BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate increase for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, St. Johns, St. Lucie, Volusia, and Washington Counties by Southern States Utilities, Inc.	)	Docket No. 950495-WS Filed: February 12, 1996

DIRECT TESTIMONY

OF

KIMBERLY H. DISMUKES

On Behalf of the Citizens of The State of Florida

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Q. What is your name and address?

A. Kimberly H. Dismukes, 5688 Forsythia Avenue, Baton Rouge, Louisiana 70808.

Q. By whom and in what capacity are you employed.

A. I am a self-employed consultant in the field of public utility regulation. I have been retained by the Office of the Public Counsel (OPC) on behalf of the Citizens of the State of Florida to analyze SSU's rate filing in the instant docket.

Q. Do you have an appendix that describes your qualifications in regulation?

A. Yes. Appendix I, attached to my testimony, was prepared for this purpose.

Q. Do you have an exhibit in support of your testimony?

A. Yes. Exhibit__(KHD-1) contains 41 Schedules that support my testimony.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to certain portions of Southern States Utilities, Inc.'s (SSU, Southern States, or the Company) request to increase rates by $18,137,502, which equates to an increase of $11,791,242 for water service and $6,346,260 for wastewater service.

My testimony is organized into nine sections. In the first section of my testimony, I address SSU's weather normalization clause proposal. In the second part of my testimony, I examine SSU's rate design proposal. In the third section, I discuss the Company's conservation program. In the fourth section, I discuss the gain on the sale of the Venice Garden System and other gains that SSU has recently recognized or anticipates recognizing. In this section I also address adjustments to SSU's equity

ratio. In the fifth section of my testimony, I discuss several adjustments related to SSU's test year level of revenue. In the sixth section of my testimony, I discuss the Company's acquisition program and associated adjustments. In the seventh section, I address various expense adjustments that I recommend to correct SSU's test year level of expenses. In the eighth section, I address adjustments to rate base that I recommend--specifically adjustments related to Lehigh and Buenaventura Lakes. Finally, in the ninth section, I present my overall recommendations concerning my adjustments and their impact on SSU's revenue requirement.

Q. Do you have any general comments before you begin your testimony?

A. Yes. In order for the Office of the Public Counsel to orderly compile and produce the testimony of its consultants, counsel for the Citizens requested that I use a cutoff date with respect to discovery of January 26, 1996. Thus, because there was still discovery of the Citizens' outstanding as of this date, it may be necessary for me to supplement my testimony as SSU responds to discovery. In most cases I have noted these instances throughout my testimony.

I. Weather Normalization Clause

Q. Please turn to the first section of your testimony. Would you describe SSU's proposed weather normalization clause?

A. Yes. According to SSU's witness, Mr. Forrest Ludsen, the Company is proposing a weather normalization clause in the instant proceeding because "SSU faces an inordinate level of financial and business risk as compared to water utilities operating in other parts of the country due to circumstances beyond its control, such as

weather." [Testimony, p. 21.] The weather normalization clause (WNC) is designed to provide monthly adjustments in the gallonage charge to reflect deviations from the target consumption per bill that will be established in the instant proceeding. According to Mr. Ludsen, implementation of the weather normalization clause would simplify the regulatory process by removing the necessity of aggressively litigating the appropriate consumption level to use for rate setting purposes. [Testimony, p. 28.]

Q. Do you see any problems with SSU's proposed weather normalization clause?

A. Yes, I do. There are several problems with the clause. First, SSU's proposal is essentially a revenue decoupling or revenue normalization proposal. It is not merely a weather normalization clause proposal. If implemented as proposed by SSU, the Company will be insulated from all forms of variation in revenues and pass this risk onto customers. The Commission should carefully consider the desirability of dramatically shifting the risk of revenue recoverability from SSU's stockholders to ratepayers. Although Southern States is a regulated utility and has an obligation to serve its customers, this should not provide it with an automatic guarantee that it will recover essentially 100% of its revenues despite circumstances.

As proposed, SSU's WNC will insulate it from variations in weather, conservation, tourism, changes in the economy, and all other factors that affect water consumption. It is insulation from the risks of the latter three factors of the clause that are the most disturbing. Ratepayers should not be put in a position of guaranteeing collection of SSU's proposed revenue requirement regardless of the circumstances. SSU should

bear some, if not all, of this risk.

In the electric industry when similar proposals have been made to decouple revenues from profits, the Commission has specifically not allowed the utility to decouple the effects of the economy. [Order No. PSC-95-0097-FOF-EI.]

Second, contrary to Mr. Ludsen's opinion, the mere establishment of the weather normalization clause or decoupling proposal should not reduce the litigation associated with establishing the appropriate test year consumption level. If the test year level of consumption is not properly set, the weather normalization clause will produce much wider variations in surcharges or rebates than necessary. While it might be desirable for SSU to know that it will recover its revenue regardless of any errors or omissions in the rate setting process, it is still extremely important that the starting point of the process is correct.

I question to what degree SSU truly believes its own statement since it has proposed two adjustments that have significant impacts on test year consumption--its repression adjustment and its conservation adjustment. If the regulatory process was to be simplified by the WNC, with no need to litigate the appropriate consumption levels, SSU would not have needed to propose its repression or conservation adjustments. In fact it is interesting that SSU has only made adjustments to revenues that are beneficial to it in the development of test year consumption levels. Both the repression

and conservation adjustments reduce test year consumption levels and increase current rates to customers relative to not proposing such adjustments. If SSU wished to reduce the level of litigation associated with test year consumption levels, it would not have proposed these two adjustments.

Third, and related to the second problem with SSU's proposal, SSU has not started with weather normalized test year consumption. (I discuss this greater in the fifth section of my testimony.) Unless corrected, this error will produce rebates in the future. In my opinion, customers would rather pay lower rates now than pay higher rates now and get rebates in the future. Furthermore, it would not be good regulatory policy for the Commission to ignore the test year consumption controversies merely because any injustice will be corrected in the future.

The Commission should ensure that test year consumption levels are set as close to reality as possible. Since the clause proposed by SSU is supposed to be a weather normalization clause (even though it is not), the Commission should make sure test year consumption levels are also properly weather normalized.

Fourth, the Company has not properly accounted for changes in costs that would be affected by changes in consumption. The Company's proposal essentially assumes that all costs are fixed and that changes in consumption would not change costs. This is an unrealistic assumption. SSU does incur costs that vary directly with the level of

consumption. These are purchased water, purchased power and chemical costs. Unless these costs are adjusted for actual consumption levels, as opposed to targeted consumption levels, SSU will over or under collect the revenue requirement resulting from this case. In other words, if sales decline and expenses are not adjusted accordingly, excess profits may result which are not a function of management's performance. Under recovery could also result, but this risk is less than over recovery, since the regulatory process is not symmetrical. SSU has no incentive to draw attention to excess profits, but would be quick to request rate relief when profits fall below the authorized level. SSU's proposal may create a pattern of excess profits only partially balanced by the possibility of inadequate profits.

Fifth, SSU has not explained how it proposes to recover over or under collections. In other words, will the difference be collected by merely adjusting each month's gallonage charge, or will it appear as a separate line item on customers' bills? Clearly, the latter option is preferable to the former, as it should create less customer confusion. Customers can see from their bill that the actual rate per 1,000 gallons remains constant, and that it is only the weather normalization clause that is producing a change in their cost per unit. This is similar to the way the Commission treats fuel adjustment clauses.

Sixth, the clause may create customer confusion, because if customers consume less, (in total) the actual unit cost will increase. Similarly, if customers consume more, the

unit cost will decrease.

Seventh, SSU's decoupling proposal could lead to perverse incentives related to quality of service issues. Under traditional regulation a water utility has the incentive to quickly respond to outages because lost water sales directly affect profits. If the Company is assured that all revenues will be collected regardless of the level of sales, it may not react as quickly to line breaks and the like that affect water sales and quality of service.

Q. Are there any other aspects of SSU's proposal that you believe should be brought to the Commission's attention?

A. Yes. The Commission needs to consider all of SSU's proposals together. The Company is requesting to change its rate structure such that it will collect more of its revenue requirement from the base facility charge (BFC) than the gallonage charge. According to Dr. Whitcomb, SSU is proposing to change the percentage of revenue collected through the base facility charge from 33%, approved in Docket No. 920199-WS, to 40% in the instant proceeding. Likewise, less of SSU's total revenue requirement will be collected from the gallonage charge. SSU proposes to collect 60% of its revenues from the gallonage charge versus the 67% approved in the last rate case. [Testimony, pp. 10-11.]

SSU's rate design proposal will shift greater risk for revenue collection to customers. This results because SSU is guaranteed to collect all revenue associated with its BFC,

all else equal. By shifting a greater portion of its revenue requirement into the BFC SSU has shifted the risk relationship between customers and stockholders. This produces greater revenue stability for SSU. Thus, under the Company's proposal, the revenue instability associated with changes in consumption will be less than past experience has indicated. If the Commission grants SSU's rate design proposal it should not adopt the WNC until experience is gained with the proposed rate design. As described in a later section of my testimony I do not agree with SSU's proposed rate design changes.

Q. You have identified several flaws in SSU's weather normalization proposal. What do you recommend?

A. I recommend that the Commission not approve SSU's WNC proposal. It is seriously flawed and shifts most, if not all, of the risk associated with revenue recovery to ratepayers. To the best of my knowledge, the Commission has never approved such clauses in the past for water, electric, or telephone companies, and I see no extenuating circumstances that would warrant it in the instant case.

Q. Do you have an alternative recommendation if the Commission believes that such a clause is desirable?

A. Yes. First, the Commission, if it approves any form of weather normalization clause, should do so only on a trial basis. The Commission should annually reevaluate the effects of the proposal on both SSU and ratepayers. Such a reevaluation will allow the Commission to fine tune the process as more experience is gained. It is worthwhile to note that in the electric industry, similar decoupling proposals have been abandoned

or rejected because of the potential impact on customers' rates.

Second, I would not recommend even an alternative proposal unless the Commission also appropriately adjusts test year consumption to ensure that the effects of weather are minimized. Otherwise, customers will be asked to pay higher rates today in exchange for rebates in the future. I do not believe that this would be equitable or good regulatory policy.

Third, the Commission should adjust the formula proposed by SSU to adjust for expenses which directly vary with consumption. To ignore this change in expenses would allow SSU to over or under collect its true revenue requirement. It similarly could put SSU in an over or under earnings position.

Fourth, as an incentive for SSU in the future to "get the pot right" at the beginning of the process, the Commission should require SSU to pay interest on revenues which are over collected. The opposite would not be true for revenues that are under collected. (SSU should not be allowed to charge interest for revenues that are under collected.) If the Company is required to pay interest on revenues that it over collects, SSU will have an incentive not to under project test year consumption. Interest would be calculated in accordance with the Commission's Rules.

Fifth, because I do not believe that it is appropriate for customers to insulate SSU

from 100% of the variability in its revenues, I recommend that the Commission not approve recovery of 100% of changes in consumption. My recommendation varies depending upon the Commission's decision with respect to the rate structure issue. If the Commission adopts the rate structure proposed by SSU, then I recommend that the Commission allow SSU to collect 50% of the changes in consumption through a revenue normalization clause. As I previously noted, SSU's rate design proposal already exposes customers to greater risk than the previously approved rate structure. In addition, because there are factors that will affect consumption which are not properly borne by customers, i.e., changes in the economy and tourism, the Commission can ensure that customers do not bear this risk by not allowing 100% recovery of changing consumption levels. It is worthwhile to note that in his deposition, Dr. Whitcomb indicated that he believed weather accounted for about 45% of the variation in SSU's customers' consumption. Allowing SSU to true-up 50% of the variability in its revenue would be consistent with the degree to which the Company believes weather affects the variability in consumption.

If the Commission adopts the rate design proposal that I recommend, then the Commission should allow SSU to collect 75% of the changes in consumption through a revenue normalization clause. Since my rate design proposal will potentially produce greater levels of conservation and revenue instability, I believe it would be appropriate to allow SSU to include a larger portion of its consumption variability in a clause that is designed to adjust for the effects of weather. The increased revenue stability

associated with including 75% of consumption in the clause will help offset the increased variability associated with the rate structure that I recommend. By allowing SSU to recover only 75% of the variability in consumption, the Commission can help ensure that customers do not completely bear the risk of an economic down turn.

Finally, I recommend that the Commission modify the clause proposed by SSU. The continual change in rates, caused by SSU's proposal, may create significant customer confusion. I recommend that the Commission adopt a methodology that is similar to the fuel adjustment mechanism used by electric utilities. That is, consumption levels and revenue would be trued-up to actual. In other words, barring legal constraints, one-year after the rate case is completed, SSU would file for a weather normalization clause proceeding. At that time the Commission would determine the revenue shortfall or excess that would be collected or credited in the following year. This has the advantage of continual regulatory review and it should lessen customer confusion, because the portion of customers' rates associated with the revenue normalization clause would not change monthly.

II. Rate Design

Q. Please turn to the second section of your testimony. Would you address SSU's rate design proposal?

A. Certainly. According to the testimony of Dr. Whitcomb, SSU is proposing to increase the percentage of revenue collected from the BFC and reduce the percentage of revenue collected from the gallonage charge. Currently the Company's rates collect

33% of revenue from the BFC and 67% from the gallonage charge. SSU proposes to change this relationship with 40% coming from the BFC and 60% coming from the gallonage charge. According to Dr. Whitcomb, the rate structure proposed by SSU is a water conserving rate structure, using the criteria set forth in the Brown & Caldwell Study.

Dr. Whitcomb suggests that because the 40/60 split results in a water conservation score of 3.2 (according to the Brown & Caldwell study), it qualifies as a water conserving rate structure. I have included as Schedule 1 of my exhibit the calculations performed by Dr. Whitcomb to arrive at this score.

Dr. Whitcomb prefers the 40/60 spilt to the 33/67 split because it produces a greater level of revenue stability for SSU. This occurs because a greater proportion of SSU's revenue is collected from the base facility charge which is not dependent upon consumption. SSU is guaranteed to collect these revenues, all else equal. But, this does not enhance conservation, as Dr. Whitcomb admits in his Waterate documentation

> Remember that one of the best ways to reduce water consumption is to shift cost recovery from the fixed charge to the quantity charge. You can lower meter charges and increase water price and still collect the same revenue. [Response to Citizens Document

Request 23.]

Q. Would you please discuss the criteria used by the Southwest Florida Water Management District (SWFWMD), as developed by Brown & Caldwell, to assess whether a rate structure is considered conservation promoting?

A. Yes. The study developed by Brown & Caldwell uses four criteria to evaluate the effectiveness of a utility's rate structure in promoting water conservation. They are rate structure form, allocation of costs to fixed versus variable charges, sources of utility revenue, and communication on the customer's bill.

