

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Revisions of)
PSC Water and Wastewater Rules)

Docket No. 911082-WS
Filed: April 23, 1993

COMMENTS OF FLORIDA CITIES WATER COMPANY
ON PROPOSED RULES

Florida Cities Water Company, by and through its undersigned counsel, pursuant to the Notice of Rulemaking published in the Florida Administrative Weekly, Volume 19, No. 13, beginning at page 1740, files the following comments:

(1) Florida Cities Water Company has filed a Petition for Administrative Determination of Invalidity of Proposed Rules with the Division of Administrative Hearings. A copy of the petition is attached hereto and by reference made a part hereof. The petition seeks to challenge proposed rule 25-30.433 (3), Florida Administrative Code. This proposed rule would deny recognition for rate making of the unamortized balance of most deferred debits.

(2) By said petition, Florida Cities Water Company also seeks to challenge proposed Rules 25-30.435 and 25-30.020(2)(i). Proposed rule 25-30.435 would require any utility owning more than one regulated system, either water or wastewater, which seeks a rate increase, to file the required Minimum Filing Requirements for all regulated systems, regardless of whether a rate increase is sought for all such systems, and require the submittal of sufficient data for commonly owned non-jurisdictional systems to support the allocation of joint and common costs, and to require the determination of the need for a rate increase to be made on the basis of total earnings of all commonly owned regulated systems. Proposed Rule 25-30.020(2)(i) would require a filing fee for any

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such application based on the combined capacity of all systems covered in the application. Florida Cities Water Company believes that these proposed rules would result in unreasonable, unnecessary and substantial increases in rate case expense, unless they are limited to rate case applications seeking uniform rates. Such substantially increased rate case expense would also acutely affect Florida Cities Water Company in the event the Commission were, pursuant to proposed rule 25-30.433(3), to deny a return on the unamortized balance of the rate case expense deferred debits.

RATE CASES FOR UTILITIES OWNING MULTIPLE SYSTEMS

(3) Proposed rule 25-30.435 provides as follows:

Application for a Rate Increase by an Applicant that Owns Multiple Systems. This section applies to any applicant filing under Chapters 367.081 or 367.082, F.S., that owns more than one regulated system, either water or wastewater, regardless of county boundaries. This section does not apply to an applicant filing under Chapter 367.0814.

(1) The applicant shall include and file the required information on all jurisdictional systems owned in the application for a rate increase regardless of whether or not the applicant is seeking a rate increase for all systems.

(2) The determination of the need for a rate increase shall be made based upon the total earnings of all jurisdictional water and wastewater systems owned by the applicant.

(3) After an applicant has filed an application under this rule, any need for a rate decrease shall be based on the total earnings of all jurisdictional systems owned by the applicant.

(4) The applicant shall file sufficient data for non-jurisdictional systems to demonstrate that the allocation of joint and common costs to the jurisdictional systems is appropriate.

(5) One capital structure shall be used and is to be calculated based on all jurisdictional and nonjurisdictional systems.

(6) A waiver of the provisions in this rule may be granted by the Commission for good cause shown.

(4) Proposed rule 25-30.020(2)(i) provides as follows:

For utilities filing pursuant to Rule 25-30.435, F.A.C., "Application for a Rate Increase by an Applicant that Owns Multiple Systems", or 25-30.565, "Application for Approval of New or Revised Service Availability Policy or Charges", the fees in paragraphs (2)(e), (g), and (h) above, shall be determined by combining the capacity of all systems included in the application.

(5) After the Florida Public Service Commission notified Florida Cities Water Company of the agency's intention to prepare an economic impact statement, Florida Cities provided the agency with information sufficient to make the agency aware of specific concerns regarding the economic impact of proposed Rule 25-30.435, by participation in public workshops and agenda conferences, and by submission of written comments, regarding the rule. A copy of Florida Cities Water Company's written comments is appended to the attached DOAH petition.

(6) As indicated in its written comments, unless the Florida Public Service Commission were to affirmatively provide for uniform rates for the affected systems, the challenged proposed rule would force Florida Cities Water Company to file eight sets of the Minimum Filing Requirements, covering each of its eight divisions, for a rate application seeking a rate increase for one system, with a tremendous increase in necessary rate case expenses, without benefit to the utility or the ratepayers. Prudent rate case expense is a cost of service the recovery of which must be allowed

in the utility's rates. Would ratepayers of the division for which a rate increase is sought bear the increased rate case expense associated with filing and defending the Minimum Filing Requirements for the other seven divisions? Or would ratepayers of divisions which did not need any rate increase nonetheless face increased rates to allow recovery of the expense to defend an increase for one division? Neither the challenged proposed rule or the economic impact statement adequately assess the impact of increased rate case expense on ratepayers, nor do they consider how the utility would recover this expense.

(7) The economic impact statement mentions Florida Cities Water Company's comments that challenged proposed rule 25-30.435 would generate \$142,000 in increased rate case expense per rate case, indicates that this estimate "was based upon the utility's interpretation of the proposed rule," and conclusively dismisses the estimate on the basis that "Staff strongly asserts that this rule would in fact substantially decrease costs under Staff's interpretation of the rule." The economic impact statement notes that Staff had provided alternative methods to the proposed rule, while indicating that no information is yet available on cost differences. The Florida Public Service Commission did not include the alternative to proposed Rule 25-30.435 when it formally initiated rule-making.

(8) Reasonable alternatives include limiting such a filing to rate case applications seeking uniform rates, allowing for a master

cost allocation procedure for multi-system utilities, or continuing to allow system-specific rate case applications.

(9) Proposed rule 25-30.435(4) requires the applicant to file "sufficient data for non-jurisdictional systems to demonstrate that the allocation of joint and common costs to the jurisdictional systems is appropriate." There is no definition or standard or criteria set forth to enable a utility to determine what constitutes "sufficient data" for this purpose.

Rule 25-30.435(6) provides that a waiver of the provisions of the rule may be granted "for good cause shown." No definition, standard or criteria are set forth to enable a utility to determine what constitutes "good cause."

DEFERRED DEBITS

(10) Proposed rule 25-30.433(3) provides as follows:

In a rate case proceeding, the following provisions shall apply, unless, for good cause shown, the applicant or any intervenor demonstrates that these rules result in an unreasonable burden. In these instances, fully supported alternatives will be considered by the Commission. Any alternatives proposed by the utility must be filed with the minimum filing requirements.

. . .

(3) Debit deferred taxes created due to income taxes associated with used and useful Contributions-in-Aid-of-Construction (CIAC) shall be offset against credit deferred taxes in the capital structure. Any resulting net debit deferred taxes shall be included as a separate line item in the rate base calculation. No other deferred debits shall be considered in rate base when the formula method of working capital is used.¹

¹Subsection (2) of the rule provides that "working capital shall be calculated as one-eighth of operation and maintenance expenses." This is commonly referred to at the Florida Public Service Commission as the formula method of working capital.

There is no definition of what constitutes "good cause," "unreasonable burden," or "fully supported alternatives." No standards or criteria are set forth for any such determination.

