Sweat's prefiled direct and prefiled rebuttal  
11 testimony be inserted into the record as though read.

12 CHAIRMAN BEARD: It will be so inserted.

13 Q (Mr. Hoffman) Mr. Sweat, have you prepared or  
14 attached any exhibits to your prefiled direct  
15 testimony?

16 A Yes, I have.

17 Q Would you please identify those exhibits to  
18 your direct testimony?

19 A You want these by exhibit numbers?

20 Q Yes.

21 A Exhibit CLS-3.

22 Q Starting with your direct, Mr. Sweat.

23 A This is my direct.

24 Q Okay.

25 A And it says CLS-1; CLS-1 continued; CLS-2.

1 CHAIRMAN BEARD: CLS-1 and -2 are on direct,  
2 is that correct?

3 MR. HOFFMAN: Yes, sir.

4 CHAIRMAN BEARD: That will be Exhibit No. 91.

5 MR. HOFFMAN: Thank you.

6 (Exhibit No. 91 marked for identification.)

7 Q (Mr. Hoffman) Have you prepared or attached  
8 any exhibits to your prefiled rebuttal testimony,  
9 Mr. Sweat?

10 A You want me to identify those, you say?

11 Q Yes, please, quickly.

12 Mr. Sweat, would it be fair to say that the  
13 exhibits appended to your rebuttal testimony are your  
14 Charles L. Sweat Exhibits 3 through 7?

15 A That's correct.

16 MR. HOFFMAN: Mr. Chairman, could I have --

17 CHAIRMAN BEARD: Exhibit 92.

18 MR. HOFFMAN: Thank you.

19 (Exhibit No. 92 marked for identification.)  
20  
21  
22  
23  
24  
25

1 Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

2 A. My name is Charles L. Sweat and my business  
3 address is 1000 Color Place, Apopka, Florida  
4 32703.

5 Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR  
6 POSITION?

7 A. I am employed by Southern States Utilities, Inc.  
8 and Deltona Utilities, Inc. (hereinafter referred  
9 to collectively as "Southern States" or the  
10 "Company") as Vice President of Corporate  
11 Development. During the 1991 test year in this  
12 proceeding, I served as Vice President in charge  
13 of Operations.

14 Q. HOW LONG HAVE YOU BEEN AN EMPLOYEE OF SOUTHERN  
15 STATES?

16 A. Approximately 28 years.

17 Q. HOW LONG HAVE YOU BEEN EMPLOYED AS AN OFFICER OF  
18 SOUTHERN STATES?

19 A. Approximately 17 years.

20 Q. WOULD YOU PROVIDE A BRIEF HISTORY OF YOUR  
21 TRAINING AND EXPERIENCE IN THE WATER AND  
22 WASTEWATER INDUSTRY?

23 A. My training includes attendance at management  
24 courses offered by Michigan State University,  
25 Rollins College, Management Institute of Virginia

1 Tech, Seminole Community College and  
2 participation in numerous seminars sponsored by  
3 the American Water Works Association.

4 **Q. ARE YOU A MEMBER OF ANY TRADE AND/OR PROFESSIONAL**  
5 **ORGANIZATIONS?**

6 **A. Yes.** I am Treasurer of the Florida Water Works  
7 Association as well as a member of the American  
8 Water Works Association, National Association of  
9 Water Companies and the Pollution Control  
10 Operators Association. I also am Chairman of the  
11 Customer Metering Practices Committee of the  
12 American Water Works Association and serve on the  
13 board of directors for SunBank, NA, College Park  
14 Office, Orlando, Florida.

15 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE A REGULATORY**  
16 **AGENCY?**

17 **A. Yes.** I have testified before the Florida Public  
18 Service Commission, the Polk County Utilities  
19 Board, and the Sarasota County Hearing Examiners  
20 on various occasions. I also have testified in  
21 proceedings involving the Florida Department of  
22 Environmental Regulation ("DER").

23 **Q. WHAT WERE YOUR RESPONSIBILITIES IN 1991 AS VICE**  
24 **PRESIDENT IN CHARGE OF OPERATIONS?**

25 **A. As Vice President in charge of operations my**



1 principal duty was to oversee all aspects of  
2 Southern States' water, wastewater and gas  
3 operations. Thus, I supervised, directed,  
4 coordinated and planned all activities of the  
5 operating divisions of the Company.

6 **Q. PLEASE OUTLINE THE SCOPE OF YOUR TESTIMONY IN**  
7 **THIS PROCEEDING.**

8 **A.** I will address various issues concerning the  
9 operation of the water and wastewater systems  
10 included in this proceeding. These issues  
11 include unaccounted-for water, quality of service  
12 and customer complaints. I also will briefly  
13 describe certain modifications and improvements  
14 affecting utility operations which were made to  
15 comply with the Commission's 1988 management  
16 audit of Southern States.

17 **Q. ARE YOU SPONSORING ANY PORTIONS OF THE MINIMUM**  
18 **FILING REQUIREMENTS ("MFRs") WHICH HAVE BEEN**  
19 **INTRODUCED AS EXHIBIT 34 (FLL-1) IN THIS**  
20 **PROCEEDING?**

21 **A.** Yes, I am the sponsor of the F-1 Schedules  
22 contained in Volume II, Book 11 for each of the  
23 water systems, the F-2 Schedules contained in  
24 Volume III, Book 6 for each wastewater system as  
25 well as the additional engineering information

1 included in Volume IV, Books 1 through 9. These  
2 schedules and other information were prepared by  
3 me or under my direction and supervision.

4 Q. WOULD YOU BRIEFLY DESCRIBE THE INFORMATION  
5 CONTAINED IN THE F-1 SCHEDULES?

6 A. The F-1 schedules indicate the amount of water  
7 pumped, sold, associated with other use, and  
8 unaccounted-for during the test year for each of  
9 the systems included in this proceeding.

10 Q. WHAT IS THE SOURCE OF THE DATA IDENTIFIED IN THE  
11 COLUMN ENTITLED "OTHER USAGE" ON THE F-1  
12 SCHEDULES?

13 A. The data is obtained from operator records for  
14 line flushing, plant use, main or line breaks,  
15 leaks, stuck meters, fire department use, lift  
16 stations, tank flushing and water used for  
17 chlorination at water and wastewater treatment  
18 plants. The water used for these purposes is  
19 calculated or otherwise determined by the  
20 operator. This data is contained in the monthly  
21 operating reports filed each month with the DER.  
22 A review of the F-1 schedules indicates that  
23 negative unaccounted-for water levels are  
24 sometimes recorded. Negative unaccounted-for  
25 water levels are attributable to the following

1 factors: First, when customers are on bi-  
2 monthly or quarterly billing cycles, the gallons  
3 sold to customers will appear on account reports  
4 in the month the customer is billed, but the  
5 gallons pumped will be reflected on the MOR for  
6 the month of actual pumping. Thus, a negative  
7 unaccounted-for water level will be indicated in  
8 the month(s) where no billing occurred. Second,  
9 if a customer is over-billed one month due to an  
10 inaccurate meter reading, the customer is given  
11 a credit on his or her bill the following month.  
12 Depending on the frequency and size of inaccurate  
13 reads, the month of the over-bill could reflect  
14 a negative unaccounted-for water level, and the  
15 month of the credit could indicate a high level  
16 of unaccounted-for water. For example, assume  
17 that in January Southern States pumps 1,000  
18 gallons of water to a customer. However, the  
19 customer's meter is misread and the customer is  
20 over-billed by 500 gallons (a total of 1,500  
21 gallons). The unaccounted-for water level in  
22 January would be negative 500 gallons. In  
23 February, the customer receives a credit for the  
24 500 gallons over-billed in January. This 500  
25 gallons is then credited against the actual

1 February usage of 1,000 gallons for a net billing  
2 in February of 500 gallons. Thus, the  
3 unaccounted-for water level in February would be  
4 500 gallons too high.

5 A third reason for negative unaccounted-for water  
6 levels occurs when a customer receives an  
7 estimated bill because the meter could not be  
8 read. The following month an actual reading is  
9 obtained. Assume that the actual usage is  
10 significantly different from the estimated usage  
11 reflected in the bill. If the estimated usage  
12 was too high, the unaccounted-for water level  
13 could be negative that month but would be  
14 deceptively high the following month. If the  
15 estimated usage was too low, the unaccounted-for  
16 water level could be high that month but probably  
17 would be negative the following month. A fourth  
18 cause of negative unaccounted-for water levels is  
19 created at our water treatment facilities. A  
20 slow in-line flow meter could under-record plant  
21 flows by 50% or more. The result would be  
22 negative unaccounted-for water levels. Indeed,  
23 of the seven systems which have F-1 schedules  
24 indicating annual negative unaccounted-for water  
25 levels, we discovered that five of these systems

1 had slow flow meters that were under-recording  
2 plant flows. The five slow flow meters are  
3 located at Gospel Island (Citrus County), Leisure  
4 Lakes (Highlands county), Palm Port (Putnam  
5 County), Pine Ridge Estates (Osceola County) and  
6 Pomona Park (Putnam County). We have replaced  
7 each of these meters. The cause for negative  
8 unaccounted-for water levels for the remaining 2  
9 systems is the result of billing errors. The  
10 unaccounted-for water levels for each of these  
11 seven systems are within acceptable limits after  
12 adjustments are made to account for these facts.

13 **Q. DO YOU AGREE THAT THE LEVEL OF UNACCOUNTED-FOR**  
14 **WATER IS AN INDICATOR OF SATISFACTORY SYSTEM**  
15 **PERFORMANCE?**

16 **A. Yes.** The Commission has recognized the accepted  
17 industry standards as the basis for its non-rule  
18 policy on unaccounted-for water. For example, in  
19 past orders dealing with the unaccounted-for  
20 water issue, the Commission has cited articles  
21 published by the American Waterworks Association  
22 and recognized that:

23 "Systems having 10 to 15 percent  
24 unaccounted-for-water are generally agreed  
25 to be performing well, and distribution

1 system losses of 10 to 20 percent are  
2 considered reasonable."

3 Also, page 10 of the AWWA Manual M8 states:  
4 "The proper amount of unaccounted-for-water  
5 in any given system is a function of that  
6 system alone," and "A fair average of  
7 unaccounted-for-water might be 10-20 percent  
8 for fully metered systems with good meter  
9 maintenance programs and average condition  
10 of service."

11 See Meadowbrook Utility Systems, Inc., Order No.  
12 17304, at 21 (March 19, 1987).

13 **Q. SHOULD AN ADJUSTMENT TO SOUTHERN STATES'**  
14 **OPERATION AND MAINTENANCE EXPENSES BE MADE FOR**  
15 **UNACCOUNTED-FOR WATER?**

16 **A.** No. Of the 90 water systems included in this  
17 proceeding, the majority have less than 10%  
18 unaccounted-for water levels. According to  
19 Commission precedent, these systems are  
20 "performing well." We also agree that our  
21 systems which are experiencing unaccounted-for  
22 water levels between 10-20% are functioning  
23 reasonably well. Finally, we believe the  
24 explanations and adjustments contained in the  
25 MFRs for the systems experiencing unaccounted-

1 for water levels above 20% provide sufficient  
2 evidence of mitigating circumstances to justify  
3 acceptance of the indicated levels of  
4 unaccounted-for water without any adjustment for  
5 ratemaking purposes.

6 **Q. HAS SOUTHERN STATES' DEVELOPED PROGRAMS TO**  
7 **IMPROVE UNACCOUNTED-FOR WATER LEVELS?**

8 **A.** Yes. We have developed and implemented a revised  
9 reporting and monitoring procedure, which  
10 includes the maintenance of graphs to depict  
11 unaccounted-for water levels, flows and  
12 capacities to ensure more accurate recording of  
13 water usage. A visual review of the graph  
14 quickly indicates if any parameters are out of  
15 order. These charts are produced by the  
16 operations staff and forwarded to field  
17 operations personnel, who also are able to  
18 expeditiously detect errors in the reported  
19 numbers. We also have improved our metering  
20 program. The new metering program will help us  
21 identify large commercial meters that are  
22 functioning inaccurately (slow or fast). The new  
23 program will allow us to more expeditiously  
24 identify and correct meter problems, thereby  
25 reducing water losses. The decreasing levels of

1 unaccounted-for water during the 1991 test year  
2 reflected in the F-1 schedules for a number of  
3 the systems which have unaccounted-for water  
4 levels in excess of 10% (for example, Hobby  
5 Hills, Harmony Homes, Intercession City) confirm  
6 the successful implementation of the revised  
7 reporting and monitoring procedures and the new  
8 metering program.

9 Q. PLEASE BRIEFLY DESCRIBE THE F-2 SCHEDULES FROM  
10 VOLUME III, BOOK 6 WHICH YOU ARE SPONSORING.

11 A. Volume III, Book 6, Schedules F-2 provide the  
12 volumes of wastewater treated by our systems, by  
13 month, during the test year.

14 Q. PLEASE BRIEFLY DESCRIBE THE ADDITIONAL  
15 ENGINEERING INFORMATION WHICH YOU ARE SPONSORING.

16 A. Volume IV, Books 1 through 9 provide the chemical  
17 analyses, monthly operating reports, consumptive  
18 use and other permits, sanitary surveys, customer  
19 complaints, chemicals used and enforcement  
20 actions received, for each of the systems  
21 included in this filing. All of this information  
22 is filed in accordance with the Commission's  
23 rules. Specifically, Books 1 through 4 contain  
24 chemical analyses for each system filed in this  
25 case. All of the chemical analyses are performed



1 by an independent certified laboratory. Books 5  
2 through 7 contain the monthly water and  
3 wastewater operating reports. These reports give  
4 operating data such as water treated, chlorine  
5 used, and samples taken for the test period for  
6 water and wastewater. Books 8 and 9 contain  
7 consumptive use permits issued by the various  
8 water management districts. Books 8 and 9 also  
9 contain Southern States' construction and  
10 operating permits. Construction and wastewater  
11 operating permits typically are issued by the  
12 DER. Also contained in Books 8 and 9 are  
13 sanitary survey inspection reports. Generally,  
14 the sanitary surveys are performed by DER.  
15 Finally, Book 9 contains the following  
16 information for each of the systems included in  
17 this proceeding: (1) a list of chemicals used;  
18 (2) a list of field employees; (3) a list of  
19 vehicles used by the Company; and (4) a list of  
20 complaints, consent orders, notices of violation  
21 ("NOVs") and warning letters.

22 **Q. ARE THE WATER SYSTEMS WHICH HAVE BEEN INCLUDED**  
23 **IN THIS PROCEEDING IN COMPLIANCE WITH THE RULES**  
24 **AND REGULATIONS OF THE DEPARTMENT OF**  
25 **ENVIRONMENTAL REGULATION?**

1       A.    Yes.    To the best of my knowledge, all of  
2            Southern States' water facilities which have been  
3            included in this proceeding are manned by  
4            certified operators in accordance with Chapter  
5            17-602 of the Florida Administrative Code.  The  
6            distribution systems are maintained at an  
7            operating pressure greater than the required 20  
8            psi minimum pressure required under Chapter 17-  
9            555 of the Florida Administrative Code.  In  
10           addition, Chapter 17-555 of the Florida  
11           Administrative Code was revised on January 3,  
12           1991 to require auxiliary power generation  
13           capacity for all community water systems serving  
14           350 or more persons.  I believe Southern States  
15           either has completed installation of all such  
16           auxiliary generation systems, is in the process  
17           of completing such installations or is  
18           negotiating with DER as to whether this  
19           requirement applies to certain systems.  Southern  
20           States also has established a cross connection  
21           control policy, as required by Rule 17-555.360,  
22           Florida Administrative Code.  Our cross  
23           connection control policy is on file with each  
24           DER district office for the areas in which we  
25           conduct business.  Thus, to the best of my

1 knowledge, all of the water systems included in  
2 this proceeding currently are in compliance with  
3 applicable DER rules and regulations. At this  
4 time I know of no outstanding consent orders,  
5 NOVs or warning letters regarding the water  
6 systems which have not been previously addressed  
7 by Southern States.

8 **Q. HOW MANY WASTEWATER SYSTEMS HAVE BEEN INCLUDED IN**  
9 **THIS PROCEEDING AND WHAT METHOD OF EFFLUENT**  
10 **DISPOSAL IS USED BY SOUTHERN STATES AT EACH**  
11 **SYSTEM?**

12 **A.** We have included 37 wastewater systems in this  
13 proceeding. With the exception of the Beacon  
14 Hills and Woodmere systems in Duval County, and  
15 a portion of the effluent from the University  
16 Shores system in Orange County, all of our  
17 effluent is disposed of through reuse techniques,  
18 including (1) percolation ponds and (2) land  
19 application (irrigation of golf courses,  
20 cemeteries or other recharge areas owned and  
21 operated by Southern States). Thus, virtually  
22 all of our effluent is placed back into the soil  
23 to recharge Florida's aquifers and a significant  
24 portion not only recharges the aquifers but also  
25 reduces the use of potable (drinking) water for

1 irrigation purposes, thus conserving potable  
2 water supplies. We are very proud of our efforts  
3 in the reuse area.

4 Q. I SHOW YOU EXHIBIT 91 (CLS-1) UNDER COVER PAGE  
5 ENTITLED "SOUTHERN STATES CONTRIBUTES TO  
6 INNOVATIVE REUSE OF TREATED EFFLUENT." WAS THIS  
7 EXHIBIT PREPARED BY YOU OR UNDER YOUR DIRECTION  
8 AND SUPERVISION?

9 A. Yes, it was.

10 Q. COULD YOU BRIEFLY DESCRIBE THIS EXHIBIT?

11 A. This exhibit contains a copy of an article  
12 entitled "Use of Cemeteries for Treated  
13 Effluent," which I co-authored. The article was  
14 published in the June 1992 edition of the Florida  
15 Water Resources Journal. The article notes as  
16 follows:

17 Problems associated with the disposal of  
18 highly treated wastewater effluent have been  
19 a challenge for many years. Water shortages  
20 around the country have brought the issue of  
21 water reuse to the forefront of government,  
22 planners, and the private sector. Water  
23 reuse is currently being used independently  
24 or as a supplement to ground water, for  
25 irrigation of golf courses, parks,

1           agriculture, and subdivisions. It seems  
2           only logical that other areas with pervious  
3           areas, such as cemeteries, would also be  
4           used for this form of effluent disposal.

5           Southern States is proud to have been a part of  
6           the innovative application of reuse water for  
7           cemetery irrigation.

8           **Q. IS THERE ANY FURTHER EVIDENCE OF INNOVATIONS**  
9           **FOSTERED BY SOUTHERN STATES REGARDING OPERATING**  
10           **TECHNIQUES?**

11          **A.** Yes. In 1991, a Southern States employee,  
12          Richard L. Sullo, designed a chlorination loss  
13          alarm device that could save Southern States  
14          thousands of dollars. The alarm, which monitors  
15          the amount of chlorine distributed in potable  
16          water, is similar to ones on the market, but more  
17          versatile. Mr. Sullo's system can be set to shut  
18          down the well pump and signal the main plant that  
19          a malfunction has occurred. Eighteen of the  
20          alarms are already installed and have had no  
21          problems. The alarm system costs about \$200,  
22          including the additional shutdown and signalling  
23          features designed by Mr. Sullo. The basic  
24          chlorine loss alarm available on the market costs  
25          approximately \$700. It is estimated that

1 Southern States will be able to save  
2 approximately \$500 on every alarm. Also, state  
3 regulatory authorities such as the DER and St.  
4 John's River Water Management District have  
5 recognized Southern States' ability to "lead the  
6 pack" in regard to implementing new regulatory  
7 requirements such as the new lead and copper  
8 rules and the St. John's River Water Management  
9 District's conservation plan requirements.  
10 Southern States also has been asked by the Japan  
11 Productivity Council of Washington, D.C. to  
12 provide a presentation on water resources and  
13 conservation at the Council's annual United  
14 States/Japan round table. We look forward to  
15 continuing in our role as a leader and innovator  
16 in the water and wastewater industries in the  
17 future to insure high quality service while  
18 achieving safety, environmental and conservation  
19 related goals similar to those which I have just  
20 discussed.

21 **Q. DOES SOUTHERN STATES HAVE ANY OTHER PROGRAMS**  
22 **WHICH HAVE BEEN RECOGNIZED FOR EXCELLENCE IN THE**  
23 **RECENT PAST?**

24 **A. Yes. Southern States has created one of**  
25 **Florida's leading water conservation programs.**

1           Our program has received a commendation from  
2           Florida's Commissioner of Agriculture, Bob  
3           Crawford, as well as Florida State  
4           Representatives Bob Sindler and R. Z. Safley.  
5           The program also received second place in the  
6           Innovative Water Conservation Competition,  
7           sponsored by the Florida section of the American  
8           Water Works Association, and first place in the  
9           Education Category of the Florida Xeriscape™  
10          Awards Program, sponsored by the Southwest  
11          Florida, South Florida and St. John's River Water  
12          Management Districts and the American Society of  
13          Landscape Architects.

14          The receipt of these awards has been even more  
15          gratifying in light of our customers' recent  
16          responses to a customer survey in which they  
17          stress the importance of water conservation in  
18          this State. In November 1990, Southern States  
19          employed Cambridge Reports of Massachusetts to  
20          conduct a scientific analysis of customer  
21          concerns and requirements as they relate to their  
22          water utility. The survey sample size was 600  
23          customers, giving the survey a margin of error of  
24          ±4.0 percentage points at midpoint of the 95%  
25          confidence level. Among the responses, 81% felt

1           it was important/very important that water  
2           utilities "offer programs and services -- such as  
3           information and advice about water efficiency -  
4           - to help customers control their water use and  
5           the size of their bills." Over 93% of the  
6           customers felt "careful planning for the future  
7           water needs of the area" is important/very  
8           important. Finally, "making sure that (the water  
9           utility's) activities and facilities do not harm  
10          the environment" is important/very important to  
11          93% of our customers. More precisely, 86% of  
12          Southern States' customers feel that water  
13          conservation is critical/very critical (nearly  
14          60% in the very critical range) in their area.  
15          The survey results confirm that our efforts to  
16          conserve water and educate customers in water  
17          conservation techniques are consistent with our  
18          customers' desires.