The first criterion judges the relative conservation promoting potential based upon the type of rate structure. The types of rate structure include: uniform quantity charge, inclining block quantity charge, seasonal block charge, and fixed monthly charge.

The second criterion judges the conservation potential based upon the allocation of costs between the fixed and variable component, i.e., the base facility charge versus the gallonage charge. The more of a utility's revenue requirement collected from the gallonage charge the greater the conservation potential.

The third criterion, the source of revenue, considers the portion of a utility's revenue requirement obtained from rates as opposed to other sources, like tax receipts, connection fees, and turn-on fees.

The fourth criterion, communication, evaluates the communication about rates and consumption on customers' bills. It scores the utility's conservation potential relative to whether rate and consumption information is included on the customer's bill.

The Brown & Caldwell study assigned a weighting factor to each of these criterion. They are as follows:

Rate Structure Form	20%
Allocation of Costs	40%
Sources of Revenue	30%
Communication	10%

As admitted in the study, these criteria are subjective and others might weigh them differently.

After the weighting system was developed, the Brown & Caldwell study ranked and scored the various options within each of the four criteria. I have attached the complete scoring system included the Brown & Caldwell study as Schedule 2 of my exhibit. For example, as shown on Schedule 2, within the rate structure form criterion, an inclining block rate structure, where the ratio of the tail block charge to the first block charge is greater than 1.5 times and the first block threshold is less than or equal to 125 percent of the average monthly use for the class, a score of 3.5 is achieved. A nonseasonal uniform charge receives a score of 2.5.

With respect to the allocation of costs to the fixed and variable component, Brown & Caldwell assigned a high score of 5 to rate structures that recover between 90 and 100% of revenue from the quantity component and a score of 1 to rate structures that recover between 50-59% of revenue from the quantity component. As depicted on this schedule, the sources of utility revenue range from a high score of 5, when 90 to 100% of a utility's revenues are collected from rates and charges to a low of 1 when 50 to 59% of a utility's revenues are collected from rates and charges. The last criterion, ranks the conservation potential of a utility's rate structure based upon the information provided on the customer's bill. The more information a customer is given about his or her rates and water usage the more likely he or she will respond to price signals. As shown, if a utility's bill contains rates, water use in the current month and water use in a similar period of a prior year and/or and average from a prior year, a score of 5 is achieved. On the other hand, if a utility's bill shows no information on rates or usage, a score of 1 is achieved.

According to the Brown & Caldwell study, in order for a utility's water rates to be defined as conservation promoting it must achieve a score of at least 3.2. While the weighting and scoring system developed by Brown & Caldwell is not perfect, it can be used by the Commission as a starting point to evaluate the relative effectiveness of a utility's rate structure proposals.

Q. Do you agree with SSU's rate design proposal?

A. No, I do not for several reasons. First, the Company's proposal shifts more risk for

revenue collection from SSU's stockholders to its customers. I do not believe this is necessary.

Second, while SSU claims that its rate structure qualifies as a conservation rate structure, it certainly is not the most aggressive conservation rate structure. In fact, its proposal is less conservation oriented than its prior rate structure. Relative to a rate structure which collected 33% from the BFC and 67% from the gallonage charge, SSU's proposal reduces the cost per 1000 gallons of water, thereby, providing less of a financial incentive for customers to reduce consumption. The 3.2 score of SSU's proposed rate design is the lowest possible score which can still be considered a water conserving rate structure.

A review of some of SSU's internal correspondence suggests that its goal with respect to rate structure is more revenue stability than conservation. In a letter SSU wrote to Dr. Whitcomb, SSU stated:

> One area of discussion will be your ideas on revenue stability. Currently our commission is looking at something like 30% of revenues coming from our fixed charge versus 70% from the variable charge. In the past we have also had 40% coming from fixed, and there is one instance (in a high per capital consumption plant) of

> 20% of revenues being generated from fixed charges. The company's stance is that something closer to 50% should come from our fixed charge. To give you an example, last year there was a substantial increase in rainfall from recent years, which causes a company's revenues to be volatile if a substantial amount of those revenues are generated from the variable charge. We would like to discuss what effects the fixed charge percentage and the implementation of a conservation promoting rate structure would have on the stability of company revenues. [Response to Citizens Document Request 107.]

Third, while moving from a 33/67 split between the BFC and gallonage charge to a 40/60 split allows SSU to stay within the score of 3.2, it is a move in the wrong direction. I do not believe the Company, which apparently believes itself to be a water utility which promotes water conservation, should move in a direction which gives customers less of a price signal to conserve water. SSU's proposal, in my opinion, is illogical. Many of SSU's systems operate in water resource caution areas or proposed water resource caution areas. SSU's rate design is inconsistent with

reducing consumption in these areas.

Southern States has recognized the precious and limited nature of Florida's water supply.

> Since Florida's aquifers hold so much fresh water, many residents view the supply as endless. Unfortunately it is not. In many parts of our State, there is visible evidence of the severe depletion that has and is occurring within our underground reservoir system due to population growth, development, and salt-water intrusion.
>
> Much of Florida's natural resources and a large portion of our economy is dependent on an adequate supply of high-quality fresh water. But, providing enough clean water for Florida's future is becoming a major challenge. Floridians consume water at a rate matched by few other states. In fact, we are second only to California in water consumption. [Response to Citizens Document Request 247.]

Despite its stated concerns, Southern States proposes to move its rate design in a

direction that produces less water conservation than previously approved by the Commission. SSU suggests that although it has moved in a direction away from conservation the Commission should take comfort in the notion that they are still within the subjective conservation designation of the Brown & Caldwell study. This should be no comfort at all. SSU chose the 40/60 split because it produced a result within the conservation designation. In my opinion, SSU should move in a direction that gives a better price signal and produces more, rather than less, conservation.

Q. Do you have a recommendation for a rate structure that is more conservation oriented than the one proposed by SSU?

A. Yes. I recommend that the Commission approve a rate structure which collects 25% of SSU's revenues from the base facility charge and 75% from the gallonage charge. The Commission should continue the existing 20/80 split BFC/gallonage for Marco Island. Because the customers of this system consume an above average amount of water it would be appropriate to continue with the existing 20/80 rate structure.

The 25/75 split between the BFC and the gallonage charge for SSU's other systems will move SSU to a more water conserving rate design. I developed the split between the BFC and the gallonage charge using the criteria set forth in the Brown & Caldwell study. The spilt that I recommend will move SSU up one notch under the cost allocation criterion set forth in the Brown & Caldwell study and will produce an overall score of 3.6. Inclusion of historical consumption information on SSU's customers' bills will boost SSU's overall score to 3.7.

Q. Can you give an example of how your recommendation would impact rates compared with SSU's proposal?

A. Yes. Assume the monthly revenue requirement for a residential customer consuming 10,000 gallons per month is $35.00. Under the 40/60 split requested by SSU, the customer's rates would consist of a BFC of $14.00 and a gallonage charge of $2.10 per 1,000 gallons. Under my recommendation, this exact same set of circumstances would produce rates of $8.75 for the BFC and $2.63 for the gallonage charge. If this customer's consumption patterns change, the latter rate structure will send a better price signal than the former. For example, assume this customer consumes 20,000 gallons in the next month. His or her total bill will increase to $56.00 under SSU's proposal and to $61.35 under my proposal. Thus, under SSU's proposal while a customer's consumption increased by 100% his or her total bill only increased by 60%. However, under my recommendation the customer's bill would increase by approximately 75%.

The opposite is also true. If a customer conserves water, his or her total bill will decrease more under my proposal than under SSU's proposal. Assume the same circumstances as above, but the customer consumes only 5,000 gallons in a month. Under SSU's proposal, the customer's bill would be $24.50, for a decrease of 23%, with a decline in consumption of 50%. Under my recommendation the customer's bill would decline to $21.90--a decrease of 37%.

Q. Are there other rate structures that also promote water conservation?

A. Another rate structure that may enhance water conservation is an inverted block rate. Under such a rate structure, the gallonage charge would increase as customers consume more water. Typically, such rate structures are done in blocks, such that the first block recognizes the average or typical water consumption of a customer. Any consumption in excess of this typical level would be priced higher, recognizing the increased cost associated with producing this additional water.

III. Conservation Program

Q. Please turn to the third section of your testimony. Would you explain SSU's water conservation program?

A. Yes. SSU has three water conservation programs. The first is a general water conservation program designed to educate customers about basic water conservation practices. The second is a pilot program targeted at Marco Island's customers. The third is a program to gear up in 1996 targeted at six communities: Palisades Country Club, Silver Lake Estates/Western Shores, Quail Ridge, Dol Ray Manor, Sugar Mill Woods, and Valrico Hills. According to Ms. Kowalsky, SSU's conservation witness, these communities were selected primarily because they had high average monthly consumption for the past four years.

SSU's statewide conservation program began in 1991 and includes communication and public education as well as operational efforts regarding unaccounted for water and meter change out programs. The program for Marco Island began in December 1994. It consists of public education programs including workshops, open houses,

newspaper advertising, feature article placement, a conservation newsletter, school programs, trolley signs, an annual Christmas float, and stickers. The program also includes a promotion of indoor conservation retrofit devices. Initially the kits were made available at no cost. Now the kits are available for $6 each. Each kit contains a low flow showerhead, kitchen and bathroom aerators, and a toilet tank bag. The program also includes water audits for high volume residential and multifamily users. In addition to the water audit, participants were offered a $50 rebate toward an irrigation shut-off device. Beginning in 1995 as part of SSU's enhanced efforts on Marco Island, SSU anticipates expanding its rebate offer to include a broader audience and it will include rebates for both low flow toilets and moisture sensing devices.

The expanded program beginning in 1996 for the six targeted communities is to include an alleged extensive public education program, free indoor retrofit kits, water saving toilet rebates, and rebates for irrigation shutoff devices. In addition, SSU proposes to survey customers to assess the effectiveness of the program.

To account for the expected consequences of SSU's conservation efforts the Company has reduced test year billing units by a total of 142,788,000 gallons. Of this amount, 63,765,500 gallons relate to the six targeted communities and 79,022,500 gallons relate to Marco Island. This information is reflected on Schedule 3 of my exhibit.

As depicted on Schedules 4 and 5, SSU's water conservation program is expected to cost $524,428 in 1996. As shown on Schedule 4, this compares to a 1995 budget of $199,250, actual expenditures in 1994 of $149,743 and actual expenditures in 1993 of $70,780. SSU's 1996 budget represents a 641% increase in costs relative to 1993, a 250% increase relative to 1994, and a 163% increase relative to 1995. Schedule 5 of my exhibit sets forth the detail of SSU's conservation expenses for 1995, the proforma adjustment for 1996, and the total budget for 1996.

Q. Do you have any general comments with respect to SSU's conservation program?

A. Yes, I do. SSU has not demonstrated that its conservation program is cost effective. It has provided no analyses comparing the various alternative conservation methods that are available to it and its customers and the costs and benefits of each. In my opinion, this is a fundamental flaw in SSU's proposal. SSU has failed to demonstrate that any of its water conservation programs are cost effective. In the Citizens' document request 215, SSU was requested to provide a copy of all cost/benefit studies or analyses prepared by or for SSU concerning its proposed conservation program. In response to this request, the Company produced one memo on the alleged effectiveness of the Marco Island high volume user audit program and an alleged cost/benefit analysis related to other Marco Island projects. Neither of these documents are, in my opinion, a cost/benefit analysis of SSU's proposed conservation program. The two alleged cost/benefit analyses do attempt to estimate the impact (water savings) of the various conservation measures and the cost to customers of installing the devices, but they contain many assumptions and fail to evaluate the full

spectrum of alternatives available to SSU and the entire cost of the programs.

Q. Do you see other problems with SSU's proposed conservation program and expenditures?

A. Yes, there are several. First, SSU has proposed a 1996 proforma adjustment to its 1996 budgeted conservation expenses of $321,290. Without a proper cost/benefit analysis SSU's request is highly questionable. There are several problems with SSU's 1996 proforma proposal. For example, the 1996 proforma adjustment includes $14,080 for conservation expenses associated with Valrico Hills. According to Ms.Kowalsky, this system was included as one of the targeted communities because it was in the Southwest Florida Water Management District's Southern Water Caution Area and it had consumption in excess of the 110 gallons per capita per day goal established for these areas. Ms. Kowalsky noted that it was not one of SSU's systems with the highest water consumption. I would suggest that SSU look to the price these customers have been charged, for an explanation as to why consumption is relatively high. The cost per 1,000 gallons of water for residential customers in this system is $.60. This is roughly half of SSU's current rates.

Another concern that I have with respect to SSU's 1996 proposal relates to the cost and associated water conservation resulting from the free retrofit kits. As shown on Schedule 6, the 1996 proforma adjustment includes $60,180 for these kits. SSU's consultant provided SSU with information stating that based upon information obtained from similar efforts in Tucson Arizona the impact from low flow

showerheads was small due to the high rate of removal of cheap devices[1]. [Response to Citizens Audit Request 24.] Furthermore, SSU has assumed that of the total number of kits given away, only 50 to 60% of customers will actually install the devices. This seems rather inefficient. A more cost-effective option might be to offer a rebate after the devices are installed. Under this scenario, only those customers that actually install and use the devices would receive the equipment free of charge. If not used, the rest of SSU's customers will not be asked to pay for the retrofit kits. Another alternative would be to charge customers for perhaps 50% of the cost of the retrofit kits. Customers would be more likely to install the kits if they had to pay for them, than if they were provided free of charge. SSU did not prepare any analysis of the various costs of such alternative or of the associated penetration rates. Such an analysis would enhance SSU's decision making and lead to a more informed decision.

With respect to the six targeted communities and to Marco Island, SSU proposes to spend $20,850 for rebates associated with irrigation shut-off devices. It is unclear to what degree these devices are effective. According to a survey of local contractors done by Image Marketing, rain sensors may not be effective. For example, Capri Landscaping told Image Marketing that rain sensors only kick in when it is raining and they only operate for 2 to 3 hours after any given period of rain. Likewise, Thompson Irrigation indicated that they tried to install soil moisture sensors a year

[1] I would note that SSU apparently proposes to upgrade the kits for the targeted community. But it is not clear if they would still be considered "cheap".

ago, but they did not work. Thompson Irrigation lost money on the venture because they were forced to put in extra work trying to get the sensors to work. Image Marketing wrote to SSU stating:

> Here's what we found out locally concerning firms willing and able to install sensor devices. From what we have learned, there isn't much knowledge on Marco--or generally in Naples--concerning the value and use of water sensor devices....We would need some positive PR to make the islanders aware of the sensors to the point they would be willing to pay to have them installed. [Response to Citizens Document Request 221.]