(11) When the formula method of working capital is used, the proposed rule specifically excludes from rate base all deferred debits except debit deferred taxes created due to income taxes associated with CIAC. All deferred debits represent an investment in property of the utility. Utility funds represented by deferred debits that are used and useful in providing utility service should be included in rate base. However, the proposed rule denies the utility the opportunity to earn on this investment when the formula method of working capital is used. Moreover, proposed rule 25-30.433 (2) provides that the formula method shall be used. Therefore, even if one were to interpret the proposed rules to allow deferred debits to be included in rate base when any other method for working capital is used, the rules do not allow for another method.

The components which typically may be included in rate base are physical plant, cash working capital, and deferred debits. Physical plant is the most readily recognizable component of rate base. It is the investment in the lines, pumps, treatment facilities, tools, vehicles and other tangible equipment. The proposed rules adequately address the treatment of physical plant in rate base.

Cash working capital is less easily grasped. It represents, at a minimum, the investment necessary to fund daily operating

expenditures. An expanded definition could also include investment necessary to fund other non-plant items utilized to serve the public. Whether such items are included as cash working capital or as part of one of the other components is of no consequence as long as they are included in rate base, one way or another. In the proposed rule, working capital is defined as one-eighth of operating and maintenance expenses. As such it includes only the investment necessary to fund daily operating expenditures and does not include funding for any other non-plant items.

Deferred debits represent expenses paid in the current period that have an economic value over one or more periods. Any portion of such expenses that have a benefit in the current period are a current expense and as such are recovered in operating and maintenance expenses. The remaining portion is an investment of funds, a return on which can only be recovered if it is included in rate base. An example of a deferred debit is the cost of painting a storage tank, which may be repeated once every several years. The entire cost is not included as an expense to be recovered in only one year, but is spread over several years until it is repeated.² Other examples include rate case expense,³ of which

²Subsection (8) of proposed rule 25-30.433 provides that "nonrecurring expenses shall be amortized over a 5-year period unless a shorter or longer period of time can be justified." Such regulatory treatment does not in itself allow also for a return on the necessary investment in the unamortized balance of such nonrecurring costs.

³The impact of non-recognition of the unamortized balance of rate case expense is particularly acute for multi-system utilities which, under challenged proposed Rule 25-30.435, would be required to include the requisite information for all regulated systems,

one-fourth may be recovered each year for four years;⁴ and the income taxes paid on contributions in aid of construction.⁵

Deferred debits are costs which have been capitalized, but have a shorter life than a utility plant asset, and are not included in rate base nor the working capital which has been calculated using the formula method. Below is a demonstration of how these are not included in working capital under that circumstance.

Painting a 2 million gallon storage tank:

Initial cost	\$40,000
Number of years until repeated	5 years
Amount included in current year expense	\$ 8,000
Amount in working capital using formula method (1/8 of one year expense)	\$ 1,000
UTILITY ACTUAL INVESTMENT	\$40,000

The above calculation demonstrates that although the utility made an investment of \$40,000, and unless it is separately provided for, each year the utility would only earn a return on one-eighth

regardless of any system's need for a rate increase, and which, under challenged proposed Rule 25-30.020(2)(i), would be required to incur rate case application fees based on the combined capacity of all regulated systems.

⁴Section 367.0816, Florida Statutes, provides that "(t)he amount of rate case expense determined by the commission . . . to be recovered through a public utilities rate shall be apportioned for recovery over a period of 4 years. At the conclusion of the recovery period, the rate of the public utility shall be reduced immediately by the amount of rate case expense previously included in rates."

⁵The challenged proposed rule does allow for recognition of net debit deferred taxes in the rate base calculation. However, the proposed rule explicitly excludes rate base consideration of any other deferred debits when the formula method of working capital is used.

of one year of expense, or \$1,000. The utility would not earn a return on \$39,000 of its investment.

(12) Another deferred debit is a deferred tax debit. Debit deferred taxes represent taxes paid that are associated with plant that has value over many years. The primary source of debit deferred taxes is the tax on contributions-in-aid-of-construction (CIAC). The Internal Revenue Code treats CIAC as taxable income in the year in which it is received. The Commission treats CIAC as an offset to plant investment that is amortized over the life of the plant. The income tax associated with CIAC is classified as a debit deferred tax. It is reduced at the same rate that the CIAC is amortized.

Credit deferred taxes represent taxes that would have been due currently but are deferred to a future period through an allowed tax deferral mechanism such as accelerated depreciation. The amount of tax not paid currently, but due in the future, is accumulated as a credit deferred tax.

The typical regulatory treatment of debit deferred taxes is to include the used and useful portion in rate base to be earned on because it is an investment of the utility. The typical treatment of credit deferred taxes is to include it as a cost free component of capital because it is a "zero cost" tax benefit that can be used to finance investment. Since sources of capital cannot be readily traced to their specific use, it is prorated to rate base. The accepted regulatory treatment is that all investment, utility or non-utility, used and useful or non used and useful, is funded

proportionately by all capital sources. That is an acceptable, fair, procedure with historical precedent at the Commission.

If the proposed rule left the used and useful portion of debit deferred taxes as a rate base component, and the credit deferred taxes as a capital component to be prorated to rate base, that would be fair and acceptable. However, the challenged proposed rule does not do that. It requires the used and useful portion of debit deferred taxes be netted against the "total" credit deferred taxes, thereby reducing the "used" debit with both used and non-used or even non-utility credits. If the balance after netting is a credit, it is included as capital to be prorated to rate base, which further reduces the used debits by prorating a portion to non-used or non-utility purposes. The result is an understatement of the cost of capital associated with serving the public. If the balance after netting is a debit, it is included in rate base. But the amount remaining, having been reduced by non-used or non-utility credits, is an understatement of the investment in property serving the public.

(13) As stated in Accounting for Public Utilities (Hahne, Aliff and Touche, 1992), at pp. 5-1 and 5-2,

The financial analyst's perspective of working capital reflects a measure of financial liquidity (i.e., the availability of cash on hand and other current assets that are readily convertible to cash that may be used to meet liabilities that must be paid in the current business cycle). This financial liquidity measure is based on a comparison of current assets to current liabilities at a point in time.

The ratemaking perspective of working capital is quite different. For ratemaking purposes, working capital is a measure of investor funding of daily operating

expenditures and a variety of nonplant investments that are necessary to sustain ongoing operations of the utility.

Unfortunately, the working capital calculation based upon test year current assets minus current liabilities (the "balance sheet method") often does not recognize the utility's actual expected working capital needs during the time the new rates will be in effect. Because the cost of processing a rate case is so high, small water and wastewater companies do not seek rate increases until they find themselves in a very low earnings position, or more often than not, in a loss position during the historic test period utilized for justifying an increase. Under those circumstances, the utility is often in a position of being "cash poor" (low levels of current assets) and delaying payment of currently due bills (increased current liabilities) in order to maintain itself with such deficient revenues. Therefore, a company in such a financially weakened state is very likely to produce a balance sheet which shows very low or possibly even a negative working capital "requirement."

Often too, the utility may be part of a larger group of companies with only one balance sheet, and the components of working capital must be allocated in some creative fashion to the one system for which a rate adjustment must be made.

As a result of these problems with the balance sheet approach to working capital being applied to a historic test year, a different calculation to determine the actual investment made by the utility to finance its day to day operations costs is often

made. Commonly this is attempted by using 1/8th of operation and maintenance expenses ("the formula method") as an estimate of the utility's expected working capital needs. This is the method proposed by Rule 25-30.433(2), Florida Administrative Code.