19        **Q. DO ALL OF THE WASTEWATER SYSTEMS HAVE VALID**  
20        **OPERATING AND/OR CONSTRUCTION PERMITS?**

21        **A. Yes.**

22        **Q. TO THE BEST OF YOUR KNOWLEDGE, ARE THERE ANY**  
23        **CONSENT ORDERS, NOVs OR WARNING LETTERS AGAINST**  
24        **THE WASTEWATER SYSTEMS WHICH HAVE NOT PREVIOUSLY**  
25        **BEEN ADDRESSED BY SOUTHERN STATES?**



- 1       A.    No.
- 2       Q.    **TO THE BEST OF YOUR KNOWLEDGE, ARE THE WASTEWATER**  
3       **SYSTEMS STAFFED ACCORDING TO CURRENT REGULATIONS?**
- 4       A.    Yes.
- 5       Q.    **ARE THE EFFLUENT DISPOSAL REQUIREMENTS CONTAINED**  
6       **IN THE RESPECTIVE OPERATING PERMITS BEING MET?**
- 7       A.    Yes, to the best of my knowledge, effluent  
8       disposal requirements contained in the respective  
9       operating permits are being met.
- 10      Q.    **WHAT IS THE LEAST COSTLY METHOD OF EFFLUENT**  
11      **DISPOSAL FROM AN OPERATING STANDPOINT?**
- 12      A.    In my experience and opinion, surface water  
13      discharge is the least costly method of effluent  
14      disposal.  However, as we all are aware, the  
15      current rules and regulations regarding surface  
16      water discharges confirm that such discharges  
17      will no longer be the disposal method of choice  
18      and, indeed, it is highly unlikely that such  
19      discharges will even be permitted much longer for  
20      systems such as those operated by Southern  
21      States.  Recognizing the State's environmental  
22      concerns early on, Southern States has worked  
23      assiduously to transform our Amelia Island, Point  
24      O'Woods, University Shores, Florida Central  
25      Commerce Park and Deltona Lakes systems into

1 Class I reliability or "public access" type reuse  
2 facilities. For example, in 1990 the effluent  
3 from one of our larger facilities, Deltona Lakes,  
4 was being discharged into Lake Monroe. Southern  
5 States constructed a force main and added filters  
6 and continuous disinfection facilities to the  
7 system to enable the effluent to be disposed of  
8 at both the Deltona and Glen Abbey golf and  
9 country clubs. While land application of  
10 effluent is indeed more costly, the recharging of  
11 Florida's aquifers is of critical concern to all  
12 in our industry as the population of Florida  
13 grows weekly.

14 Q. WHAT IS YOUR OPINION REGARDING THE QUALITY OF  
15 WATER AND WASTEWATER SERVICES BEING PROVIDED BY  
16 SOUTHERN STATES?

17 A. Southern States is meeting the standard set forth  
18 under applicable Florida law for water and  
19 wastewater service, that is, Southern States is  
20 providing safe, efficient and sufficient service  
21 to our customers.

22 Q. I SHOW YOU EXHIBIT 91 (CLS-2) UNDER COVER PAGE  
23 ENTITLED "COMPLAINTS RECEIVED BY THE FLORIDA  
24 PUBLIC SERVICE COMMISSION FROM SOUTHERN STATES'  
25 CUSTOMERS." WAS THIS EXHIBIT PREPARED BY YOU OR

1           **UNDER YOUR DIRECTION AND SUPERVISION?**

2           A.    Yes, it was.

3           **Q.    COULD YOU PLEASE BRIEFLY DESCRIBE THIS EXHIBIT?**

4           A.    This exhibit contains a copy of a report issued  
5           by the Commission which indicates that of the  
6           approximately 120,000 customers that we serve  
7           under the Commission's jurisdiction, only 91  
8           customers (or less than one in a thousand)  
9           complained to the Commission concerning  
10          miscellaneous matters during the 1991 test year.  
11          We have obtained copies of these 91 complaints  
12          from the Commission. From these files we have  
13          determined that many complaints (41) were in  
14          regard to alleged high bills. Only 50 complaints  
15          alleged service related problems. Moreover, of  
16          the 91 complaints, the Commission determined that  
17          only 34 or 37% were justified and only 17 or 19%  
18          were partially justified. Therefore, less than  
19          one of every two thousand of our customers made  
20          a complaint to the Commission which was at least  
21          partially justified.

22          This exhibit also contains a copy of another  
23          recent report issued by the Commission which  
24          establishes that the Commission received only 35  
25          complaints against Southern States during the

1 first six months of 1992 (13 justified, 5  
2 partially justified, 13 not justified and 4  
3 undetermined). This number of complaints is  
4 approximately 20% lower than the complaints made  
5 to the Commission against Southern States during  
6 the first six months of 1991. These reports  
7 confirm the fact that Southern States not only is  
8 providing high quality water and wastewater  
9 service to our customers but that our service is  
10 continuing to improve.

11 Q. ARE YOU FAMILIAR WITH A MANAGEMENT AUDIT OF  
12 SOUTHERN STATES WHICH WAS CONDUCTED BY THE  
13 COMMISSION IN 1988?

14 A. Yes.

15 Q. PLEASE DISCUSS THE IMPACTS OF THIS AUDIT ON  
16 SOUTHERN STATES' DAY TO DAY OPERATIONS?

17 A. The financial impact of this audit on Southern  
18 States' administrative and general expenses is  
19 discussed by Mr. Forrest L. Ludsen. However, I  
20 would like to discuss the impact of the audit  
21 from an operating standpoint.

22 About the time the Commission performed this  
23 audit, Southern States was in a transition mode.  
24 The Company was emerging from a Mom and Pop type  
25 of organization to a viable small business.

1           Though the Company was in the throws of change,  
2           I believe the Commission audit hastened these  
3           changes. The audit identified areas of Southern  
4           States' utility operations which required  
5           improvement, such as operator training. Through  
6           implementation of various audit recommendations,  
7           the training of field personnel now is uniformly  
8           administered and coordinated at the management  
9           level. Our employee training process has been  
10          evaluated and future training processes for all  
11          field employees have been identified. Additional  
12          specialized training is addressed through Key  
13          Responsibility Area ("KRA") goals, and field  
14          employees are being trained in diverse areas  
15          including procedures when working in confined  
16          entry spaces and safe driving techniques. Also,  
17          as a result of an audit recommendation, we  
18          evaluated and revamped our vehicle maintenance  
19          procedures and have implemented a comprehensive  
20          scheduled preventative maintenance program for  
21          all company vehicles.

22        **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

23        **A. Yes, it does.**

1       **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR**  
2       **THE RECORDS.**

3       A.    I am Charles L. Sweat and my business address is 1000 Color  
4       Place, Apopka, Florida 32703.

5       **Q.   ARE YOU THE SAME CHARLES L. SWEAT WHO SUBMITTED**  
6       **PRE-FILED DIRECT TESTIMONY IN THIS PROCEEDING?**

7       A.    Yes, I am.

8       **Q.   COULD YOU BRIEFLY DESCRIBE THE PURPOSE OF YOUR**  
9       **REBUTTAL TESTIMONY?**

10      A.    My rebuttal will address the testimony presented by the witnesses  
11      from the Department of Environmental Regulation ("DER") and county  
12      regulatory agencies. The testimony from these witnesses does not  
13      refute my prior testimony that Southern States is providing safe,  
14      efficient and sufficient service to customers served by each of the  
15      127 systems included in this filing. I also will address the adjustment  
16      to test year revenues proposed by Public Counsel's witness Kimberly  
17      H. Dismukes concerning effluent sales on the Deltona Lakes system.

18      **Q.   HOW DO YOU PROPOSE TO ADDRESS THE TESTIMONY OF**  
19      **THESE QUALITY OF SERVICE WITNESSES?**

20      A.    First, it must be pointed out that a number of the DER witnesses (8)  
21      found no deficiency whatsoever for a number of our systems.

1 Additional DER witnesses (7) indicated that past deficiencies had  
2 been detected by the appropriate regulatory agency and corrected  
3 by the Company and two other witnesses praised our operations  
4 personnel. Of course, the sheer number of systems involved in this  
5 case and the emergence of new, amended and more strictly  
6 enforced laws, rules, and regulations in the recent past make it nearly  
7 impossible for this many systems to remain unscathed. However,  
8 the broad picture certainly casts a positive light on the quality of  
9 service we are providing to our customers and confirms my belief in  
10 the progress our Company is making toward becoming the preferred  
11 provider of water and wastewater services. In this regard, I note that  
12 small "package plants" are not particularly the favorites of regulatory  
13 authorities in the past. Owners of these systems often are  
14 developers who lose interest in their operation after a development  
15 is approaching build out or built out completely. Other owners of  
16 such systems have found it increasingly difficult to keep up with  
17 regulatory requirements and, more often than not, are unable to do  
18 so. These systems often are located where no interconnection with  
19 a central water or sewer system is available or at least such  
20 interconnect would not be economically feasible. Therefore, history  
21 has confirmed that counties and municipalities are reluctant to

1 acquire them. For these systems in particular, Southern States has  
2 demonstrated its willingness to bring their services into compliance  
3 with regulatory requirements and insure safe, sufficient and efficient  
4 service.

5 As noted by a number of DER witnesses, a portion of the  
6 systems included in this proceeding service less than 350 persons  
7 and thus are exempt from certain regulatory requirements. The flip  
8 side of this exemption is that the exemptions often are provided, at  
9 least in part, in recognition of the inability of the customers served by  
10 such systems to afford the rates which would result if the exemptions  
11 did not exist. I believe the level of plant in service additions which  
12 Southern States has made in these systems, which are identified in  
13 the MFRs, confirm the Company's commitment to providing these  
14 customers with the same high quality services currently provided to  
15 customers on our larger systems. However, the Company's feeble  
16 economic circumstances occasionally have hampered our efforts in  
17 this regard. The remainder of my testimony will address primarily  
18 those areas of concern identified by the quality of service witnesses  
19 from the DER and county offices and identify how the Company has  
20 alleviated such concerns. For simplicity's sake, I have addressed the  
21 witnesses in alphabetical order.



1       **Q.    BEFORE ADDRESSING THE TESTIMONY OF THE QUALITY OF**  
2       **SERVICE WITNESSES, DO YOU HAVE ANY GENERAL**  
3       **STATEMENTS CONCERNING THE TESTIMONY OF SEVERAL OF**  
4       **THE WITNESSES?**

5       **A.    Yes.   Several witnesses have indicated that they were unable to**  
6       locate a cross-connection control program in the DER files for several  
7       systems.   Southern States has indeed established a cross-  
8       connection control program for each of its systems.  Copies of the  
9       program were provided to each DER office in April 1989.  Perhaps  
10      DER did not deposit a copy of the program in each "file" for every  
11      system we own and operate.  However, we do have this program  
12      and we did file the program with DER as required.  The program now  
13      is being revised to meet a new DER rule.  The new program is  
14      scheduled to be filed with the DER offices during the week of  
15      October 28.

16      **Q.    WILL YOU MAKE ANY REMARKS ABOUT THE TESTIMONY OF**  
17      **MS. SANDRA ANDINO-SEQUEIRA REGARDING THE ZEPHYR**  
18      **SHORES MOBILE HOME ESTATES WATER SYSTEM IN PASCO**  
19      **COUNTY?**

20      **A.    Yes.  I know of no open DER enforcement case against this system**  
21      and our records do not reflect any such case.

1       **Q.    DO YOU WISH TO MAKE COMMENT ON THE TESTIMONY OF**  
2       **ROBERTO ANSAG AS IT APPLIES TO YOUR CITRUS PARK AND**  
3       **SALT SPRINGS OPERATIONS IN MARION COUNTY, AND THE**  
4       **DAETWYLER SHORES, LAKE CONWAY PARK AND WESTMONT**  
5       **WATER SYSTEMS IN ORANGE COUNTY?**

6       **A.    No, only that I concur with the testimony.**

7       **Q.    DO YOU HAVE ANY COMMENTS REGARDING THE TESTIMONY**  
8       **OF BRENDA BALL REGARDING THE APACHE SHORES, CITRUS**  
9       **SPRINGS, GOLDEN TERRACE, GOSPEL ISLAND, OAK**  
10      **FORREST, PINE RIDGE, POINT O' WOODS, ROLLING GREEN**  
11      **AND ROSEMONT WATER SYSTEMS IN CITRUS COUNTY?**

12      **A.    Yes. Ms. Ball refers to the Point O'Woods system and difficulties**  
13      **with high iron levels, a situation of which the utility is fully aware.**  
14      **During drilling operations in September a required well developed a**  
15      **sink hole. The circumstances that followed are well documented in**  
16      **Ms. Ball's testimony. The utility approached DER and was given an**  
17      **extension of time to complete the work by Pedro Riveria until**  
18      **November 3rd.**

19                Ms. Ball commented that the Golden Terrace system was  
20      issued a warning notice due to the MCL's for iron being exceeded.  
21      I wish to advise the Commission that Mr. Joseph Mack, West Region

1 Engineer, stated that upon recent re-testing, all levels met  
2 requirements. Along with the new well, iron removal filters are being  
3 installed at the Point O' Wood water treatment facility.

4 **Q. DO YOU HAVE ANYTHING ELSE TO ADD TO MS. BALL'S**  
5 **TESTIMONY?**

6 **A.** Yes. Ms. Ball testified that on June 16th she returned the Lead and  
7 Copper Sampling Plan to our Citrus Springs facility for four  
8 deficiencies. The deficiencies reported were in brief: no records  
9 review checklist, no materials survey, no page numbers, and no map.  
10 All deficiencies have been corrected and the plan accepted per Ms.  
11 Ball's letter to our Citrus Springs office dated October 20th. A copy  
12 of both the deficiency letter of June 16, 1992 and the acceptance  
13 letter of October 20, 1992 is attached as Exhibit 92 (CLS-3).

14 **Q. WILL YOU COMMENT ON THE TESTIMONY OF MR. ROBERT**  
15 **BARKER AS IT PERTAINS TO SOUTHERN STATES' PALM**  
16 **TERRACE, ELL-NAR FACILITIES IN PASCO COUNTY?**

17 **A.** Yes, but only one. Mr. Barker commented that sampling is due for  
18 the Ell-Nar system covering turbidity, primary organics, etc. We wish  
19 to advise Mr. Barker that the sampling kits were received on October  
20 21st, as reported by our operator Mr. John Levesque, and samples  
21 should be forwarded to DER shortly.

1       **Q.    WOULD YOU COMMENT ON THE TESTIMONY OF MR. PETER**  
2           **BURGHARDT AS IT RELATES TO YOUR PALM TERRACE AND**  
3           **ZEPHYR SHORES WASTEWATER SYSTEMS IN PASCO**  
4           **COUNTY?**

5       **A.    Yes. Mr. Burghardt references inadequate effluent disposal capability.**  
6           **The Company has taken corrective action in the form of a Bulk**  
7           **Service Agreement with Pasco County which will allow the Company**  
8           **to divert flows from the Zephyr Shores treatment facility. Before**  
9           **diversion can take place the installation of a force main and pumping**  
10          **station must be completed. The Company has signed a construction**  
11          **contract and the work is scheduled for completion before the end of**  
12          **1992. Upon the diversion of flows the existing effluent disposal**  
13          **facilities will adequately handle the remaining flow.**

14                **Mr. Burghardt testified on page 4 of his testimony that the**  
15                **facilities at Palm Terrace showed that the operations staff was not**  
16                **reporting abnormal events as required. The Company's operators**  
17                **have been adequately trained on the reporting of abnormal events,**  
18                **the proper use of log books, and are instructed to follow written**  
19                **reporting procedures. Mr. Burghardt confirmed that adequate**  
20                **training of the use of log books was provided upon reinspection.**

21       **Q.    DO YOU HAVE ANY COMMENTS REGARDING THE TESTIMONY**

1           **OF MR. THOMAS CHERUKARA ON THE BURNT STORE WATER**  
2           **SYSTEM LOCATED IN CHARLOTTE AND LEE COUNTIES?**

3           A.    Yes. Mr. Cherukara indicated that the Burnt Store water system is  
4           under enforcement action by the Tampa DER office for industrial  
5           wastewater violations. *This enforcement action is a creature of*  
6           inherent disagreements between RO users and regulatory agencies,  
7           including DER, regarding proper disposal alternatives. The utility  
8           received a proper construction permit from DER, but not the required  
9           permit for additional concentrate disposal. Without this second  
10          permit, the utility cannot expand the plant, nor meet the additional  
11          demand of new residents. The recommendation of DER's Southwest  
12          District staff is to develop shallow wells. However, the Company  
13          believes the associated investment would be exorbitant, and not in  
14          the best interests of our customers.

15          **Q.    HAVE YOU ANY COMMENTS REGARDING THE TESTIMONY OF**  
16          **MR. WILLIAM DARLING AS IT PERTAINS TO THE EAST LAKE**  
17          **HARRIS ESTATES, MORNINGVIEW, PALISADES, PALMS**  
18          **MOBILE HOME PARK, STONE MOUNTAIN, SUNSHINE**  
19          **PARKWAY, VENETIAN VILLAGE AND WESTERN SHORES**  
20          **WATER SYSTEMS IN LAKE COUNTY; AND THE KINGSWOOD**  
21          **AND OAKWOOD SYSTEMS IN BREVARD COUNTY?**

1 A. Yes. I would like to say that I concur with Mr. Darling's testimony.

2 Q. HAVE YOU ANY COMMENTARY ON THE TESTIMONY OF MS.  
3 LYNAL DEFALCO AS IT PERTAINS TO YOUR KEYSTONE  
4 HEIGHTS, LAKEVIEW VILLAS AND POSTMASTER VILLAGE  
5 WATER SYSTEMS IN PUTNAM COUNTY?

6 A. Yes. Ms. Defalco indicates that our Postmaster Village does not  
7 have adequate auxiliary power. I would like to report to Ms. Defalco  
8 and to the Commission that the purchase of an auxiliary power  
9 source has been budgeted for 1993.

10 Q. DO YOU HAVE ANY COMMENTS REGARDING THE TESTIMONY  
11 OF MR. PETER F. DENTICE ON THE APPLE VALLEY,  
12 CHULUOTA, CITRUS PARK, DELTONA LAKES, FLORIDA  
13 CENTRAL, HOLIDAY HAVEN, JUNGLE DEN, MEREDITH MANOR,  
14 MORNINGVIEW, SALT SPRINGS, SOUTH FORTY, SUGAR MILL,  
15 SUNSHINE PARKWAY, UNIVERSITY SHORES AND VENETIAN  
16 VILLAGE WASTEWATER SYSTEMS LOCATED IN LAKE, MARION,  
17 ORANGE, SEMINOLE AND VOLUSIA COUNTIES?

18 A. Yes. Referring to our Holiday Haven facilities, Mr. Dentice indicates  
19 that we need to replace the catwalk supports and remove excess  
20 vegetation from the existing percolation ponds and regularly mow the  
21 plant facilities. I wish to advise the Commission that the rusted

1 catwalk was reported as being replaced in the Company's  
2 Environmental Compliance Status Report of June 30, 1992. Also, the  
3 vegetation and mowing has been addressed and Mr. Bill Yocum,  
4 plant manager, has confirmed to me that the ponds were thoroughly  
5 cleaned in August.

6 Mr. Dentice also referred to the bioassay test conducted by  
7 the DER in conjunction with the Orange County Environmental  
8 Protection Department. The results of those tests have come back  
9 reporting that the effluent was acutely toxic. After receiving the  
10 Department's letter on April 15th a meeting was scheduled and held  
11 on May 5th to discuss a re-sampling action plan. A letter dated May  
12 14th was addressed to Ms. Christina C. Ferraero, P.E., of the DER  
13 outlining the re-sampling and testing procedures which included  
14 additional chemical analysis. On June 3, 1992 the Company  
15 received an acceptance letter from the Department signed by Carlos  
16 Riviera deAugilar. As of this date there have been no formal results  
17 from the retesting. Also, Mr. Dentice testified that there is effluent  
18 ponding at the University Shores No. 2 plant drain field. My  
19 investigation reveals that the ponding which is observed is that of  
20 rain water only, and not effluent. Further, Mr. Dentice testified that  
21 the percolation ponds are discharging to surface waters. This hardly

1 seems possible in that the ponds are an appreciable distance from  
2 a surface water source, however, further investigation will continue  
3 on this point.

4 **Q. DO YOU HAVE ANY COMMENTS REGARDING THE TESTIMONY**  
5 **OF MR. WILLIAM C. DUNN ON YOUR SPRING HILL WATER**  
6 **SYSTEM IN HERNANDO COUNTY?**

7 A. Yes. I wish to thank Mr. Dunn for his congenial comments regarding  
8 our operating staff at Spring Hill, and in particular Mr. Ricky Leach.  
9 These comments have been passed on to Mr. Leach.

10 **Q. DO YOU HAVE ANY REMARKS REGARDING THE TESTIMONY**  
11 **OF MR. ROMEO ENAGE ABOUT YOUR APPLE VALLEY,**  
12 **CHULUOTA, DOL RAY MANOR, DRUID HILLS, FERN PARK,**  
13 **HARMONY HOMES, LAKE BRANTLEY, LAKE HARRIET ESTATES**  
14 **AND MEREDITH MANOR WATER SYSTEMS IN SEMINOLE**  
15 **COUNTY?**

16 A. Yes. Mr. Enage's only concern related to Radium-226 and Radium  
17 228 levels on the Chuluota system. Our operating staff has reported  
18 that they have completed the recheck samples for these  
19 contaminants as of August 1992. The results indicate full compliance  
20 and no additional sampling is required. The Company sent a letter  
21 confirming this fact to the DER on October 14, 1992, along with the



1 results of the sampling.

2 **Q. DO YOU HAVE COMMENTS REGARDING THE TESTIMONY OF**  
3 **MR. GERALD FOSTER ON HIS INSPECTION OF THE MARION**  
4 **OAKS AND SAMIRA VILLAS WATER SYSTEMS IN MARION**  
5 **COUNTY?**

6 **A. Yes. I concur with Mr. Foster's testimony.**

7 **Q. WOULD YOU COMMENT ON THE TESTIMONY OF MR. ROBERT**  
8 **GLENN REGARDING YOUR MARCO SHORES WATER FACILITY**  
9 **IN COLLIER COUNTY AND YOUR LEISURE LAKES SYSTEM IN**  
10 **HIGHLANDS COUNTY?**

11 **A. Yes. Mr. Glenn stated that the Leisure Lakes generator does not**  
12 **have automatic start capability. This is no longer accurate. The**  
13 **automatic start capacity was installed in 1991. Mr. Glenn also**  
14 **mentioned that the wells at Leisure Lakes are within 100 feet of the**  
15 **generator's fuel tank which has no spill containment facility and may**  
16 **be a safety hazard. While it is true that the generator's fuel tank**  
17 **does not have a containment structure, I note that Chapter 17-762**  
18 **of the Florida Administrative Code states that containment structures**  
19 **are not required for an above ground tank of 100 gallons. However,**  
20 **the Company will readdress the issue of the containment structure**  
21 **in order to assure protection of our potable water supply.**

1           Mr. Glenn indicated that there were minor leaks at Leisure  
2 Lakes. However, he did not identify what leaks he was referring to.  
3 We believe he may be referring to a minor leak at the site gauge  
4 located on the pressure tank. This gauge was repaired. Mr. Glenn  
5 referred to the log book suggesting that it did not contain all of the  
6 required information. Mr. Dave Denny, our South Region Manager,  
7 has addressed this issue with his operations staff, and the required  
8 information now is being logged. Mr. Glenn further stated that the  
9 generator was not periodically run under full load as required. Mr.  
10 Denny also has addressed this with appropriate operations  
11 personnel, and the generator is being run as required.