Q. Do you see any other problems with SSU's water conservation proposal?

A. Yes. It is difficult to distinguish what portion of SSU's water conservation advertising, open houses, poster contests, parade floats, stickers, trolley signs, and the like are really conservation efforts as opposed to public relations efforts. My review of the invoices and memorandum submitted by SSU's marketing consultant indicates that the Company's ostensible conservation program is designed to enhance SSU's image as well as to produce water conservation.

For example, since 1993 SSU has sponsored a float in the Christmas parade on

Marco Island and has budgeted for one in 1995 and 1996. Regarding the 1993 parade float, SSU's marketing consultant wrote in a memo: "The parade went very well, and, judging from the reaction of the crowd, the float was a big hit. The float looked great (will send you photos as soon as they are processed) and everything went very smoothly....You can score this one as a positive PR effort all the way." [Response to Citizens Document Request 221.] In an analysis of the Marco Island conservation program/communications budget, SSU's marketing consultant indicated that the trolley signs were "a good SSU image builder." With respect to the possible billboard signs the consultant noted: "Also an excellent image builder." Regarding special events, the consultant noted that such efforts were "good community image builders, but expensive and time consuming for limited exposure." Concerning the school programs sponsored by SSU, Image Marketing (SSU's marketing consultant) wrote: "Good image building opportunity which offers PR possibilities." [Ibid.] With respect to other efforts, bills from the Company's marketing consultant often use the designation "public relations" concerning several alleged conservation programs. For example, with respect to the conservation kits, the consultant's bill states: "fax release to client for approval, prepare and distribute to media with photos, fax clip of PR to client." Concerning the poster contest, the consultant's invoice reads: "Poster Contest PR: Write copy for press release and revise." Similar "public relations" designations are noted with other alleged conservation expenditures.

SSU essentially claims that all of these costs are consumer education or conservation-

related costs. I do not agree. SSU is spending considerable amounts of money on advertising and other public relations efforts that are not solely designed to enhance conservation. That portion of the costs associated with SSU's "public relations" efforts should not be borne by ratepayers. The Commission has consistently disallowed public relation costs in the past. In Order No. 10306, the Commission found that Florida Power & Light Company had included in its expenses costs related to an exhibit at Disney World, floats for parades, membership in Reddy Services, Inc. and expenses of the company's energy advocate program. The Commission concluded that only the latter expense should be allowed for ratemaking purposes and that the other expenses were removed as public communication expenses. [Order No. 10306, p. 28.]

The Commission has also held that the burden of proving the reasonableness of advertising expenditures in on the utility:

> ...it is incumbent upon a utility to affirmatively demonstrated that such charges [advertising] are in the interest of ratepayers. [Order No. 7018, p. 9.]

SSU has provided no such demonstration in the instant proceeding.

Q. Have you identified any other problems?

A. Yes. SSU has budgeted $20,000 for residential water audits on Marco Island. However, the last time SSU performed water audits for residential customers the audits were not well received. Specifically, only 7 of 17 residential customers

contacted participated. This is in stark contrast to the commercial audits where 66 of the 78 customers contacted participated in the study. It is not clear that the proposed $20,000 for residential audits would be used.

Other concerns I have relate to SSU's budgeted expenses for "conservation" workshops. In her deposition, Ms. Kowlasky indicated that the last conservation workshop she attended in the fall of 1995 on Marco Island only drew 25 customers even though all customers on the island were informed. The year-round population of the island is approximately 11,000 with this amount increasing threefold during the tourist season. Ms. Kowlasky explained that she thought there were extenuating circumstances associated with this workshop that may have accounted for the low turn out. At another public meeting on Marco Island, SSU's marketing consultant reported that: "While the turnout was a little disappointing (64 at its peak, not including media or SSU officials), it can't be blamed on lack of publicity." [Response to Citizens Document Request 221.] Considering the population on Marco Island, the turnouts for these two meetings seem dismal at best. SSU has provided no evidence that these workshops were or are cost effective.

Q. Has SSU expended funds in the past associated with its conservation efforts that were not cost effective?

A. Yes. SSU conducted a survey on Marco Island of customers that installed retrofit kits. This survey was conducted on the advice of its marketing consultant despite a conclusion reached by the same marketing consultant that it would not yield the

desired results.

> Tracking must be done from the outset, not by billings, which contain too many variables, but with set formulas to guarantee accuracy. Even so, I feel we should go ahead with the Marco Island retrofit survey, even if a bit after the fact. The information, at a minimum, will give us a valuable look at customer usage, attitudes and perceived water savings, as well as serve as a good PR/conservation tool. Whether we will be able to develop hard data from it is another question. [Response to Citizens Audit Request 24.]

In my opinion, this recommendation from SSU's consultant should have been questioned. What was the real impetus for the survey--water conservation results which could not be effectively developed--or enhanced public relations?

Q. Has SSU evaluated the relationship between its rate structure, alternative rate structures, and its proposed conservation program?

A. No. Southern States' conservation expert had no knowledge concerning the relationship between the two. It became clear to me, during her deposition, that the conservation committee did not evaluate how rates might affect conservation relative to spending $524,430 on specific targeted programs. In addition, in response to the Citizen's interrogatory 274, SSU stated: "SSU has not made a comparison between the projected water saving that could result from the enhanced conservation program

and the water savings that could be achieved from any particular rate design." In my opinion, this is another fundamental flaw in SSU's approach to its conservation program. SSU is essentially asking its customers to pay considerable amounts of money to help produce conservation when a change in its rate design could produce the same or more conservation for a fraction of the cost.

Q. What are your recommendations with respect to SSU's water conservation program?

A. Given SSU's lack of overall conservation planning and cost/benefit analyses the Commission would be justified in disallowing all of SSU's conservation expenses. Nevertheless, I recommend that the Commission allow some of SSU's expenditures, specifically, $175,957. This produces a disallowance of $313,473 associated with SSU's conservation expenses. In addition, the Commission should remove from SSU's expenditures $35,000 to recognize that the South Florida Water Management District is assisting SSU with the funding of some of these programs. In total I recommend that the Commission disallow $348,473 of SSU's proposed 1996 conservation expenses.

I have allowed some conservation expenditures because it is my understanding that the water management districts require SSU to have a public education program in order to qualify for a consumptive use permit. I have also allowed most of the expenses associated with the Marco Island conservation program because of the high consumption per customer on the island and the potential water shortages faced by this community. I have disallowed all costs associated with the six targeted

communities because SSU has not shown that the conservation programs are cost effective and because SSU can gain as much or more conservation by merely changing its rate structure. This is decidedly less expensive than SSU's proposal. I also have disallowed all costs associated with public relations efforts. If the Company's description indicated that it was public relations-related, I disallowed the cost. In addition, I recommend disallowance of one-half of SSU's advertising costs which SSU claims are conservation related. SSU has not demonstrated that these ads are in fact solely designed to produce water conservation. In fact, my review of past advertisements suggests that they are designed for both purposes--public relations and conservation. I also recommend disallowance of the water audit cost and survey costs associated with Marco Island for the reasons previously described.

Next, I recommend that the Commission disallow a portion of the cost associated with sponsorship of a 1996 conservation education program. SSU has not justified the increase in 1996 expenditures budgeted for this program. In fact, SSU has not provided any information on the nature or benefits of this sponsorship. Finally, as I just mentioned, SSU will receive $35,000[2] in cost share funds from the South Florida Water Management District. SSU failed to take these funds into consideration when developing its 1996 budgeted expenses. Since SSU will not incur these costs, they should not be recovered from ratepayers. My specific recommendations are set forth

[2] SSU has received approval of its request for $10,000 to fund its 1995 water conservation rebate program. SSU has submitted a proposal for funding of $25,000 in 1996. According to SSU's response to Citizens's Document Request 163, the 1996 request has been approved.

on Schedule 7.

IV. Gain on Sales and Equity Adjustments

Q. Please turn to the fourth section of your testimony. Has SSU recently sold assets for which it recognized a gain on the sale?

A. Yes, these gains, and in one instance a loss, are shown on Schedule 8 of my exhibit. As shown, the largest after-tax gain, $19,088,063, occurred in 1994 when SSU sold its Venice Garden Utility (VGU) to Sarasota County, under the threat of condemnation. I have included the total pre-tax gain on this system as an after-tax gain due to the unique tax circumstances of sale. Apparently, SSU took a special election on its income tax return such that income taxes were minimized or deferred. While I believe a portion of the total gain was taxed or deferred, SSU has, to date, refused to provide a copy of SSU's income tax returns as requested by the Citizens. If these are provided, I will adjust this figure accordingly. In addition, other adjustments may arise when SSU produces its income tax returns.

SSU also recognized two gains from parcels of land sold at its Spring Hill system in 1995. These two sales produced after-tax gains of $33,394 and $44,866. In addition, SSU anticipates selling its River Park system in 1995 for an anticipated gain of $33,726 and another parcel of land at Spring Hill for an after-tax gain of $201,950. SSU also incurred a loss of $115 associated with the sale of land in Seminole County. In total, these gains and the one loss amount to $19,401,882.

Q. Are you proposing that part of the gain on these sales be passed along to Southern

States' customers?

A. Yes. I am recommending that these gains be amortized over a period of five years consistent with the Commission's rules concerning non-recurring items. According to SSU's response to the Citizens' interrogatories 207 and 55, all of these assets were included in rate base as 100% used and useful. SSU recognized other gains during 1993 and 1994, but the associated assets were not included in rate base. I have, therefore, not included these other gains in my calculation of the amount of the gain that should be amortized above the line for rate making purposes.

SSU is likely to claim that the proceeds from the gain on the sale of VGU do not belong to the customers regulated by the Florida Public Service Commission, since the Venice Garden system was not under the Commission's jurisdiction at the time of the sale. In fact, when the Citizens initially requested information concerning gains on sales of utility assets SSU did not provide the information with respect to Venice Gardens, allegedly because it was not an FPSC regulated system. This however, contradicts the Commission's recent decision in Docket No. 930945-WS, where the Commission found:

> ...we find that SSU is a single system whose service transverses county boundaries. As such, this commission has exclusive jurisdiction over SSU's existing facilities and land in the State of Florida....[Order No. 95-0894-FOF-WS.]

Given that the Company strongly advocated the position that the Commission had complete jurisdiction over all of its systems, I find it disturbing that SSU failed to initially provide the Citizens with the information requested concerning all systems and assets sold.

Q. Why do you believe that these gains should benefit Southern States customers?

A. There are several reasons why these gains should be shared with ratepayers. First, in past proceedings this Commission has required utilities to share with ratepayers the gain on the sale of utility property. For example, in Docket No. 82007-EU the Commission stated:

> In Docket Nos. 81002-EU (FPL) and 810136 (Gulf Power), we determined that gains or losses on the disposition of property devoted to, or formerly devoted to, public service should be recognized above-the-line. We consider it appropriate to treat this gain in the same manner .... [Florida Public Service Commission, Docket No. 820007-EU, Order No. 11307, p. 26.]

The Commission should continue with its precedent and attribute the gain on the sale of these assets and land to ratepayers.

Second, with respect to the land sales, I question how SSU could sell land that was previously included in rate base as 100% used and useful. One must question why

customers were asked to provide a return on land included in rate base that, by its very sale, indicates that it was not used and useful. Absent unusual circumstances, SSU's past actions have required ratepayers to provide a return on land that was apparently not used and useful. Accordingly, consistency would require that the Commission allow customers to receive the benefit from these gains.

Third, while Southern States will claim that no costs of the VGU system are being borne by the remaining FPSC regulated systems, this is not completely accurate. Because of the sale, FPSC systems, as well as the other systems, are absorbing the A&G and general plant costs that would have been allocated to VGU had it not been sold. Thus, indirectly through the allocation of common costs, Southern States' customers are paying for a portion of the costs that would have been allocated to VGU.

For these reasons, I believe the Commission should impute to the benefit of Southern States customers a portion of the gain on the sale of Venice Garden and the properties at Spring Hill, the anticipated sale of the River Park System[3] and the anticipated sale of land at the Spring Hill system.

Q. In SSU's last rate case the Commission determined that the gain on sale of an SSU system should not be shared with ratepayers. Do you agree with the Commission's

[3] If the Commission adopts my recommendation with respect to the gain on sale of the River Park system, it would need to consistently adjust the allocation of administrative and general and customer expenses to remove these customers from the allocation factor and redistribute the costs.

decision?

A. No. In addition to the reasons addressed above, there are several other reasons the Commission should allocate of portion of the gains to customers. First, as I mentioned earlier, the Commission has determined that all of SSU's systems are under its jurisdiction, as such, the gain on sale resulting from the VGU system should be shared with all customers of SSU regulated by the Commission.

Second, in the past, under circumstances similar to the present case, the Commission has required customers to absorb the loss on the sale of an entire system. Specifically, in Order No. 17168 the Commission found:

> Subsequent to the test year, Southern States sold the Skyline Hills water system to the Town of Lady Lake. We believe the gain or loss on the sale of a system should be recognized in setting rates for the remaining systems. Based on the net investment in plant by the utility, closing costs, and the purchase price, the sale of the Skyline Hills system resulted in a loss of $5,643. This loss should be amortized over a three-year period resulting in an annual expense of $1,881. [P. 9, emphasis added.]

It would be unfair for the Commission in the above instance to require the customers to absorb a loss after the sale of an entire system, but not to similarly allow them to

share in any of the associated benefits. Unless the Commission consistently treats gains and losses the same, customers will be caught in a "catch 22"--if it's a loss, customers pay, but if it's a gain, customers get nothing.

Third, SSU anticipates selling other systems in the future. In his deposition, Mr. Sweat indicated that his recommendation to divest several additional systems was viewed favorably by SSU's management. Mr. Sweat's recommendation comes from a draft strategic plan developed by himself and others. This plan specifically targeted several systems:

> ...this look at ourselves must include a look at systems such as Marco Island, Kingswood, Oakwood, Holiday Haven, Leliani Heights, Fox Run, Fisherman's Haven, Beecher's Point, Wootens, Tropical Isle, Jungle Den and Sunny Hills. An evaluation over an eighteen month period will be conducted on the feasibility of SSU's divestiture [of] these and other specific satellite operations. A critical look will be given to certain operations that fall into singular categories such as:
>
> - geographically strains operating and maintenance performance
> - stagnated growth or no growth
> - politically correct

- water supply originates from another source
- exceptionally high operating cost
- capital intensive

These systems for the most part are stifled by small customer numbers, geographical distances, inhibiting water purchase agreements, etc. [Response to Citizens Document Request 161.]

It is evident from SSU's strategic plan that it anticipates sales in the future and that such sales will be a recurring item.