In the past when the balance sheet method was utilized the Commission added to that calculation the amount of any average unamortized balance in deferred debits and categorized them for rate setting purpose as a portion of that working capital calculation. However, with the advent of the Commission's use of the formula approach, the Commission has proposed to eliminate any consideration of deferred debits. As a result, a whole group of assets in which the utility maintains an investment are being excluded from consideration in providing the utility a reasonable return. Deferred debits which are neither long term assets (e.g., utility plant and service) nor current assets (working capital), but do constitute a medium term asset and investment of the utility, must be considered and included in the utility investment on which it is provided an opportunity to earn a return.

Each financial transaction a utility incurs should be considered in rate setting. These transactions are either revenues, expenses, investment (rate base), or capital. Deferred debits can represent considerable investment by the utility, and should be included in rate base.

The exclusion of this investment would clearly contravene the provisions of the law purportedly implemented by the challenged proposed rule, in that it would prevent the Commission from fixing

compensatory rates based on consideration of the cost of providing the service, which must include the utility's working capital requirements, maintenance, operating expenses, and a fair return on utility investment.

(14) There is no theoretical basis for exclusion of an investment in deferred items from the rate base calculation. An investment in a medium term asset, such as major repairs or maintenance or rate case expense, should reasonably be included in rate base for rate setting purposes, so long as it is determined to be a prudent investment. To allow recognition of short term investments through the working capital allowance and long term investments through plant in service, and then to exclude deferred debits, is arbitrary and capricious and bears no reasonable relationship to the statutory requirements that the Florida Public Service Commission must consider in fixing just, reasonable and compensatory rates.

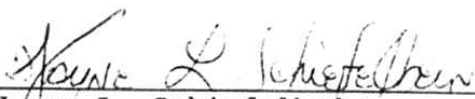
(15) The Florida Public Service Commission Staff has suggested that the reasons for elimination of deferred items is somehow to streamline the rate setting process and to eliminate an issue of contention related to working capital. The rationale is not supported by logic and reason. A decision to automatically disallow deferred items will in effect open a door to innumerable contests of what is an appropriate deferred debit. Opponents of the utility in a rate proceeding will clearly try to categorize everything possible as a deferred item in order to eliminate consideration of the investment in those items in rate setting

thereby complicating the rate setting process rather than simplifying it. The way to simplify issues related to deferred debits is to require that all be amortized over a five year period, unless a more appropriate amortization period is demonstrated, and the average unamortized balance be included as a separate line item in rate base. This will go much farther to eliminate issues related to deferred items than to suggest that they be excluded from the rate base calculation altogether.

PRIVATE FIRE PROTECTION

(16) Florida Cities Water Company supports proposed rule 25-30.465, which codifies heretofore non-rule guidelines for setting private fire protection rates. Florida Cities Water Company opposes comments submitted by the Florida Fire Sprinkler Association (FFSA), wherein FFSA indicates its opposition to "standby water fees" and advocates limitations on cross-connection control measures undertaken by utilities. In lieu of needless duplication, a copy of Florida Cities Water Company's comments previously filed in this docket on these issues are attached hereto and by reference made a part hereof.

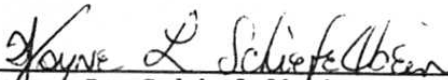
Respectfully submitted,



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Gatlin, Woods, Carlson & Cowdery
1709-D Mahan Drive
Tallahassee, FL 32308
(904) 877-7191
Attorneys for
Florida Cities Water Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery to Christiana Moore, Esquire, Division of Legal Services, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0850, on this 23rd day of April, 1993.



Wayne L. Schiefelbein

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Revision of)
PSC Water and Wastewater Rules)

Filed: March 3, 1993
Docket No. 911082-WS

COMMENTS OF FLORIDA CITIES WATER COMPANY IN
OPPOSITION TO PROPOSAL BY FLORIDA FIRE SPRINKLER ASSOCIATION

Florida Cities Water Company (FCWC), by and through its counsel, files the following comments in opposition to the proposals by the Florida Fire Sprinkler Association regarding fire sprinkler system stand-by fees and cross connection control.

1. In the section of its proposal entitled "The Issue," the Association contends that property owners of sprinkled buildings are paying for the water supply burden created by non-sprinkled buildings because the quantity and pressure demand for water within a community is based on the needed fire flow for non-sprinkled buildings. The fact is that most communities have minimum fire flow requirements regardless of whether or not a building is sprinkled. In addition, the only people benefiting from the sprinkled building are those occupying the building. Why should the general body of ratepayers be required to subsidize (via increased plant capacity, and thus rates, to provide adequate pressure and flow for the sprinkler systems) the few benefiting from the sprinkler system? The property owners of sprinkled buildings are also receiving benefits from reduced insurance rates that the general body of ratepayers are not receiving.

2. In the section of its proposal entitled "Less Demand on Water Distribution Systems," the Association states that each fire sprinkler typically flows 24 gallons per minute (gpm) at 20 pounds

per square inch (psi). The Association also states that a fire official may require a fire pump or provisions for an alternative water source. If 24 gpm at 20 psi are good numbers, it does not eliminate the fact that each sprinkler system has many (hundreds in the case of a large building) fire sprinklers. If the Association's contention that only small flow rates are required, why is it that the vast majority of sprinkler system services are four inches and larger in diameter? A fire pump can typically put a very high demand on a water distribution system. In addition, the alternative water source is of great concern to a water purveyor. The fire department may fill their pumper truck with water from any source (canal, pool, drainage ditch, salt or brackish water bodies, lakes, etc.) and then pump this into the sprinkler system. This is a potential cross connection of monumental proportions requiring the maximum protection for the public water supply.

3. In the section of its proposal entitled "Fire Sprinklers Verses Fire Hydrants," the Association states that water supply demand at a fire hydrant is based upon the fire hazards in proximity to and designated to be protected by that hydrant. While this is true many communities also require minimum hydrant spacing regardless of what will be in the proximity of the hydrant. Many communities also have minimum sizing requirements for water mains based solely on the type of zoning, not on the potential fire hazard. Thus, the contention that a fire sprinkler system would reduce the size of the water distribution system is untrue.

4. In the section of its proposal entitled "The Cost of Fire Department Suppression Activities," the Association uses the recent City of Jacksonville petroleum storage tank fire to promote the water savings of a sprinkler system. It is unclear how a sprinkler system would have prevented the massive use of water in this particular fire. Also, the Association states "fires will not extend or expand beyond this fire sprinkler design area if the system is properly designed." This statement sounds like a guarantee. The Association also states that "allowing the deterrents to the installation of fire sprinkler system, such as standby water fees, is not in the best interest of firefighter safety." The fact is that a monthly fee for the service of providing the water supply to sprinkler systems does not provide a deterrent to installation of the system; the very high capital investment often is THE deterrent.

5. In the section of its proposal entitled "A Call For Eliminating Standby Water Charges," the Association contends that tax and other incentives offered have been retorted by standby water fees. Again, the monthly charge for the service does not discourage the installation of such systems, the high capital investment does discourage their installation. In addition, property owners do not voluntarily install fire sprinkler systems, they must be mandated to do so by local ordinance, type of building construction or insufficient fire flow as determined by local ordinance. Therefore, the standby water fees are not the problem;

the problems are lack of local ordinances and the high capital investment required for these systems.