12       **Q. DO YOU HAVE ANY COMMENTS REGARDING THE TESTIMONY**  
13 **OF MR. JAMES GROB ON YOUR LEISURE LAKES SYSTEM IN**  
14 **HIGHLAND COUNTY, AND THE MARCO SHORES WASTEWATER**  
15 **SYSTEM IN COLLIER COUNTY?**

16       A. Yes. I wish to state that I concur with the testimony of Mr. Grob.

17       **Q. MR. SWEAT, DO YOU HAVE ANY COMMENTS REGARDING THE**  
18 **TESTIMONY OF MR. THOMAS HAMILTON OF THE DUVAL**  
19 **COUNTY PUBLIC HEALTH UNIT ON YOUR BEACON HILLS AND**  
20 **WOODMERE WATER FACILITIES IN DUVAL COUNTY?**

21       A. Yes. Mr. Hamilton states that there is insufficient chlorine contact

1 times at all three plants, and we wish to advise Mr. Hamilton and  
2 the Commission that the Company plans to initiate the chlorination  
3 point at the entry of the groundwater storage tank. By using this  
4 procedure, it will utilize the full capacity of the groundwater storage  
5 tank, thus chlorine contact time should be sufficient.

6 Also, Mr. Hamilton indicates that the Cobblestone plant is at  
7 times supplying more water than its design capacity, and in order for  
8 the interconnection with the Beacon Hills system to suffice for  
9 meeting demand, the Cobblestone plant production must be limited  
10 to the plant design. We wish to advise Mr. Hamilton and the  
11 Commission that our North Region Engineer, Mr. Robert Regalado,  
12 has advised that our engineering staff has designed an additional 10"  
13 loop between Beacon Hills and Cobblestone that will relieve some  
14 demand from Cobblestone. Also, a second well has been budgeted  
15 for Cobblestone to be installed in 1993. This will alleviate the  
16 demand problem. Additional storage capacity is expected to be  
17 added sometime in 1994.

18 **Q. DO YOU HAVE COMMENTS REGARDING THE TESTIMONY OF**  
19 **MS. CINDY HAYNIE AS IT PERTAINS TO YOUR HOLIDAY**  
20 **HEIGHTS AND UNIVERSITY SHORES WATER SYSTEMS IN**  
21 **ORANGE COUNTY?**

1 A. No comment, other than to say that I agree with her testimony.

2 Q. WILL YOU COMMENT ON THE TESTIMONY OF MR. CHARLES  
3 HOURIET REGARDING YOUR AMELIA ISLAND, BEECHERS  
4 POINT, PALM PORT, PARK MANOR AND SILVER LAKE OAKS  
5 WASTEWATER SYSTEMS IN NASSAU AND PUTNAM COUNTIES?

6 A. I have only one comment regarding the Beecher's Point WWTP, Mr.  
7 Houriet stated that the average nitrate-nitrogen level during the  
8 period 6/91 to 5/92 was 15 D. This exceeds the permitted level of  
9 12 D. We believe the cause to be the age of the sludge and  
10 elevated D.O. level. In an effort to lower nitrate levels, we have  
11 increased the sludge removal rate, and put all blowers on separate  
12 timers. The pulleys were changed where needed to decrease the  
13 volume of air. Nitrate levels now are below MCLs.

14 Q. WILL YOU COMMENT ON THE TESTIMONY OF MR. CHARLES  
15 HUBSCH FROM THE CITY OF JACKSONVILLE CONCERNING  
16 THE BEACON HILLS AND WOODMERE WASTEWATER SYSTEM?

17 A. I have no comment other than that I basically agree with his  
18 testimony.

19 Q. WILL YOU ADDRESS THE TESTIMONY OF MS. MIRIAM HUNT-  
20 BOATENG REGARDING YOUR BAY LAKES ESTATES,  
21 FOUNTAINS, INTERCESSION CITY, LAKE AJAY VILLAGE,

1           **PINERIDGE ESTATES, TROPICAL PARK AND WINDSONG**  
2           **WATER SYSTEMS IN OSCEOLA COUNTY?**

3           A.    Ms. Hunt-Boateng asserts that Intercession City's hydropneumatic  
4           tank shows evidence of corrosive pitting and should be repaired or  
5           replaced. This tank is approximately 10 years old, and the pitting  
6           she is referring to is surface pitting on the outside of the tank. It is  
7           my opinion that this is not a major problem. Our operations and  
8           maintenance staff have thoroughly inspected the tank and have  
9           scheduled the sand blasting and painting the tank. The tank will be  
10          taken from service to be completely cleaned and coated. We  
11          anticipate that the surface pitting problem will disappear after these  
12          measures are completed.

13                    Ms. Hunt-Boateng also refers to our Windsong system's  
14          history of pumping sand. The Company believes that this problem  
15          was corrected when a 6" liner was installed in 1991. Some sand  
16          reappeared in the distribution system in September 1992, however,  
17          the operating staff opened the tank and cleaned the sand from the  
18          inside. The well was flushed with the well driller present and there  
19          was no sand visible. Therefore, the Company believes that the sand  
20          was a residual product from the period prior to the well's repair.

21          Q.    **WOULD YOU COMMENT ON MR. HOSSEIN KADIVAR'S**

1           **TESTIMONY REGARDING TO YOUR CARLTON VILLAGE, FERN**  
2           **TERRACE, FRIENDLY CENTER, GRAND TERRACE, HOBBY**  
3           **HILLS, IMPERIAL MOBILE TERRACE, PICCIOLA ISLAND, PINEY**  
4           **WOODS, QUAIL RIDGE, SILVER LAKE ESTATES AND SKYCREST**  
5           **WATER SYSTEMS IN LAKE COUNTY?**

6           A.    Yes. Mr. Kadivar's only pertinent comment relating to our Carlton  
7           Village plant concerns a well pump which was changed out on an  
8           emergency basis at 2:00 a.m. in 1988. This change out was  
9           explained to DER several times and DER never sought enforcement  
10          action until 1992. We are confident that no adverse finding will result  
11          from this occurrence.

12                        Regarding Fern Terrace, DER's rules state that a second well  
13                        is not necessary if the population served does not exceed 350. The  
14                        Company has gathered an abundance of census data which clearly  
15                        indicates a total population of under 350 served by this system.  
16                        However, to date, DER refuses to accept our findings. Due to the  
17                        existence of an ordinance which prohibits drilling a well within city  
18                        limits, we would have extreme difficulty finding a suitable location for  
19                        an additional well if this requirement is imposed on us. The  
20                        Company has sought a waiver of the ordinance, but to date our  
21                        requests have been denied. Thus, to drill a second well would

1 require finding suitable land, well outside the community, which  
2 would be quite expensive for our customers.

3 **Q. WOULD YOU PLEASE ADDRESS MR. JAMES R. MAHER'S**  
4 **TESTIMONY REGARDING YOUR BEECHERS POINT, HERMITS**  
5 **COVE, INTERLACHEN LAKE ESTATES, PALM PORT, PARK**  
6 **MANOR, POMONA PARK, RIVER GROVE, RIVER PARK,**  
7 **SARATOGA HARBOR, SILVER LAKE OAKS, ST. JOHNS**  
8 **HIGHLANDS, WELAKA AND WOOTENS WATER SYSTEMS**  
9 **LOCATED IN PUTNAM COUNTY?**

10 **A.** Mr. Maher states that during a field inspection at Interlachen Lake  
11 Estates it was noted that the system does not have adequate  
12 auxiliary power. A permit has been issued to install the auxiliary  
13 power source, and the generator is in place. Start-up should be  
14 completed within 20 days through our consulting company,  
15 Development Services.

16 The alleged lack of generation capacity at our Pomona Park  
17 system is currently being evaluated by our consultant, Mr. David  
18 Ross of REFP Engineering Services. We hope to have his report  
19 shortly.

20 Regarding the need for an auxiliary power generator at our  
21 Saratoga Harbor system, let me state that the Company has 155

1 water and wastewater systems. It is impossible to make this type of  
2 improvement to all of our systems to meet DER rules over night, or  
3 even in one year. We just do not have enough time or staff,  
4 particularly with existing budget constraints. However, we are doing  
5 everything possible in the most expeditious manner possible.

6 **Q. DO YOU WISH TO REBUT MR. MAHER'S COMMENTS ON**  
7 **WHETHER THE WATER PRODUCED BY THE SYSTEMS MEET**  
8 **STATE AND FEDERAL MAXIMUM CONTAMINANT LEVELS FOR**  
9 **PRIMARY AND SECONDARY WATER QUALITY STANDARDS?**

10 **A.** Yes. Mr. Maher indicates that water from our Beecher's Point system  
11 does not meet the primary MCL for sodium, or the secondary MCL's  
12 for chlorides. We are aware that our Beecher's Point system has  
13 some problems, and we have been actively working with the City of  
14 Welaka on an interconnect. The Company has been in contact  
15 almost weekly with Welaka (Hon. William Dollar) and most of the  
16 details of the interconnect have been worked out. Welaka has plans  
17 to award the contract to Cen-State Constructors on or about  
18 November 5th for the installation of the City's new distribution  
19 system, and the Company should be able to complete our  
20 interconnection in early 1993.

21 With regard to Hermits Cove not meeting secondary MCL's for



1 Manganese and TDS, the Company believes that an error has  
2 occurred in the testing laboratory. On October 21, 1992, test sample  
3 kits were obtained by our operating personnel to re-sample using  
4 three laboratories - our regular lab and two other certified labs. This  
5 system has experienced no prior manganese problem and a review  
6 of other pertinent parameters make the operations people suspect  
7 a failure in the testing laboratory. A complete evaluation of the  
8 system is also being conducted by Hartman and Associates and a  
9 report is due in November 1992.

10 We also believe that something is amiss in the testing  
11 laboratory regarding our Pomona Park system. The same procedure  
12 is being established for Pomona Park as with Hermits Cove. When  
13 the system was re-checked, there were two days of very acceptable  
14 readings, but test results from the third day were 25 times above the  
15 limit, which leads the operators to doubt the integrity of the  
16 laboratory procedures. A complete evaluation of the system also is  
17 being conducted by Hartman and Associates and a report is due in  
18 November 1992.

19 With regard to our River Park water system, we are awaiting  
20 results from our consulting engineer, Hartman and Associates (Mr.  
21 Gary ReVoir), which should be completed in November 1992. The

1 same consulting firm also is handling the problem with Saratoga  
2 Harbour.

3 Regarding Mr. Maher's testimony concerning our Silver Lake  
4 Oaks system and the fluctuation of iron levels, on a 3 day re-check  
5 the levels were at .24 which satisfied the .3 level, and on June 18,  
6 1992 Mr. Maher stated in a letter that "this systems meets or exceeds  
7 State and Federal drinking water standards." Mr. Maher's letter is  
8 attached as Exhibit 92 (CLS-4).

9 The Wootens system is being evaluated by Hartman and  
10 Associates (Mr. Gary ReVoir), and his report should be completed  
11 in November 1992, at which time we will of course advise DER of our  
12 findings and plans.

13 **Q. DO YOU WISH TO COMMENT ON THE TESTIMONY OF MS.**  
14 **DEBORAH L. OBLACZYNSKI ON THE MARTIN COUNTY**  
15 **SYSTEMS?**

16 **A.** Yes. Ms. Oblaczynski commented that she observed deficiencies,  
17 such as no permit for loss of chlorine alarms. I wish to advise the  
18 Commission that in 1990, our Environmental Compliance  
19 Administrator, Mr. Mel Fisher, was advised verbally by the DER that  
20 the installation of loss of chlorine alarms did not require a permit.  
21 Recently, Bruce Paster, P.E., our Senior Project Engineer, contacted

1 DER's Mr. Donald B. White on this chlorine alarm permit question,  
2 and other questions, such as the survey on the Fisherman's Haven  
3 and Leilani Heights water systems. A copy of this communication is  
4 attached as Exhibit 92 (CLS-5).

5 Mr. Fisher has indicated that the utility is still searching for the  
6 cause of the elevated iron levels at Fox Run. As indicated by Ms.  
7 Oblaczynski, we have installed several new iron filters at Fox Run,  
8 and the levels of iron at well #1 are still elevated. This anomaly  
9 currently is being checked by Mr. Fisher and our operations staff.

10 **Q. DO YOU WISH TO COMMENT ON MR. JOHN H. POPE'S**  
11 **REMARKS REGARDING YOUR SUNNY HILLS WATER SYSTEM**  
12 **IN WASHINGTON COUNTY?**

13 **A.** No, other than to say that his testimony reflects the high quality of  
14 our operation of this facility.

15 **Q. WILL YOU COMMENT ON THE TESTIMONY OF MR. ROBERT**  
16 **REINING REGARDING YOUR SUNNY HILLS WASTEWATER**  
17 **SYSTEM IN WASHINGTON COUNTY?**

18 **A.** No, other than to say that the Sunny Hills system is a well run facility,  
19 and Mr. Reining's testimony reflects this.

20 **Q. MR. SWEAT, DO YOU HAVE ANY COMMENTS CONCERNING**  
21 **THE TESTIMONY OF MR. PETER SCRENOCK REGARDING THE**

1           **CRYSTAL RIVER AND SUGARMILL WOODS WATER SYSTEMS**  
2           **IN CITRUS COUNTY?**

3           A.    Yes. I would like to say that these two facilities also are clear  
4           demonstrations of the Company's commitment to providing  
5           customers with high quality services.

6           **Q.    DO YOU WISH TO COMMENT ON MR. NEAL SCHOBERT'S**  
7           **TESTIMONY CONCERNING YOUR MARION OAKS**  
8           **WASTEWATER FACILITY IN MARION COUNTY?**

9           A.    Yes. Mr. Schobert referenced in his July 28th letter that July 9th  
10          and July 16th inspections were conducted and only four alleged  
11          deficiencies for this large facility were indicated. The Company  
12          responded to Mr. Schobert on August 14th noting that either the  
13          deficiencies already had been taken care of, or were being  
14          addressed currently.

15          **Q.    DO YOU HAVE ANY REMARKS CONCERNING THE TESTIMONY**  
16          **OF MR. VINCENT SEIBOLD REGARDING YOUR AMELIA ISLAND**  
17          **WATER SYSTEM?**

18          A.    No.

19          **Q.    DO YOU WISH TO COMMENT ON THE TESTIMONY OF JOE**  
20          **SQUITIERI REGARDING YOUR SPRING HILL SYSTEM IN**  
21          **HERNANDO COUNTY, AND THE APACHE SHORES, CITRUS**

1           **SPRINGS, POINT O' WOODS AND SUGARMILL WOODS**  
2           **WASTEWATER SYSTEMS IN CITRUS COUNTY?**

3           A.    Yes.  Regarding the Point O' Woods system and particularly the  
4           ponds, this item has been addressed by our engineering  
5           department, and pond cleaning has been budgeted for 1993.

6                         Yes.  Mr. Squitieri refers to the audible and visual alarms and  
7           the fact that they were not functioning at the time of the visit.  These  
8           alarms were repaired on or before July 1st, 1992.

9                         Mr. Squitieri testified on the overflow problem in the Spring Hill  
10          Subdivision.  It is true that there have been overflows in the past.  
11          The developer of the subdivision was required by our developer's  
12          agreement to have all flows from the subdivision directed to the  
13          master lift station located on County Line Road.  However, an interim  
14          agreement between the developer and the Company temporarily  
15          allowed the developer to divert these flows to a smaller lift station.  
16          As the subdivision increased in size, the interim lift station was unable  
17          to handle the substantial flows.  Coupled with the high flows were  
18          power outages due to lightning strikes, which also caused overflows.  
19          The Company has begun to apply pressure to the developer to  
20          arrange for the flows to go to the master lift station on County Line  
21          Road, and we have been advised that the developer has in fact

1 submitted plans to the DER, and is expecting approval and permits.  
2 As a short term solution, the operating staff is at a minimum checking  
3 this lift station three times a day, seven days a week. During periods  
4 of thunder storms, the operations staff may check the lift station  
5 more frequently. There have been no instances of overflows since  
6 the operations staff have taken these actions since the end of August  
7 1992.

8 The engineering department at the utility was unaware of any  
9 odor complaints at Sugarmill Woods, and will address the matter  
10 immediately with our operations department on site.

11 Mr. Squitieri spoke about sketchy and incomplete reporting at  
12 Sugarmill Woods regarding groundwater monitoring. The utility had  
13 experienced some difficulty in the past with staff. However, with a  
14 staff change that was made in late 1991, the complexion and  
15 composition of our reporting significantly changed. DER was notified  
16 of this change and we ask that you refer to the attached Exhibit 92  
17 (CLS-6) which contains a copy of our letter to Mr. David  
18 MacColeman which is dated November 19, 1991.

19 Mr. Squitieri indicates that "some slopes of collection lines are  
20 inadequate to meet 2.0 ft/sec and requires periodic flushing". Both  
21 the Company's engineering and operations departments are

1 confused by this statement, and we request clarification of this  
2 statement.

3 Mr. Squitieri also references a non-compliance letter mailed to  
4 the Company on or about April 9th which he alleges "was not  
5 responded to and if violations continue will result in the beginning of  
6 enforcement." On April 29th our Environmental Compliance  
7 Administrator responded to an April 9th letter from Mr. David G.  
8 MacColeman concerning Sugarmill Woods, addressing in detail all  
9 of the concerns that Mr. MacColeman had identified concerning the  
10 Sugarmill Woods system. A copy of this letter is attached hereto as  
11 Exhibit 92 (CLS-7).

12 **Q. DO YOU HAVE ANY COMMENT REGARDING MR. THIEL'S**  
13 **TESTIMONY REGARDING THE MARTIN COUNTY WASTEWATER**  
14 **SYSTEMS?**

15 **A.** Yes. I would like to address Mr. Thiel's comments regarding the Fox  
16 Run wastewater treatment facility and particularly the effluent disposal  
17 system. The effluent disposal system at the Fox Run plant is an  
18 under-drain drip system located adjacent to the treatment plant on  
19 a small parcel of land, about the size of a small building lot. For the  
20 most part, the drain system has work satisfactorily, with the exception  
21 of periods of heavy rains.

1           When the Company started experiencing ponding in the  
2 disposal area, rehabilitation of the under-drain was conducted which  
3 greatly improved the situation, but has not solved it. The schedule  
4 which Mr. Thiel references was arrived at during a meeting between  
5 the Company and the DER. At this meeting, a number of options  
6 were discussed which were not acceptable to DER. Ultimately, we  
7 agreed to tie the Fox Run system into a regional system which is  
8 expected to be available in mid-1993.

9           Regarding Leilani Heights, Mr. Thiel stated that the wastewater  
10 treatment capacity will soon be reached. The Company is aware of  
11 this fact, however, we would like to mention to Mr. Thiel and the  
12 Commission that Leilani Heights is almost at build-out. Mr. Thiel  
13 references a June 2, 1992 inspection, a subsequent non-compliance  
14 letter, and the Company's response of June 25th. It should be  
15 mentioned that the standby blower was never a part of the report,  
16 in that this blower was in for repairs at the time of the inspection.

17           At the Fisherman's Haven facility, the Company's operating  
18 staff monitors the well located at the treatment plant site. The private  
19 well was installed after the wastewater treatment plant was  
20 constructed and we have monitored and will continue to monitor the  
21 water supply for the customers of Fisherman's Haven. The



1 Company will do everything possible to insure that the ground water  
2 supply is protected.

3 **Q. DO YOU HAVE ANY COMMENTS REGARDING THE TESTIMONY**  
4 **OF MR. RAYMOND VAN LOON AS IT APPLIES TO YOUR**  
5 **DELTONA LAKES, JUNGLE DEN AND SUGAR MILL WATER**  
6 **SYSTEMS?**

7 **A.** Yes. Mr. Van Loon mentions that the secondary standards at  
8 Deltona Lakes exceeded the MCL's in 1990. I recall this problem,  
9 and I also recall rechecks being made. At this moment the records  
10 are not available to me, however, I believe the samples were taken  
11 from Well Nos. 9, 12, 14, and 16 showing chlorides, color and TDS  
12 to exceed MCL. Iron samples were taken from the distribution  
13 system. Samples taken from Well Nos. 6, 8 and 27 showed TDS  
14 exceeding the MCL. However, rechecks showed that all came back  
15 below the MCL. The Company is planning to drill 3 new wells in  
16 1993. These new wells should help to reduce the chloride and TDS  
17 levels during the high pumping months of summer when demand is  
18 highest.

19 **Q. DO YOU HAVE ANY REMARKS REGARDING THE TESTIMONY**  
20 **OF MR. HARLEY W. YOUNG CONCERNING YOUR BURNT**  
21 **STORE WASTEWATER SYSTEM IN CHARLOTTE/LEE?**

- 1 A. I only wish to say that I concur with Mr. Young's testimony.
- 2 **Q. DO YOU HAVE ANYTHING FURTHER YOU WISH TO SAY**  
3 **REGARDING THE QUALITY OF SERVICE BEING PROVIDED TO**  
4 **THE 127 IN THIS PROCEEDING?**
- 5 A. Yes. I believe the information provided in this testimony confirms the  
6 fact that the quality of service being provided to each of the 127  
7 systems is safe, efficient and sufficient.
- 8 **Q. DO YOU AGREE WITH MS. DISMUKES' IMPUTATION OF TEST**  
9 **YEAR REVENUES FOR ALLEGED EFFLUENT SALES AT THE**  
10 **DELTONA LAKES SYSTEM?**
- 11 A. Yes, however, Ms. Dismukes is not correct when alleging that the  
12 effluent sales occurred and revenues were received by the Company  
13 in 1991. Due to permitting and other operating constraints, no  
14 revenue was received for effluent sales from the Deltona Lakes  
15 wastewater system in 1991. We agree with the adjustment, however,  
16 as an out of period adjustment reflecting known and measurable  
17 revenues beyond the test year since the effluent sales contract  
18 establishes the effluent rate and requires a minimum amount of  
19 effluent to be purchased by the user.
- 20 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**
- 21 A. Yes, it does.