Fourth, SSU will undoubtedly argue that VGU has always been treated as stand alone for ratemaking purposes. While true, this does not mean that there have not been costs incurred for the benefit of the VGU system that were in fact paid for by the other systems of SSU. SSU's method of allocating all administrative and general expenses requires that all customers share in these costs regardless of which system incurred the expense. For example, in the Marco Island rate case Docket No. 920655-WS, I testified that the Company incurred approximately $14,000 in legal fees concerning either permitting or EPA and/or DER violations for the Venice Gardens system. [Response to Citizens Interrogatory 307, Docket No. 920199-WS and Citizens Interrogatory 64, Docket No. 920655-WS.] These fees were not directly charged to the VGU system, but were instead charged to all customers of SSU,

contrary to my recommendations. While the amount in this particular instance was not large, SSU has made it a policy to treat all of its systems as if they were one, allocating all administrative and general expenses and customer expenses regardless of what system the expenses were incurred to benefit. Either SSU is one system as it argues, or it is not. Under SSU's theory---it is one system--there should be no distinction between one group of customers and the next--all should share in the costs and all should share in the benefits, including gains on sales.

Q. Schedule 8 also includes the gain on sale from the St. Augustine Shores system. Would you explain why you have included this gain?

A. Yes. As I mentioned above, the Commission did not approve of sharing this gain with customers in the last case. However, I respectfully disagree with the Commission's decision in that case and I believe that given that SSU's customers have been required to absorb losses from sales of entire systems, that it is only fair that they likewise share in the gains. Accordingly, I have included in my calculation of the gains that should be attributed to ratepayers the gain on St. Augustine Shores.

Q. Have you developed a recommendation concerning the amount of the gain that should be attributed to Southern States' customers?

A. Yes. Using the number of customers as a basis to distribute the gain between the various systems, I determined that Southern States filed FPSC systems' share of the gain is $16,817,059. I recommend that the gain be amortized over five years, so the adjustment to increase test year net operating income would be $3,363,412.

Q. Have you attributed any of these gains to stockholders?

A. Yes, I have. With respect to the gain on the sale of the VGU system , I attributed the portion of the gain that would have been allocated to VGU had it still been a part of the SSU family. The portion of the gain that I attributed to SSU's stockholders was $1,651,117. I made the same type of allocation with respect to the sale of St. Augustine Shores, with $118,020 attributed to shareholders.

With respect to the other assets, systems, and land that was sold or anticipated to be sold, I attributed 3% to stockholders. I believe the remainder, 97%, should be moved above the line. The percentage attributed to stockholders is based upon the percentage of SSU's efforts devoted to its acquisition program. For these gains, I have estimated the after tax gain to be $313,820. Of this amount $304,405 should be moved above the line and attributed to SSU's remaining customers. Using a five year amortization this produces an adjustment to test year net operating income of $60,881.

Q. Do you have an alternative recommendation if the Commission does not adopt your primary recommendation?

A. Yes. If the Commission treats these gains as non-utility or does not pass them along to ratepayers then I believe that, at a minimum, the associated dollars should be removed from the equity portion of SSU's capital structure. Assuming the Commission makes the determination that these funds are nonutility and thus belong to stockholders not ratepayers, then it is only appropriate that these funds be removed from equity. This Commission has historically determined that nonutility assets should

be removed from the equity component of the capital structure. In my opinion, a determination that these funds should not be attributed to ratepayers is analogous to attributing them to nonutility functions. As such, SSU's equity should be reduced by $8,940,411. This amount is net of the $12.0 million SSU's paid to MPL in the form of dividends in 1994. This adjustment would reduce SSU's requested overall cost of capital structure from 10.32% to 10.20%--with an associated reduction to SSU's requested net operating income of $189,463 and a reduction to its revenue requirement of $322,977.

Q. Do you recommend any other adjustments to the equity component of SSU's capital structure?

A. Yes, as depicted on Schedule 9, I recommend that the Commission adjust the equity component of SSU's capital structure to recognize the refund the Commission ordered SSU to make pursuant to Order No. PSC-95-1292-FOF-WS. In that Order the Commission ordered SSU to refund the difference between the statewide rates approved in Docket No. 920199-WS and the rates approved in Order No. PSC-95-1292-FOF-WS. As a result of this refund of approximately $8.2 million, SSU will incur a reduction to its 1996 net operating income of approximately $4.8 million or more, depending upon when SSU makes the refund.

I also recommend that the Commission reduce SSU's equity ratio to remove the general plant allocated to its gas operations. It appears that SSU only removed the direct investment in its gas operations from the equity component of its capital

structure. To be consistent with this adjustment, the Commission should also remove $203,924 associated with the general plant that was allocated to its gas operations. As shown on Schedule 9, these adjustments reduce SSU's overall cost of capital from 10.32% to 10.27%. It also reduces SSU's required net operating income by $80,750 and its reduces its revenue requirement by $143,153. This schedule also depicts the change in the Company's overall cost of capital using the cost of equity recommended by Citizens's cost of equity witness. As shown using a cost of equity of 10.10% and the equity adjustments that I recommend, SSU's overall cost of capital is reduced to 9.43%.

V. Revenue Adjustments

Q. Please turn to the fifth section of your testimony. Would you discuss the adjustments that you have made to SSU's test year revenue?

A. I have made several adjustments to SSU's test year revenue. These adjustments are depicted on Schedules 10 through 20. Schedules 10 through 18 relate to the issue of weather normalization. Schedule 19 adjusts SSU's variable expenses for the increase in consumption that I recommend due to SSU's failure to adequately consider the effects of rainfall on consumption. Schedule 20 relates to revenues associated with new reuse customers on Marco Island. I am also proposing an adjustment for the revenue effect of SSU's conservation program. The impact of this adjustment is depicted on Schedule 3.

Q. Would you please discuss your weather normalization adjustments?

A. Certainly. SSU has proposed to use a projected 1996 test year in this proceeding. To

derive its billing units (gallons) for the projected test year, SSU averaged 1991 through 1994 gallons and then increased this average by the historic compound average growth rate in customers over the same period of years. This computation was made on a system by system basis.

The primary flaw in SSU's methodology is that it has failed to take into consideration the impact of weather, in particular rainfall. During 1994 SSU's billing units were notably understated due to heavy amounts of rainfall. SSU's management reports are replete with references to the abnormal level of rainfall depressing 1994 revenue. Likewise, SSU's MFRs indicate the costs for several systems were either higher or lower due to the heavy rainfall experienced during the historic test year 1994. Similarly, in a letter to Dr. Whitcomb, Mr. Isaacs wrote that: "...last year there was a substantial increase in rainfall from recent years...." [Response to Citizens Document Request 107.] Mr. Bencini , in his deposition, also made reference to the abnormally high level of rainfall experienced during 1994.

SSU apparently considered a specific adjustment for the effects of rainfall on its consumption data, but for whatever reason rejected using such an approach. In a memo to Forrest Ludsen from Tony Isaacs, Mr. Isaacs wrote:

> We may have a slight problem in the weather normalization. To do the extensive analysis he had originally planned John would need data that are not

> on-line with NOAA. He is checking with the climatologist at Southwest Water Management District to see where the data is available from. This doesn't mean he can't do the study, just that it may not be as in depth as originally proposed. To gather data manually from different sources would hold up the study by several weeks, which we don't have. [Response to Citizens Document Request 107.]

For some unknown reason SSU abandoned its efforts to directly adjust its 1994 billing units to account for the impact of abnormally high levels of rainfall. SSU, however, did have Dr. Whitcomb prepare an analysis that examined the impact of weather (Net Irrigation Requirements) on SSU's consumption. This analysis was not used for purposes of the instant rate case.

SSU maintains that its method of determining test year billing units helps solve some of the problems associated with its failure to normalize its billing units. This results because SSU has averaged four years worth of data. The implicit assumption in SSU's rationale is that while in some years the rainfall might be high in other years the rainfall would be low and on average the result produces billing units that reflect normal weather. This is a relatively simplistic and inaccurate assumption. SSU

indicated in its response to Citizens's interrogatory 97, that to develop a model to accurately measure the impact of weather/rainfall "would be extremely complex and unduly costly to prepare and maintain." [Response to Citizens Interrogatory 97.]

Q. Have you reviewed any data which demonstrates that rainfall was abnormally high during the period used by SSU to average test year billing units?

A. Yes. Schedules 10 through 15 demonstrate that rainfall was abnormally high for the years 1991 and 1994. For the years 1991 through 1994 rainfall for the majority of SSU's systems was above average. SSU's method of developing projected test year billing units is flawed and significantly understated projected test year consumption and revenue.

The information presented on these schedules was obtained from SSU's response to Staff's interrogatory 14. This response contained rainfall data obtained by SSU from each NOAA station closest to fourteen of SSU's service areas. The rainfall data collected accounts for 96.6% of SSU's total residential consumption. The data collected showed inches of rainfall for the period 1960 to 1994 and it compared the average annual rainfall for the period 1960-90, where available, against 1991, 1992, 1993, and 1994. I have presented a summary of this data on Schedule 10. This schedule shows that in almost all service areas, the rainfall experienced in 1991 and 1994 was abnormally high, and in several instances the rainfall experienced in 1992 was unusually high as well. For example, in the service area that contains Beacon Hills and Woodmere, the rainfall experienced in 1991 was 35.32% above the average for

the years 1960-90. Likewise, the rainfall experienced in 1992, 1993, and 1994 was 32.82%, 12.55%, and 32.07%, respectively above the average. For the Marco Island and Marco Shores area, rainfall in 1991 was 34.91% above the average, rainfall in 1992 was 3.15% below the average, rainfall in 1993 was 17.39% above the average and rainfall in 1994 was 12.12% above the average. In total, for Marco Island and Marco Shores, for the years 1991-94 rainfall was 15.32% above the 1960-90 average.

As noted on this schedule there were a few months during 1991-94 where data was missing for three service areas. To overcome this problem, I substituted the average level of rainfall during the month for the period 1960-90, for the missing months. The results of this analysis are depicted on Schedule 11. With data available for all service areas for all months, it is possible to compare the total for 96.6% of SSU's service area. As shown on this schedule, the average annual rainfall for all of the systems for the period 1960-90 was 661.52 inches. This compares to 824.93 inches in 1991, 761.12 inches in 1992, 635.11 inches in 1993 and 818.23 inches in 1994. In total, rainfall for the period 1991-94 (the period SSU chose to average its billing units) was 14.86% above the average of the 30-year period. Clearly, the time period used by SSU to estimate 1995 and 1996 billing units is significantly biased downward due to the abnormally high level of rainfall experienced during this time period. Schedule 12 of my exhibit graphically compares the level of rainfall experienced in each of the years 1991 through 1994 to the average experienced over the period 1960-90. Schedule 13 contains the detailed information supporting Schedules 11 and

12. It shows the monthly rainfall for each of the years 1991 through 1994. In those months were there was missing data, I substituted the average for the period 30-year period. I have noted when a substitution was made with the use of an astrict.

I also prepared two similar schedules, but instead of substituting the average for the months of missing data, I substituted zero. In other words, I assumed that there was no rainfall in the months when there was missing data. This is an unrealistic assumption, but it nevertheless still shows that even with this overly conservative assumption, rainfall experienced in the years 1991, 1992, and 1994 was above average. As shown on Schedule 14, during 1991 rainfall was 24.40% above average, during 1992 it was 13.04% above average, during 1993 it was 6.61% below average, and during 1994 it was 21.02% above average. In total for the four year period, rainfall was at least 12.95% above normal. Schedule 15 shows the detail supporting Schedule 14.

The data presented on Schedules 10 through 15 demonstrates that, to the extent rainfall affects consumption, which even SSU has been forced to admit, the billing units used by SSU to estimate its 1995 and 1996 billing units are woefully understated due to the above average level of rainfall experienced over the period 1991 though 1994. The Commission should reject the method used by SSU to project its 1995 and 1996 billing units and projected test year revenue.

Q. Have you developed an alternative to SSU's projected test year billing units?

A. Yes, I have. The results of my analysis are depicted on Schedule 16. My alternative uses the results of a study prepared by Dr. Whitcomb entitled "Financial Risk and Water Conserving Rate Structures" and produced in response to Citizens's document request 24. In that study Dr. Whitcomb estimated the impact of rainfall (actually Net Irrigation Requirements) on SSU's water consumption. While the study prepared by Dr. Whitcomb did not capture the effects of net irrigation requirements for all systems, the study did encompass 96.6% of the total SSU residential water use. Accordingly, since the majority of SSU's residential water consumption was captured in this study, I have used it to estimate the impact of weather on SSU's billing units. The results of the study indicate that average annual weather normalized water consumption for SSU's residential customers equals 9,476 gallons per bill per month.

I used this estimate to develop weather normalized billing data for residential customers for the projected test year 1996. The results of this analysis are shown on Schedule 16. Using the number of bills for residential customers projected by SSU for 1996 I applied the weather normalized consumption per bill to arrive at the 1996 projected billing units. As shown on this schedule, using this method produces an increase in projected 1996 residential consumption of 1,227,876,000 gallons. Multiplying this increased consumption by SSU's test year gallonage charges produces an increase in test year revenue of $1,937,947. Accordingly, I recommend that the Commission increase projected test year revenue by $1,937,947.

Q. Did you prepare any other analyses of SSU's proposed test year billing units?

A. Yes. The results of this analysis is shown on Schedule 17. Instead of using SSU's 1991 through 1994 average consumption as the starting point to project 1995 and 1996 billing units and revenue, I used the average of 1992 and 1993. I excluded 1991 and 1994 for three reasons. First, as I have discussed, 1994 experienced an abnormally high level of rainfall and therefore distorts the average. Second, 1991 also was a year when the rainfall was abnormally high and would tend to understate the consumption. Third, SSU has indicated that the 1991 data is not particularly reliable.

As shown on this schedule, if 1992 and 1993 billing units are used to project 1996 billing units, an increase in total consumption of 318,515,813 results. This produces increased test year revenue of $428,398. If the Commission does not accept my primary recommendation to increase test year revenue by $1,937,947, then I recommend that it increase test year revenue by $428,398.

Q. Have you examined other data which suggests that SSU's estimation method understates test year billing units and therefore revenue?

A. Yes. Schedule 18 shows SSU's historical and projected test year billing units by year and the average consumption per customer by year. As shown on this schedule, for all FPSC systems, in 1991 SSU's customers consumed an average of 10,515 gallons per month, in 1992 they consumed 10,935, in 1993 they consumed 11,124, and in 1994 they consumed 10,016. It is interesting that customers on average tend to show increased consumption per year with the exception of 1994. It is not clear to what degree this decline is influenced by abnormally high levels of rainfall or other factors

such as conservation. Nevertheless, if 1994 data is ignored as being abnormal, one would expect to see an increase in consumption per customer projected for 1995 and 1996.