6. In the section of its proposal entitled "Cross Connection Obsession," the Association states that the potential for cross connection from properly maintained fire sprinkler systems is minute. Therefore, the Association contends that any cross connection control beyond the recommendations of the AWWA's Pamphlet M-14 should not be allowed. The fact is that even the most well-maintained sprinkler system, if an alternate water source connection is present, is an enormous cross connection waiting to happen. The public health can not be compromised on this issue. Chapter 17-555 of the Florida Administrative Code requires the water purveyor to have a cross connection control program based on AWWA's Pamphlet M-14. AWWA's Pamphlet M-14 establishes minimum recommended standards for cross connection control. It is incumbent on the water purveyor to protect the water distribution system from contamination via cross connections. Therefore, the water purveyor should be the one who establishes the cross connection control policy for its system.

7. To summarize FCWC's position on the foregoing, standby water fees should remain in place, and the details of cross connection control programs should stay within the authority of the water purveyor and not be hamstrung by a minimum recommended standard.

Respectfully submitted,

B. Kenneth Gatlin

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Counsel for FLORIDA CITIES WATER
COMPANY

**STATE OF FLORIDA
DIVISION OF ADMINISTRATIVE HEARINGS**

FLORIDA CITIES WATER COMPANY,

Petitioner,

v.

DOAH Case No. _____
Filed: April 23, 1993

**THE FLORIDA PUBLIC SERVICE
COMMISSION,**

Respondent.

**PETITION FOR ADMINISTRATIVE DETERMINATION
OF INVALIDITY OF PROPOSED RULES**

The Petitioner, Florida Cities Water Company, by and through its undersigned counsel, and pursuant to Section 120.54(4), Florida Statutes, hereby seeks an administrative determination of the invalidity of proposed rules 25-30.433(3), 25-30.020(2)(i), and 25-30.435, Florida Administrative Code, as proposed by the Florida Public Service Commission. In support of this Petition, Florida Cities Water Company states:

(1) For the purposes of this proceeding, the address and telephone number of the Petitioner, Florida Cities Water Company, should be considered that of its undersigned attorneys.

(2) The affected agency is the Florida Public Service Commission at the address of the Fletcher Building, 101 East Gaines Street, Tallahassee, Florida 32399-0850.

(3) Florida Cities Water Company owns and operates a number of water and wastewater systems providing service to the public in the State of Florida. Most of the Florida Cities Water Company's systems are utilities regulated by the Florida Public Service Commission and are subject to its rules and regulations. As such,

Florida Cities Water Company is substantially affected by proposed rules 25-30.433(3),, 25-30.020(2)(i) and 25-30.435.

(4) The challenged proposed rules were noticed in the Florida Administrative Weekly on April 2, 1993, at Volume 19, Number 13. The Public Service Commission has designated the rulemaking proceeding as Docket Number 911082-WS.

RATE CASES FOR UTILITIES OWNING MULTIPLE SYSTEMS

(5) Challenged proposed Rule 25-30.435, would require any utility owning more than one regulated system, either water or wastewater, which seeks a rate increase to file the required information on all regulated systems regardless of whether a rate increase is sought for all such systems, require the submittal of sufficient data for commonly owned non-jurisdictional systems to support the allocation of joint and common costs, and require the determination of the need for a rate increase to be made on the basis of total earnings of all commonly owned regulated systems. Challenged proposed rule 25-30.020(2)(i) would require a filing fee for any such application based on the combined capacity of all systems covered in the application.

(6) Proposed rule 25-30.435 provides as follows:

Application for a Rate Increase by an Applicant that Owns Multiple Systems. This section applies to any applicant filing under Chapters 367.081 or 367.082, F.S., that owns more than one regulated system, either water or wastewater, regardless of county boundaries. This section does not apply to an applicant filing under Chapter 367.0814.

(1) The applicant shall include and file the required information on all jurisdictional systems owned in the application for a rate increase regardless of whether or not the applicant is seeking a rate increase

whether or not the applicant is seeking a rate increase for all systems.

(2) The determination of the need for a rate increase shall be made based upon the total earnings of all jurisdictional water and wastewater systems owned by the applicant.

(3) After an applicant has filed an application under this rule, any need for a rate decrease shall be based on the total earnings of all jurisdictional systems owned by the applicant.

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(5) One capital structure shall be used and is to be calculated based on all jurisdictional and nonjurisdictional systems.

(6) A waiver of the provisions in this rule may be granted by the Commission for good cause shown.

(7) Proposed rule 25-30.020(2)(i) provides as follows:

For utilities filing pursuant to Rule 25-30.435, F.A.C., "Application for a Rate Increase by an Applicant that Owns Multiple Systems", or 25-30.565, "Application for Approval of New or Revised Service Availability Policy or Charges", the fees in paragraphs (2)(e), (g), and (h) above, shall be determined by combining the capacity of all systems included in the application.

(8) (a) Florida Cities Water Company asserts that challenged proposed rules 25-30.435 and 25-30.020(2)(i) constitute an invalid exercise of delegated legislative authority for the reasons that the agency materially failed to follow applicable rule-making procedures set forth in Section 120.54, Florida Statutes. More specifically, the agency failed to prepare a detailed statement of economic impact, as required by Section 120.54(2)(b), Florida Statutes.

(b) Challenged proposed rules 25-30.435 and 25-30.020(2)(i) are included in an extensive series of proposed rules governing a wide array of regulatory concerns and issues pertaining to the authority, service and rates of water and wastewater utilities regulated by the Florida Public Service Commission.

(c) As indicated in its written comments, unless the Florida Public Service Commission were to affirmatively provide for uniform rates for the affected systems, the challenged proposed rule would force Florida Cities Water Company to file eight sets of the Minimum Filing Requirements, covering each of its eight divisions, for a rate application seeking a rate increase for one system, with a tremendous increase in necessary rate case expenses, without benefit to the utility or the ratepayers. Prudent rate case expense is a cost of service the recovery of which must be allowed in the utility's rates. Would ratepayers of the division for which a rate increase is sought bear the increased rate case expense associated with filing and defending the Minimum Filing Requirements for the other seven divisions? Or would ratepayers of divisions which did not need any rate increase nonetheless face increased rates to allow recovery of the expense to defend an increase for one division? Neither the challenged proposed rule or the economic impact statement adequately assess the impact of increased rate case expense on ratepayers, nor do they consider how the utility would recover this expense.

(d) The economic impact statement mentions Florida Cities Water Company's comments that challenged proposed rule 25-30.435

would generate \$142,000 in increased rate case expense per rate case, indicates that this estimate "was based upon the utility's interpretation of the proposed rule," and conclusively dismisses the estimate on the basis that "Staff strongly asserts that this rule would in fact substantially decrease costs under Staff's interpretation of the rule." The economic impact statement notes that Staff had provided alternative methods to the proposed rule, while indicating that no information is yet available on cost differences. The Florida Public Service Commission did not include the alternative to proposed Rule 25-30.435 when it formally initiated rule-making.

(e) The economic impact statement fails to adequately assess the estimate of the cost of challenged proposed rule 25-30.435 to the utilities and consumers directly affected by the proposed action.

(f) The economic impact statement fails to adequately compare the probable costs and benefits of the proposed rule to the probable costs and benefits of not adopting the rule.