1 Q (By Mr. Hoffman) Mr. Sweat, have you prepared  
2 a brief summary of your testimony?

3 A Yes.

4 Q Would you please provide it?

5 A I will address various issues concerning the  
6 operation of water and wastewater systems. These will  
7 include unaccounted-for water, quality of service and  
8 customer complaints.

9 I am the sponsor of the F-1 schedules which  
10 show the amount of water pumped, sold and associated  
11 with other use and unaccounted-for water during the  
12 test period for each of the 127 systems in these  
13 proceedings.

14 I will attempt to demonstrate to the  
15 Commission that previous subjective percentages of  
16 unaccounted-for water should be looked at, perhaps,  
17 with a different view.

18 The Commission has recognized a past industry  
19 gauge as the basis for the policy on its  
20 unaccounted-for water. In past orders, the Commission  
21 has cited articles published by the American Water  
22 Works Association, which state, in part, that systems  
23 losses of 10 to 20% are considered reasonable.

24 I will also address the quality of service of  
25 these 127 systems and the strides that SSU is making

1 with the restricted financial capability available.

2 Our parent, Minnesota Power, has demonstrated  
3 a tremendous commitment to the state of Florida in the  
4 protection of the fragile econ system.

5 It has been addressed by others that -- takes  
6 me five minutes to get started -- that enormous capital  
7 infusion that has been made by MP with no guarantee  
8 that the shareholder will return -- will earn a return  
9 on those investments.

10 Another area I will address is effluent  
11 re-use. It is my professional opinion that this  
12 utility is one of the four front runners in effluent  
13 re-use. The Utility has been an innovator in the  
14 application of re-use water for public access  
15 irrigation. We are proactive in working with large  
16 water users and aspiring to persuade such water users  
17 that reclaimed water is to their advantage, and will  
18 continue to explore those methods to recharge our  
19 dwindling aquifer.

20 Even though the Utility actively promotes  
21 reclaimed water, reclaimed water use is not without its  
22 challenge. To try and promote a movement such as this  
23 to a businessman, who is keeping both eyes on his  
24 bottom line, can be a challenge. Sometimes it cannot  
25 be sold. Sometimes the Utility must give it away.

1 However, each reclaimed water situation is unique, just  
2 as the unaccounted-for water must be judged on its own  
3 merit, as the individual problem that it is. So much  
4 reclaimed water; water be judged separately, and an  
5 arbitrary figure should not be established.

6 I also note that the Utility has created one  
7 of Florida's leading water conservation programs. The  
8 Utility received second place in the Innovative Water  
9 Conservation Competition sponsored by the AWWA, and  
10 took first place in the Education Category of the  
11 Florida Xeriscape Awards Program.

12 Customers who have made complaints to the  
13 Public Service Commission comprises less than 1,000  
14 of our total customer base during the test year of  
15 1991. Looking back over history, we find that to be  
16 a very impressive number. We're very proud of that and  
17 will continue to improve it.

18 Finally, in my testimony I state that we are  
19 providing safe, efficient and sufficient service to our  
20 customers. I believe we are not meeting -- I believe  
21 we are meeting DER standards; but where there are  
22 deficiencies noted by DER, they are only temporary. We  
23 have addressed these deficiencies already, and they  
24 will soon be addressed and corrective action taken.

25 The services being provided to our customers

1 are of no danger to the public health and safety of  
2 those customers being served, nor is the service being  
3 provided causing any danger to the environment. If so,  
4 the DER would have taken corrective action by now.

5 This has not happened.

6 If a deficiency in service does not exist, we  
7 request -- I want to read that sentence one more time,  
8 it's very important that you understand it.

9 If a deficiency in service does exist, we  
10 request that the Commission permit us to recover our  
11 revenue, our required revenue, while also requiring us  
12 to provide periodic reports on the status of  
13 connections, say, on a quarterly basis.

14 That ends my summary.

15 MR. HOFFMAN: Thank you, Mr. Sweat. He is  
16 available for cross.

17 COMMISSIONER EASLEY: Mr. Jones?

18 MR. JONES: I have no questions.

19 COMMISSIONER EASLEY: Mr. McLean?

20 MR. McLEAN: Thank you, Commissioner.

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## CROSS EXAMINATION

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BY MR. McLEAN:

Q Mr. Sweat, Harold McLean for the Citizens.

You will be pleased to know, perhaps, all my questions have to deal with the effluent sales and reuse. And I have a couple of exhibits I want to pass out.

In the meantime, Mr. Sweat, I want to ask you a general question. Would it surprise you to know that the Office of Public Counsel is a very enthusiastic supporter of your efforts to sell effluent where possible?

A We thank you.

Q And when I asked you a lot of questions down at Lehigh about this particular issue, I think you extolled the virtues of effluent sales, and we endorse each of those. You are, in fact -- would it surprise you to know that you are somewhat in the position of an ally because the more money you get from effluent sales, the less you have to get from us, correct?

A That may make sense.

Q I hope so.

Madam Commissioner, may I have the exhibits marked for identification, please?

COMMISSIONER EASLEY: Yes, FPSC Interrogatory

17 --

1 MR. McLEAN: You can mark that as composite  
2 exhibit, if you wish.

3 COMMISSIONER EASLEY: All right. Composite  
4 Exhibit 93 which consists of FPSC Interrogatory 17 and  
5 Appendix 176-E. And I understand 176-E is a system  
6 with very low customer turnover. (Laughter)

7 MR. McLEAN: We look upon it as a corporate  
8 undertaker. (Laughter)

9 (Exhibit No. 93 marked for identification.)

10 Q (By Mr. McLean) Mr. Sweat, let me ask you,  
11 as Interrogatory 17 does, how many systems that  
12 Southern States has in which they're able to dispose of  
13 effluent on a golf course or other commercial area?

14 A Would you like for me to read these off,  
15 Mr. McLean?

16 Q Sure. Just lay out all five of them. I want  
17 to ask you some questions about all five if you would.

18 A Point O'Woods Golf Course, Amelia Island Golf  
19 and Country Club, Florida Central Commerce Park,  
20 Deltona Lakes Golf and Country Club, Glen Abbey Golf  
21 and Country Club, Chapel Hill Cemetery.

22 Q All right, sir. Now, does Southern States  
23 receive any compensation -- let me rephrase that. Is  
24 there any specific compensation received by Southern  
25 States for the effluent which is delivered to these



1 areas?

2 A There are no compensation to Southern States  
3 for Point O'Woods, Amelia Island. There are  
4 compensation to Southern States from Florida Central  
5 Commerce Park and there is compensation to Southern  
6 States from Deltona Lakes Golf and Country Club.

7 Q All right, sir. Now, I take it the ones for  
8 which there is no specific compensation, Southern  
9 States takes the position that it does, in fact,  
10 receive value, is that correct?

11 A Southern States definitely, receives value as  
12 a utility by having these golf courses available for  
13 effluent disposal.

14 Q Okay. I want to refer you to -- take an aside  
15 here and refer you to MFRs for just a moment, Volume I,  
16 Book 3 of 4, Page 11. Do you have those with you?

17 A No, I do not.

18 Q Maybe I can ask you the question without you  
19 needing to refer.

20 A Okay.

21 Q Do you have the page, sir?

22 A What was the page again, sir?

23 Q 11.

24 A Page 11. Okay.

25 Q Yes, sir. Look down to the fifth paragraph

1 there. I believe you may recall earlier testimony in  
2 the case about that fifth paragraph. Let me read it to  
3 you, "About 8% of the costs relate to the drafting and  
4 negotiation of various specialized developer agreements  
5 on behalf of the Utility, primarily those related to  
6 effluent disposal agreements with developer-owned golf  
7 courses." You agree with my reading, I suppose?

8 A I agree that's what you read, yes.

9 Q All right, sir. And over on Page 10, subject  
10 to check, I think we can tie in the developer agreement  
11 there, number, \$9,000 total company and 5,734 to all  
12 developer agreements, including the effluent disposal  
13 agreements, correct? (Pause)

14 A Are you suggesting, sir, that these are the  
15 costs for the Deltona system?

16 Q No. What I want to get you to is whether you  
17 all used that form which you developed in any of these  
18 five cases. (Pause)

19 A I would say, whether they were used formally  
20 or informally, that each one of those items were taken  
21 into consideration --

22 Q Okay, each -- I'm sorry, go ahead.

23 A Understand that some of these agreements were  
24 in effect at the time of acquisition.

25 Q Okay. So what -- are you the person who

1 normally negotiates these agreements?

2 A That's one of my new -- that is my new job, yes.

3 Q How long ago did you acquire that?

4 A January of this year.

5 Q All right, sir. You didn't have it during  
6 the test year?

7 A I was operations, Vice President of  
8 Operations during the test year.

9 Q So you did something else then; you didn't  
10 negotiate these agreements?

11 A I was involved to some degree with Florida  
12 Central Commerce Park, Deltona Lakes and Glen Abbey.

13 Q Okay. Do you recognize that with respect to  
14 my question about the MFRs and the agreements which  
15 apparently were developed there at some cost, do you  
16 know whether those specific agreements were used in any  
17 of these that you had any direct knowledge of?

18 A Are you asking me as an example of the  
19 litigation costs of \$26,000, am I familiar with that?

20 Q No, sir. I'm sorry, and I apologize for  
21 being unclear. Let me state it to you generally.

22 It appears to me, by looking at the MFRs,  
23 that the Utility incurred some expense in having some  
24 agreements drawn up which dealt with effluent disposal.

25 Now, my question to you is: I want to know if

1 those agreements were put to good use. For example,  
2 were they used in any of these five systems for which  
3 there are effluent disposal agreements?

4 A I am unable to look on these pages and  
5 determine what systems those dollars may apply to.

6 Q Okay. Well, my question is: In those  
7 situations where you either negotiated, or the ones you  
8 said that you might be familiar with negotiations, do  
9 you know if these agreements were used?

10 A Do I know if these agreements were used?  
11 These agreements in the MFRs; is that the question?

12 Q Yes, sir. Yes, sir. The ones for which the  
13 customers are being asked to pay. (Pause)

14 A Well, since I have never seen these before, I  
15 will have to say I don't know.

16 Q All right, sir. Let's look at -- I want to  
17 ask you something about the parties. Presumably, in  
18 each of the five systems you mentioned Southern States  
19 is, in fact, the contracting party who is furnishing  
20 the effluent, correct?

21 A That's correct.

22 Q Okay. Now, with respect to the Point O'Woods  
23 agreement, who is the actual party that executed -- is  
24 there a written contract in each one of these situations?

25 A Yes.

1 Q Okay. Who is the party that executed the  
2 contract or the agreement, as the case may be, for  
3 Point O'Woods?

4 A I was party that acquired the Utility. And as  
5 I recall, the effluent agreement was already in  
6 existence and it was a matter of assigning it to the  
7 Utility.

8 Q Okay. Referring to that agreement, the  
9 agreement was already there when you all bought the  
10 Point O'Woods system, is that correct?

11 A That's correct.

12 Q Do you know whether Point O'Woods Utilities,  
13 on the one hand, and the Point O'Woods Golf Club on the  
14 other hand, were owned by common interests?

15 A I believe that they were.

16 Q All right, sir. Do you have any assurance  
17 that -- let me strike that and say, you remember down  
18 in Lehigh what I was looking for was to make sure that  
19 you all were driving hard bargains on these things and  
20 getting as much value as you could and, thus, relieving  
21 the Citizens of the duty to pay the revenue  
22 requirement. My question here is: Do you have any  
23 assurance that Point O'Woods drove a decent bargain  
24 with the Point O'Woods Golf Club?

25 A As I recall, the Point O'Woods and the Point

1 O'Woods Golf Course was probably developed back in the  
2 early '80s to late '70s. I would say that, yeah, they  
3 probably did a fair bargaining and developed a fair  
4 agreement for a couple of reasons. One, the need to  
5 get rid of the effluent was there. The land  
6 surrounding that site was a development. In fact,  
7 there's some pretty expensive condominiums and homes in  
8 the Point O'Woods subdivision.

9           It was certainly much more economical for the  
10 developer to utilize the golf course as a way of  
11 getting rid of the effluent that he needed to develop  
12 his property, less tying up his property, the expensive  
13 property, it's a benefit for the Utility; it's a  
14 benefit for the golf course owner and it's a benefit to  
15 the community as it is a recharge to the groundwater.

16           Q     And there is no specific fee in the Point  
17 O'Woods system, is that correct?

18           A     There is no fee at all.

19           Q     Okay. Now, do you know whether the Point  
20 O'Woods Golf Club has any consumptive use permits?  
21 First of all, do you know whether any would be  
22 necessary -- let me strike that. Do you know whether  
23 the Point O'Woods Golf Club has its own wells?

24           A     That, I do not know.

25           Q     Okay. So you couldn't say whether the Point

1 O'Woods Utilities took the potential cost of the wells  
2 and so forth for the Point O'Woods Golf Club into  
3 consideration when they negotiated deal, could you?

4 A I could not.

5 Q And you don't know also -- you also don't  
6 know whether Point O'Woods Golf Club has any  
7 consumptive use permit from the appropriate Water  
8 Management District?

9 A I don't know.

10 Q Now, did Southern States -- did Southern  
11 States maintain any of the plant that it takes to put  
12 the effluent on the golf course?

13 A Southern States maintains ownership of the  
14 force main and pumping station that leaves the  
15 treatment plant facilities to the golf course. The  
16 golf course ownership maintains the ponds.

17 Let me point out one other thing.

18 Q Yes, sir.

19 A That system was put in prior to some new  
20 rules. Today, under the rules, you could not put in a  
21 system on a golf course of that size because the  
22 treatment plant capacity is less than 100,000 gallons a  
23 day. That one's 75, I believe. So they were very  
24 fortunate to have that ability to move prior to the  
25 rule changes.

1 Q Do you know whether this system is  
2 grandfathered in?

3 A What do you mean by "grandfathered in"?

4 Q I'm sorry. Do you know whether this system  
5 can continue in operation, such as it is without,  
6 violating DER standards to which you just referred?

7 A I would assume that that's the case. I think  
8 it's has been repermited once.

9 Q Do you know when the permit expires?

10 A Off the top of my head, I don't.

11 Q All right, sir. Let's skip down to Florida  
12 Central Commerce. Florida Central Commerce, is that a  
13 name of one of the Southern States systems?

14 A Florida Central Commerce Park is, in fact, an  
15 industrial park located in Longwood.

16 Q Okay. What Southern States system serves  
17 this particular one?

18 A Southern States -- we call it the Florida  
19 Central Commerce Park. I was involved in this very  
20 little, so let me see if I can put together something  
21 that makes sense.

22 The Commerce Park developer had originally  
23 planned to build a wastewater system. Water was  
24 acquired from the Town of Longwood and that was the  
25 initial understanding, that they would provide water.



1           The Town of Longwood did not want to be in  
2 the wastewater business, so it was left up to the  
3 developer to develop a wastewater system. The project  
4 was constructed in a very, very wet section of  
5 Longwood, and it was a long time in really developing.  
6 And in the covenants they created, because there was no  
7 wastewater out there, they allowed the residents or the  
8 business people to put in septic tanks. At the same  
9 time, they were asked to install irrigation systems at  
10 each one of the properties. And that effluent -- I  
11 mean that irrigation system to those properties would  
12 ultimately receive effluent for irrigating their lawns.

13           SSU acquired the system and, in fact, built  
14 the wastewater treatment plant that was a part of the  
15 1988 rate case, and built it to Class I reliability and  
16 public access under the DER rules and regulation,  
17 including wet weather storage ponds.

18           In the last rate case, I forget the order  
19 number, the Commission established rates at 12 cents  
20 per sprinkler head for each one of the facilities that  
21 utilizes the effluent water.

22           Q     So there is no agreement between Southern  
23 States and Florida Central Commerce Park, is there?

24           A     There is an effluent agreement also, yes.

25           Q     I see. Does the effluent agreement specify

1 a gallonage charge or a per-head charge or anything of  
2 that nature?

3 A The only thing would be the order from the  
4 Public Service Commission that established that 12  
5 cents per gallon per sprinkler head.

6 Q Briefly, if you will, tell me what other  
7 issues are identified? What are the other elements of  
8 the agreement between Florida Central Commerce and  
9 Florida Central Commerce Park?

10 A I don't understand.

11 Q Okay. The Commission controls the price.  
12 What are the other conditions that the agreement seems  
13 to address?

14 A Well, I, subject to check, I do believe that  
15 when that agreement was signed that there probably was  
16 language in it that would say something that if the  
17 Public Service Commission set a rate, then that would  
18 be the rate.

19 Q Okay. So at this point in time the  
20 Commission controls the relationship between those two  
21 parties, correct?

22 A For rate-setting, yes.

23 Q Now, do you know whether the rate approved by  
24 the Commission, which is 12 cents, is that 12 cents per  
25 sprinkler head on a per-monthly basis?

1 A Yes.

2 Q Is that the same as the agreement originally  
3 specified, or was specified in its most recent version?

4 A I don't think so. I think it was, basically,  
5 it seemed to be at the time the easiest way to set the  
6 charge. I'm not sure that we're not coming into this  
7 proceeding with a different request for a different  
8 method of charge, but I don't know.

9 Q Okay. Let's look to Deltona Lakes next. Did  
10 Southern States negotiate this deal or this agreement,  
11 or did your predecessors?

12 A Southern States negotiated this deal.

13 Q Did you participate in the negotiations?

14 A To some degree.

15 Q Okay. When Southern States negotiated the  
16 deal, were they operating as managers of Deltona or  
17 were they the actual owners?

18 A Southern States has never operated as  
19 managers of Deltona. We've always -- when I say  
20 "Southern States," I speak of the entire organization,  
21 Minnesota Power, Topeka, Southern States. Southern  
22 States or Topeka has always owned the utility, Deltona,  
23 we've never managed the system.

24 Q I understand. So when you were negotiating  
25 on behalf of the Deltona Lakes, you were negotiating

1 against a different entirely corporate entity, Deltona  
2 Lakes Golf and Country Club, is that correct?

3 A That's correct.

4 Q All right, sir. Now, do you know whether  
5 Deltona Lakes and -- what is the fee, incidentally?

6 A At Deltona Lakes and Golf --

7 Q I should say what's the rate.

8 A The rate is 6 cents per 1,000 --

9 Q Okay.

10 A -- which is basically their avoided cost.  
11 They do have consumptive use permits and they do have  
12 wells.

13 Q Okay. Now, how did you compute the avoided  
14 cost?

15 A Based on electric power consumption for the  
16 operations of the wells.

17 Q Would it be -- so what you did is look to see  
18 what Deltona would have to spend on electricity and  
19 then you simply charged them that, is that correct, and  
20 assigned that the avoided cost?

21 A That's correct.

22 Q Okay. And in so doing, you didn't consider  
23 -- or did you consider whether Deltona Lakes had a  
24 consumptive use permit?

25 A They do have.

1 Q When does it expire, do you know?

2 A I don't know.

3 Q Who owns the physical facilities at the site  
4 of the Golf and Country Club that provide distribution  
5 of the effluent?

6 A I missed the first part of the question.

7 Q Okay, what I'm trying to find out is who owns  
8 the sprinklers and the lines and so forth at Deltona?

9 A The Deltona Country Club owns the lines.

10 Q Who has the responsibility to maintain them?

11 A The Deltona Country Club.

12 Q How did you discover what the avoided -- what  
13 their cost of electricity would be?

14 A By collecting an accumulation of power bills  
15 and calculating the costs per kilowatt hour.

16 Q Okay. Do you know what your cost for  
17 electricity is to get the effluent to that place?

18 A No, I do not.

19 Q Okay. Is this one of those situations in  
20 which you have managed to avoid some other means of  
21 effluent disposal?

22 A There's a long story and I think it's very  
23 important to be told, if I may.

24 Q Go for it.

25 A Thank you.

1 Q On behalf of everyone, let me ask you to  
2 summarize it as much as possible --

3 A It's not 6:30, so --

4 COMMISSIONER EASLEY: You have until 6:00,  
5 not 6:30.

6 WITNESS SWEAT: Okay. I can make it short,  
7 Commissioner.

8 COMMISSIONER EASLEY: Yes, please.

9 WITNESS SWEAT: The Deltona, and probably  
10 most of you know, the Deltona Corporation owned Deltona  
11 Lakes. The effluent was discharged into Lake Monroe.  
12 In the early to mid '80s there was a Consent Order  
13 issued by the Department of Environmental Regulations,  
14 and, quite frankly, a blanketed statement by DER said  
15 that everybody that did not have a waste load  
16 allocation would have no surface water discharge by the  
17 year 1984.

18 Deltona Lakes had no wastewater discharge  
19 allocation through the EPA so they had a Consent Order  
20 and they had to get out of the river, the lake, by  
21 1984. That did not happen. They negotiated an extra  
22 timetable, I believe, until 1985; and I think they  
23 negotiated a third timetable that might be 1986; and I  
24 might be somewhat off on my dates.

25 But, to shorten the story, SSU and Topeka and

1 Minnesota Power arrived on the scenes in 1989, June,  
2 closed the acquisition and went before the DER  
3 immediately and negotiated yet another Consent Order.  
4 I think that provided us 18 months to remove the  
5 effluent from Lake Monroe. That Consent Order had  
6 penalties of \$100 a day for every day that you missed  
7 the date.

8 We immediately went to work to locate a place  
9 to put the effluent. The most logical place was the  
10 Deltona Golf Course located nearby. The second logical  
11 place was the Glen Abbey Golf Course that was located  
12 nearby. Thirdly, there was a piece of property owned  
13 by the county that could have been purchased; and  
14 fourthly, there was a parcel of land located on Doyle  
15 Road, approximately 24 acres, that could have been  
16 purchased and used for effluent disposal.

17 By the time we got around to looking at the  
18 Section 16 owned by the county, the County had decided  
19 to turn it into a bird sanction, or something, and  
20 would not be interested in selling it, so we lost that  
21 parcel.

22 We investigated the 24 acres on Doyle Road  
23 and ran into opposition from the homeowners. The  
24 homeowners around Doyle Road all had individual wells,  
25 they did not have wells from the Utility -- water from

1 the Utility, nor did they have wastewater. So after a  
2 meeting or two of the three-pieced dressed lawyers and  
3 engineers, the homeowners ran them out; they didn't  
4 want any part of it.