However, SSU's projections show just the opposite. Specifically, for 1995[4] SSU's estimate of gallons and bills suggests that on average customers will consume 10,327 gallons per month. For 1996[5], the results are lower with customers consuming 10,283 gallons per month. Both of these estimates are substantially below the actual 1991, 1992, and 1993 consumption per customer and only slightly higher than the amount experienced in 1994. SSU's estimated consumption per customer for 1995 and 1996 is even below the average for the four years which is 10,640. Since SSU has not demonstrated to what degree, if any, conservation has affected 1994 consumption it is not possible to accurately assess its impact on 1994 consumption data. Because SSU's conservation program has been in effect since 1991, one would expect these earlier years to reflect the impact of conservation on consumption.

One difference between 1994 and earlier years would be consumption related to SSU's enhanced conservation efforts on Marco Island. But, SSU's pilot conservation program for Marco Island did not begin until late 1994. Therefore, its impact would be minimal. Nevertheless, even if the full impact of SSU's enhanced conservation

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4 Before repression.

5 Before repression.

program on Marco Island were added back to 1994 billing units, the total consumption per customer would increase to only 10,103, which is still substantially below prior years. In summary, it is evident that for whatever reason, weather or other factors, SSU's 1994 billing units are significantly below prior years. By including this data in the base from which its projections are determined, SSU has understated projected test year billing units and revenue, and overstated its revenue requirements.

Q. Did you make an adjustment to account for the increased expenses associated with the increased consumption that you recommend?

A. Yes. My adjustment is shown on Schedule 19. If the Commission accepts my recommendation to increase test year billing units by 1,227,876,000, then it would need to likewise adjust test year variable expenses to account for the increased consumption and related costs. As shown on this schedule, this adjustment would increase test year expenses by $515,332.

Q. Would you please address your next adjustment to test year revenue?

A. Yes. The next adjustment, shown on Schedule 20, relates to effluent sales to new customers on Marco Island. SSU assumed that during the projected test year it would no longer be providing potable water to Hideaway Beach and the Tommy Barfield School, but instead would be providing effluent for reuse to these two customers. Accordingly, SSU reduced test year revenue by $183,688 and increased wastewater revenue by $13,668.

In response to Citizens's interrogatory 192, SSU indicated that the Hideaway Beach

reuse facilities would not be on-line by the end of the projected 1996 test year. In depositions, SSU's witnesses did not know if the Tommy Barfield facilities would be in place by the end of the projected test year. SSU will be providing a late-filed deposition exhibit to answer this question. For purposes of making my adjustment I have assumed that the Tommy Barfield reuse facilities will not be in-service by the end of the projected test year. Accordingly, as shown on Schedule 20, I have increased test year water revenue by $183,668 and reduced test year wastewater revenue by $13,688.

Q. Earlier you mentioned that you made an adjustment related to SSU's conservation program. Would you please explain this?

A. Yes. As discussed in the third section of my testimony, I recommend that the Commission reject some of SSU's proposed conservation expenses for the six targeted communities. If SSU likewise does not implement its conservation program for these systems, as it has suggested it would not if the expenses are not approved by the Commission, then the conservation revenue impact estimated by SSU would also not materialize. Schedule 3 of my exhibit removes the revenue effect of the conservation programs for which I recommend disallowance of the related costs. As shown, test year revenue should be increased by $70,710.

For consistency I have also adjusted the variable expenses that would change as a result of the change in consumption. SSU failed to make this adjustment. Specifically, in response to Citizens's interrogatory 310, SSU indicated that it did not adjust

variable expenses for the associated decline in consumption related to its conservation proposal. Schedule 3 of my exhibit shows the amount expenses that should be reduced if the Commission adopts SSU's proposal as well as the amount expenses that should be reduced if the Commission adopts my proposal. As shown, under my recommendation, test year expenses should be reduced by $33,372.

VI. Acquisition Program

Q. Please turn to the next section of your testimony. Would you address SSU's acquisition program and its affect on customers?

A. Yes. SSU has an aggressive acquisition program underway. It is in the process of attempting to acquire several systems. In its strategic growth plan SSU suggested that even though:

> the market today is considered a 'sellers' market, the opportunities are such that Southern States should add 50,000 customers to its current customer base within five years. SSU can achieve customer growth by adopting an aggressive acquisition attitude, and soliciting resources from our parent Minnesota Power. We must consider paying more than rate base for utilities that fit our growth needs and accomplish our financial goals. [Response to Citizens Document Request 161.]

SSU's report elaborated further with respect to the types of systems it expects to

target:

> This report recommends that an immediate full scale effort be placed on the acquisition of the targeted FPSC A&B utilities in Florida. However, included with this acquisition effort is a commitment to the smaller utilities that are strategically located or otherwise a natural fit into SSU family of systems. The report details our acquisition strategy outside Florida in the southeast corridor states. It list[s] our acquisition target states, from the first to last, and our reasoning behind our choices. [Ibid.]

It is clear from SSU's strategic plan that SSU is not planning on buying small run down systems that are considered by some to be nonviable. In fact, its strategic plan and its divestiture plan suggests just the opposite. Contrary to some beliefs, SSU is not the savior for small run-down nonviable systems.

Q. Does Southern States suggest that its acquisition program is beneficial to its customers?

A. Yes. Southern States has continually argued that by acquiring more systems it can reduce its costs on a per unit basis. In other words, as SSU grows it can spread its fixed costs over a larger customer base. In the instant case, Mr. Vierima testified that in addition to economies of scale and other efficiencies offered by Southern States, its size enables it to hire specialists who concentrate their efforts on certain limited

fields of expertise and identify areas where costs can be decreased or quality of service improved. [Testimony, p. 10.]

Q. Have you examined any evidence that suggests that SSU's acquisition program is not necessarily beneficial to customers?

A. Yes, I have. First, as shown on Schedule 21, I examined the impact of SSU's acquisition of Buenaventura Lakes on the costs of this system on a before and after acquisition basis. I compared the stand alone cost of Buenaventura Lakes to the cost of providing service under SSU's ownership. As depicted on this schedule, SSU's acquisition of this system actually increased the cost to the customers of Buenaventura Lakes--it did not decrease, as would be expected if SSU's acquisition offered it the economies of scale SSU so often touts. As shown on this schedule, the cost to operate Buenaventura Lakes on a stand alone basis in 1996 dollars is $1,957,883. This compares to the cost after acquisition by SSU of $2,503,780, also in 1996 dollars. In other words, instead of decreasing costs, SSU's acquisition of this system increased its operating costs by $545,897--or 28%.

The most alarming aspect of the increase is depicted under the category administrative and general expenses. This would normally be the area of expenses were a reduction would be reflected since these costs are relatively fixed and SSU should be able to provide service at less cost than a stand alone system. Contrary to my expectation, SSU's acquisition of Buenaventura Lakes increased administrative and general expenses by $494,532---an increase of 123%. Clearly there were no economies of

scale to the customers of Buenaventura Lakes after it was acquired by SSU.

Q. Have you reviewed any other information concerning Buenaventura Lakes which suggests that either SSU has not properly identified the potential cost savings as a result of acquiring Buenaventura Lakes, or that others could operate it more efficiently?

A. Yes. The City of Kissimmee was interested in purchasing this system. It ultimately concluded that the system should not be purchased because the asking price was too high and consequently it would not produce a positive cash flow. Nevertheless, the City prepared a study to examine the cost of providing service to the customers on a stand alone basis as well as if it were acquired by the City. This analysis showed that while the cost to operate the system would increase, it would only increase by $32,000--not over $500,000. It is also worthwhile to note that if the City had acquired this system, customers rates would have decreased not increased as requested by SSU in the instant case. Specifically, if this system had been acquired by the City, the rates for these customers would have been $1.19 per 1,000 gallons for water and $4.03 per 1,000 gallons for wastewater. This compares to SSU's proposed rates of $2.16 and $4.74, respectively. The base facility charge would have also been lower. The BFC for water under the City's tariffs is $2.23 and for wastewater it is $8.05. This compares to SSU's request of $9.17 and $17.59, respectively.

SSU also did a preliminary analysis of the cost to operate Buenaventura Lakes if it was acquired by SSU when it was pursuing the system. Contrary to the amount

included in SSU's test year expenses, SSU projected that it could reduce Buenaventura's administrative and general expenses by one-half. In the instant case, SSU only removed 21% of Buenaventura Lakes administrative and general expenses prior to adding SSU's administrative and general expenses[6] to Buenaventura Lakes. If 50% of the costs were reduced as originally estimated by SSU, an adjustment of $307,000 would be needed as opposed to SSU's adjustment of only $127,327.

Q. Perhaps the acquisition of Buenaventura and the impact on costs is an anomaly. Did you examine any other recent acquisitions?

A. Yes. I made a similar comparison for SSU's acquisition of Lehigh Utilities in 1991. This analysis is presented on Schedule 22, and it reflects a similar result. As shown, on a stand alone basis, Lehigh's costs for its water operations were $803,241. After acquisition by SSU, its costs were $908,906 for an increase resulting from SSU's acquisition of $105,665. The same result occurs for the wastewater side of the operations. On a stand alone basis, Lehigh's operating costs were $686,013. However, after acquisition by SSU its wastewater operating costs increased to $822,610--an increase of $136,597.

Q. Have you examined any other data that shows, contrary to SSU's assertions, that there may not be administrative and general economies of scale associated with SSU's larger size?

A. Yes, I have. Schedule 23 examines SSU's administrative and general expenses and

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[6] It is the addition of SSU's allocated administrative and general expenses that causes the costs for the Buenaventura Lakes systems to increase so dramatically.

customer expenses per customer in 1991 compared to the expenses in 1994, 1995, and 1996. As shown on this schedule, and contrary to expected results, SSU's administrative and general and customer expenses have actually increased on a per customer basis. In 1991, the cost per customer of its administrative and general and customer expenses was $54.18. This cost increased to $70.26 in 1994, to $74.03 in 1995, and to $76.78 in 1996. From 1991 to 1996 SSU's number of customers increased by 6,207. Despite this increase in the number of customers, the actual cost per customer increased. This result is the opposite of what one would expect if there were the economies of scale alleged by SSU. In fact, this schedule suggests that there are diseconomies of scale associated with SSU's larger size and the acquisition of new systems.

Q. Your analysis suggests that SSU's customers have not benefited from SSU's acquisition program. How can the Commission protect SSU's customers from these inefficiencies?

A. I recommend that the Commission reduce SSU's adjusted test year expenses to account for the diseconomies of scale or inefficiencies that I have identified. To develop this adjustment, I allowed SSU to recover the cost per customer of its administrative and general expenses as incurred in 1991. I then multiplied this cost, $54.18, times SSU's 1996 average number of customers to arrive at a 1991 level of expenses adjusted for the current number of customers. This produced an expense level of $8,929,022. To this amount I added inflation for the years 1992 through 1996. This produced an allowable or efficient 1996 level of administrative and

general and customer expenses of $10,257,661. From this amount I subtracted the amount of administrative and general and customer expenses SSU is requesting in the instant proceeding, to arrive at a gross inefficiency adjustment of $2,395,104. Applying the FPSC allocation factor to this amount results in an adjustment of $1,818,842. From this amount I also subtracted other adjustments that I recommend and those of other consultants that reduce the inflated level of SSU's 1996 expenses relative to the 1991 level of expenses. For example, in 1991 SSU did not incur the same level of conservation expenses as requested in the instant proceeding. Likewise, I have taken into consideration the payroll/wage adjustment recommended by Mr. Katz as well as the other adjustments that I recommend that reduce 1996 expenses. By removing the impact of these other adjustments I have ensured that there would be no double counting of other adjustments with respect to this adjustment. As shown on Schedule 23, after taking these other adjustments into consideration, I recommend that the Commission reduce test year expenses by $243,773 to account for SSU's diseconomies of scale or other inefficiencies.

Q. Have you made any other adjustments for SSU's acquisition efforts?

A. Yes, I have. These two adjustments are reflected on Schedules 24 and 25 of my exhibit. As shown on Schedule 24, I have reduced test year salaries by $175,928 to reflect the portion of SSU's salaries devoted to SSU's acquisition efforts. SSU books the costs of its acquisition efforts to an account that is recorded below the line. However, for purposes of the projected test year SSU failed to recognize the full amount of costs that should be recorded below the line. SSU estimated that $30,585

would be recorded below the line for its acquisition salary-related efforts. This amount, however, is substantially less than what was recorded below the line in 1994 and is substantially less than what should be recorded below the line in 1996.

Schedule 24 shows each person that expended time on SSU's acquisition efforts in 1994 and the percentage of their time devoted to this effort. To arrive at the amount to remove from the 1996 test year, I used the percentage of time actually devoted in 1994 applied to each person's 1996 base salary. with three exceptions. The exceptions include the three individuals that work in the corporate development section of SSU. This is the department at SSU that is primarily responsible for SSU's acquisition efforts. According to Mr. Sweat, he spends approximately 90% of his time on SSU's acquisition efforts. Therefore, instead of utilizing the percentage actually recorded in 1994 for Mr. Sweat and his subordinates, I used Mr. Sweat's current estimate of the time he expends on SSU's acquisition program. Since SSU intends to increase its acquisition efforts relative to 1994 it is only reasonable that a larger portion of Mr. Sweat's salary and his subordinates' salaries be recorded below the line in 1996. My estimate of the additional salaries that should be removed from test year expenses and recorded below the line is most likely quite conservative. I have not increased any of the percentages of other persons in SSU that work on the acquisition of new systems, despite SSU's increased effort in this area. As shown on this schedule, my adjustment reduces test year expenses by $175,928.

The next adjustment that I recommend is similar. As shown on Schedule 25, I have removed from test year expenses 90% of the amount of material and supplies, transportation, and miscellaneous expenses charged to Mr. Sweat's responsibility center. Since the majority of Mr. Sweat's time is devoted to SSU's acquisition program it is only logical to conclude that the same percentage of expenses should likewise be charged below the line. The adjustment that I recommend reduces test year expenses by $10,742.

VII. Expense Adjustments

Q. Please turn to the seventh section of your testimony. What other adjustments do you recommend?

A. I am recommending several other adjustments. These are shown on Schedules 26 through 36. The first adjustment shown on Schedule 26 removes from the test year the salary of the Company's public relations/governmental relations employee. In response to Citizens's interrogatory 114, SSU stated that for the projected test year it did not record below the line any salaries related to lobbying. With respect to the salary of its employee designated for its governmental/lobbying efforts, SSU responded: "The 1995 budget contains no below the line salary expense for lobbying although the budget does include a charge of $92,000 for lobbying costs to be performed by outside consultants. The 1995 budget was prepared prior to Mr. Smith's hiring at SSU, and therefore, his labor being included in lobbying costs was not anticipated." [Response to Citizens Interrogatory 114.]