(g) The economic impact statement fails to adequately determine or evaluate whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule where reasonable alternative methods exist which are not precluded by law. Less costly or intrusive methods would include limiting such a filing to rate case applications seeking uniform rates, allowing for a master cost allocation procedure for multi-system utilities, or continuing to allow system-specific rate case applications.

(h) The economic impact statement fails to describe any reasonable alternative methods for achieving the purpose of the proposed rule which were considered by the agency, and a statement of the reasons for rejecting those alternatives in favor of the proposed rule. Reasonable alternatives include limiting such a filing to rate case applications seeking uniform rates, allowing for a master cost allocation procedure for multi-system utilities, or continuing to allow system-specific rate case applications.

(9) (a) Florida Cities Water Company asserts that challenged proposed Rule 25-30.435 is vague, fails to establish adequate standards for agency decisions, or vests unbridled discretion in the agency. More specifically,

(b) Proposed rule 25-30.435(4) requires the applicant to file "sufficient data for non-jurisdictional systems to demonstrate that the allocation of joint and common costs to the jurisdictional systems is appropriate." There is no definition or standard or criteria set forth to enable a utility to determine what constitutes "sufficient data" for this purpose.

(c) Rule 25-30.435(6) provides that a waiver of the provisions of the rule may be granted "for good cause shown." No definition, standard or criteria are set forth to enable a utility to determine what constitutes "good cause."

DEFERRED DEBITS

(10) Challenged proposed rule 25-30.433(3) would establish applicable rate-making treatment in rate case proceedings for debit

deferred taxes and other deferred debits in determining the utility's capital structure and rate base.

(11) Proposed rule 25-30.433(3) provides as follows:

In a rate case proceeding, the following provisions shall apply, unless, for good cause shown, the applicant or any intervenor demonstrates that these rules result in an unreasonable burden. In these instances, fully supported alternatives will be considered by the Commission. Any alternatives proposed by the utility must be filed with the minimum filing requirements.

. . .

(3) Debit deferred taxes created due to income taxes associated with used and useful Contributions-in-Aid-of-Construction (CIAC) shall be offset against credit deferred taxes in the capital structure. Any resulting net debit deferred taxes shall be included as a separate line item in the rate base calculation. No other deferred debits shall be considered in rate base when the formula method of working capital is used.¹

(12) (a) Florida Cities Water Company asserts that challenged proposed rule 25-30.433(3) constitutes an invalid exercise of delegated legislative authority for the reason that the rule contravenes the specific provisions of the law implemented and the agency has thereby exceeded its grant of rule-making authority. More specifically,

(b) The challenged proposed rule states that it implements Section 367.081, Florida Statutes. In pertinent part, the statute implemented provides as follows:

(2)(a) The commission shall . . . fix rates which are just, reasonable, compensatory, and not unfairly discriminatory. In every such proceeding, the commission

¹Subsection (2) of the rule provides that "working capital shall be calculated as one-eighth of operation and maintenance expenses." This is commonly referred to at the Florida Public Service Commission as the formula method of working capital.

shall consider . . . the cost of providing the service, which shall include, but not be limited to . . . the requirements of the utility for working capital; maintenance, . . . tax, and operating expenses incurred in the operation of all property used and useful in the public service; and a fair return on the investment of the utility in property used and useful in the public service

(c) The investment of the utility in property used and useful is commonly referred to as "rate base." Rate base consists of several components, the total of which represents the amount of investment required to provide service. The investments which made up a rate base can generally be categorized as: long term, or physical plant; short term, or working capital; and medium term, or deferred debits. When the formula method of working capital is used, the challenged proposed rule specifically excludes from rate base all deferred debits except debit deferred taxes created due to income taxes associated with CIAC.

(d) The proposed rule requires that portions of debit deferred taxes deemed "used and useful" by the Commission be netted against total credit deferred taxes, thereby reducing the "used" debit with both "used" and "non-used" or even non-utility credits. If the balance after netting is a credit, it is included as a component of the utility's capital structure to be prorated to rate base, which further reduces the "used" debits by prorating a portion to "non-used" or non-utility purposes. The result is an understatement of the cost of capital associated with serving the public. If the balance after netting is a debit, it is included in rate base. But the amount remaining, having been reduced by "non-used" or non-utility credits, is an understatement of the

investment in property serving the public. The rates resulting therefrom cannot be just or reasonable and will therefore circumvent the requirements of Section 367.081, Florida Statutes.

(e) The proposed rules further specifically eliminates consideration of all deferred debits (other than debit deferred taxes as outlined above) in the calculation of the utility's investment on which it is allowed to earn a return. The exclusion of this investment clearly contravenes the provisions of law purportedly implemented by the challenged proposed rules, in that they would prevent the Commission from fixing compensatory rates based upon consideration of the cost of providing service, which must include a return on the utility's investment in long term assets (net plant in service), short term assets (working capital), and medium term assets (deferred debits).

(13) (a) Florida Cities Water Company asserts that the challenged proposed rule 25-30.433(3) is vague, fails to establish adequate standards for agency decisions, or vests unbridled discretion in the agency. More specifically,

(b) The challenged proposed rule provides for its applicability "unless, for good cause shown, the applicant or intervenor demonstrates that these rules result in an unreasonable burden. In these instances, fully supported alternatives will be considered by the Commission."

(c) There is no definition of what constitutes "good cause," "unreasonable burden," or "fully supported alternatives." No standards or criteria are set forth for any such determination.

(14) There is no theoretical basis for exclusion of an investment in deferred debits from the rate base calculation, or in the partial exclusion of debit deferred taxes through the application of the "used and useful" standard prior to their being netted against total deferred tax credits. The improper exclusion of deferred debits and improper matching of deferred tax debits to deferred tax credits is arbitrary and capricious and bears no reasonable relationship to the statutory requirement that the Florida Public Service Commission must consider in fixing just, reasonable, and compensatory rates.

(15) Florida Cities Water Company asserts that the challenged proposed rule violates the U.S. and Florida Constitutions. It has long been the law of the land that a public utility is entitled to recover in rates those expenses reasonably necessary to provide service to its customers and to earn a fair rate of return on investment in plant used and useful in providing service. West Ohio Gas Co. v. Public Utilities Commission, 234 US 63, 55 S. Ct. 316, 79 L.Ed. 761 (1935). See also Gulf Power Company v. Bevis, 289 So.2d 401 (Fla. 1974).

That a utility must incur costs in connection with medium term assets, is demonstrated by review of Section 367.081(6) and (7) and Section 367.145(2), Florida Statutes. The latter statutory provision specifically requires the payment of a filing fee for a utility seeking a rate relief. This fee, in addition to the other costs of a rate case proceeding, are then required by the aforementioned Section 367.081(7), Florida Statutes and by Section

367.081(6), Florida Statutes, to the extent reasonable, to be recognized as a cost of service, and amortized over a four year period.

Rate case expenses involving rate case application filing fees, attorneys fees, consultants and witness fees, travel costs and a plethora of other items are absolutely essential for a utility to successfully maintain a rate proceeding.

