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M E M O R A N D U M

November 23, 1992

TO : DIVISION OF RECORDS AND REPORTING (TRIBBLE)
FROM : DIVISION OF LEGAL SERVICES (BROWN) *MCB*
RE : DOCKET NO. 920949-EU

Please place the attached document in the official file of the above cited docket. The document was distributed to all parties at the prehearing conference. The prehearing officer and all parties agreed to consider the document the prehearing memorandum of the Action Group.

MCB:bmi
Attachment

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FPC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Joint Petition for Approval) DOCKET NO. 920949-EU
of Certain Matters in connection) FILED: 11/23/92
with the Sale of Assets by Sebring)
Utilities Commission to Florida)
Power Corporation.)
_____)

PREHEARING MEMORANDUM OF
THE ACTION GROUP

DOCUMENT # 920949-EU

11/23/92 11:24 AM

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FPSC-RECORDS/REPORT

My name is Harold Seaman. I am Chairman of the "ACTION GROUP"

I am District #6 President of The Federation of Mobile Home Owners, Inc. However, our "ACTION GROUP" consists of mobile home owners and area residents.

Our number 1 position is, we do not want to pay the S.U.C. debt. About 60% of S.U. C. customers live outside the Sebring city limits. These people have had nothing to say in regards to the S.U.C. management.

I am not an attorney, so I have not the knowledge of law as the several attorneys that are present, representing F.P.C. and S.U.C. The purpose of law is to see that all parties receive fair treatment.

There are a number of things that we do not believe are fair if this sale is approved. If this sale is approved: We believe the sale to be a violation of general law, in that the S.U.C. and F.P.C. has classification of customers, favoring some, while imposing a financial burden upon others. We believe this to be in direct violation of Section 366.03 of the Florida Statute, which states in part: "No public utility shall make or give any undue or unreasonable prejudice or disadvantage in any respect."

From reading the sale agreement between F.P.C. and S.U.C., not all of S.U.C. rate payers will be paying the surcharge. Who are the ones that are to pay the surcharge? If not all are paying, how is it determined who is to pay surcharges?

The next question is: Who placed us with S.U.C.? In many of the locations in the area there are lines from F.P.C. on one side of the street and S.U.C. lines on the other side.

Any way you look at this area, it is unfair, as there will be a fifteen (15) year period of inability to sell ones property at a fair market value. There won't be any change from what we have right now. The buyer will say, "Are you paying the surcharge?" If you are, the Letters from Caldwell Banker & Re/Max will be just the same as they *are* now if this sale is approved. These letters show how the values are reduced.

In my October 20 intervention letter, I forwarded you copies of the referendum bill as it was proposed. In the meantime I have secured a copy of the Senate Bill No. 2370 that is now in effect. Our two legislators have both advised it was their intention to see that a referendum vote has to be granted to the ratepayers before any sale was made.

See attached sheet showing:
"Thoughts on the F.P.C., S.U.C., Sebring City Council"

This sale is very serious. Thousands of retired persons have paid their debts elsewhere before moving to Sebring, Florida to retire. The attractive climate is a major factor that draws seniors nationwide, as well as from Canada. Young families, many single parents, are struggling to provide for their children in our community.

As S.U.C. is on record as having the highest rates in Florida, and second highest nation-wide, this has played a major role regarding slow growth in Sebring. Individuals who healthwise require air conditioning have been forced to sell or lose their property and move elsewhere. Most ratepayers are not convinced that the surcharge will be \$21.80, and feel the water sale to the city is going to cause an additional increase.

We ask that you review this sale agreement as if you were one of the S.U.C. customers.

We know and respect your office, and we are sure , after all evidence has been conscientiously reviewed by you, a fair decision will be made.

Sincerely,

Harold E. Seaman

Harold E. Seaman, Chairman

"ACTION GROUP"

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Thoughts on the FPC, SUC, Sebring City Council

Sometimes it helps you understand why something is proposed the way it is by speculating how each of the participants viewed the problem - including their view of how you (in this case the ratepayers of SUC) would react to various alternatives, and also how the PSC would react. In this problem case there is also the bond holders and the bond insurers to be reckoned with.

Of course we must first understand the true scope of the problem to be dealt with. Since the water system portion of SUC was given to SUC and presumably was operating profitably, the entire debt after sale of the electric assets to FPC for the book value of those assets would be some - hold your hat folks - \$60,000,000. If all of it was loaned by FPC to pay off the debt, the monthly bill would have been an average of \$48 per month per ratepayer (based on 12,500 ratepayers). Their problem was how to sugar coat this so that we wouldn't realize what was happening until after the fact. In their mind the bond payment is sacrosanct---untouchable. The revenue bonds include guaranties extending to the ratepayer in event of SUC default. For purposes of this discussion let's not get into the legality of letting such bonds obligating ratepayers without a specific ratepayer referendum (or for that matter, selling the assets to FPC without a referendum). Lets continue this focus on the derivation of their combined strategy for getting us to think this was the best thing for us. First, SUC must raise their rates rapidly to get our attention riveted on the fact that we were already paying 50% more than ordinary FPC ratepayers so that anything would look good by comparison. Threats of the rates going to double the FPC rates (which will happen if the sale doesnt go through) certainly add incentive.

One way of sugar coating the scope of increases would be to get Sebring to buy back the water company at a value far in excess of the book value ---enough so that the lower rate of FPC would more than offset the smaller debt service. This would make us think that we are going to have much lower utility bills which is just NOT TRUE!!!

Any way you slice it we are collectively going to pay off \$60,000,000 in debt service if the sale goes through!

Any way you look at it this area is in for 15 years of inability to sell your property at fair market value - or rent without a loss to compensate tenants for the high utilities costs. 15 years of potentially negative growth (further increasing the cost per ratepayer to amortize the debt service).---- All for good old boy stupidity in years past that you had no say in!

Don't agree with this sale! Force the bankruptcy to happen and let the insurance companies, the Florida legislature and the city of Sebring solve this one WITHOUT STIFFING J.Q. RATEPAYER WITH THE ENTIRE BURDEN OF SOMEONE ELSE'S DEBTS!!!!