I have reviewed the travel vouchers of Mr. Smith for the year 1995 and most of his travel relates to lobbying efforts. For example, his expense reimbursement request for March 1995 contains the following descriptions: "lobbying activities-telephone calls," "lobbying activities-lodging," and "legislative committee meeting-Tallahassee airfare". Similar descriptions are made on his reimbursement request for May 1995, some examples include: "legislative dinner"," lobbying activities," and "Tallahassee Chamber Meeting for Legislator-Tallahassee tickets". Other examples on his expense reimbursement requests for other months include such descriptions as: "Public Relations Society of America Chapter Meeting," "Tallahassee-lobbying dinner," and "Tallahassee Legislative Relations". [Response to Citizens Document Request 85.] With rare exception, Mr. Smith's travel has been mainly related to lobbying and/or public relations.

Correspondence between Mr. Smith and SSU's lobbying consultant also confirms Mr. Smith's dominant role as a lobbyist for SSU. For example, in a letter to Mr. Sharkey, SSU's lobbying consultant, Mr. Smith wrote:

> Thank you again for including me on the guest list for dinner with the Governor and Mrs. Chiles. It was a most enjoyable and memorable evening. While the affair was intended as a tribute [to] the excellent work you've done on behalf of the Governor, it was I who felt honored to be in attendance. [Response to Citizens

Audit Request 222.]

In a fax to Mr. Smith, Capital Strategies (SSU's lobbying consultant) wrote: "Attached is an agenda for the meeting in Tallahassee next week. I have ascertained that the Governor is in town on the 30th and have requested a 'courtesy visit' with him. His scheduling office will let me know tomorrow. I will call you." [Ibid.]

Other correspondence also supports Mr. Smith's involvement in lobbying for the benefit of SSU. In a memorandum from Mr. Sharkey to Mr. Smith, Mr. Sharkey wrote:

> I spoke with Kari Hebrank of the Association of Counties regarding the water and sovereignty issue for the counties. She is going to be handing the topic in the Legislature for the Association. She told me that Mike Twomey had attempted to excite the Association into developing legislation supporting statutory authority for counties to regulate investor-owned utilities. She told me that she does not believe that the FAC will actively promote this initiative but they have developed a legislative <u>position</u> in support of the concept. I mentioned to her my conversation with John Hart, the incoming President of FAC and his concern that the Association not get too

involved in this issue. Kari does not want the association to get out in front on this. We need to educate their executive committee on the issue as soon as possible, which I will start to do immediately. [Ibid.]

It is apparent from the correspondence between Mr. Smith and SSU's lobbying consultant that Mr. Smith is one of the main contacts at SSU who handles legislative matters. Mr. Smith is also a registered lobbyist for SSU. [Response to Citizens Interrogatory 95.] The Commission has historically not permitted the recovery of lobbying and public relations activities from ratepayers. Such efforts are for the benefit of stockholders not ratepayers. As shown on Schedule 26, I recommend that the Commission remove from test year expenses salaries and overheads for Mr. Smith.

Q. What is you next adjustment?

A. My next adjustment is similar. As shown on Schedule 27, I recommend that the Commission remove from test year expenses, those costs included in the budgeted test year related to public relations, government relations, and image enhancement. The Commission has consistently found that such expenses do not benefit customers, but are for the benefit of stockholders. [Order No. 7669, p. 10; Order No. 11307; and Order No. 24049, p. 28.] As shown on this schedule, I recommend removal of the following expenses: $375 associated with public relations association dues; $5,000

related to Florida Leadership training; $658 related to legal costs which are lobbying or public relations related; $900 for public relations memberships; and $13,250 associated with corporate image enhancement. The total adjustment for the FPSC systems is $15,626.

Q. Would you please describe the adjustments shown on Schedule 28?

A. Yes. There are two adjustments depicted on Schedule 28. First, as part of its goal setting process for 1995, SSU established a goal to reduce certain budgeted expenditures below the level of the approved budget by 5%. These were specifically identified as administrative and general and operating miscellaneous costs (material and supplies, telephone, postage, temporary help, etc.) and contractual services for legal, accounting, engineering, and other. [Response to Citizens Document Request 56.] Since SSU will or has presumably strived to meet this goal, I recommend that the Commission adjust the overall level of budgeted expenses in these categories by 5%. In response to Citizens's interrogatories 130 and 131, SSU indicated that the 5% reduction would amount to $239,000. This equates to an FPSC adjustment for 1996 of $191,002.

Second, I propose an adjustment to true-up SSU's 1995 budget to actual. For purposes of this adjustment I used the September 1995 year-to-day budget variance analysis prepared by SSU. I examined each difference between SSU's 1995 budget and actual expenditures made as of September 1995. For those expense accounts over or under budget where it appeared that the overage or underage would continue into

the remainder of 1995, I accordingly adjusted the expense account. These adjustments are shown on the bottom half of Schedule 28. The adjustments that I recommend reduce test year expenses by $305,033.

Q. What is the next adjustment that you propose?

A. My next adjustment is shown on Schedule 29 and relates to SSU's request to recover from SSU's customers $208,776 associated with MPL's shareholder expenses. Mr. Vierima explained:

> The MFRs include $209,000 of costs which represents Southern States' portion of costs incurred by Minnesota Power regarding shareholder reporting and communication. These costs have been assessed to the parent and all subsidiaries based on average invested equity as a percent of consolidated equity. [Testimony, p. 35.]

Mr. Vierima explained that the shareholder expenses include costs for shareholder meetings, SEC filings, stock exchange fees, rating agency fees, registrar and transfer agent expenses, board fees, annual and quarterly reports, proxy statements, and the staff assigned to respond to shareholder inquiries. [Ibid.] Other than this brief description, SSU has provided no support for these costs or how they benefit SSU's ratepayers. The Commission in the past has disallowed certain shareholder expenses that are passed onto a subsidiary:

> Shareholder relations expenses are incurred for activities related to image building and good will. This type of expense is not normally allowed by this Commission if incurred by a utility. This type of expense should be disallowed if incurred by a parent and passed through to subsidiary companies. [Order No. 11307, p. 23.]

The Commission has also disallowed ownership/investor costs allocated from a parent company. [Order No. PSC-0708-FOF-TL, p. 31.]

In my opinion, SSU has not demonstrated that the costs it seeks to recover from ratepayers are appropriate. SSU has produced no documentation supporting this expense or that the components thereof represent costs that the Commission typically allows in rate proceedings. Accordingly, I recommend that the Commission disallow 50% of the costs requested by SSU. As shown on Schedule 29, the Commission should remove $79,272 from SSU's projected test year expenses.

Q. Would you please explain the adjustments you recommend concerning rate case expense?

A. The adjustments that I recommend are depicted on Schedule 30. I made two types of adjustments. The first relates to SSU's current rate case and the second relates to SSU's request to recover the cost of the uniform rate state-wide rate investigation as part of rate case expense in this case.

Q. What adjustments are you proposing to the current rate case expense?

A. I made several adjustments. First, as discussed later, I increased rate case expense by $30,481 to reflect the overtime included in the 1995 budget. Second, I removed the rate case consulting fees for witnesses that have not prefiled direct testimony in this proceeding. SSU's rate case expense included $30,000 for consulting fees for Mr. Gartzke and $20,000 for Mr. Cresse. Since neither of these consultants have provided direct testimony in this proceeding, I removed the associated expenses. If these consultants are used for rebuttal testimony, it might be appropriate to add these costs back, at least with respect to Mr. Cresse. I also removed the cost the Company estimated for its cost of capital consultant, Dr. Morin. In my opinion, the Commission should not allow this expenses or any additional costs incurred by SSU for cost of capital testimony. The Commission developed the leverage formula to estimate water and wastewater utilities' cost of equity. This was done to ease the burden on the Commission and ratepayers due to the significant time and effort typically expended on this issue in rate cases. If SSU chooses to use a witness for this subject, then its stockholders should bear the associated cost, because its stockholders will be the sole beneficiary to any increase in the cost of equity proposed by SSU over the leverage graph.

Q. Concerning your adjustment for the state-wide uniform rate investigation, would you please explain the background of that case?

Q. Certainly. SSU first pursued the issue of uniform rates in Docket No. 900329-WS. That case was dismissed and as such there was no decision by the Commission

concerning uniform rates. In its 1992 rate case (Docket No. 920199-WS) SSU included a request for a capped rate--supported by SSU's witness Mr. Cresse. The Commission, however, went beyond the cap proposal requested by SSU's and ordered state-wide uniform rates, excluding only those systems which were not part of the "giga" rate case. This uniform rate design decision prompted intense opposition from systems whose rates would be materially higher than they would have been on either a stand alone basis, or under the rate design proposed by SSU. In response to this opposition, the Commission, on its own motion, opened Docket No. 930880, an investigation of the appropriate rate design for SSU.

Both reconsideration and appeals of the uniform rate design aspects of the Commission's Order in Docket No. 920199-WS ensued. Similarly, after the decision in the investigation docket, the parties also asked for reconsideration of that proceeding and filed an appeal.

Recently, the First District Court of Appeal, reversed the Commission's uniform rate design Order in Docket No. 920199-WS and the Commission subsequently ordered a rate design very similar to that originally proposed by SSU. Shortly after the First DCA's reversal of the uniform rates, SSU unsuccessfully sought review in the Florida Supreme Court.

Q. Did SSU pursue the issue of uniform rates to the fullest extent possible?

A. Yes. Although SSU did not initially propose uniform rates in Docket No. 920199-

WS, SSU became an advocate of the Commission's ordered rates. SSU spared no expense in defending uniform rates, going so far as to petition for extraordinary review of the First DCA decision by the Florida Supreme Court. Indicative of its endeavor, SSU acquired the services of former Florida Supreme Court Justice Arthur England who charged SSU $500.00 per hour, well in excess of the fees charged by counsel normally retained by SSU.

Even though the imposition of uniform rates otherwise would have been stayed by the operation of law, i.e., where an order is appealed by an agency of the government, SSU requested and the Commission granted SSU's request to dissolve the stay of the Commission's Order in Docket No. 920199-WS.

Q. In your opinion are the costs that SSU's has incurred to pursue state-wide uniform rates reasonable?

A. No. I do not believe that all of these costs should be borne by ratepayers. SSU has never maintained that the choice of uniform over stand alone rates, or visa-versa will affect their revenue requirement. Consequently, I question whether the considerable expense of advocating one rate design over any other--where the result is revenue neutral--is reasonably incurred.

Q. Was there an exception to the revenue neutrality of this rate design issue?

A. Yes. When SSU successfully sought to dissolve the stay of the Commission's Order in Docket No. 920199-WS it may have put several million dollars of its revenue at risk. At the time SSU gladly accepted this risk, apparently because it believed the

court would affirm the Commission's decision. Contrary to its belief, other parties were successful in obtaining a reversal of the Commission's Order. Because SSU may be unable to recover foregone revenue from many customers, it may experience a revenue shortfall.

Q. Why do you believe SSU was willing to incur the costs you have described?

A. I do not know what SSU's motives are. I question whether SSU would have incurred the costs that it did, if it knew that such costs would not be recovered from ratepayers. SSU may believe that its stockholders will benefit in the long run if uniform rates are adopted by the Commission. In the absence of this reasoning, it is difficult to imagine a reason why SSU would spend over $400,000 on a revenue neutral issue.

Q. Hasn't SSU consistently alleged that uniform rates will benefit its customers?

A. Yes it has. SSU may have an initial obligation to its customers to bring to the Commission a rate design which its believes is not unduly discriminatory. But SSU has exceeded that obligation. SSU has remained a staunch advocate of uniform rates primarily because it gives the appearance of lower rates to customer groups that might experience extremely high rate increases. Nevertheless, a large number of Southern States' customers are far less than satisfied with SSU's looking out for their interests. These customers have not only been put to the expense of arguing against the Commission's decision, they have also had to incur expenses arguing against SSU's defense of the Commission ordered rate design. If SSU is permitted to include its uniform rate design advocacy expenses in rate case expense, these customers

would also have to finance SSU's fight.

Q. What do you believe would have been an appropriate role for SSU, in this investigation?

A. Clearly, SSU needed to participate in the uniform rate investigation. However, SSU's participation went beyond that of a utility making itself available to the Commission's inquiry. Nothing in the Commission's investigation put any of SSU's revenue at risk. In fact, the Commission's Order on this subject aptly notes that the investigation was revenue neutral. It was an inquiry into the wisdom and perhaps authority for uniform rates. SSU participated as an enthusiastic advocate in that docket as if it were at risk. SSU solicited and bused customers supporting uniform rates into service territories where there was opposition, it engaged the services of a telemarketer, and it hired a public relations consultant. The costs of these types of actions should not permitted by the Commission.

Q. Would you describe the costs SSU incurred concerning this investigation?

A. Yes. SSU incurred $432,069 associated with the uniform rate investigation. Its costs include $34,358 on a telemarketing consultant, $95,285 on consultant testimony, $4,587 on Image Marketing Associates (SSU suggests that this was for customer education) $102,629 on legal services, $104,804 on FPSC notices, transportation, and security, $54,963 for "customer education mailings", $1,574 for open houses, and the remainder, $33,888, on miscellaneous travel, federal express, and the like.

Several of these expense by their very nature should not be recovered from customers.

These include expenses for a telemarketing consultant, expenses for Image Marketing--a P/R consultant, expenses for "customer education" mailings, and expenses for open houses. These expenses were incurred by SSU for the sole purposes of gaining customer support for uniform rates. Such expenses are analogous to lobbying expenses and public relations expenses which the Commission does not allow recovery from ratepayers. SSU initiated a strong campaign to gain customer support for uniform rates. Its efforts included such things as placing door hanger on customers' doors, various unneeded direct mailings to customers, and busing customers in support of uniform rates into areas where there was opposition. SSU has not provided a breakdown of the $104,804 of expense associated with notices, transportation, and security, so it is not possible to determine what portion of any of this expense is reasonable.

SSU is requesting that customers pay $432,069 for expenses incurred in the state-wide rate investigation. This is almost one-half of what the Company expects to spend in the instant rate proceeding where $18.0 million dollars is at stake.

Q. What is your recommendation with respect to expenses SSU incurred in the uniform rate investigation?

A. Most of SSU's expenses should be disallowed. As set forth above, SSU had an obligation to bring to the Commission a reasonable and not unduly discriminatory rate design. Once this rate design was brought before the Commission, SSU's obligation on the issue was satisfied. SSU also had an obligation to fully co-operate

with the Commission's investigation. But the advocacy of uniform rates in that docket was unnecessary, or benefited SSU's stockholders, not ratepayers. Accordingly, as shown on Schedule 30, I recommend that the Commission disallow 80% of the costs SSU's incurred, or $345,671.