5 So I picked up the ball in my cowboy boots  
6 and blue jeans and plaid shirt and went over and sat  
7 down and had cookies and coffee with about 25 of the  
8 homeowners, starting somewhere in the neighborhood of  
9 January. And five months later -- and these are  
10 monthly meetings and then going to the County  
11 Commission at the same time -- five months later came  
12 to a resolution that we were good guys, that we were  
13 people of our word, that the quality of water that I am  
14 talking about putting in your back door is first class.  
15 At one of the Commissioners meetings, I even had to  
16 drink a little bit of it to show that it was a clean,  
17 drinkable water. (Laughter) Only if you have ice  
18 cubes.

19 But, to make a long story short, we agreed to  
20 do certain things at the pond, and we also agreed we  
21 would not use the pond if we found other locations.  
22 There was probably about 100 people altogether opposing  
23 the sewer system in their backyard.

24 So we talked seriously to the golf courses.  
25 The golf courses did not want to pay one dime, not one



1 dime, in any way, form or fashion. They had a very low  
2 cost operation, they had consumptive use permits and  
3 they believed that they would go on forever.

4 To make a long story short, we did convince  
5 Deltona Lakes to enter into an agreement and which they  
6 did. They had no ponds on their golf course at all.  
7 You will not find a pond on the golf course at Deltona.  
8 Which means that we had to build a holding pond, a  
9 concrete structure, to pump our effluent in, which is  
10 pumped out into their irrigation system.

11 And this 6 cents per 1,000 is, in fact, the  
12 payback of a loan, if you will, of the \$75,000, I  
13 believe, that it cost us to build the pond on the  
14 Deltona Golf Course.

15 Deltona Golf Course was permitted for  
16 approximately half a million gallons a day. Southern  
17 States' capacity and effluent at the treatment plant is  
18 900,000 gallons a day. We need another golf course.  
19 We need another golf course bad because we also have a  
20 wet weather storage problem to contend with that we  
21 haven't thought about yet.

22 We meet with Glen Abbey. We're very  
23 fortunate they have a three-acre wet weather pond on  
24 their site that DER would accept as a wet weather  
25 storage; and we're getting close to November 1.

1           However, they gave us a little breathing  
2 room. If you can assure us, and we've worked with you  
3 people many years, we know you're a man of your word,  
4 if you will assure us that you will find the nine  
5 additional million gallons of wet weather storage, you  
6 may turn on the system. And we turned on the system, I  
7 believe it was October 29th or October 31, just the day  
8 before November 1, which was the deadline of our  
9 Consent Order with DER.

10           Our flows went to the Glen Abbey Golf Course.  
11 It went to the Deltona Golf Course. But prior to it  
12 getting to the Deltona one, there was some construction  
13 problems at Glen Abbey. We're very fortunate that  
14 Deltona, having about 150 acres of land and very, very  
15 prime soil for percolation, we were able to dispose of  
16 about a million gallons of water a day until we solved  
17 our problem at Glen Abbey. The Deltona folks did a  
18 tremendous favor for us.

19           Glen Abbey wasn't as easy to enter into an  
20 agreement with. They certainly were opposed to paying  
21 for anything. They had low rates, they had their own  
22 wells, they had their own consumptive use permits. But  
23 we eventually did so. We were able to use their ponds.  
24 We entered into an agreement for 420,000 gallons a day,  
25 I believe.

1           We need nine more days of holding ponds  
2 contiguous to the Glen Abbey pond. It happens to be  
3 pond owned by others, some developer, that I was able  
4 to acquire. And now we have our ponds, our effluent.  
5 We're in good condition in the Deltona community.

6           We're also now talking to -- very  
7 preliminarily talking to builders for gray line  
8 reclaimed water. That would be the next thing that I  
9 would like to promote our Company into getting into.  
10 The same down in the Venice Gardens area.

11           Does that answer your question, Mr. McLean?

12 (Laughter)

13           Q     It must have somewhere. Yeah, that's a fair  
14 answer. Thank you for the history.

15           Now, do you all charge a rate to Glen Abbey  
16 Golf and Country Club?

17           A     No, we do not.

18           Q     Okay. There is one part that I'm a little  
19 confused on. You said you all built a holding pond  
20 that costs \$75,000 at Deltona Lakes Golf and Country  
21 Club?

22           A     That's correct.

23           Q     Okay. And you all were only charging them 6  
24 cents per 1,000 and that's their avoided electricity  
25 cost, right?

1           A     That's correct.

2           Q     Okay. Now, how are you all going to recover  
3 the cost of the \$75,000 pond, did you say?

4           A     It's over a number of years.

5           Q     Going to take a lot of them -- do you  
6 understand what I'm saying? If you're just meeting the  
7 avoided cost of Deltona Lakes --

8           A     The avoided cost is the 6 cents is the  
9 payment for the pond.

10          Q     Yes, sir.

11          A     Okay? And if you use 400,000 a months times  
12 6 cents, whatever that is, you send us a check. We cut  
13 that, we apply that to the debt.

14          Q     Okay.

15          A     We have to remember that -- you have to  
16 remember the story, the history you've got. If you had  
17 to go out and acquire this 150 acres in the Deltona  
18 community, if you have been there in the area of the  
19 wastewater treatment plant is quite condensed with  
20 homes, schools, and a very populated area.

21                    You would have to travel quite a distance to  
22 find a site. And I don't know the price, but -- and  
23 during that time period, I was checking prices that  
24 ranged in the neighborhood of 17,000 to 25,000 for  
25 developed lots. And you have to understand that all of

1 Deltona is a PUD. It's all developed. So you find no  
2 bargain land. You have to go through rezoning, you  
3 have to go through exceptions. Contrary to where  
4 you're going or what you're thinking, these, in our  
5 mind, in my mind in particular, was the most prudent  
6 thing to do for the Utility and its customers.

7 Q Okay. Are the two golf courses meeting your  
8 effluent disposal needs as of now?

9 A As of now.

10 Q Okay. What's the horizon before you'll need  
11 something else?

12 A Well, of course, it depends on growth. We  
13 are expanding. I believe in 1993, half a million  
14 gallon wastewater treatment plant in 1983. And, of  
15 course, that could stimulate growth. The economy with  
16 our new President could start to stimulate growth.  
17 And, in fact, we have seen growth picking up somewhat.

18 Q Okay. Looking at Glen Abbey for a moment,  
19 you all had to build a holding pond there, too; did I  
20 hear you say that?

21 A No, sir. The Glen Abbey had their own  
22 existing holding pond.

23 Q I don't mean to be absurd, but I might not  
24 have any choice. But are the holding ponds also water  
25 hazards at the golf course?

1           COMMISSIONER EASLEY: I think we established  
2 at Lehigh that neither of you all know anything about  
3 golf courses.

4           MR. McLEAN: We don't know anything about  
5 golf.

6           A     Well, if I was playing the 12th hole and  
7 coming up close to that wet weather storage pond, I  
8 probably would hit it right in it.

9           Q     (By Mr. McLean) Okay. But you wouldn't get  
10 a drink there, right?

11          A     I don't know, it's crystal clear, but  
12 probably not.

13          Q     Okay. I have a notion that the Utility views  
14 these golf courses as a very fortunate opportunity to  
15 dispose of effluent. Am I correct in that?

16          A     The Utility is very, very fortunate that  
17 those sites were available for us to -- thank God that  
18 those folks would talk with us and be reasonable.

19                COMMISSIONER EASLEY: When we get to a good,  
20 point it is coming up on that hour.

21                MR. McLEAN: Fine. I don't have too much  
22 more on this, but I'd just as soon eat.

23                COMMISSIONER EASLEY: You'd just as soon what  
24 -- you want to come back after dinner for friendly  
25 cross, right?

1 MR. McLEAN: I'm a sucker for a straight line  
2 in that I provide them. We can break at any time.

3 COMMISSIONER EASLEY: Let's come back at  
4 6:30.

5 MR. McLEAN: Thank you, Commissioner.  
6 (Thereupon, dinner was taken at 6:00 p.m.)

7 - - - - -

8 CHAIRMAN BEARD: Before we get started, I  
9 tend to forget, tomorrow is supposed to be a holiday,  
10 and it is for most people, just not us. But it would  
11 be my intention to come in here without a coat and  
12 without a tie on.

13 So if you feel the extreme desire to come in  
14 here all formal, please do, but you might be on your  
15 own. Because it's just going to be us around tomorrow,  
16 so I think we can be a little more relaxed. And we  
17 will try to work a quote/unquote "normal day," given  
18 it's holiday, a normal day. And we'll start at 9:00  
19 and try to end at five-ish. Okay.

20 MR. JONES: Bring your own lunch?

21 COMMISSIONER EASLEY: Well, I doubt the  
22 cafeteria is going to be open. So I suspect you better  
23 grab for the gusto. We'll probably try to take a lunch  
24 break tomorrow so all the people can get out, because  
25 it's going to be harder for people to find places to

1 eat.

2 Q (By Mr. McLean) Mr. Sweat, you mentioned  
3 some gray lines right before we quit. Do you remember  
4 that?

5 A Yes, sir.

6 Q Will you tell me about those gray lines a  
7 little bit?

8 A Down in Venice Gardens in Sarasota County, we  
9 have a developer that is interested in reclaimed water  
10 for his project for irrigation of residential lawns.  
11 That's in a very preliminary stage.

12 Q I understand. Do you foresee this gray line  
13 -- the gray line is essentially where you put the same  
14 sort of effluent on the golf course, but you simply run  
15 it through another water distribution system, of sorts,  
16 and make it available to people to water their lawns?

17 A It's public access, the same quality of water  
18 as going on the golf course.

19 Q The same as the golf course.

20 CHAIRMAN BEARD: Okay. Let me see, because I  
21 got corrected one time. I was using "gray water."  
22 Gray water is different from gray lines. Is that  
23 correct? Gray lines deliver effluent like you put on  
24 the golf course?

25 WITNESS SWEAT: Correct.



1           CHAIRMAN BEARD: I was told gray water was  
2 not effluent; it was something less treated, at one  
3 time. And I just was trying to get it clear in my  
4 head. Because I was using gray water synonymous with  
5 effluent, treated effluent.

6           WITNESS SWEAT: Initially, I believe, that  
7 the gray water concept, the theory was to use as much  
8 of the dishwater, laundry water, things of that nature,  
9 which has generated the name "gray water." It is still  
10 used, maybe incorrectly.

11           In this particular case, we're calling gray  
12 water "reclaimed water," which is public access water.

13           CHAIRMAN BEARD: Okay.

14           Q     (By Mr. McLean) Mr. Sweat, when you all do  
15 one of these, back-to-the-effluent, on-the-golf-course  
16 deal or effluent-on-the-Central-Commerce-Park deal,  
17 when you all do that, it's fairly typical for you all  
18 to have to make some improvements at the site where the  
19 effluent disposal is going to take place, correct?

20           A     You mean at the site; you mean at the  
21 treatment site?

22           Q     No, sir. At the golf course or the Commerce  
23 Park or the cemetery, or as the case may be.

24           A     Well, usually, we'll have to extend it, at  
25 minimum, a force main to get to their particular site

1 and usually even a pumping station.

2 Q Okay. Now, both Deltona Lakes and Glen  
3 Abbey, though, you said that you had to build a holding  
4 pond, correct?

5 A I didn't say that for Glen Abbey. I said  
6 that for Deltona Lakes. Deltona Lakes did not have a  
7 holding pond facility. It's unusual for a golf course  
8 not to have some of these water traps, but they, in  
9 fact, don't.

10 Q Okay. And down at Lehigh, you had to build a  
11 holding pond, too, didn't you?

12 A There is pond that was down at Lehigh that  
13 had to be built, but that pond belongs to the golf  
14 course.

15 Q Okay. Now, didn't you also have to build  
16 some sprinkler systems and so forth down at Lehigh?

17 A A very unusual situation. It is not typical  
18 for something we would do. The improvements to the  
19 irrigation system down at Lehigh was underway and  
20 actually it was basically finished when we entered the  
21 picture.

22 Q Okay. Did you all have to build any  
23 facilities on site -- by "on site," I mean at the golf  
24 club at Point O'Woods?

25 A No, it is just a force main that goes from

1 the treatment plant to the holding pond at Point  
2 O'Woods.

3 Q Okay. Who built the holding pond?

4 A The golf course, I presume. It was there  
5 when we acquired the system.

6 Q Okay. And there is no need for you to  
7 measure the flow at that particular one, is there?

8 A The flow at that particular system is very,  
9 very low. It's ironic that you're asking that. I just  
10 looked at it a couple of days ago.

11 I think we discharge about 8,000 gallons a  
12 day, 8,000 or 12,000 gallons a day, on average, to the  
13 pond, which means it is merely a supplement to their  
14 wells.

15 Q Okay. Looking at the Commerce, the Florida  
16 Central Commerce Park System, did you all build any  
17 facilities there other than a force main?

18 A There we built the treatment plant.

19 Q You had to improve your treatment plant,  
20 correct?

21 A Excuse me?

22 Q You built the treatment plant for this  
23 particular place?

24 A Yes. There was no treatment plant in  
25 existence. We built the treatment plant.

1 Q Okay. What I'm trying to get at -- and I  
2 might not be using the right words to do it -- is, I'm  
3 trying to get at the improvements that you all make  
4 downstream of your force main where you do make them.

5 A In the Florida Commerce Park, the  
6 infrastructure, if you will, was already installed.

7 Q Okay. The sprinklers, and so forth, the ones  
8 for which you all charge 12 cents a head and what not?

9 A That's correct.

10 Q Okay. Looking to Chapel Hill, I didn't mark  
11 my exhibit, but it's the second exhibit that you have,  
12 probably 94? Do you have a copy of Exhibit 94?

13 MR. FEIL: Excuse me, I don't believe there's  
14 a 94. I think you --

15 CHAIRMAN BEARD: It was 93.

16 MR. McLEAN: I'm sorry. Perhaps it was 92.  
17 I wasn't paying attention.

18 CHAIRMAN BEARD: I believe 92 is CLS-3  
19 through 7 attached to the rebuttal testimony; Exhibit  
20 93 is the composite exhibit, Interrogatory 17 and  
21 Appendix 176-E. Is that correct?

22 MR. McLEAN: Okay. That's the why I asked  
23 for it to be marked, thank you.

24 Q (By Mr. McLean) The Chapel Hill Cemetery,  
25 Orange County, it is the copy which you have been

1 provided of an actual agreement, isn't it?

2 A It seems to have left the table. Is it  
3 176-E?

4 Q Yes, sir.

5 A Okay, I have it.

6 Q Okay. Did you all have to construct any --  
7 now, this is for the irrigation of a cemetery, is that  
8 right, or irrigation of lawns to be found in a  
9 cemetery?

10 A It is an irrigation for the cemetery, yes.

11 Q Okay. Would you run through the improvements  
12 you all had to make at the cemetery site, if any?

13 A Well, at the start of the treatment plant, in  
14 order to have public access treatment to dispose water  
15 on the golf -- cemetery, we had to go public access,  
16 meaning that we had to go monitoring, chlorination,  
17 solids and filtration.

18 We, in our agreement with the -- of course,  
19 we ran the major line from the treatment plant to the  
20 golf course and tied into their existing  
21 infrastructure.

22 We also built the pumps that were located on  
23 the holding pond. I think there's about a 10-day  
24 holding pond on site that they pump out of and was  
25 existing at the time. We have --

1 Q You're talking about the cemetery, right?

2 A That's the cemetery, right.

3 Q Okay. I didn't mean to interpret. Go ahead.

4 A The ponds were existing when we entered into  
5 this deal. We built the main line to the golf course  
6 and we built two vertical turbine pumps to pump into  
7 the irrigation system. Those, we retain ownership of.

8 Q Okay. You also had to provide pop-up or  
9 below-ground sprinkler heads, didn't you?

10 A There was some maintenance agreements that we  
11 had agreed upon. Yeah, all of the irrigation system is  
12 below ground, because it is a cemetery and you have  
13 people traveling around there and you don't want them  
14 above ground.

15 Q But you had to install that, didn't you?

16 A We installed some of those, yes.

17 Q Okay, Now, this exhibit, to which I've just  
18 referred, sets forth your various obligations under  
19 that agreement, correct?

20 A That's correct.

21 Q Okay. Now, I don't want to go through every  
22 one of those, but I have the impression that you all  
23 had to do quite a bit. You had to give up quite a bit  
24 to get the right display or to furnish effluent to this  
25 area, correct?

1           No doubt you got value for it, but you all  
2 did give up quite a few things to get it, didn't you?

3           A     Well, I don't know what you call "give up"  
4 and what I call consider making the best possible  
5 arrangements with the Company. I think the original  
6 cemetery-golf course agreement was started back in 1978  
7 or the very early '80s, when I had to travel out to  
8 Louisiana and meet with the new buyers of this  
9 cemetery, Stewart Enterprises. And I think the  
10 conference table in that room was just about as long  
11 from wall to wall here, and my 38-year-old  
12 inexperienced body was somewhat nervous, I'll have to  
13 tell you.

14           But the bottom line is that we did work out  
15 an arrangement where we could utilize roughly 95 acres  
16 of cemetery there with effluent disposal.

17           The University Shores area was growing. Our  
18 treatment plant that existed was a 2.75 MGD advanced  
19 wastewater treatment plant with a waste load allocation  
20 to the Little Econ River.

21           DER was not issuing any longer any waste load  
22 allocations at that time, so it was extremely important  
23 to have the growth continue in the University Shores  
24 area to work out an arrangement for land application,  
25 of which we did with the cemetery.

1 Q So you are saying that to negotiate this deal  
2 you had to drive or go to Louisiana and negotiate the  
3 deal there?

4 A That's where it started at, yes.

5 Q Okay. That was in 1978?

6 A Roughly, or the early '80s.

7 Q Did you make any more trips or over there to --

8 A One trip.

9 Q One trip total or one more?

10 A One trip total.

11 Q How much rent? Do you all pay rent or do you  
12 receive rent?

13 A No, we do not pay rent; we do not receive  
14 rent.

15 Q On Page 3, there is a section called "Rent."  
16 It says, "The yearly rental paid by lessee to the owner  
17 shall be the sum of \$1."

18 A Well, it may be, I forgot about this. This  
19 is a lease agreement for 30 years.

20 Q Okay. The length of this agreement, then, is  
21 30 years?

22 A That's correct.

23 Q Okay. Look at Section 6, there. You all are  
24 the lessee in this particular deal, aren't you?

25 A Yes.



1 Q Okay. And you agree to provide fire  
2 protection on all this property?

3 A That was part of the original negotiations.

4 Q You say "original negotiations," you're not  
5 implying it is different today, are you?

6 A It's not different today. This contract is  
7 still valid --

8 Q All right, sir.

9 A -- and we agreed to install one fire hydrant.  
10 That fire hydrant sits on the right-of-way, I believe,  
11 of Harold Road, at the entrance of the cemetery.

12 Q Do you all collect any fee for the delivery  
13 of effluent to this cemetery?

14 A No, we do not.

15 Q Now, the cemetery has the right to terminate  
16 parts of the lease as they see fit, don't they?

17 A As I recall, they may have that right. I  
18 think they have one year notice they have to give, if I  
19 recall.

20 Q Okay. And you all have the right to -- look  
21 at Page 5, if you would, Section 10. About halfway  
22 through that paragraph, it says, "The owner agrees to  
23 accept delivery of such quantities of water on the  
24 undeveloped areas of the owner's property as may be  
25 determined by the lessee." The lessee is the cemetery,

1 correct?

2 A Correct.

3 Q "So long as such delivery does not result in  
4 any ponding of water, flooding or discharge into any  
5 surface waters."

6 So the way I read that, that puts the  
7 cemetery pretty much in control of how much effluent  
8 you all can deliver to them. Don't you agree?

9 A We have never had a problem with this  
10 cemetery with the exception of the times that we were  
11 not able to deliver to them enough water. We have a  
12 good working relationship with the cemetery. Our  
13 greens and our operating folks work very closely  
14 together.

15 You know, this was one of the early, if you  
16 will, earlier types of agreements of this nature.  
17 Reclaimed water for irrigation is not something that  
18 was developed yesterday. It really started to be  
19 coming into its time about 12 to 15 years ago. And  
20 this agreement is roughly ten, 12 years ago.

21 Q Okay. Look back --

22 A It was rather tough to get, too.

23 Q Sure. Look back to Page 20 of 30 of the  
24 exhibit, if you would, please, sir. Look to Paragraph  
25 2.2 there, if you would, and read with me, if you will,

1 "Prior to the installation and construction --"

2 A I have to find it first.

3 Q I'm sorry, go ahead. Page 20 of 30.

4 A I don't see a Page 20 of 30.

5 COMMISSIONER EASLEY: It's got a number "3"  
6 down at the bottom.

7 MR. McLEAN: Down at the right-hand corner of  
8 the page. (Pause)

9 A Okay, I'm with you.

10 Q (By Mr. McLean) Okay. It says up there at  
11 the top, Paragraph 2.2, second full sentence, "Prior to  
12 the installation and construction of Phase II  
13 expansion, lessee," that's you all, correct?

14 A Correct.

15 Q "Shall clear the undeveloped parcels of the  
16 owner's property upon which the Phase II expansion is  
17 to be constructed. The lessee agrees to carry out all  
18 such construction and any land grading or movement of  
19 soil or dirt associated therewith, and such matters to  
20 prevent and avoid any ponding of water, flooding,  
21 drainage problems or discharge into any surface waters  
22 from or upon the owner's property."

23 I have the impression from that sentence that  
24 you all have undertaken here to clear the land for the  
25 cemetery owners and do the grading and all that it says

1 there. Is that correct?

2 A The cemetery right now is about 75  
3 plus-or-minus cleared acres, and about 65 of it is  
4 occupied. The balance of the 95 is in some wooded  
5 areas.

6 And I think that at one point in time when we  
7 had to get rid of more water than they were using, we  
8 did clear some pathways through the woods and where we  
9 stuck up some rain birds to get rid of some water.

10 I don't see that to be a problem. It was, of  
11 course, the nature of the contract in the course of  
12 doing business. The alternatives without this golf  
13 course was much, much more expensive than the golf  
14 course.