Even where rates in effect are found to be unreasonable, the utility must nonetheless be allowed its fair and proper expenses for presenting its side to the Commission. Driscoll v. Edison Light & Power Company, 307 U.S. 104, 59 S.Ct. 715, 83 L.Ed. 1134 (1939). See also Meadowbrook Utility Systems, Inc. v. Florida Public Service Commission, 518 So.2d 326 (1st DCA 1988). Rate case expenses involving rate case application filing fees, attorneys fees, travel costs and a plethora of other items are absolutely essential for a utility to successfully maintain a rate proceeding.

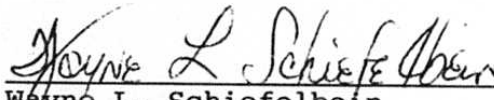
To allow only recovery of an amortized portion of otherwise prudent rate case expense and other deferred debits in a utility's rates while prohibiting any return on the necessary investment therein representing the unamortized balance of the deferred debits, while further exacerbating the problem by mandating multi-system rate case filings for utilities such as Florida Cities Water Company, would violate the right of a utility to due process to just compensation for taking of property and the right to possess and protect property. Fla. Const., Art. I, Secs. 2, 9; Art X, Sec.

6, F.S.A.; U.S. Const. Amends. V and XIV. See also Gulf Power Company v. Bevis, 289 So.2d 401 (Fla. 1974); City of Miami v. Florida Public Service Commission, 208 So.2d 249 (Fla. 1969).

WHEREFORE, the Petitioner, Florida Cities Water Company seeks a formal hearing pursuant to Section 120.57(1), Florida Statutes, for the purpose of determining that proposed rules 25-30.433(3), 25-30.435 and 25-30.020(2)(i) constitute an invalid exercise of delegated legislative authority.

Respectfully submitted, this 23rd day of April, 1993.

GATLIN, WOODS, CARLSON & COWDERY



Wayne L. Schiefelbein
Fla. Bar #265047
For the Firm
1709-D Mahan Drive
Tallahassee, FL 32308
(904) 877-7191

Attorneys for
Florida Cities Water Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery to Christiana Moore, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0850, and to Rob Vandiver, Esquire, General Counsel, Florida Public Service Commission, 101 East Gaines Street, Room 212, Tallahassee, Florida 32399-0850, on this 23rd day of April, 1993.



WAYNE L. SCHIEFELBEIN

FLORIDA CITIES WATER COMPANY

November 23, 1992

Chuck Hill, Director
Division of Water & Wastewater
Florida Public Service Commission
101 E. Gaines Street
Tallahassee, FL 3299-0850

Re: Docket Number 911082-WS
Proposed New and Amended Water and Wastewater Rules

Dear Mr. Hill:

The staff memorandum of October 29, 1992 requests information on the potential impacts of proposed and amended water and wastewater rules.

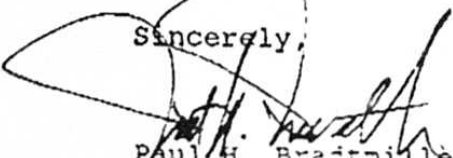
After reviewing the proposed rules referred to in the memorandum, it appears to Florida Cities Water Company (FCWC) that with the exception of the proposed used and useful rule there would be no economic impact on the Company as a result of the proposals as drafted. Rather, the proposals likely would increase the cost of service to our customers.

Enclosed is the Company's analysis of the potential cost Rule 25-30.435 as proposed would have for our customers through higher rate case expense. With the limited resources of the Company, an economic analysis of the other proposals has not been undertaken. Other comments on the proposed new and amended water and wastewater rules are being submitted by the Florida Waterworks Association.

With regard to the proposed used and useful rule, because the Company has a current rate filing concerning used and useful under Docket No. 920808-SU, FCWC prefers not to comment at this time.

If you have any comments, please let me know.

Sincerely,


Paul H. Bradtmiller
Executive Vice President &
Chief Operating Officer

PHB/cad

Enclosure

cc: K. Gatlin

FLORIDA CITIES WATER COMPANY
4637 Swift Road, Suite 100
Sarasota, Florida 34231
P.O. Box 21119 (34276-4119)
Telephone 813-925-7000

Post-It™ brand fax transmittal memo 7671		# of pages ▶ 8
To	Wayne S.	From
On		Co.
Dept	New York Request	Phone #
Fax #		Fax #

File:PSCRULES

Docket No. 911082-WS

EXHIBIT II

New and Revised Water and Wastewater Rules

Responding Utility:

Florida Cities Water Company (FCWC)

Rule No.:

25-30.435

This proposed rule should change the way rates are set for utilities with multiple systems.

Estimated Additional Cost Due to Rule:

\$142,000 /Rate Case

Comments:

This proposed rule is overly burdensome for a utility such as FCWC, unless a corresponding "Uniform Rates" rule would also be accepted. To force FCWC to file eight MFR's instead of one is not a benefit to rate payers; it is a cost. The amount of PSC Document Requests would also become eight-fold per case, since all the other operating divisions would be subject to rate case audits. Customer notifications would also be eight-fold. The rate payers of one division would have to absorb these additional rate case expenses. Or, even more unfair, the rate payers of the other divisions would have to eventually pay for these extra rate case expenses in their rates even though the utility requested a rate increase in another division. This rule might have some merit, for example, if FCWC had to expand all or most of its operating facilities all at the same time. In reality, most companies could not obtain such capital all at once. Also, "non-used and useful" rules restrict economies of scale and limit multiple plant expansions.

Estimated Quantifiable Benefits:

\$0

Comments:

This proposed rule would only become a benefit if "Uniform Rates" would be allowed, regardless of system location. The smaller customer bases would be less burdened from the increasing EPA and DER Requirements. This rule could be extremely effective and efficient; ONE Rate Case, ONE Rate Base, ONE Income Statement, ONE Rate of Return, and ONE Rate.

Overall Estimated Net Economic Impact of Rule
Costs Minus Benefits\$142,000

Reasonable Alternatives

Estimated Additional Costs Due to Alternative

\$0

Comments:

File:PSCRULES

Docket No. 911082-WS
New and Revised Water and Wastewater Rules

EXHIBIT II

Responding Utility: Florida Cities Water CompanyRule No.: 25-30.435 Alternate

This alternative to the new rule also changes certain procedures for utilities with multiple systems.

Estimated Additional Cost Due to Rule: _____ \$0 /Rate Case

Comments:

While FCWC does not support either change to rule 25-30.435, the Company prefers the Alternate since Rate Case expenses would not be directly effected and rate payers would not be burdened. Accounting department time and costs would be increased but since the company's allocations are consistent throughout the divisions, there would not be a repetition of work. These additional costs would be absorbed as a normal general and administrative expense.