Q. What is the next adjustment that you recommend?

A. The next adjustment that I propose implements the recommendation of the Citizen's engineering consultant concerning excess unaccounted for water. Schedules 31 and 32 of my exhibit show that to account for excessive unaccounted for water above 10%, the Commission should reduce test year chemical, purchased power, and purchased water expenses by $67,121.

Q. Would you please address the adjustment depicted on Schedule 33?

A. This schedule removes from test year expenses Operations and Administration Projects (OAP) that will be fully amortized by the end of the 1996 test year. SSU did not adjust its 1995 or 1996 test year expenses to remove those expenses that will be amortized by year-end 1996. As shown on Schedule 33, my adjustment reduces test year expenses by $93,452.

Q. What is the next adjustment that you recommend?

A. The next adjustment that I recommend is shown on Schedule 34. According to SSU's budget variance comparison for the month of June 1995, SSU overestimated the cost of an aquifer performance test at Keystone Heights. According to the Company's budget report, a change is scope reduced the cost of this OAP project by $45,000. According, I have reduced the cost of this project. Since the project will be amortized

over seven years, test year expenses should be reduced by $3,214.

Q. Would you please explain the adjustments shown on Schedule 35.

A. Yes. This schedule combines several miscellaneous adjustments that I recommend. Many of these SSU has already indicated would be appropriate adjustments. The first adjustment shown on this schedule reduces test year salaries by $16,764 for an error SSU made in applying its salary increase to 1995 salaries and wages to arrive at 1996 salaries and wages. This adjustment reduces test year expenses by $16,764.

The next adjustment increases test year revenue for revenue received by the Company which was greater than the cost of providing the service. The monthly billing to customers of the Palm Terrace system include a fixed charge for electricity use for street lights. SSU receives a bill for the exact amount of electricity used. The excess of the amount collected from customers and the amount paid to electric company is recorded below the line for ratemaking purposes. SSU claims that this is the appropriate treatment because it is a non-utility function. I disagree. Unless the expenses associated with processing the bills are recorded below the line, the excess revenue should be recorded above the line. Accordingly, test year revenue should be increased by $7,000.

The next adjustment reduces test year purchased water expense for the Enterprise system by $22,753. In response to the Staff's Audit Request 145, SSU indicated that it erroneously included $24,720 associated with purchased water at Enterprise in its

1995 budget. The amount that should be removed from the 1996 test year, according to SSU, is $22,753. [Response to Staff Audit Request 145.]

The fourth adjustment relates to overtime expenses. In its 1995 budget the Company included $30,481 for overtime related to the rate case. These expenses should either be considered nonrecurring or moved to rate case expense. I have accordingly, removed them from the projected test year expenses. I have included them as an allowable expenses under my adjustment to rate case expense.

The next adjustment that I propose concerns employee recognition expenses. These include such items as luncheons for employees and other small tokens of appreciation. SSU's budget indicated that additional employee recognition expenses would be incurred during 1995 due to the demands of the rate case. Since SSU will not be processing a rate case in every year following the test year in this proceeding, I see no reason to allow the abnormally high level of expense as if it were recurring. In addition, a comparison of the employee recognition expenses incurred by SSU in prior years demonstrates the excessive nature of the amount budgeted in 1995. In 1992, 1993, and 1994 SSU incurred $13,989, $13,613, and $19,099, respectively associated with employee recognition expenses. These amount compare to a 1995 budgeted figure of $33,785. [Response to Citizens Interrogatory 222.] I recommend that the Commission reduce this expense to the level incurred during 1994, adjusted for inflation and customer growth. Therefore, test year expenses should be reduced

by $14,341.

The next adjustment relates to bad debt expense. SSU's March 1995 budget variance report indicated that bad debt expense was reduced by $46,955 to reflect a lower reserve requirement. Accordingly, I have reduced bad debt expense by $46,955.

The seventh adjustment shown on Schedule 35 reduces test year expenses by $76,463 for a 1994 Price Waterhouse audit included in the 1995 budget. SSU also included in its 1995 budget an audit for the year 1995. SSU's budget appears to include the cost of two audits, yet only one should be included. Therefore, I have reduced test year expenses by $76,463 to recognize this double counting.

The next several adjustments relate to utility-related income recorded below the line for ratemaking purposes. With the exception of the management fee for Pirates Harbor, SSU agreed in response to Citizens's interrogatory 189 that this income should be moved above the line for ratemaking purposes. I have also moved above the line for ratemaking purposes the management fee charged to Pirates Harbor. I reviewed SSU's allocation of common costs to determine if any of these costs were allocated, below the line, to the management function at Pirates Harbor. Since no costs were allocated to this function, the associated income should be moved above line. The total amount of these adjustments is $10,997.

Schedule 35 also depicts an adjustment for revenue not billed. In response to Citizens's interrogatory 214, SSU identified several customers that receive water or wastewater service either free of charge or at a discount. In my opinion, if SSU chooses to provide water and wastewater service either free of charge or at a discount, these foregone revenue should be borne by stockholders, not ratepayers. Accordingly, I recommend increasing test year wastewater revenue by $50,595. The Company has not demonstrated that its other customers receive any benefit from these free or discounted services. In some instances SSU indicated that in exchange for free or discounted services it received the use of an easement or right of way. I did not include these instances in my adjustment. I would note that the agreements which support these discounts were provided at the time my testimony was being finalized. If the agreements contain additional information, I will supplement my testimony accordingly.

The last adjustment shown on this schedule relates to $225,100 associated with a cooperative funding agreement between SSU and the Big Cypress Basin for partial funding of the Marco Island ASR Project. In its response to Citizens's interrogatory 202, SSU indicated that this contribution was not included in SSU's proposed test year rate base. Accordingly, since the cost of the ASR Project is included in the 1996 rate base, it is only appropriate to include the associated cost share funds as CIAC. This adjustment would reduce SSU's rate base by $225,100

As shown on Schedule 35 the total miscellaneous adjustments that I recommend amount to: a reduction in expenses of $163,245, an increase in income of $8,474, an increase in revenue of $57,595, and a reduction to rate base of $225,100.

Q. What is the next adjustment that you propose?

A. The next adjustment relates to the recommendation of Dr. Dismukes to not approve SSU's repression adjustment. For consistency, I have reversed SSU's adjustment to reduce test year expenses for the related reduction in chemical, purchased power and purchased water expenses. As shown on Schedule 36, this increases test year expense by $287,585.

VIII. Rate Base Adjustments

Q. Please turn to the eighth section of your testimony. What rate base adjustments are you proposing?

A. I am proposing two sets of rate base adjustments. One group relates to the Lehigh system and the other relates to the Buenaventura system. With respect to Lehigh, I am recommending two adjustments. These adjustments are shown on Schedules 37 and 38. Schedule 37 presents my recommendation with respect to land included in SSU's rate base that should be removed. Schedule 38 depicts adjustments for non-used and useful transmission, distribution, and collection lines. Schedule 39 reduces and increases portions of Buenaventura's rate base consistent with the Commission decision permitting the transfer of this system to SSU. Schedule 40 reduces SSU's rate based for wetlands at Buenaventura that are nonused and useful.

Q. Would you please describe your adjustment to Lehigh land?

A. My recommendation includes two adjustments to the land at Lehigh included in rate base. The first adjustment recognizes an error SSU made in developing the rate base for Lehigh. In response to Staff Audit Request 104, SSU indicated that the first three parcels of land purchased form its affiliate Lehigh Corporation and shown on Schedule 32, should not have been included in rate base. This land should be removed from rate base and included in land held for future use. This adjustment reduces test year water rate base by $122,035 and wastewater rate base by $260,562.

The next adjustment that I recommend relates to the fourth parcel of land shown on this schedule in the amount of $19,268. I recommend that the Commission reduce the value of this land by 60% consistent with its decision in Lehigh's last rate case, Docket No. 911188-WS. In that case SSU argued that the difference between the purchase price of the consortium of Lehigh companies and the book value of those companies should be attributed 100% to the unregulated operations, including the company which owned a substantial amount of land. The discount from book value represented by the purchase price was 60%. Topeka Group, Inc. purchased the assets of the Lehigh group for $40.0 million while the book value of the group was $99.0 million.

The Commission essentially agreed with SSU that no discount from book value should be attributed to the utility operations and that all of it should be attributed to the non-utility operations. Accordingly, the land that SSU purchased from Lehigh

Corporation should be reduced by 60%, consistent with SSU's claims that it was the Lehigh group's non-utility investments that were valued at 60% below book value. It was not possible to determine the value of this land included on the books of Lehigh Corporation because SSU refused to provide the information requested in discovery. Nevertheless, for purposes of the adjustment that I am making, I have assumed that they were purchased at book value as opposed to market value. Accordingly, for consistency with the Commission's decision and SSU's claim in the last Lehigh rate case, the cost of this land should be reduced by 60%. As shown on Schedule 37, rate base for Lehigh's wastewater operations should be reduced by an additional $11,561. I also recommend that the Commission require SSU to write down the value of the land included in land held for future use. This will prevent SSU from moving the purchase price of this land into rate base in the future. The Commission should order that the remainder of this land be written-down by $229,558.

Q. What is the next adjustment that you recommend with respect to Lehigh?

A. Schedule 38 of my exhibit represents adjustments the Commission should make to remove non-used and useful assets from Lehigh's plant in service, and the associated adjustments for depreciation expense and accumulated depreciation. These adjustments relate the developers agreement and relationship between Lehigh Corporation and SSU. In July 1992, Lehigh Utilities, Inc.[7] and Lehigh Corporation entered into a developers agreement which set forth the terms under which Lehigh

[7] At this time Lehigh Utilities, Inc. was a separate subsidiary and had not yet been merged with SSU.

Corporation and Lehigh Utilities, Inc. would construct water and wastewater facilities that would subsequently be used to provide water and wastewater services to customers at Lehigh. The agreement provided that Lehigh Corporation could construct certain utility assets, but that Lehigh/SSU would only reimburse Lehigh Corporation for funds expended as customers connected to the system. In August 1994, SSU and Lehigh Corporation entered into a modified developers agreement. The terms of that agreement indicate that pursuant to modified escrow agreements[8] with the states of Michigan and New York, Lehigh Corporation can withdraw funds from the escrow account to construct utility assets at Lehigh.

According to the Company's response to Citizens's interrogatory 241, as assets are constructed by Lehigh Corporation, they will be subject to the Modified Developers Agreement which requires SSU to record the assets with an offsetting refundable advance to Lehigh Corporation. As future customers connect, SSU will repay Lehigh Corporation for the cash received in the form of connection charges.

From reading the Company's response to Citizens's interrogatories and the depositions of SSU's witnesses the arrangement should work such that any non-used and useful assets that are constructed by Lehigh Corporation would be offset by refundable advances until such time as customers actually connect. While in theory the agreement

[8] The escrow agreements between Lehigh Corporation and the States of New York and Michigan were originally established to ensure the availability of funds for utility connections at the time lot owners in New York and Michigan built on their lots.

sounds reasonable, SSU application of it in the instant case is not. The Company has included substantial amounts of non-used and useful assets constructed by Lehigh Corporation in rate base without the offsetting refundable advances[9].

Q. Would you please explain how you made this determination?

A. Yes. In 1995 and 1996 the Company proposes to include in rate base $1,602,000 and $220,000 of water transmission and distribution mains associated with Lehigh Corporation and the Escrow Agreement. Likewise is proposes to include $905,000 and $451,000 of wastewater assets respectively in its 1995 and 1996 rate base. According to the Company's response to Citizens's document request 196, of these amounts only a small portion of these assets are related to customers that have connected to the system. These amounts are represented on Schedule 38 as contractor payments. As shown, in 1995 the non-used and useful amount of these water assets amount to $1,476,540 and in 1996 they amount to $42,000, for a total of $1,518,540. Similarly, for wastewater, the amount of non-used and useful assets amount to $661,460 in 1995 and $93,750 in 1996, for a total of $755,210.

Q. How do you know that the Company did not effectively remove these assets from rate base when it applied its non-used and useful percentages to this account?

A. A review of the Company's F Schedules show that from 1994 to 1996, the non-used and useful percentage of transmission, distribution, and collection lines decreased, they did not increase. While this might be expected, since the Company projects

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[9] There is still discovery outstanding on this subject that may require that I supplement my testimony in the future.

customer growth between 1994 and 1996, the Company failed to add to the denominator of the used and useful calculation the additional lots represented by the addition of these transmission, distribution, and collection lines. From 1994 to 1996, the number of available lots remained unchanged for Lehigh's water system at 7,789. Similarly, from 1994 to 1996 the number of wastewater lots remained unchanged at 5,270. Clearly, since the Company is adding substantial amounts of transmission, distribution, and collection plant to plant in service, the number of available lots should have increased from 1994 to 1996. If the Company had correctly increased the number of lots, then it is possible that the application of the non-used and useful percentages would have correctly removed these plant additions. This, however, was not done.

Q. Earlier you mentioned that this non-used and useful plant would be offset with an equal amount of escrowed funds. Has the Company included these funds in rate base to off set the non-used and useful plant?

A. No, it has not correctly performed this calculation. The Company's MFRs, pages 715 and 703 for water, and pages 481 and 469 for wastewater, show that the Company assumed 100% of its advances for construction were non-used and useful. Thus, when calculating its non-used and useful plant for Lehigh, the Company subtracted the advances for construction. As a result, the amount of non-used and useful plant for Lehigh increases rate base as opposed to decreasing rate base. This results because the amount of advances for construction is greater than the non-used and useful plant. This confirms that the Company did not correctly determine the amount

of nonused and useful transmission, distribution, and collection plant associated with Lehigh.

Q. Would you please explain how you developed the adjustment that should be made to rate base?

A. Yes. These calculations are set forth on Schedule 38. First, I examined the total amount of transmission, distribution, and collection plant on the Company's books for 1996. From this amount I subtracted the amount of Lehigh Corporation constructed assets that are not used and useful. Next, I applied the Company's non-used and useful percentage to the balance of transmission, distribution, and collection plant to arrive at the amount of non-used and useful plant that is consistent with the Company's lot count percentage. For water this produced non-used and useful plant of $1,500,977. To this amount I added the non-used and useful assets constructed by Lehigh Corporation which for water amounted to $1,518,540, for a total non-used and useful amount of $3,019,517. From this amount I subtract the amount of non-used and useful transmission and distribution lines as determined by the Company, $1,847,422. I subtracted this amount from the total non-used and useful plant to arrive at the amount of the adjustment that should be made to the Company's plant in service. This amounts to $1,172,095 for water plant. The same calculations produce an adjustment to wastewater plant of $667,015. Accumulated depreciation should be reduced by $279,673 for water and $196,177 for wastewater. CIAC should be reduced by $36,757 for water and $34,021 for wastewater. Accumulated amortization of CIAC should be reduced by $2,268 for water and $2,503 for wastewater.

