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March 30, 1993

JOHN R. WODRASKA
SPECIAL CONSULTANT
(NOT A MEMBER OF THE FLORIDA BAR)

VIA HAND DELIVERY

Mr. Steve Tribble
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 3239-0850

Re: PSC Docket No. 900025-WS
Application for Staff Assisted Rate Case in Pasco County
by Shady Oaks Mobile-Modular Estates, Inc.
Our File No. 29056.01

Dear Mr. Tribble:

Please find enclosed the original and fifteen copies of the Direct Testimony of Richard D. Sims filed on behalf of Shady Oaks Mobile-Modular Estates, Inc., in the above-referenced matter.

The exact name of the Company and the address of its principal business office is:

Shady Oaks Mobile-Modular Estates, Inc.
Mr. R. D. Sims
1315 Eckles Drive
Tampa, Florida 33612

- ACK
- AFA 1
- APP
- CAF
- CMU
- CTR
- EAG
- LEG 1
- LIN 4
- OPC
- RCH
- SEC 1
- WAS 1
- OTH

Copies of all correspondence, communications, notices, orders, or pleadings should be served upon the undersigned counsel at the addresses shown below:

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley
2548 Blairstone Pines Drive
Tallahassee, FL 32301

If you have any questions in this regard, please let me know.

Sincerely,

F. Marshall Deterding

RECEIVED & FILED

FPSC-BUREAU OF RECORDS
FMD/kkj

Enclosures

DOCUMENT NUMBER-DATE

03493 MAR 30 83

FPSC-RECORDS/REPORTING

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 APPLICATION FOR STAFF ASSISTED RATE CASE IN
3 PASCO COUNTY BY SHADY OAKS MOBILE-MODULAR ESTATES, INC.

4 DOCKET NO. 900025-WS

5 ON BEHALF OF SHADY OAKS MOBILE-MODULAR ESTATES, INC.

6 DIRECT TESTIMONY OF RICHARD D. SIMS

7
8 Q. Please state your name and employment address.

9 A. My name is Richard D. Sims. My employment address is 1315
10 Eckles Drive, Tampa, FL 33612.

11 Q. What is your position with Shady Oaks Mobile Modular Estates
12 Inc.?

13 A. I am President of that corporation.

14 Q. Did the utility timely comply with Commission Orders Nos.
15 24084 and 25296 with respect to meter installation
16 requirements?

17 A. The utility made a diligent effort to comply with the
18 Commission's August, 1991 deadline, but was unable to meet the
19 deadline because of financial restraints occasioned by the
20 unwillingness of ratepayers to timely pay charges from March,
21 1991, to September, 1991. The Commission has been unrealistic
22 in its views of Respondent's liquidity, cash flow problems and
23 its absence of any reserve funds whatsoever. In light of the
24 realities of Respondent's financial condition, the fact that
25 the last meter was installed on June 17, 1992, should be

1 viewed as understandable in view of the circumstances.

2 Q. Has the Utility complied with Commission Orders Nos. 24084 and
3 25296 with respect to improving its quality of service?

4 A. The quality of service has improved dramatically over the past
5 five months. The decision to close the recreation facilities
6 in the fall of 1991 gave rise to numerous complaints to the
7 Commission concerning inadequate utility service. The
8 reopening of the recreation facilities in November, 1992,
9 along with discussions of its sale to the Homeowners
10 Association, measurable increased harmony between the utility
11 and the owners. Complaints thereafter were greatly
12 diminished. The delay in completing the installation of the
13 meters until June, 1992, is strictly attributable to lack of
14 liquidity and cash flow problems. A \$25,000.00 loan (secured
15 by a certificate o deposit inherited by my wife from her great
16 Aunt) enabled the utility to complete the installations about
17 70 \days beyond the deadline. While cash flow constraints
18 prevented the utility from implementing the \$1,700.00 monthly
19 maintenance program as ordered by the Commission - maintenance
20 is presently begin adequately performed. Recently, a blower
21 has been ordered and the well casing raised etc. -
22 considerable progress is underway in regard to enhancing the
23 value of the utility.

24 Q. Has the utility complied with Commission Orders Nos. 24084 and
25 25296 with respect to the name change and restructure

1 requirements?

2 A. The utility was remiss in not moving promptly to redress the
3 name change issue. In June of 1992, the utility filed
4 bankruptcy and was thereafter under the jurisdiction of the
5 bankruptcy court. The utility requested assistance and
6 information to guide it in effecting the name change and
7 completing the required paper, but the Staff thus far has not
8 furnished these guidelines. The utility is most anxious to
9 resolve this issue as soon as possible, especially now that
10 the bankruptcy case has been dismissed.

11 Q. Has the utility complied with Commission Orders Nos. 24084 and
12 25296 with respect to the preventive maintenance requirements?

13 A. The ratepayers were paying \$25.00 per month from March through
14 August, 1991, and then \$42.98 thereafter, an increase of
15 \$17.98 per month, and \$12.69 per month was required to be
16 escrowed. In essence, what occurred was that the \$25.00
17 represented the fee for the Recreation Center only and the
18 \$42.98 was for utilities only. Hence we closed the recreation
19 center. This boils down to simply inadequate income from any
20 reasonable viewpoint, to comply with preventative maintenance
21 requirements. Furthermore, when the homeowners were on
22 vacation, no fees were required to be paid, and this greatly
23 impacted utility income. In the summer, over half of the
24 ratepayers were away and on vacation.

25 Q. Has the utility complied with Commission Orders Nos. 24084 and

1 25296 with respect to escrow requirements?

2 A. The present escrow balance is \$9,377.95. This escrow balance
3 if far less than required simply because cash resources were
4 less than anticipated. The utility has incurred a short-fall
5 in income over ordinary and necessary expenses up until the
6 present date. (See Exhibit "A" attached reflecting the
7 December, 1992 income statement). It is simply expecting too
8 much to expect the utility to comply with the Commission's
9 escrow mandate. The present income precludes all "bases being
10 filled" and continue normal operations. In this instance the
11 utility elected - indeed it was forced to elect to, not "fill
12 this base." The rate base is simply too low to cover all the
13 expenses and regulatory mandates.

14 Q. What punitive action should the Commission take against the
15 Utility?

16 A. The utility's present rate base is simply inadequate. The
17 installation of the meters has actually reduced anticipated
18 and actual income. For example, if the \$42.98 per month rate
19 allowed by the Commission factored in the \$12.69 escrow amount
20 to yield about \$30.00 per monthly per ratepayer. This is the
21 present average amount paid by ratepayers, and leaves no
22 margin for escrow payments. The utility is compelled to live
23 with and endure. The utility has done and continues to
24 perform to the best of its ability at the present time in
25 light of the inadequate rate base. To punish the utility

1 along the lines as recommended by the Commission (\$60,572.00
2 plus certificate revocation) would be an unreasonable action,
3 and one that would impact adversely on the community.

4 The concern should be focused on how the utility can raise
5 approximately \$125,000.00, the capital to connect its sewer
6 lines in to Pasco County. How to secure a lender, how to
7 repay the additional indebtedness; rather than with fines and
8 retribution. The utility needs a helping hand, and hopes the
9 Commission can provide a better rate base to enable it to
10 proceed with its plans for the future.

11 Q. Do you have any further testimony to provide at this time?

12 A. No.

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