Estimated Quantifiable Benefits: _____ \$0

Comments:

Overall Estimated Net Economic Impact of Rule
Costs Minus Benefits _____ \$0Reasonable Alternatives
Estimated Additional Costs Due to Alternative _____ \$0

Comments:

File:FCRCEXP
LC 11/92

Company: FLORIDA CITIES WATER COMPANY
Division: S. & N. Ft. Myers, Barefoot Bay, & Golden Gate
Test Year: N/A

Printed: 11/23/92

SUMMARY OF RECENT RATE CASE EXPENSES

RATE CASES....		MAIL, PRINTING & SUPPLIES	CONSOLIDATED WATER SERVICES (CWSI)	AVATAR UTILITY SERVICES (AUSI)	AVATAR UTILITIES	OUTSIDE CONSULTING SERVICES	LEGAL	T & E	FILING FEE	TOTAL	TYPE OF PSC FILING
FLORIDA CITIES WATER COMPANY:											
S. Ft. Myers	Wastewater	\$3,956.79	35,078.43	\$53,699.11	\$1,872.72	\$6,384.13	\$69,664.15	\$475.06	\$2,500.00	\$173,630.39	Hearing
N. Ft. Myers	Wastewater	2,203.59	21,246.05	13,258.57	1,071.83	3,334.14	41,400.08	1,036.30	2,250.00	85,800.56	Hearing
Golden Gate	Water & Wastewater	1,639.45	10,125.00	8,649.62	1,544.16	0.00	13,366.17	183.12	3,750.00	39,257.52	PAA
Barefoot Bay	Water & Wastewater	731.13	17,020.00	14,610.84	224.01	0.00	12,915.49	66.46	4,500.00	50,067.93	PAA
TOTAL		<u>\$8,530.96</u>	<u>\$83,469.48</u>	<u>\$90,218.14</u>	<u>\$4,712.72</u>	<u>\$9,718.27</u>	<u>\$137,345.89</u>	<u>\$1,760.94</u>	<u>\$13,000.00</u>	<u>\$348,756.40</u>	

AVERAGE RC EXPENSES - TOTAL		\$2,132.74	\$20,867.37	\$22,554.54	\$1,178.18	\$2,429.57	\$34,336.47	\$440.24	\$3,250.00	\$87,189.10	
AVERAGE RC EXPENSES - W/HEARING		3,080.19	28,162.24	33,478.84	1,472.28	4,859.14	55,532.12	755.68	2,375.00	129,715.48	Hearing
AVERAGE RC EXPENSES - W/PAA		1,185.29	13,572.50	11,630.23	884.09	0.00	13,140.83	124.79	4,125.00	44,662.73	PAA

ESTIMATED RATE CASE EXPENSES IF FILED IN TOTAL		<u>\$8,530.96</u>	<u>\$83,469.48</u>	<u>\$90,218.14</u>	<u>\$4,712.72</u>	<u>\$9,718.27</u>	<u>\$69,664.15</u>	<u>\$1,036.30</u>	<u>\$4,500.00</u>	<u>\$271,850.02</u>	

APR-14-93 MED 16:07

FLORIDA CITIES WATER CO. FAX NO. 8139247203

P. 04

File:RDXP2
LC 12/91

FLORIDA CITIES WATER COMPANY
Division: S. Ft. Myers - Sewer
Docket No: 910477-90
Test Year: 12/31/91

Printed: 11/09/92
FINAL EXHIBIT

RATE CASE EXPENSES (DEFERRED)

MONTH/YEAR	MAIL, PRINTING & SUPPLIES	CONSOLIDATED WATER SERVICES (OWSI)	AVATAR UTILITY SERVICES (AUSI)	AVATAR UTILITIES	CONSULTING SERVICES Johnson Engineering	CONSULTING SERVICES Keith Cardy	LEGAL	T & E	FILING FEE	TOTAL
JAN 1991	\$0.00	\$2,528.94	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,528.94
FEB	0.00	2,040.31	703.95	0.00	0.00	0.00	0.00	0.00	0.00	2,744.26
MAR	0.00	424.27	0.00	0.00	0.00	0.00	193.75	0.00	0.00	618.02
APR	0.00	5,134.48	0.00	0.00	0.00	0.00	500.00	0.00	0.00	5,634.48
MAY	0.00	5,510.43	0.00	0.00	0.00	0.00	488.82	137.36	0.00	6,136.61
JUN	0.00	4,270.00	0.00	258.49	0.00	0.00	3,230.47	0.00	0.00	7,758.96
JUL	361.34	3,815.00	0.00	0.00	0.00	0.00	2,712.50	0.00	2,500.00	9,388.84
AUG	452.27	1,225.00	0.00	0.00	0.00	0.00	1,103.10	0.00	0.00	2,780.37
SEP	1,230.00	1,190.00	1,373.51	0.00	0.00	0.00	1,764.40	0.00	0.00	5,557.91
OCT	1,285.00	2,800.00	906.76	0.00	0.00	0.00	4,337.45	0.00	0.00	9,329.21
NOV	0.00	595.00	2,156.08	251.60	0.00	0.00	9,110.44	5.04	0.00	12,118.16
DEC	35.00	1,960.00	8,667.17	0.00	0.00	0.00	5,156.33	0.00	0.00	15,818.50
JAN 1992	0.00	2,310.00	6,531.44	0.00	0.00	0.00	0.00	318.66	0.00	9,160.10
FEB	558.18	120.00	5,380.42	699.39	0.00	0.00	24,491.78	0.00	0.00	31,249.77
MAR	0.00	0.00	5,451.86	0.00	0.00	0.00	6,950.88	0.00	0.00	12,402.74
APR	0.00	630.00	5,528.24	258.84	0.00	3,334.13	0.00	0.00	0.00	9,751.21
MAY	35.00	525.00	5,605.76	404.40	0.00	0.00	5,524.42	14.00	0.00	12,108.58
JUN	0.00	0.00	5,665.42	0.00	3,050.00	0.00	3,710.25	0.00	0.00	12,425.67
JUL	0.00	0.00	5,728.50	0.00	0.00	0.00	399.56	0.00	0.00	6,118.06
TOTALS	\$3,956.79	\$35,078.43	\$53,699.11	\$1,872.72	\$3,050.00	\$3,334.13	\$69,664.15	\$475.06	\$2,500.00	\$173,630.39

ESTIMATED COSTS TO COMPLETE RATE CASE.....

N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL RATE CASE EXPENSES	\$3,956.79	\$35,078.43	\$53,699.11	\$1,872.72	\$3,050.00	\$3,334.13	\$69,664.15	\$475.06	\$2,500.00	\$173,630.39

TOTAL ALLOWED PER PSC FINAL ORDER 102,754.00

DIFFERENCE (70,876.39)

File: RCDXPG
LC 1/92

FLORIDA CITIES WATER COMPANY
Divisions: N. Ft. Myers - Sewer
Docket No: 910756-SU
Test Year: 6/30/93

Printed: 11/09/92
FINAL EXHIBIT

RATE CASE EXPENSES (DEFERRED)