15 CHAIRMAN BEARD: This population is not  
16 highly-trained yet, is it?

17 COMMISSIONER EASLEY: I figured we were about  
18 to get into another discussion of fill-in lots.

19 (Laughter)

20 WITNESS SWEAT: Well, the fill-in lots become  
21 a problem. (Laughter)

22 We have to be very careful when we put in --  
23 (Laughter)

24 That whole project was a nightmare from the  
25 beginning because you never knew. But, fortunately,

1 there was only one person that complained and --

2 Q What time of day --

3 A This is a true story. This is not a joke.

4 His daughter has recently died. And when you  
5 have reclaimed systems, you have to post signs up  
6 around the thing that says the irrigation is being  
7 watered by reclaimed wastewater. Across the street is  
8 the wastewater treatment plant, which you can see very  
9 easily. And the gentleman was very concerned about  
10 that. But after touring through the treatment plant  
11 and showing him that the quality of water going over  
12 his daughter's grave was really not what he thought it  
13 was, he was satisfied, and there's never been any other  
14 complaints. Thank goodness.

15 But the alternatives -- (Laughter) The  
16 alternatives, before recognizing the golf course,  
17 because I was not too familiar with reclaimed water in  
18 spraying golf courses or cemeteries, and especially  
19 cemeteries. I think the only thing going on was down  
20 in St. Pete at that time, and they had what I refer to  
21 as a "gray water line," which was the pioneers, I  
22 guess, of reuse water.

23 Property in that area was selling anywhere  
24 from 20,000 an acre to 65,000 an acre. The 95 acres  
25 that we are using at the cemetery may, in fact, cost us

1 \$1 a month -- I don't think they've ever billed us, by  
2 the way. But anyway, it's a 30-year long-range lease  
3 agreement, which is, as you know, the only thing DER  
4 would accept, is something in the neighborhood of 20 to  
5 30 years. So it's worded in such a way we believe that  
6 we're protected for 30 years.

7 Q Okay. So I have the impression that these  
8 areas where you could put effluent are something of a  
9 premium and you're willing to give up some value to get  
10 them because you get value in return; is that right?

11 A I think not only do we get value, I think our  
12 entire customer base gets value.

13 Q No doubt.

14 A And not only that, as we said earlier, our  
15 aquifer is dwindling. We have a concern with the fresh  
16 water in the state of Florida, and especially on the  
17 East Coast where the saltwater intrusion is coming in.  
18 And believe me, it's coming closer inland than you  
19 would want to believe.

20 I read a nice, eloquently written speech by  
21 Commissioner Clark that I brought with me to use  
22 tonight, and for the life of me I can't find it.

23 Q That's all right.

24 A It was good. And conservation -- (Laughter)

25 COMMISSIONER EASLEY: And you were doing so

1 good there for about 30 seconds.

2 COMMISSIONER CLARK: I have so many fans.

3 (Laughter)

4 A But conservation and water reuse is very  
5 important to our Utility. We want to be a pioneer in  
6 this field.

7 The trade magazines, right here in front of  
8 me are four or five Florida Water Resource Journals.  
9 And in each one of those articles speak of reclaim  
10 water. As a matter of fact, my cemetery article is in  
11 one of them, just in case you want to see it.

12 Q (By Mr. McLean) Mr. Sweat, let me interrupt  
13 just for a moment. Remember I prefaced my questions by  
14 saying we were your ally in this matter.

15 COMMISSIONER CLARK: So why has it gone on so  
16 long?

17 MR. McLEAN: I don't know.

18 COMMISSIONER EASLEY: Is it so unusual?

19 WITNESS SWEAT: I'm not trying to be  
20 argumentative, believe me, I just wanted to make sure  
21 we get the --

22 Q I understand. You got your point across.  
23 Now, saltwater intrusion is one of the many reasons why  
24 the Water Managements Districts are being a little less  
25 permissive with their consumptive use permits, isn't

1 that true?

2 A This is true.

3 Q Okay, Now, what is going to happen to your  
4 bargaining position when those consumptive use permits  
5 dry up, so to speak?

6 A I think it's very fortunate and way past time  
7 that the Florida Public Service Commission, the  
8 Department of Environmental Regulations and the Water  
9 Management Districts are trying to communicate. And  
10 they have now in place at least two letters,  
11 Memorandums of Understanding, if not all three. And I  
12 think that's a great step toward doing the right thing  
13 to protect our Florida waters.

14 Q Right. Now, when you negotiate these deals,  
15 are you taking into account the lessening opportunities  
16 that the golf courses, the cemeteries and commercial  
17 parks might have to irrigate?

18 A In our later agreements, no matter what we  
19 can agree to, whether it's avoided costs or something  
20 higher or something less, or whether it's free, our  
21 agreements that we are writing today has provisions  
22 that basically says that if the Florida Public Service  
23 Commission imputes rates on these agreements, then they  
24 will have to be honored.

25 Q Okay. Great. Now, with respect the five



1 you've discussed, may I observe and ask you if you  
2 agree with me that there is either no specific  
3 compensation for the effluent delivered or simply  
4 nominal compensation for that, is that correct? As the  
5 situation is now?

6 A That's correct.

7 Q Okay. Let's focus on gray lines for a minute  
8 now.

9 What efforts, with all this need for a place  
10 to put the effluent, what exploration have you done of  
11 the gray line option, if I can refer to it as that?

12 A We have just now started to get involved in  
13 this. As a matter of fact, the letter on my desk is  
14 probably three weeks old at the most. And we have not,  
15 other than discuss it, we have not had, we don't have  
16 any plans or any approaches put on paper yet as to how  
17 we're going to do this, how much is going to be  
18 charged, who is going to charge, impact fees, who is  
19 going to put in the lines, et cetera.

20 Q Well, presumably the benefit to the Utility  
21 in gray line distribution or disposal of effluent would  
22 be just as great as to the benefit to the Utility of  
23 putting it on a golf course and so forth, wouldn't it?

24 A Yes.

25 Q Do you have any plans to charge the

1 recipients of the gray line water?

2 A This has been discussed, yes.

3 Q We wouldn't expect the charges to be any  
4 greater than they are for the golf course, would we?

5 A I don't know yet.

6 Q Well, what would the difference be?

7 A We haven't set any charges yet.

8 Q I understand that. One might expect the  
9 distribution system to be more complex; but beyond  
10 that, isn't the value of being able to distribute -- to  
11 dispose of the effluent just as high if you're putting  
12 it on individual customers' lawns as opposed to the  
13 golf course?

14 A Well, let's take this hypothetical.

15 A developer is wanting to have a gray line  
16 system. Typically, the developer installs all of the  
17 infrastructure; there's no cost to the Utility for that  
18 infrastructure. He then deeds that infrastructure over  
19 to the Utility and then he pays impact fees and/or  
20 connection fees on top of that. So let's assume it  
21 would be all CIAC. So the rate, I would assume, would  
22 be somewhat, if you will, a discounted price. It  
23 certainly would not be the cost of potable water.

24 Q Why shouldn't it be zero or, in the case of  
25 the others, nominal?

1           A     Understand one other thing, Mr. McLean. We  
2 are not opposed to charging golf courses a rate. Our  
3 problem has been to date -- and you can find this same  
4 problem in any one of the trade magazines that you want  
5 to read. You can talk to the pioneers of reuse water  
6 -- as an example, Don Noonan (phonetic) in Altamonte  
7 Springs, if you have a couple of days, because he likes  
8 to talk -- and you'll find that these situations are  
9 judged on the basis of the situation.

10           Q     Of course. Now the question I want to focus  
11 on, I have the impression that when you're dealing with  
12 the golf course that what you're doing is looking for a  
13 place to put the water. But then when you're dealing  
14 with your own customers, you begin to think for the  
15 first time of a charge, which you say might be  
16 discounted, but a charge, nonetheless. Why wouldn't  
17 the situations be the same?

18           A     Well, let me correct you. It is not the  
19 first time that we've thought of charges. It's been  
20 very difficult to get a charge and have a place to go.  
21 It is the least alternative charge; it is the least  
22 alternative cost to the Utility and to the ratepayer,  
23 these agreements that we speak of tonight.

24           COMMISSIONER CLARK: I was just going to say,  
25 I feel like I know a lot and I can't think of much more

1 that I need to know on this issue. Are you almost  
2 done?

3 MR. McLEAN: Well, I'm kind of wondering why  
4 they're thinking about charging when they're dealing  
5 with their own captive customers and they're willing to  
6 give it to the golf course.

7 COMMISSIONER CLARK: But that's a potential  
8 in the future.

9 MR. McLEAN: Sure is. Many times I've heard  
10 you Commissioners say, "Didn't you tell me in the last  
11 rate case XYZ?" And now you have the opportunity when  
12 they try to charge their captive customers.

13 And I have no further questions.

14 WITNESS SWEAT: Thank you, sir.

15 COMMISSIONER EASLEY: Staff?

16 CROSS EXAMINATION

17 BY MR. FEIL:

18 Q Well, not to beat a dead horse, Mr. Sweat,  
19 but I do have a few questions.

20 COMMISSIONER EASLEY: But you're going to  
21 prop him up and do it again anyway, aren't you?

22 MR. FEIL: Yes, ma'am.

23 Q (By Mr. Feil) Mr. Sweat, I believe you said  
24 that you were aware that some of the effluent customers  
25 had CUPs, particularly, Amelia Island, Glen Abbey, and

1 I believe that was all you mentioned. I think you said  
2 you weren't aware of whether or not Point O'Woods had  
3 an active CUP or whether or not Deltona Lakes had an  
4 active CUP.

5 I don't believe Mr. McLean asked about Chapel  
6 Hill Cemetery. Do you know whether or not they have an  
7 active CUP?

8 A I couldn't swear today that they have active  
9 CUPs. I know that the one down in Lehigh, I'm closest  
10 with because I just finished up that rate case, they  
11 have an active CUP until the end of this year.

12 I feel very comfortable that the Chapel Hill,  
13 the Point O'Woods and the Amelia Islands have, in fact,  
14 have -- and Glen Abbey, as well -- in fact have  
15 consumptive use permits.

16 Q Are any of those customers or systems in  
17 critical use areas?

18 A Lehigh Acres is a critical use area. Point  
19 O'Woods may be. Quite honestly, I don't remember the  
20 map right offhand.

21 Q All right. Do you know whether or not Water  
22 Management Districts have aggressively pursued altering  
23 CUPs of, say, golf courses in order to they require  
24 that they use spray effluent?

25 A Yes, sir, I am.

1 Q Okay. Does Southern States monitor the CUP  
2 activities of the golf courses they sell effluent to in  
3 case there are any changes to the CUPs?

4 A I would say that our monitoring of the CUPs  
5 are somewhat informal.

6 Q All right. So would you expect that if a  
7 golf course's CUP was somehow modified that Southern  
8 States may attempt to renegotiate any contract and  
9 perhaps try to charge the golf course for the spray  
10 effluent?

11 A I would suspect that we would try to do the  
12 right thing, yes.

13 Q All right. If the amount of -- or if the  
14 Commission were to have Southern States introduce a  
15 charge or increase a charge to a golf course customer,  
16 might not the golf course choose to reduce or terminate  
17 their receipt of the effluent?

18 A Definite possibility. If I may, we have  
19 recently experienced down in Venice Gardens -- and the  
20 cost there has nothing to do with the cost, the cost  
21 was the avoided cost; I think it's 10 cents per  
22 thousand. But they hired a new golf course greens  
23 keeper who is the manager who was a pretty  
24 sophisticated gentleman, an engineering background,  
25 decided he wanted to control his irrigation costs.

1 Bought a computerized irrigation monitoring system; put  
2 it into service; cut from a half a million to 250,000  
3 gallons a day; created a major problem for the Utility.  
4 We ended up with a surface water discharge which put us  
5 in violation with two permits, EPA and DER, and the  
6 third, the Sarasota County Pollution Control.

7           So yeah, fortunately for us, we were able to  
8 convince him to abandon that system. We needed a place  
9 to put our water. But I can certainly see things like  
10 that happening and, in fact, cutting down on the cost  
11 of the reclaimed water.

12           In my view, without giving it a whole lot of  
13 thought, the whole industry as well as the regulators  
14 must keep those things in mind or you end up with no  
15 reuse; you end up with no recharge.

16           Q     All right. I'm going to move now to another  
17 area. We're going to have some exhibits be passed to  
18 you. Basically, it's just several responses to Staff  
19 interrogatories.

20           Before I get to that, though, I'd like to ask  
21 you a question about your prefiled rebuttal testimony  
22 on Page 2, on Lines 10 and 11. You ask or you state  
23 that, "Southern States is the preferred provider of  
24 water and wastewater service." Could you tell me,  
25 sir, what you mean by "preferred"?

1           A     It is our goal to provide the highest quality  
2 service at the lowest possible cost to our customers;  
3 provide them with all the necessary services that  
4 they're going to be pleased with to the point that they  
5 prefer to have us as their utility as opposed to anyone  
6 else.

7           Q     All right. So you're saying that if a  
8 customer were given the option of the GDU versus  
9 Southern States, they would choose Southern States?

10          A     That's what we would hope.

11          Q     All right. On Page 3 of your rebuttal  
12 testimony, you state that the Utility has -- at the  
13 beginning on the top of Page 3, excuse me -- you state  
14 that "The Utility has demonstrated a willingness to  
15 bring their services into compliance with regulatory  
16 requirements." I have a few questions concerning that  
17 area.

18                     In your rebuttal testimony there further on,  
19 you address on Pages 5 and 6, Point O'Woods. Hasn't  
20 the Point O'Woods systems been exceeding the MCLs for  
21 iron?

22          A     Yes.

23                     MR. FEIL: Okay. Commissioner, if I could  
24 have an exhibit number for what has just been passed  
25 out? There are several interrogatories there but I



1 think we can identify it as a composite.

2 COMMISSIONER EASLEY: All right. Composite  
3 Exhibit 94 consisting of --

4 MR. FEIL: If you want to, we can just call  
5 it "Quality of Service and Unaccounted-for Water"  
6 exhibit.

7 COMMISSIONER EASLEY: Consisting of six  
8 documents? Say it again, short title?

9 MR. FEIL: "Quality of Service and  
10 Unaccounted-for Water" exhibit."

11 COMMISSIONER EASLEY: Thank you.

12 (Exhibit No. 94 marked for identification.)

13 WITNESS SWEAT: Of course, Point O'Woods'  
14 iron problem will be under control shortly. Iron  
15 filters for Point O'Woods is scheduled to be in by the  
16 end of the month. By the time we have DER clearances,  
17 we should be able to place the system in service by the  
18 end of the year.

19 Q (By Mr. Feil) Okay, Mr. Sweat. I'll be  
20 getting to those questions.

21 Could you tell me how long -- or could you  
22 look at the first document on there? I believe it's  
23 Interrogatory 6-B. (Pause) And on the second page  
24 there it says that, "Southern States acquired Point  
25 O'Woods July 20, 1988." Is that correct?

1           A     Purchase date was July 20, 1988. That's  
2 correct.

3           Q     Okay. Do you know whether or not Point  
4 O'Woods was exceeding the MCL for iron in 1988 at the  
5 time Southern States acquired it?

6           A     I recall -- I don't know if it was exceeding  
7 at that time, but I recall an iron MCL problem later  
8 thereafter, after the acquisition.

9           Q     Shortly after the acquisition or when?

10          A     I think I said after the acquisition.  
11 Whether it was shortly or what, I don't know.

12          Q     Okay. And I believe you said earlier that  
13 Point O'Woods was exceeding the MCL for iron when the  
14 case was filed, is that correct?

15          A     When the case was filed for this proceeding?

16          Q     Yes, sir. I'm sorry.

17          A     That's correct.

18          Q     All right. You state on Page 6 of your  
19 rebuttal testimony that "Improvements are planned to  
20 take care of the iron problem," and you've alluded to  
21 them just now, to install a new well and iron removal  
22 filters. Isn't it correct that those improvements  
23 aren't complete yet?

24          A     As I stated earlier, the iron filters should  
25 be completed by the end of November; and, once cleared

1 for service by DER, we hope that the system can go on  
2 line by the end of the year.

3 Q Well, could you refer to the document in  
4 there that says, "Response to Staff Interrogatory No.  
5 143"? I believe it's the second item from the top.

6 It states therein that the Company originally  
7 projected that the iron filters would be in place 45  
8 days from September 16th, which would be on October  
9 31st; is that correct?

10 A That's correct. May I point out some severe  
11 problems that has created this delay?

12 Q Well, it seems to me that there are two  
13 aspects of this particular problem at Point O'Woods.  
14 One was the problem that Ms. Ball, the DER witness,  
15 describes in her rebuttal testimony and I'm going to  
16 get into that, which pertains to the drilling of a new  
17 well, is that correct?

18 A Correct.

19 Q What exactly was the problem with regards to  
20 installing the iron filters -- the iron removal  
21 filters? In other words, there was a delay for  
22 installing the iron removal filters, correct?

23 A Delay from when?

24 Q Well, you originally projected that they  
25 would be in by October 31st and they're not in yet.

1 (Pause)

2 A Well, I know I should know the answer to  
3 that. And I hate to do this but this question, I may  
4 need to defer this question to Mr. Wood, who is the  
5 engineer on that project.

6 Q All right. Could you go into the problems  
7 that you encountered in drilling the new well that you  
8 described as being one of the improvement you'd like to  
9 undertake for Point O'Woods?

10 A Sir, I did not hear you.

11 Q Could you go into briefly tell the  
12 Commissioners what the problem was in drilling the new  
13 well at Point O'Woods?

14 A The construction started -- I don't remember  
15 when, about six or eight weeks ago, I believe -- in  
16 drilling a second well at Point O'Woods. Two-fold, one  
17 was to look for a higher quality of water, hopefully  
18 with no iron; secondly, to meet the second well  
19 requirement of 17.555.

20 During the drilling of the well, a sinkhole  
21 was created and created quite a bit of damage. It also  
22 damaged the existing well.

23 Q Didn't the other wells collapse, malfunction  
24 or cease to function?

25 A The sink hole created a problem with the

1 existing wells and they may have collapsed. But when  
2 they were put into an operating mode, they were pumping  
3 basically mud and sand, which is something we couldn't  
4 send out to the customers. We immediately started  
5 sending bottled water to our customers and may still  
6 continue to do so today because I don't believe that  
7 the final bacteriological samples have been cleared.

8 I do believe, as I understand it, that the  
9 new well has been somewhat cleared and has been put  
10 into service for sanitary purposes only.

11 Q What do you exactly mean by that, "for  
12 sanitary purposes only." Do you mean for use --

13 A Flushing bathrooms and things of that nature.

14 Q Isn't it correct that the situation of the  
15 well malfunction started in September? Ms. Ball  
16 references that date in her testimony. Would you  
17 agree, subject to checking her testimony, that the  
18 problem began in late September?

19 A The problem with the well?

20 Q Yes, sir.

21 A I would agree with that, subject to check.

22 Q Okay. And I believe you mentioned that the  
23 Utility was providing the customers with bottled  
24 drinking water, is that correct?

25 A That's correct.

1 Q I assume that the customers weren't exactly  
2 happy about the situation?

3 A You have a correct assumption. Very unhappy.

4 Q And basically with regard to providing the  
5 gallons of water, that situation continues till today,  
6 correct?

7 A And it will continue until we have the  
8 clearance from the DER. Our employees personally  
9 deliver the bottles out to the homeowners. For the  
10 most part, this day and time, they're quite friendly.  
11 They're quite appreciative and they understand. But it  
12 has taken quite a while to get the message to them.

13 Unfortunately, these things happen. They happen  
14 at a split second and it's not any way you can forewarn  
15 300 residents that the well is going to cave in.

16 Q On Page 5 of your prefiled rebuttal  
17 testimony, on Lines 16 through 18, you mention there  
18 that you were given an extension to complete the work  
19 until November 3rd. Was the work you're referring to  
20 drilling the wells or installing the removal filters,  
21 or which? Or both?

22 A There was a completion and we now have a  
23 30-day extension because it is not going to be -- we're  
24 not able to meet that third date. We picked up a  
25 30-day extension from DER. A letter to that fact is in

1 our Apopka office, I confirmed that by telephone  
2 yesterday -- until November 30th.

3 Q Was the extension for the wells or the  
4 filters or both?

5 A My understanding is for the wells. And then  
6 we have to turn in the necessary paperwork for DER to  
7 look at and clear, and that could take as much as 20  
8 days, which is the way I determine the end of the year.

9 Q What's the deadline for the filter  
10 installation?

11 A I'm going to try it one more time to say that  
12 I don't know. I believe that the entire system is  
13 going to be on line by the end of the year. That would  
14 include the wells and the filters.

15 Q Okay. If you could refer again to what's  
16 listed in that exhibit as response to Staff  
17 Interrogatory No. 143. And in the last sentence there,  
18 you have a dollar amount for estimated total cost for  
19 the project, \$221,868. Is that projection still  
20 accurate?

21 A That sounds, subject to check, it sounds  
22 accurate.

23 Q Do you know what is included in that amount?  
24 Do you know whether it includes the filters, the  
25 drilling the new well and some other improvements?

1           A     I would believe that this figure would  
2 include the drilling the well, the filters, the  
3 engineering designing and permitting.

4           Q     Are you aware whether or not the Utility has  
5 had the iron removal filters for the Point O'Woods  
6 systems stored at the Citrus Springs plant site?

7           A     No.

8           Q     You're not aware of that?

9           A     No. But it makes sense.

10          Q     Okay. Well, the --

11          A     If you're alluding to why didn't we put the  
12 filters in sooner?

13          Q     That's what I'm asking.

14          A     That's what I thought you were trying to get  
15 to. We may have damaged those filters putting them in  
16 sooner and not knowing the quality of the water. We  
17 had to get the wells repumped, we had to get all the  
18 sand out of them, we had to get the new well cleared.

19                 The filters are expensive. To replace the  
20 sand is expensive. I think that the Company made the  
21 right choice in holding off on installing those filters  
22 and supplying the bottled water as an interim measure.

23          Q     All right. If the cost of the improvements  
24 listed there is basically correct, isn't that number  
25 relative to the purchase price of the system, which was



1 \$266,000, relatively high?

2 A Are you saying the purchase price was high or  
3 the repair was --

4 Q The cost of the repairs relative to the  
5 purchase price. On Interrogatory 6-B, there at the top  
6 it says the purchase price was \$266,000. The cost of  
7 the repairs is \$221,000.

8 A I don't understand the relevance. We bought  
9 the system at \$226,000. It cost us \$221,000 to make  
10 these repairs. I don't understand the relevance.

11 Q All right. If I could move on to another  
12 system, Golden Terrace? This system also has been  
13 exceeding the MCLs for iron, isn't that correct?

14 A That's correct.

15 Q And Southern States, according to the answer  
16 to Interrogatory 6-B, has owned the system since 1979,  
17 is that correct?

