

Sugar Mill Association, Inc.

100 Clubhouse Circle
New Smyrna Beach, Florida 32168

January 22, 1996

Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Reference: Docket No. 950495-WS -- In Re: Application by Southern States Utilities, Inc. for rate increase and increase in service availability charges for ... Volusia County.

Dear Sir:

Initially, I would like to note for the record that this Association representing well over 1,000 residents in the Sugar Mill Community did comment on the proposed rate increase by the Southern States Utilities (SSU). Nevertheless there has been no response by SSU.

With respect to the issue of uniform rates, the following are the observations of this Association:

1.) Nearly all utilities in this country operate with uniform rate structures. The Commission has found that a uniform rate structure is appropriate for SSU in two prior proceedings. Why then, did the Commission not challenge on a timely basis the First District of Appeals decision of April 6, 1995 and its mandate of July 13, 1995? Instead, in its supplemental notice to customers of December, 1995 the Commission merely states that SSU may appeal the order to the First District of Appeals. It would seem that it is the Commission's responsibility to protect the rights and interests of the vast majority of SSU customers who were well satisfied with a uniform rate structure.

2.) The Commission's order of October 19, 1995 approved a "modified" stand alone rate structure. The Commission was well aware of the court order and its apparent intention to mandate stand alone rates at the time of the original rate service hearings conducted in October. In fact, the rate hearings for Volusia County were scheduled for October 12, 1995, one week prior to the Commission order on stand alone rates. It is quite apparent that the Commission deliberately chose not to inform customers of its intention to order stand alone rates although stand alone rates will result in an increase of 90% in the usage rate for wastewater and an increase of 254% in the usage rates for water. Whereas, if SSU recovered its entire rate request the increased percentages for wastewater and water would be 30% and 75%. It is very clear that the Commission should have held hearings on this subject well in advance of its order of October 19, 1995.

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3.) Uniform rates for a water and waste-water utility are particularly important in Florida with increasing environmental requirements and the projected water shortages of the future. Large increases in costs associated with these problems can best be handled by a uniform rate structure.

4.) Leaving aside the proposed rate increases by SSU, customers need a lot more detail from SSU about the impact of a change in rate structure and the reasoning of the courts in their decision in favoring the stand alone rates. The Commission in its notice of December 1995 simply states "(o)n a going-forward basis, the new rate structure may result in higher rates for some SSU's customers." Certainly, this is an understatement of some magnitude for the customers in Volusia County.

I trust these comments have been constructive and the Suggar Mill Association would appreciate the Commission's reaction to them.

Sincerely,



George Wells
George Wells
President
Sugar Mill Association

cc: Board of Directors
Sugar Mill Association