MONTH/YEAR	ACTUAL MAIL, PRINTING & SUPPLIES	CONSOLIDATED WATER SERVICES (O&S)	AVATAR UTILITY SERVICES (AUSI)	AVATAR UTILITIES	CONSULTING SERVICES Keith Candy	LEGAL *	I & E	FILING FEE	TOTAL
JAN 1991	\$0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FEB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
APR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAY	0.00	28.55	0.00	0.00	0.00	0.00	0.00	0.00	28.55
JUN	0.00	175.00	0.00	0.00	0.00	0.00	0.00	0.00	175.00
JUL	0.00	210.00	0.00	160.05	0.00	162.50	0.00	0.00	532.55
AUG	90.91	1,540.00	0.00	0.00	0.00	553.25	0.00	0.00	2,184.16
SEP	0.00	6,790.00	0.00	0.00	0.00	189.00	0.00	0.00	6,979.00
OCT	998.92	3,832.50	451.02	0.00	0.00	1,363.46	337.51	2,250.00	9,233.41
NOV	0.00	1,260.00	2,270.30	127.59	0.00	10,161.58	0.00	0.00	13,819.47
DEC	0.00	2,835.00	0.00	0.00	0.00	3,727.34	27.35	0.00	6,589.69
JAN 1992	0.00	1,065.00	1,143.96	0.00	0.00	0.00	36.75	0.00	2,245.71
FEB	0.00	390.00	1,201.56	0.00	0.00	5,413.85	0.00	0.00	7,005.41
MAR	244.63	2,250.00	2,142.01	353.16	0.00	1,226.89	139.78	0.00	6,356.47
APR	684.50	300.00	1,236.52	431.03	3,334.14	11,619.95	453.19	0.00	18,059.33
MAY	0.00	120.00	1,258.94	0.00	0.00	4,418.09	41.72	0.00	5,838.75
JUN	0.00	0.00	1,275.28	0.00	0.00	1,448.23	0.00	0.00	2,723.51
JUL	184.63	450.00	2,278.98	0.00	0.00	1,115.94	0.00	0.00	4,029.55
TOTALS	\$2,203.59	\$21,246.05	\$13,258.57	\$1,071.83	\$3,334.14	\$41,400.08	\$1,036.30	\$2,250.00	\$85,800.56

ESTIMATED COSTS TO COMPLETE RATE CASE...

N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL RATE CASE EXPENSES	\$2,203.59	\$21,246.05	\$13,258.57	\$1,071.83	\$3,334.14	\$41,400.08	\$1,036.30	\$2,250.00	\$85,800.56

TOTAL ALLOWED PER PSC FINAL ORDER 79,662.00

DIFFERENCE (6,138.56)

* Excludes legal services related to utility's certificate amendment per Order No. PSC-92-0594-FOF-SU, page 15.

File: RCDP2
LC 9/92

FLORIDA CITIES WATER COMPANY
Division: Golden Gate - Water & Sewer
Docket No: 91194-WS
Test Year: 8/31/91

Printed: 11/09/92
Due: Tues 11/03/92

RATE CASE EXPENSES (Through PAA only)

MONTH/YEAR	MAIL, PRINTING & SUPPLIES	CONSOLIDATED WATER SERVICES (CWS)	AVATAR UTILITY SERVICES (AUS)	AVATAR UTILITIES	LEGAL	T & E	FILING FEE	TOTAL
OCT 1991	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NOV	0.00	140.00	0.00	0.00	0.00	0.00	0.00	140.00
DEC	0.00	175.00	271.80	0.00	94.50	0.00	0.00	541.30
JAN 1992	377.07	3,570.00	0.00	0.00	0.00	0.00	2,400.00	6,347.07
FEB	0.00	1,680.00	1,234.32	0.00	850.50	0.00	1,350.00	5,114.82
MAR	536.92	1,470.00	1,924.20	968.46	2,082.00	0.00	0.00	6,981.58
APR	178.80	1,290.00	0.00	375.70	1,528.16	0.00	0.00	3,372.66
MAY	172.80	1,320.00	987.61	0.00	4,462.37	183.12	0.00	7,125.90
JUN	186.93	120.00	0.00	0.00	1,930.37	0.00	0.00	2,237.30
JUL	0.00	150.00	1,075.40	0.00	967.72	0.00	0.00	2,193.12
AUG	0.00	30.00	1,099.72	200.00	386.10	0.00	0.00	1,715.82
SEP	186.93	180.00	2,056.57	0.00	929.45	0.00	0.00	3,352.95
TOTALS	\$1,639.45	\$10,125.00	\$8,649.62	\$1,544.16	\$13,231.17	\$183.12	\$3,750.00	\$39,122.52

ESTIMATED COSTS TO COMPLETE RATE CASE...

OCT	\$0.00	\$0.00	\$0.00	\$0.00	\$135.00	\$0.00	\$0.00	\$135.00
NOV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	\$0.00	\$0.00	\$0.00	\$0.00	\$135.00	\$0.00	\$0.00	\$135.00

TOTAL RATE CASE EXPENSES	\$1,639.45	\$10,125.00	\$8,649.62	\$1,544.16	\$13,366.17	\$183.12	\$3,750.00	\$39,257.52
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RC EXP - WATER	\$819.73	\$5,062.50	\$4,324.81	\$772.08	\$6,683.09	\$91.56	\$1,875.00	\$19,628.76
RC EXP - SEWER	819.73	5,062.50	4,324.81	772.08	6,683.09	91.56	1,875.00	19,628.76

TOTAL ALLOWED PER PSC FINAL ORDER \$42,873.00

DIFFERENCE \$3,615.48

APR-14-93 WED 16:08
FLORIDA CITIES WATER CO.
FAX NO. 8139247203
P.07

File: RCDP2
LC 1/92

FLORIDA CITIES WATER COMPANY *****
Division: Barefoot Bay -Water & Sewer FINAL EXHIBIT
Docket No: 910976-WS *****
Test Year: 8/31/91

Printed: 11/09/92

RATE CASE EXPENSES (DEFERRED)

MONTH/YEAR	MAIL, PRINTING & SUPPLIES	CONSOLIDATED WATER SERVICES (CWSI)	AVATAR UTILITY SERVICES (AUSI)	AVATAR UTILITIES	LEGAL	T & E	FILING FEE	TOTAL
SEP 1991	\$0.00	\$1,435.00	\$219.70	\$0.00	\$0.00	\$0.00	\$0.00	\$1,654.70
OCT	0.00	1,820.00	0.00	0.00	1,403.96	0.00	0.00	3,223.96
NOV	0.00	5,740.00	0.00	0.00	202.50	0.00	0.00	5,942.50
DEC	362.20	3,045.00	474.98	0.00	2,303.79	0.00	4,500.00	10,705.97
JAN 1992	44.51	1,320.00	2,536.52	0.00	0.00	0.00	0.00	3,901.03
FEB	0.00	1,260.00	2,975.12	0.00	1,244.50	66.46	0.00	5,546.08
MAR	304.42	1,620.00	1,615.06	224.01	2,250.55	0.00	0.00	6,014.04
APR	0.00	0.00	1,688.34	0.00	3,483.10	0.00	0.00	5,171.44
MAY	0.00	480.00	1,698.60	0.00	721.00	0.00	0.00	2,899.60
JUN	0.00	180.00	1,697.84	0.00	376.60	0.00	0.00	2,254.44
JUL	0.00	120.00	1,704.68	0.00	929.49	0.00	0.00	2,754.17
TOTALS	\$731.13	\$17,020.00	\$14,610.84	\$224.01	\$12,915.49	\$66.46	\$4,500.00	\$50,067.93

ESTIMATED COSTS TO COMPLETE RATE CASE....

N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

TOTAL RATE CASE EXPENSES	\$731.13	\$17,020.00	\$14,610.84	\$224.01	\$12,915.49	\$66.46	\$4,500.00	\$50,067.93
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RC EXP - WATER	\$365.57	\$8,510.00	\$7,305.42	\$112.01	\$6,457.75	\$33.23	\$2,250.00	\$25,033.97
RC EXP - SEWER	365.57	8,510.00	7,305.42	112.01	6,457.75	33.23	2,250.00	25,033.97

TOTAL ALLOWED PER PSC FINAL ORDER \$50,556.00

DIFFERENCE \$488.07