18 A That's correct.

19 Q Did Golden Terrace have a problem at the time  
20 Southern States acquired the system?

21 A Golden Terrace has had an iron problem for  
22 some time. But we have always worked very closely with  
23 the DER. We have always had a good line flushing  
24 program. We're feeding a sequestriant agent, Aquamag,  
25 that helped control the iron. And it was legal in

1 those days; So we're not necessarily in violation then,  
2 we were within the rules.

3 Q Do you know whether or not the system was  
4 exceeding the MCLs for iron even with the use of  
5 Aquamag?

6 A Well, the iron doesn't go away, it only  
7 sequesters. It doesn't come out, it doesn't oxidize,  
8 and when you do the laundry on Monday morning, your  
9 white clothes don't turn yellow. You don't see it but  
10 it's still there. Yes.

11 However, as I said, it was within the rules,  
12 it was a permitted situation by DER. Now, more  
13 recently, as I understand it, the rules have changed  
14 and a sequestriant is not the treatment solution for  
15 iron.

16 I personally spoke with -- I don't remember  
17 if it was Ms. Ball; as a matter of fact, I think it was  
18 a gentleman -- prior to January of this year, where we  
19 talked about some complaints coming into the DER office  
20 from Golden Terrace. We talked about an extensive  
21 flushing program. As a matter of fact, it was Ms.  
22 Nightingale, I think her name was. And she went along  
23 with that.

24 And then more recently, in the last four or  
25 five months, our regional engineer, Mr. Joe Mack, has

1 been working with them; and they said, "You've got to  
2 solve the problem." We're solving the problem. We're  
3 looking at, A, \$110,000 estimated worth of sand  
4 filters; or, B, an immediate interconnect to the City  
5 of Venice at something in the neighborhood of \$87,000.

6 Q You mean the City of Inverness, Mr. --

7 A Inverness.

8 Q You mean the City of Inverness?

9 A I mean the City of Inverness.

10 Q Okay. And if I could refer you to Page 5 of  
11 your rebuttal testimony, you refer to Mr. Mack as you  
12 did just a little while ago. Do you have anything in  
13 writing or in the way of a test report or something  
14 which substantiates the claim here that all levels  
15 meet requirements?

16 A I haven't made a statement that the levels  
17 meet requirements.

18 Q Perhaps you didn't understand my question.  
19 It says at the bottom of Page 5 of your rebuttal, "I  
20 wish to advise the Commission that Mr. Mack stated upon  
21 recent retesting, all levels met requirements." What  
22 I'm asking is whether or not you have anything in the  
23 way of a test result or a report or something which  
24 would substantiate the claim that all levels meet  
25 requirements?

1           A     No, I don't. And I believe what Mr. Joe Mack  
2 means by that statement is the agreement with the DER  
3 representatives, as long as we keep the lines flushed  
4 and we keep the water clear, that we are meeting the  
5 requirements until the point in time we get the iron  
6 filters in and/or a new source of supply.

7           Q     In the answer to an interrogatory which isn't  
8 in your stack, it says that Golden Terrace is -- that  
9 you're considering interconnecting Golden Terrace with  
10 the City of Inverness. Is that project still in the  
11 consideration stage, or is it definitely planned, or  
12 what is the status of that?

13          A     I have a letter from the City of Inverness  
14 conceptually accepting our offer to tie into their  
15 system subject to an agreement. I would suspect that  
16 it is possible to have a finalized agreement before the  
17 Board of City Council by the end of December.

18                   We have, by the way, approval from our  
19 President of the Company on our standard capitalized  
20 emergency C.A.R. form to proceed with this project  
21 until the problem is solved.

22                   MR. FEIL: Madam Commissioner, can I have a  
23 late-filed exhibit number and ask that Mr. Sweat  
24 provide the letter that he referred to from the city.

25                   COMMISSIONER EASLEY: It will be late-filed

1 95 and it will be "Letter from City of Inverness."

2 Q (By Mr. Feil) Could you provide a copy of that  
3 to us, Mr. Sweat?

4 A I have a copy now, if somebody wanted a copy.

5 Q All right. Well, we can keep it as a  
6 late-filed and have the copy distributed --

7 COMMISSIONER EASLEY: All right, and then we  
8 can mark it at that time --

9 WITNESS SWEAT: Subject to counsel's  
10 approval, of course.

11 (Late-filed Exhibit No. 95 marked for  
12 identification.)

13 Q (By Mr. Feil) Okay, Mr. Sweat, I'd like to  
14 move on to another system, if I may. In your rebuttal  
15 testimony, I believe it's on Page 7, you refer to a  
16 bulk service agreement with Pasco County, a county we  
17 deal with frequently here. I'd like to ask you a few  
18 questions about that.

19 Do you have an executed agreement with Pasco  
20 County regarding the diversion of flows from Zephyr  
21 Shores?

22 A Yes, we do.

23 Q Could you provide a copy of that to us as a  
24 late-filed exhibit?

25 A Yes, sir.

1 COMMISSIONER EASLEY: Late-filed 96 and it's  
2 a copy of what from Zephyr Shores?

3 MR. FEIL: Copy of bulk service agreement  
4 with Pasco County.

5 COMMISSIONER EASLEY: See, I block those  
6 things out when it's Pasco.

7 (Late-filed Exhibit No. 96 identified.)

8 Q (By Mr. Feil) So that I don't have to ask you  
9 additional questions, Mr. Sweat, I assume that the  
10 information regarding an effective date, duration, the  
11 amount of flows, all that information will be in the  
12 body of the agreement itself?

13 A Yes, it will be.

14 Q Okay. In your rebuttal testimony on Page 10,  
15 you refer to ponding that's occurring at University  
16 Shores.

17 A Yes, sir.

18 Q And you state there that it's the result of  
19 rainwater only.

20 A Yes, sir.

21 Q Was there any sort of study or analysis done  
22 or performed in order to substantiate this claim, or is  
23 this something you make based on personal observation?

24 A Well, it wasn't done on personal observation,  
25 it was done at the request of our operators to go out

1 and visit the areas that had alleged ponding and check  
2 for chlorine residuals. And, obviously, the appearance  
3 of the water, the smell of the water, et cetera, the  
4 end results was it's rainwater ponding. We don't have  
5 any effluent ponding water.

6 Q All right. At a service hearing, a customer  
7 complained regarding rust in the water at the Chuluota  
8 system. I don't know, what is the correct  
9 pronunciation of that?

10 A Chuluota.

11 Q Chuluota. In response to that, Southern  
12 States stated that it was planning on replacing  
13 approximately 3,000 feet of water main. Do you know  
14 whether or not that construction project has begun or  
15 been completed?

16 A As we speak -- well, let's start, maybe not  
17 as we speak. But, yes, the completion of this project  
18 is coming to a close. As far as having all the 3,000  
19 feet of pipe in the ground and preparing the new  
20 services, bacteriological samples have to be taken, two  
21 days of wait, and submit the required release to DER  
22 for clearance. And the customers in that area, we  
23 believe to be the worse area of Chuluota.

24 Over the years we have been replacing pipe in  
25 Chuluota and/or looping dead-end lines in Chuluota. I

1 believe that the customers are going to be very pleased  
2 that the galvanized pipe is being removed and the  
3 pressure up and the red water gone.

4 Q All right. Were you present during the field  
5 engineering's field investigation for Harmony Homes?

6 A Was I present?

7 Q Yes.

8 A No, I was not.

9 Q Are you aware that there was a residual  
10 chlorine problem at Harmony Homes during the  
11 engineering field inspection?

12 A I had heard that, yes.

13 Q Okay. Do you know whether or not Mr. Morse  
14 was present during that investigation?

15 A Mr. Morse was present. I have a full report  
16 from Mr. Morse. And I do understand that the operator  
17 was at the plant prior to your arriving. Were you at  
18 the site, sir?

19 Q I'm not testifying, Mr. Sweat, but I wasn't  
20 there.

21 A Excuse me. I was thinking of you as the  
22 engineer. For a moment, I lost it. (Laughter)

23 Q Please don't associate me with engineers any  
24 further, Mr. Sweat.

25 A They really aren't all bad. (Laughter)



1 COMMISSIONER EASLEY: All right.

2 A I was not there, but my report from Mr. Gary  
3 Morse did clue me in that there was no residual at the  
4 point of arrival by he and the PSC engineer. Our  
5 operator was there earlier and did, in fact, have a  
6 chlorine residual. He was called back to the site to  
7 correct a malfunction of the chlorination system.

8 Q Do you know why the operating log did not  
9 indicate that there was a problem with the residual  
10 chlorine?

11 A Because there was no problem with the  
12 residual of chlorine at the time the operator was  
13 there. This is a small system. It has 60 connections.  
14 It probably pumps 10,000 or 12,000 gallons of water a  
15 day. You lose chlorine for 30 minutes and your  
16 residual is gone.

17 They came back, corrected it. I believe  
18 there was a recheck with Mr. Morse present again, and  
19 the residuals, as I understand it, at Harmony Homes was  
20 0.4 parts per million.

21 Q All right. I believe it's stated in some of  
22 the DER testimony that Southern States has been  
23 exceeding secondary MCLs at Hermits Cove, Pomona Park,  
24 River Park, Saratoga Harbor and Wootens. And I believe  
25 the Company has a contract with Hartman and Associates

1 to evaluate the water quality problems at these  
2 systems, is that correct?

3 A That's correct. And we've recently received  
4 the preliminary report from Hartman and Associates --

5 Q Is there going to be a final report?

6 A -- which I have with me.

7 Q Is there going to be a final report? And if  
8 so, when?

9 A There will be a final report and I would -- I  
10 don't know the exact date. Mr. Chuck Wood may know the  
11 answer to that.

12 Q Would you provide as a late-filed exhibit the  
13 preliminary report?

14 MR. FEIL: Mr. Chairman, if I may have an  
15 exhibit number. I believe the next number is 97.

16 CHAIRMAN BEARD: 97.

17 MR. FEIL: Description, "Hartman Preliminary  
18 Report."

19 WITNESS SWEAT: And that number was?

20 CHAIRMAN BEARD: 97.

21 WITNESS SWEAT: And since I didn't get the  
22 other two, would they be 96 and 95?

23 CHAIRMAN BEARD: You've got it.

24 (Late-filed Exhibit No. 97 identified.)

25 WITNESS SWEAT: I will be happy to, yes, sir.

1 MR. FEIL: Thank you.

2 Q (By Mr. Feil) In your rebuttal testimony on  
3 Page 28, you state that the MCLs at Deltona Lakes were  
4 exceeded for a certain period of time but that recheck  
5 showed that the system was below the MCLs. Do you have  
6 a written document, test results, something which would  
7 substantiate that?

8 A I know that I do. I believe I have it with  
9 me, but I'm not sure.

10 Q Well, rather than have you dig, could I just  
11 have you provide that as a late-filed exhibit also?

12 CHAIRMAN BEARD: 98.

13 MR. FEIL: Short description, "Recheck  
14 Results, Deltona Lakes."

15 (Late-filed Exhibit No. 98 identified.)

16 WITNESS SWEAT: I will do so.

17 MR. FEIL: Thank you.

18 Q (By Mr. Feil) Mr. Sweat, there has been a  
19 number of sewer overflows at the Woodmere system. Are  
20 you familiar with that situation?

21 A Yes, I am familiar to it somewhat, yes.

22 Q And if you could refer in your exhibit  
23 package there to the responses to Interrogatories Nos.  
24 134 and 135? I believe basically that these responses  
25 show that three spills occurred in 1991 and three

1 spills occurred so far in 1992. Is it correct that  
2 half of these overflows occurred at or near the golf  
3 course drive pumping station? (Pause)

4 A Yes.

5 Q What has the Company done in order to reduce  
6 the number of overflows?

7 A The Company will be rebuilding in its  
8 entirety this pumping station. I know that the  
9 paperwork has been signed off of and completed, and the  
10 parts have been, in fact, ordered.

11 In speaking with the operating personnel,  
12 quote, "The Utility has ordered two ABS pumps and other  
13 equipment totaling \$18,000, plus or minus, to be  
14 delivered in the next 30 days." That was at least a  
15 week ago, so I expect the equipment to be on site by  
16 the end of November, the first of December. The  
17 material will be installed by our own people, so it  
18 would take place right away.

19 Q And this will reduce the number of overflows,  
20 correct?

21 A This will -- well, provide us with a higher  
22 reliability of equipment. The equipment in the pumping  
23 station is old. The impellers have been worn. They  
24 had been rebuilt six years ago. And I believe it will  
25 certainly give us a much more reliable system.

1           We'll also be installing a dial-up alarm, so  
2 that if there's any high water levels, it will  
3 automatically call our operator on duty. Hopefully,  
4 he'll respond before any overflow.

5           So, yes, I definitely believe it's a  
6 substantial step toward correction.

7           Q     Are you going to or does the Company intend  
8 to put alarms on all the lift stations for that system?

9           A     We have, over the past years, we have, in  
10 fact, installed a number of alarms. The master lift  
11 station at Beacon Hills, as an example, has an alarm.  
12 I believe that the master station at Woodmere has an  
13 alarm; I wouldn't swear to that, but I believe it has  
14 an alarm.

15          Q     All right.

16          A     I forgot I was under oath. Don't hold me to  
17 that. But that one is in doubt, subject to check,  
18 okay?

19          Q     All right.

20          A     I do believe that there is. And we're a  
21 proponent of building automatic systems where we can  
22 and where it's affordable for us to do so; to protect  
23 the environment and to protect the service of our  
24 customers.

25          Q     Did the overflows in the Woodmere system

1 present a health hazard to the customers?

2 A I don't believe so. As I understand, the  
3 overflows were somewhat small, retained in small areas.  
4 The disinfection process, by cleaning the street with  
5 the HTH, took place immediately. All the regulatory  
6 agencies were notified immediately.

7 We have a very stringent notification  
8 program. Any time that there's a failure in our  
9 operation -- or water plant outage, a lift station  
10 spillage, a down time at the wastewater plant that may  
11 create an odor or whatever the problems may be -- that  
12 they are corrected. And they run through a chain of  
13 command through various people in the organization  
14 that's charged to report immediately to DER and follow  
15 up with DER after the phone call with a written  
16 explanation.

17 Q Mr. Sweat, I'm going to have handed to you an  
18 F-1 Schedule from the MFRs. And rather than have you  
19 and everybody else dig through volumes numbers and  
20 books numbers, I'm just going to have a copy of the  
21 schedule handed to you. It's Schedule F-1, from Volume  
22 II, Book 11 of 11, Oakwood, for the Oakwood system.

23 MR. FEIL: Since this is in the MFRs, Mr.  
24 Chairman, it doesn't need to be an exhibit.

25 CHAIRMAN BEARD: That's right.

1 Q I'm referring to Page 1 of 2. Mr. Sweat,  
2 could you tell me what the effect of including "Other  
3 Uses Water" -- strike that.

4 Isn't it correct that the effect of  
5 subtracting "other uses," the "Other Uses" column from  
6 the other columns is to reduce or remove that amount  
7 from unaccounted-for water?

8 A What are you going to do?

9 Q The question is essentially Column 5 is  
10 subtracted when calculating Column 6, correct?

11 A Correct.

12 Q All right. Does the Utility maintain a log  
13 of what goes in Column 5?

14 A Does the Utility maintain a lot of what goes  
15 into --

16 Q A log. Log.

17 A Of other uses?

18 Q Yes.

19 A Yes. They should have a log of other uses.

20 Q They should have a log of flushing, a log --  
21 they should have a log which keeps track of flushing,  
22 estimated losses when line breaks occurs, fire  
23 department use, things of that nature?

24 A That's correct. I believe I have those here  
25 for your review if you want.

1 Q No. I wasn't going to ask about them, I was  
2 just speaking in general. That's going to be true with  
3 regards to all systems, though, correct?

4 A We have a program that -- everything that's  
5 logged at the treatment plant, the water treatment  
6 plant logs, the line break logs, the flushing logs. We  
7 have communicated and are in the process of communicating  
8 with all the fire departments making sure that they send  
9 us a log of the uses that they use every month for  
10 firefighting or street washing or whatever.

11 All this material goes back to our office.  
12 MF-1s are produced immediately, just as though you had  
13 a hearing every day. And then, if you want to look up  
14 this way, sir, we create charts that we send out to all  
15 of our operating people and everybody that needs to  
16 know. So if there is a problem, at first glance you  
17 can see this chart and you can start searching for the  
18 problem.

19 We have, in the last 18 months, developed a  
20 very knowledgeable technical crew that helps on a  
21 training basis on a continuous basis; and  
22 unaccounted-for water is important and it's one of  
23 those areas that they concentrate on.

24 Q On that subject, could you refer to Staff  
25 Interrogatory 235, which is about halfway down the pile



1 on the exhibit you have been given which has been  
2 identified as Exhibit 94? (Pause)

3 COMMISSIONER EASLEY: You know, if I could  
4 make a suggestion? If we could do the questions  
5 concisely and then answer the question that is asked,  
6 maybe we'll get there a little sooner tonight. I'm  
7 beginning to get tired, guys. I start getting grumpy  
8 when I get tired.

9 Q (By Mr. Feil) Do you have the response, sir?

10 A I don't recall the question, I apologize.

11 Q Interrogatory No. 235, it is part of that  
12 composite exhibit, it is about halfway down.

13 A Okay, I have it.

14 Q The question I have is what you mean in the  
15 first sentence there, that Paragraph A, where you say,  
16 "But in all probability was used by the customers."  
17 Could you elaborate a little more on what you mean by  
18 that?

19 A You're looking at 235-A?

20 Q Yes, sir.

21 A And I'm looking at 235.

22 Q No. I'm looking at Interrogatory 235; there are  
23 two paragraphs there, one is labeled "A" and one "B."

24 A Okay, I'm sorry.

25 Q The first sentence next to A?

1           A     I'm sorry it says, "Our rationale for  
2 including this usage in the Other Usage category is  
3 that it is what the water was not sold but in all  
4 probability was used by the customer."

5           Q     Yes, I'm confused by that last statement.  
6 Could you elaborate on what you mean by that.

7           A     Yeah. I think what we're talking about here  
8 is meters that are stuck that have stopped working.

9           Q     Or which are underregistering, is that  
10 correct?

11          A     Or are underregistering, as well. In this  
12 particular case, we're talking about stuck meters that  
13 aren't working but we know that the customer is there,  
14 we know the customer is receiving water. Historically,  
15 what we do is we go back and we check a historical  
16 check of the consumption and make the estimate the same  
17 when the meter stopped as though if it was operating.

18          Q     Well, you say there at the third sentence,  
19 "In many cases, the meter begins to gradually slow  
20 down," how many cases exactly are you referring to?

21          A     That's a generic statement. It's just the  
22 older meters get, they slow down.

23          Q     Well, has the Company performed meter tests  
24 on a sample of its meters?

25          A     Of this meter or these meters?

1 Q All of its meters.

2 COMMISSIONER EASLEY: The meters that are  
3 slowing down.

4 COMMISSIONER CLARK: Mr. Sweat, I think what  
5 he's asking is for you to substantiate the claim that  
6 you have water being used that's not being metered and  
7 not being sold. On what do you base your observation  
8 that there are slow meters causing this?

9 WITNESS SWEAT: Well, one, it's experience.  
10 And the other is that we test the meters. Now, we have  
11 a comprehensive meter program that is just now going  
12 into effect -- it should go into effect by the end of  
13 this month -- that covers everything. Meter testing of  
14 residential meters, the types and specs of meters that  
15 we're going to --

16 COMMISSIONER EASLEY: That one doesn't do us  
17 any good now, Mr. Sweat.

18 WITNESS SWEAT: Well, I think it's where  
19 we're going, though, Commissioner.

20 The meter slowdown. Have we tested them?  
21 No, we haven't tested them all; but our program is  
22 going to be of such that in the next seven years, all  
23 of our meters will be tested and replaced under our  
24 program. But we do know meters slow down. You can  
25 read any AWWA book and you're going to find that any

1 five- or six-year meter is going to run 3% slow.

2 Q (By Mr. Feil) And the last line there under  
3 Paragraph A says, "With a breakdown as to the estimated  
4 gallons." Could you tell me how the estimated gallons  
5 were calculated?

6 A Well, they should have been calculated on a  
7 percentage of the historical data that they used.

8 Q What exactly -- what criteria were used in  
9 preparing the estimates?

10 A They should have been using the billing  
11 information from the past twelve months or something like  
12 that.

13 Q I'm sorry, Mr. Sweat, but you're going to  
14 have to walk me through this, how we get to an  
15 estimated gallons. Could you do that for me?

16 A Okay. If we've got a stuck meter?

17 Q Yeah. Well, first of all, let's get to the  
18 step where there's a system, you want to put down an  
19 amount for unmetered and stuck meters. How do I get to  
20 that number?

21 Number one, you're going to have to calculate  
22 or estimate how many meters were stuck.

23 Number two, you're going to have to estimate  
24 the amount of gallons, correct? Could you walk me  
25 through that, please.

1           A     We have a zero, what we call a zero usage  
2 report. Review that zero usage report to determine how  
3 many meters are registered zero; they didn't produce  
4 any water that month.

5                     If there was ten of them, you first need to  
6 confirm that they're stuck, so you send a service  
7 person out to physically check those meters. We have a  
8 lot of winter residents, as you know, especially in the  
9 Florida area. Maybe they're away for six months and  
10 the meter is not stuck, it's just turned off.

11                    But you find three meters that are stuck.  
12 And then you go back through the history of the  
13 customer's usage to find out that they used 10,000  
14 gallons a month on the average. And those are the  
15 numbers that you should be working with.

16           Q     Are you telling me that you've checked every  
17 meter that could be stuck in order to compile the  
18 effluent schedules for all the systems in the MFRs?

19           A     No, sir, I am not.

20           Q     All right. If I could refer you to the page  
21 after that in the exhibit where it says, "Pages 10 and  
22 11" -- the description says, "Pages 10 and 11 from AWWA  
23 manual." And if you turn to the next page, there's a  
24 paragraph labeled there, "Unaccounted-for water."

25                    First of all, are you familiar with the AWWA

1 manual?

2 A Are you talking about my exhibit, sir?

3 Q No. I'm referring to the composite exhibit,  
4 the one that had all the Staff interrogatories with it.

5 A Well, I haven't found that yet.

6 CHAIRMAN BEARD: Is that 94?

7 MR. FEIL: Yes.

8 COMMISSIONER CLARK: It would be helpful if  
9 the pages were consecutively numbered.

10 WITNESS SWEAT: I have the manual.

11 MR. FEIL: I understand. I wanted to make it  
12 into a composite. I had to struggle with whether or  
13 not to make it into a composite exhibit versus going  
14 through the chore of having each little one identified.

15 Q (By Mr. Feil) Are you with me, Mr. Sweat?

16 A Yes, sir.

17 Q The first paragraph there under the heading  
18 "Unaccounted-for Water," could you read that, please,  
19 and ask me whether or not you agree with the last  
20 sentence there?

21 A "Conservation of water is a fundamental --"

22 Q I don't want you to read it allowed. Just  
23 please read it to yourself and ask me whether or not  
24 you agree with the last sentence. (Pause)

25 COMMISSIONER CLARK: Which sentence?

1 MR. FEIL: The sentence I'm referring to is  
2 the one that begins with, "The difference between the  
3 total net output --"

4 COMMISSIONER CLARK: Where is it again, Page  
5 2 of 2?

6 MR. FEIL: Yes.

7 COMMISSIONER CLARK: Where?

8 MR. FEIL: Under the heading where it says,  
9 "Unaccounted-for Water," --

10 COMMISSIONER CLARK: Okay.

11 MR. FEIL: -- it's the last sentence in the  
12 paragraph under that heading.

13 COMMISSIONER CLARK: Okay. (Pause)

14 Q (By Mr. Feil) Do you agree with that last  
15 sentence, the description of what unaccounted-for water  
16 is?

17 A I agree.

18 Q Is this the criteria the Company used in  
19 preparing the F-1 schedules?

20 A Yes. We take into consideration all those  
21 readings.

22 Q If the Company discovers a stuck meter as  
23 you've described, how long does it take before the  
24 Company changes out the meter?

25 A Our meters are changed out on a regular

1 basis. Unfortunately, some take longer than maybe they  
2 should because we have a bimonthly reading and we have  
3 some quarterly monthly readings and it may be two  
4 months or three months before the meter is read the  
5 next time to discover that it is stuck. It could have  
6 stuck a day after it was read last, so -- but  
7 otherwise, we have an ongoing, as I said, a usage  
8 report coming on and a series of work orders being  
9 written by the clerical people in the office that are  
10 dispatched out routinely to the field people.

11 Q So your answer is it would depend on the  
12 billing cycle, is that correct?

13 A Basically, yes.

14 Q All right. And during the period when a  
15 meter might be stuck the Company would render an  
16 estimated bill, correct?

17 A Well, I'm not in billing.

18 Q So you don't know?

19 A I'm not sure. They might.

20 Q So if I asked you whether or not the  
21 estimated gallons showed up on the billing analysis in  
22 this filing, you wouldn't know, would you?

23 A I would not know.

24 Q Do you think Ms. Loucks would?

25 A She would, I'm sure. (Pause)



1 Q Referring to the F-1 schedule which I passed  
2 out earlier for Oakwood, listed there for water breaks  
3 there, near the bottom, beginning, I guess, with Line  
4 19, Column 4, there's an amount listed for water breaks  
5 and it's monthly listed as 120,000 gallons; is that  
6 correct?

7 A That's what it says here on this report, yes.

8 Q All right. Isn't it correct that this amount  
9 actually is the Company's estimate for leaky joints  
10 rather than actual water line breaks?

11 A Well, they do have, they do have line breaks  
12 out there. But, in fact, there was an -- what do you  
13 call these things any more? An interrogatory that was  
14 prepared as a revised interrogatory that dealt with the  
15 number of joints, and that's how these numbers were  
16 arrived at, yes.

17 CHAIRMAN BEARD: Any idea about how much more  
18 you've got?

19 MR. FEIL: Hopefully, just about half an hour  
20 to 45 minutes. If you would like to take a break?

21 CHAIRMAN BEARD: I would.

22 (Brief recess.)

23 - - - - -

24 CHAIRMAN BEARD: Okay. For you all's  
25 personal edification, we will not go past this witness

1 tonight. So anybody that's sticking around just in  
2 case they get to testify, go home. We will pick up, I  
3 guess, with Hartman the first thing in the morning. We  
4 will do that at 8:30; like I said, the dress is casual.

5 MR. HOFFMAN: Mr. Chairman, just real  
6 briefly, I've talked to the parties about the possibly  
7 of presenting Mr. Hartman and Mr. Morse as a panel, the  
8 same way they were deposed.

9 The parties have preliminarily indicated that  
10 might be a problem, but they really haven't given me a  
11 clear answer on that. I think we could move things along,  
12 particularly because with some of the Mr. Hartman's  
13 systems that he's sponsoring, Mr. Morse provided the  
14 discovery responses. I just don't know if that's  
15 something that we can reach an agreement on or what  
16 your feelings are.

17 CHAIRMAN BEARD: If you all can reach an  
18 agreement by 8:30 in the morning, then put them both  
19 on. If you can't, put on Hartman.

20 MR. HOFFMAN: Okay.

21 CHAIRMAN BEARD: You know --

22 MR. HOFFMAN: It's okay with you all?

23 CHAIRMAN BEARD: It's fine with me if you can  
24 put them both on; but if the parties can't agree to it,  
25 then I'm not going to do it.

1 MR. HOFFMAN: Yes, sir.

2 CHAIRMAN BEARD: I mean, you can put all the  
3 witnesses on at one time as far as I'm concerned, and  
4 we can have one big happy family. Okay. (Laughter)

5 Q (By Mr. Feil) Mr. Sweat, again referring to  
6 the F-1 schedule for the Oakwood system.

7 COMMISSIONER EASLEY: Get the microphone a  
8 little more in front of you, Matt.

9 MR. FEIL: Pardon me?

10 COMMISSIONER EASLEY: Get the microphone a  
11 little more in front of you. There we go.

12 Q (By Mr. Feil) Basically, what we want to  
13 know is this, Mr. Sweat. You believe that because the  
14 120,000 estimate for water breaks is water that you  
15 know where it went, it's therefore accounted-for water  
16 and doesn't go into the unaccounted-for water  
17 calculation; is that correct?

18 A That's correct.

19 MR. FEIL: All right. Commissioner, to speed  
20 things along, I'd like to take administrative notice of  
21 several orders rather than ask extensive questions  
22 about unaccounted-for water and infiltration. On the  
23 subject of unaccounted-for water, I would like to take  
24 administrative notice of Orders Nos. 23511 and 24485.

25 CHAIRMAN BEARD: Okay.

1 MR. FEIL: On the subject of infiltration,  
2 I'm sorry, these order numbers are longer nowadays,  
3 PSC-92-0266-FOS-SU and PSC-92-0594-FOF-SU.

4 CHAIRMAN BEARD: That's a form of downsizing.  
5 (Laughter)

6 Q (By Mr. Feil) Mr. Sweat, I'd like to ask you  
7 a question regarding unaccounted-for water. Briefly,  
8 it's this. In Mr. Hartman's rebuttal testimony, he  
9 states that the Company should perform some sort of  
10 cost/benefit analysis before a determination is made  
11 whether or not unaccounted-for water is excessive. Are  
12 you familiar with that testimony?

13 A Yes, sir.

14 Q Do you know whether or not the Company has  
15 performed any such cost/benefit analysis?

16 A Per se, not to date.

17 Q All right.

18 A If I may?

19 Q He makes the same statement with regards to  
20 infiltration, basically. Is it the same story there  
21 that the Company hasn't performed any such studies?

22 A We have performed some I&I studies and we  
23 have performed some I&I work in-house.

24 Q All right. Do you have any written reports  
25 specifically with regards to Palm Port and Jungle Den?

1           A     I have a report, I believe, for Jungle Den.  
2 Unfortunately, it is in Apopka and not with me. Palm  
3 Port, an I&I study will start this coming Friday, and  
4 we will determine whether it is cost effective to  
5 correct the infiltration.

6           Q     All right.

7                     With regards to the Jungle Den system, the  
8 Company performed some repairs, approximately \$15,000  
9 worth of repairs to seal some of the lines. Is that  
10 correct?

11          A     That's correct.

12          Q     Since the lines have been repaired, has the  
13 amount of infiltration been reduced?

14          A     I, unfortunately, did not look at that before  
15 coming here tonight. But I would guess that it has  
16 been drastically reduced.

17          Q     Could you provide as a late-filed exhibit the  
18 monthly operating reports for Jungle Den showing the  
19 wastewater flows from January '92 through October of '92?

20                     MR. FEIL: Mr. Chairman, if I may have a  
21 late-filed exhibit number? I believe the next number is 99.

22                     CHAIRMAN BEARD: 99.

23                     WITNESS SWEAT: Yes, sir, I will.

24                     MR. FEIL: Thank you.

25                     (Late-filed Exhibit No. 99 identified.)

1 Q (By Mr. Feil) Mr. Sweat, I had brought over  
2 to your chair while you were away an order number or an  
3 order regarding the Fox Run utility system. Could you  
4 refer to Page 2 of that order? It's -- look to your  
5 right.

6 COMMISSIONER EASLEY: It looks like this.

7 CHAIRMAN BEARD: It's trimmed in black,  
8 that's a clue.

9 WITNESS SWEAT: Oh, how about to my front?

10 CHAIRMAN BEARD: There you go.

11 WITNESS SWEAT: Thank you.

12 Q (By Mr. Feil) Could you turn to Page 2 of  
13 that order, please? Are you familiar -- well, are you  
14 familiar with the acquisition of the Fox Run system?

15 A Yes.

16 Q Isn't it correct that what this order  
17 basically says is that when Southern States acquired  
18 the Fox Run system, it considered several options in  
19 order to improve the quality of service of that system,  
20 correct?

21 A Correct.

22 Q And the option chosen by the Utility was  
23 what's listed there in the order as, let's see, which  
24 alternative was it? I believe it's the final  
25 alternative listed there, the fourth paragraph. Is

1 that correct?

2 A That's correct.

3 Q Could you tell me whether or not the high  
4 iron problem at Fox Run was cured after the Company  
5 added the two new iron filters?

6 A I would say yes, once they were properly  
7 tuned and the chlorination points were properly  
8 located, yes, I would say that the iron problem dropped  
9 down drastically, yes.

10 Q But does it exceed the MCLs for iron?

11 A As I recall, it did not exceed the MCLs for  
12 iron.

13 Q Do you know whether or not it's exceeding the  
14 MCLs today?

15 A Well, today, we have 13 iron filters. I don't  
16 know if it is, but I certainly hope that it isn't.

17 Q Isn't it correct that at the time Southern  
18 States acquired the Fox Run system that the Commission  
19 Staff and the DER expressed reservations as to whether  
20 or not the fourth alternative listed there would cure  
21 the iron problem?

22 A I'm going to have to tell a short story.

23 Q A very brief short story.

24 COMMISSIONER EASLEY: Absolutely only if it  
25 is necessary.

1           WITNESS SWEAT: I honestly believe to protect  
2 my Company, it's necessary to tell a story.

3           COMMISSIONER EASLEY: Can you answer the  
4 question and then tell the story maybe?

5           WITNESS SWEAT: Maybe ask the question again?

6           Q     (By Mr. Feil) The question was: Isn't it  
7 correct that at the time Southern States acquired the  
8 Fox Run system that the Commission Staff and DER  
9 expressed reservations as to whether or not the  
10 alternative selected would cure the iron problem?

11          A     I recall talking to Staff and they had  
12 reservations. I do not recall talking to DER and them  
13 having reservations.

14          Q     Well, isn't it correct to say at least that  
15 the alternative selected by Southern States didn't  
16 necessarily solve the bad water quality problem?

17          A     Not totally.

18          Q     All right. Could you tell me how much money  
19 was spent for making the improvements and installing  
20 the filters pursuant to the fourth alternative there?  
21 And if you don't know, Ms. Kimball or Ms. --

22          A     I'm trying to figure out how to keep the  
23 story short. Sir, there was circumstances that took  
24 place at Fox Run that was not brought up front to us in  
25 the beginning. Number one, we had to have filters. We



1 put in the filters. There was no iron problem.

2 Number two, we had to have fire protection,  
3 so we had to put in a storage tank.

4 Number three, the storage tank, they decided the  
5 -- excuse me. We inactivated the existing storage tank.  
6 DER said that's not large enough, we had to add a larger  
7 storage tank. We had to add additional iron filters to go  
8 along with the extra capacity. We had to install an extra  
9 well pump and we had to increase the size of the high  
10 service pumps. And those were things that were not,  
11 number one, a part of the Consent Order, it was  
12 after-the-fact mind changes which altered drastically the  
13 original plan of Southern States.

14 Q I have a last question, it's a two-part  
15 question. Could you tell me what's the total dollar  
16 amount spent by Southern States to improve the Fox Run  
17 system so as to comply with the DER standards? And the  
18 second part of the question is whether or not that's  
19 included in rate base?

20 A Subject to check, it's somewhat in the  
21 neighborhood of a half a million dollars. And subject  
22 to check, it should be in the rate base or in this rate  
23 case.

24 Q Do you think I could confirm the figure and  
25 whether or not it's in rate base with Ms. Kimball or

1 Mr. Lewis?

2 A That's a possibility.

3 MR. FEIL: All right.

4 May I have a moment, please, Mr. Chairman?

5 (Pause)

6 Staff has nothing further.

7 CHAIRMAN BEARD: Questions, Commissioners?

8 COMMISSIONER EASLEY: No.

9 CHAIRMAN BEARD: Redirect?

10 MR. HOFFMAN: Thank you, Mr. Chairman.

11 REDIRECT EXAMINATION

12 BY MR. HOFFMAN:

13 Q Speaking of Fox Run, Mr. Sweat, were all the  
14 improvements at Fox Run required by the DER?

15 A Yes, they were.

16 Q All right, sir. Let me refer you to Exhibit  
17 No. 94, which has the compilation of discovery  
18 responses that Staff has been referring you to. Do you  
19 have that?

20 A No. 94?

21 Q Yes.

22 A Do you recall the AWWA article about  
23 unaccounted-for water?

24 A Yes, sir.

25 Q Could you turn to that same Page 2 of 2 that

1 Mr. Feil had you read?

2 A Yes, sir.

3 Q Are you there?

4 A No, sir, but I have my book. Page 2.

5 COMMISSIONER CLARK: Page 10, I think, in the  
6 book.

7 A Or page 11, I think you want.

8 Q (By Mr. Hoffman) All right, sir. Could you  
9 please tell us what is found there on Page 11 that you  
10 deem relevant to the issue of unaccounted-for water?

11 A I think it's very relevant to know, "The  
12 proper amount of unaccounted-for water in any given  
13 system is a function of that system alone. It might  
14 range in a fully metered system from as much as 35% to  
15 as little as 5%."

16 I'd like to go on down to the latter part of  
17 that paragraph to read, "A fair average of  
18 unaccounted-for water might be 10% to 20% for fully  
19 metered systems with good meter maintenance program and  
20 average condition of service."

21 And this is my point in my summary. I  
22 believe we can't look at a system as an individual and  
23 hold fast our 10% policy. I think they have to be,  
24 they have to be weighed on an individual system, taken  
25 into consideration age, types of meters, types of

1 material, et cetera. We know of a number of cases that  
2 Meadowbrook, 17304, was allowed 20% unaccounted-for  
3 water. The reasons being was the age of the system.

4 Marion County, Martin County -- excuse me,  
5 Sailfish, 15% unaccounted-for water. Martin County,  
6 Southern States Utilities, Order No. 21322, 17% and  
7 16%. Reasons, age.

8 You will have leaks in systems. It is not  
9 always affordable to go look for those leaks. I  
10 believe that's pointed out in Mr. Hartman's testimony.  
11 You analyze all of the F-1 schedules and all the 127  
12 systems that we filed in this proceedings, I believe  
13 the numbers are somewhere in the neighborhood of 13  
14 that exceed 10%. There's some that go over 10% by  
15 10.7, 10.8, numbers in that category. Some at 15%.

16 But the ones that are at 35%, there is  
17 reasons for those things. And I think that our meter  
18 program, our testing of our calibrated metering, our  
19 leak detection equipment that has been approved for  
20 purchase, that our internal audit, water audit program  
21 that's underway -- you will see this Utility  
22 continuously bring down their unaccounted-for water.  
23 As you would have seen if you checked the records, this  
24 Utility has continually brought down unaccounted-for  
25 records.

1           You've got our training program. Because  
2 recordkeeping is very, very important, you've got to  
3 train your employees to do the job thoroughly and  
4 accurately.

5           Q     Let me ask you this, Mr. Sweat. Do you have  
6 any comments on the effects of the impacts of lightning  
7 on leaks and main breaks in the lines, in the  
8 distribution lines or the collection lines?

9           MR. FEIL: Excuse me, Commissioners. I think  
10 this is outside the scope of cross. Lightning? I  
11 don't recall ever mentioning anything about lightning.

12           COMMISSIONER CLARK: He's talking about  
13 unaccounted-for water.

14           MR. HOFFMAN: Yes.

15           COMMISSIONER EASLEY: Yes. He's in the area,  
16 he's just coming up with a different reason.

17           CHAIRMAN BEARD: I'm going to allow the  
18 question. But if it could be a little more pointed and  
19 a little less open-ended, we might get there before the  
20 end of the century.

21           COMMISSIONER EASLEY: Like lightning.

22           Q     (By Mr. Sweat) Mr. Sweat, based on your  
23 experience, does lightning have any impact on leaks or  
24 main breaks in distribution and collection lines; and,  
25 if so, could you please briefly explain what they are?

1           A     Yes.  And we have experienced a number of  
2 those types of incidents in Sunny Hills.  We've  
3 experienced a number of those incidents in the north  
4 portion of Putnam County.

5                     As a matter of fact, I had parcels of pipe  
6 that I intended to bring to the hearing and forgot  
7 them, but they're in my office, if you ever want to  
8 visit, that shows the penetration of lightning going  
9 into the ground penetrating into the PVC pipe; and you  
10 can certainly tell by visually looking at it that it  
11 looks like a 22 rifle from the outside.  And in some of  
12 the soils conditions that we have, and especially in  
13 Sunny Hills where it is such a large area, it is  
14 sometimes very difficult to locate those water leaks.

15           Q     All right, Mr. Sweat.  Could you turn now in  
16 this same Exhibit 94 to Staff Interrogatory No. 143  
17 which has some discussions on the Point O'Woods water  
18 treatment plant modification and improvements?  About  
19 the fifth page in on the exhibit.

20           A     143, correct?

21           Q     Yes.  Are you there?

22           A     Yes, sir.

23           Q     Do you see the last line of the response  
24 which says, "The estimated total cost for this project  
25 is \$221,868"?

1 A Yes, sir.

2 Q To your best knowledge of the status of this  
3 project, is it reasonably certain that Southern States  
4 will incur this cost for this project?

5 A I believe so.

6 Q All right, sir. Let me ask you another question  
7 about the Point O'Woods system. I think there was some  
8 discussion with Mr. Feil about the installation of iron  
9 removal filters. Do you recall that?

10 A Yes, sir.

11 Q Can you explain the reasons for the delay in  
12 the installation of the iron removal filters?

13 A Yes, sir. I forgot about the DER permitting  
14 process. The DER took considerable time permitting our  
15 iron filters and our well.

16 Q All right. I think Mr. Feil also asked you  
17 some questions regarding the status of the DER's  
18 testing of the bacteriological samples of the water at  
19 the Point O'Woods. Have you had a chance to refresh  
20 your recollection on that subject?

21 A Yes. That's correct. I believe I told him I  
22 thought it was taking place next week. But, in fact,  
23 the DER had cleared the bacteriologicals last week and,  
24 in fact, notice was being provided to the customers on  
25 Friday that the water was now safe to drink again and

1 be used for normal use.

2 Q All right. I think you also stated in  
3 response to a question from Mr. Feil that the customers  
4 were provided drinking water. Do you have any further  
5 comments as to the extent of the water provided to the  
6 customers?

7 A Yes. There was about -- I made a comment  
8 that it was for drinking water. And I think I said  
9 that one of the supply wells supplied water for  
10 sanitation purposes. In fact, that water supply well  
11 was not in service; so, in fact, we supplied the  
12 customers with not only drinking water but enough  
13 bottled water for sanitary purposes as well until that  
14 line, until that well, was cleared about a week  
15 afterwards. And then it was put in on-line and used  
16 for sanitary purposes.

17 Q Will the customers of this system be billed  
18 for the period that these service problems exist?

19 A We, a long time ago, decided that the customers  
20 would not be billed for this inconvenience to them.

21 Q Mr. Sweat, I'm going to quickly hand you a  
22 volume of the MFRs. It's Volume III, Book 6, Page 159,  
23 and I'm still on Point O'Woods.

24 (Witness provided document.)

25 Q Do you have that in front of you, sir?



1 A Yes, sir.

2 Q What is the average daily flow for the  
3 wastewater treatment plant shown on that page during  
4 the peak month?

5 A 13,638.

6 Q All right, sir. How much water does it take  
7 to irrigate your typical golf course in terms of a  
8 daily flow?

9 A An average golf course that I'm experienced  
10 with is about somewhere in the neighborhood of 400,000  
11 to 500,000 gallons a day to do an adequate irrigation  
12 job.

13 Q So what does that tell you about the source  
14 of water, the irrigation sources at the Point O'Woods  
15 Golf Course?

16 A That they utilize their CUP wells extensively.

17 MR. HOFFMAN: Thank you, that's all I have.

18 CHAIRMAN BEARD: The witness is excused.

19 Exhibits?

20 MR. HOFFMAN: Mr. Chairman, we would move  
21 Exhibits 91 and 92.

22 CHAIRMAN BEARD: Without objection?

23 MR. McLEAN: Citizens move 93.

24 CHAIRMAN BEARD: Without objection.

25 MR. FEIL: Staff moves 94.

1 CHAIRMAN BEARD: Without objection.

2 (Exhibit No. 91, 92, 93 and 94 received in  
3 evidence.)

4 (Witness Sweat excused.)

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6 CHAIRMAN BEARD: 8:30 tomorrow morning. Do  
7 you know whether we're going to have one or two  
8 witnesses at 8:30?

9 MR. HOFFMAN: I've checked with Mr. McLean,  
10 he has no problem. I need to discuss it with Staff.

11 MR. FEIL: If you want to go off the record a  
12 minute, I'll tell what you my problem is.

13 COMMISSIONER EASLEY: Go off the record.

14 (Discussion off the record.)

15 CHAIRMAN BEARD: Back on the record briefly.  
16 8:30 tomorrow morning; we'll work through; we'll try to  
17 take a quasi decent lunch break and we'll try to knock  
18 off in the 5:00 time frame since it's a holiday.

19 (Thereupon, the hearing was recessed at 8:30  
20 p.m., to reconvene Wednesday, November 11, 1992, at  
21 8:30 a.m. at the same address.)

22 (Transcript follows in sequence in Volume X.)

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