Likewise, depreciation expense should be reduced by $26,454 for water and $14,252 for wastewater.

Q. Would you please explain the adjustments that you propose with respect to Buenaventura Lakes?

A. Yes, the first group of adjustments are depicted on Schedule 39. These are the same adjustments ordered by the Commission when it approved SSU's acquisition of Buenaventura Lakes by SSU. As shown on Schedule 39, water rate base should be reduced by $298,190 and wastewater rate base should be reduced by $930,770. Depreciation expense should also be reduced by $2,261 and $22,173, respectively for water and wastewater.

The second group of adjustments relate to wetlands at the Buenaventura system. These are presented on Schedule 40. SSU's due diligence study described the wetlands as follows:

> On December 31, 1983, 207.72 acres of wetland[s] was transferred to OOU by Real Estate Corporation at a figure of $9,230/acre. The sites were to be used as a segment of OOU's effluent disposal system. In OOU's 1985 rate case, the cost of the land was reduced to $4,547 per acre [due] to the nature of the related property transaction. OOU later wrote the land cost down (in accordance with FPSC order) to $717,854.

> Added to the land cost was $816,614 of construction costs related to berms and piping, bring the total wetlands cost on OOU's books to $1,585,257. Only 39 acres of the wetland[s] have functioned effectively as a disposal system. The FPSC, in OOU's 1988 rate case No. 871134-WS indicated that of the wetlands only 15.2% [were] used and useful, allowing $240,959 in rate base. Due diligence disclosed the upper wetlands have not been used since January 1989. It is recommended that the offering price for OOU be reduced by $1,066,933 the net book value of the upper wetlands, and that REC should take title to the 131 +/- wetland[s]. [Response to Citizens Document Request 168.]

Some notes obtained by OPC while reviewing SSU's acquisition files also reveal the non-used and useful nature of most of these wetlands. These notes state:

> Reports indicate that the upper wetlands (130 acres) have not been used since 1989. This is bound to be an issue in the next rate case. (How long can you argue

that they are drying out?)

The Company's due diligence study indicated that an adjustment of $591,110 should be made to the land account and that account 36220-3, Oxidation Lagoon should be reduced by $628,270. This study also showed that accumulated depreciation should be reduced by $153,141 as of December 31, 1994.

In response to Citizens's interrogatory 278, the Company gave the following response to Citizens' inquiry about the wetlands.

> The investment in the wetlands at Buenaventura Lakes is in wastewater utility plant in service. This investment in wetlands has not increased since the FPSC audit performed at the time of transfer.... The wetlands are necessary as a backup to the groundwater infiltration system placed in service. The investment in wetlands is approximately $1.5 million. [Response to Citizens Interrogatory 278.]

Unlike the determination made by SSU in its due diligence study and the Commission in OOU's last rate case, SSU is now suggesting that the wetlands are 100% used and useful. I believe that the facts show that most of the wetlands are not used and useful and have not been used since 1989. Accordingly, I have made an adjustment, shown on Schedule 40, to remove this investment from SSU's rate base. As shown, plant in service should be reduced by $1,219,380, accumulated depreciation should be

reduced by $200,261, and depreciation expense should be reduced by $15,707.

IX. Summary and Overall Recommendation

Q. Please turn to the last section of your testimony. Do you have a schedule which summarizes your recommendations and the adjustments that you propose?

A. Yes, I do. A summary of all of the adjustments that I propose is presented on Schedule 41. The first column of this schedule describes each adjustment, the second column shows the amount of each adjustment, the third column shows the net income impact of the adjustments, and the fourth column shows the revenue requirement impact of the adjustments I recommend. In total, these adjustments reduce SSU's requested revenue requirements by $9,933,350.

Q. Does this complete your testimony prefiled on February 12, 1996?

A. Yes, it does.

APPENDIX

OF

KIMBERLY H. DISMUKES

APPENDIX I

QUALIFICATIONS

Q. What is your educational background?

A. I graduated from Florida State University with a Bachelor of Science degree in Finance in March, 1979. I received an M.B.A. degree with a specialization in Finance from Florida State University in April, 1984.

Q. Would you please describe your employment history in the field of Public Utility Regulation?

A. In March of 1979 I joined Ben Johnson Associates, Inc., a consulting firm specializing in the field of public utility regulation. While at Ben Johnson Associates, I held the following positions: Research Analyst from March 1979 until May 1980; Senior Research Analyst from June 1980 until May 1981; Research Consultant from June 1981 until May 1983; Senior Research Consultant from June 1983 until May 1985; and Vice President from June 1985 until April 1992. In May 1992, I joined the Florida Public Counsel's Office, as a Legislative Analyst III. In July 1994 I was promoted to a Senior Legislative Analyst. In July 1995 I started my own consulting practice in the field of public utility regulation.

Q. Would you please describe the types of work that you have performed in the field of Public Utility Regulation?

A. Yes. My duties have ranged from analyzing specific issues in a rate proceeding to

managing the work effort of a large staff in rate proceedings. I have prepared testimony, interrogatories and production of documents, assisted with the preparation of cross-examination, and assisted counsel with the preparation of briefs. Since 1979, I have been actively involved in more than 160 regulatory proceedings throughout the United States.

I have analyzed cost of capital and rate of return issues, revenue requirement issues, public policy issues, market restructuring issues, and rate design issues, involving telephone, electric, gas, water and wastewater, and railroad companies.

In the area of cost of capital, I have analyzed the following parent companies: American Electric Power Company, American Telephone and Telegraph Company, American Water Works, Inc., Ameritech, Inc., CMS Energy, Inc., Columbia Gas System, Inc., Continental Telecom, Inc., GTE Corporation, Northeast Utilities, Pacific Telecom, Inc., Southwestern Bell Corporation, United Telecom, Inc., and U.S. West. I have also analyzed individual companies like Connecticut Natural Gas Corporation, Duke Power Company, Idaho Power Company, Kentucky Utilities Company, Southern New England Telephone Company, and Washington Water Power Company.

Q. Have you previously assisted in the preparation of testimony concerning

revenue requirements?

A. Yes. I have assisted on numerous occasions in the preparation of testimony on a wide range of subjects related to the determination of utilities' revenue requirements and related issues.

I have assisted in the preparation of testimony and exhibits concerning the following issues: abandoned project costs, accounting adjustments, affiliate transactions, allowance for funds used during construction, attrition, cash flow analysis, construction monitoring, construction work in progress, contingent capacity sales, cost allocations, decoupling revenues from profits, cross-subsidization, demand-side management, depreciation methods, divestiture, excess capacity, feasibility studies, financial integrity, financial planning, incentive regulation, jurisdictional allocations, non-utility investments, fuel projections, mergers and acquisitions, pro forma adjustments, projected test years, prudence, tax effects of interest, working capital, off-system sales, reserve margin, royalty fees, separations, settlements, and resource planning.

Companies that I have analyzed include: Alascom, Inc. (Alaska), Arizona Public Service Company, Arvig Telephone Company, AT&T Communications of the Southwest (Texas), Blue Earth Valley Telephone Company (Minnesota), Bridgewater Telephone Company (Minnesota), Carolina Power and Light Company, Central

Maine Power Company, Central Power and Light Company (Texas), Central Telephone Company (Missouri and Nevada), Consumers Power Company (Michigan), C&P Telephone Company of Virginia, Continental Telephone Company (Nevada), C&P Telephone of West Virginia, Connecticut Light and Power Company, Danube Telephone Company (Minnesota), Duke Power Company, East Otter Tail Telephone Company (Minnesota), Easton Telephone Company (Minnesota), Eckles Telephone Company (Minnesota), El Paso Electric Company (Texas), Florida Cities Water Company, General Telephone Company of Florida, Georgia Power Company, Jasmine Lakes Utilities, Inc. (Florida), Kentucky Power Company, Kentucky Utilities Company, KMP Telephone Company (Minnesota), Idaho Power Company, Oklahoma Gas and Electric Company (Arkansas), Kansas Gas & Electric Company (Missouri), Kansas Power and Light Company (Missouri), Lehigh Utilities, Inc. (Florida), Mad Hatter Utilities, Inc. (Florida), Mankato Citizens Telephone Company (Minnesota), Michigan Bell Telephone Company, Mid-Communications Telephone Company (Minnesota), Mid-State Telephone Company (Minnesota), Mountain States Telephone and Telegraph Company (Arizona and Utah), North Fort Myers Utilities, Inc., Northwestern Bell Telephone Company (Minnesota), Potomac Electric Power Company, Public Service Company of Colorado, Puget Sound Power & Light Company (Washington), Sanlando Utilities Corporation (Florida), Sierra Pacific Power Company (Nevada), South Central Bell Telephone Company (Kentucky), Southern Union Gas Company (Texas), Southern Bell Telephone & Telegraph

Company (Florida, Georgia, and North Carolina), Southern States Utilities, Inc. (Florida), Southern Union Gas Company (Texas), Southwestern Bell Telephone Company (Oklahoma, Missouri, and Texas), St. George Island Utility, Ltd., Tampa Electric Company, Texas-New Mexico Power Company, Tucson Electric Power Company, Twin Valley-Ulen Telephone Company (Minnesota), United Telephone Company of Florida, Virginia Electric and Power Company, Washington Water Power Company, and Wisconsin Electric Power Company.

Q. What experience do you have in rate design issues?

A. My work in this area has primarily focused on issues related to costing. For example, I have assisted in the preparation of class cost-of-service studies concerning Arkansas Energy Resources, Cascade Natural Gas Corporation, El Paso Electric Company, Potomac Electric Power Company, Texas-New Mexico Power Company, and Southern Union Gas Company. I have also examined the issue of avoided costs, both as it applies to electric utilities and as it applies to telephone utilities. I have also evaluated the issue of service availability fees, capacity charges, and conservation rates as they apply to water and wastewater utilities.

Q. Have you testified before regulatory agencies?

A. Yes. I have testified before the Arizona Corporation Commission, the Connecticut Department of Public Utility Control, the Florida Public Service Commission, the Georgia Public Service Commission, the Missouri Public Service Commission, the Public Utility Commission of Texas, and the Washington Utilities and Transportation

Commission. My testimony dealt with revenue requirement, financial, and class cost-of-service issues concerning AT&T Communications of Southwest (Texas), Cascade Natural Gas Corporation (Washington), Central Power and Light Company (Texas), Connecticut Light and Power Company, El Paso Electric Company (Texas), Florida Cities Water Company, Kansas Gas & Electric Company (Missouri), Kansas Power and Light Company (Missouri), Houston Lighting & Power Company (Texas), Lake Arrowhead Village, Inc. (Florida), Lehigh Utilities, Inc. (Florida) Jasmine Lakes Utilities Corporation (Florida), Mad Hatter Utilities, Inc. (Florida), Marco Island Utilities, Inc. (Florida), Mountain States Telephone and Telegraph Company (Arizona), North Fort Myers Utilities, Inc. (Florida), Southern Bell Telephone and Telegraph Company (Florida and Georgia), Southern States Utilities, Inc. (Florida), St. George Island Utilities Company, Ltd. (Florida), Puget Sound Power & Light Company (Washington), and Texas Utilities Electric Company.

I have also testified before the Public Utility Regulation Board of El Paso, concerning the development of class cost-of-service studies and the recovery and allocation of the corporate overhead costs of Southern Union Gas Company and before the National Association of Securities Dealers concerning the market value of utility bonds purchased in the wholesale market.

Q. Have you been accepted as an expert in these jurisdictions?

A. Yes.

Q. Have you published any articles in the field of public utility regulation?

A. Yes, I have published two articles: "Affiliate Transactions: What the Rules Don't Say", Public Utilities Fortnightly, August 1, 1994 and "Electric M&A: A Regulator's Guide" Public Utilities Fortnightly, January 1, 1996.

Q. Do you belong to any professional organizations?

A. Yes. I am a member of the Eastern Finance Association, the Financial Management Association, the Southern Finance Association, the Southwestern Finance Association, the Florida and American Water Association, and the National Society of Rate of Return Analysts.

EXHIBIT

Table of Contents

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 1

Southern States Utilities, Inc.
Rate Design Score

	Weighting Factor Percent	Score	Total
Rate Structure Form	20.00%	2.5	0.5
Allocation of Costs to Fixed/Variable Charge	40.00%	2.0	0.8
Sources of Utility Revenue	30.00%	5.0	1.5
Communication on Bill	10.00%	4.0	0.4
Total	100.00%		3.2

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 2

Southern States Utilities, Inc.
Cover Page for Brown & Caldwell Weighting System

CHAPTER 7

WEIGHTING SYSTEM FOR CRITERIA

The previous chapter (Chapter 6) summarizes the guidelines developed in Chapters 2 through 5. As specified in Chapter 6, the utilities have to initially satisfy those guidelines which are the most effective in promoting water conservation (unless they qualify for the stated exemptions) and within 2 years satisfy all the guidelines. That is, the guidelines are presented in a Go/No Go format. The short coming of this Go/No Go format is that a water utility may satisfy 3 of the 4 criteria (by a wide margin in the cases of Criterion 1 and 2) but still not have rates that are defined as a water conservation promoting because of not meeting one of the criterion.

For example, a utility may meet the two relatively qualitative criteria (Criterion 1 and 4) and recover 100 percent of the utilities total revenue requirements via rates (as compared to the 75 percent requirement set forth in Criterion 3), but only recover 70 percent of the net revenue requirements via the quantity charge (as compared to the 75 percent required by Criterion 2). Clearly this utility (which fails via the requirement that all four criteria be satisfied) actually collects more of its total annual revenue requirements via the quantity charge (70 percent [1.0 x 0.70]) than does the utility which passes all four criteria (56.2 percent [0.75 x 0.75]). In an attempt to avoid these types of anomalies, we have also developed a weighting system for determining whether or not a utility has adopted a water conservation promoting rate structure. This weighting system can be used by the District as an alternative to the Go/No Go system summarized in Chapter 6.

Weighting System

In order to develop a weighting system, it is first necessary to establish a rank (via weighting factor) for each of the four criteria. These weighting factors are presented in the table below.

Table 7-1 Weighting Factors

Criteria	Weighting Factor, percent
1. Rate Structure Form	20
2. Allocation of Costs to Fixed/Variable Charges	40
3. Sources of Utility Revenues	30
4. Communication on Bill	10
Total	100

Obviously the weighting factors shown above are subjective. This is the way Brown and Caldwell weights the four criteria. Others might weight these criteria differently.

Having established overall weighting factors for each of the four criteria it is necessary to develop a scoring system for each criteria. The scoring system is presented in the following sections.

Rate Structure Form (Criterion 1). For the reasons indicated in Chapter 2, seasonal quantity charges are the most equitable and efficient in recovering the cost of service and in promoting conservation for service areas that exhibit seasonal use. In our weighting system (see Table 7-2), the seasonal rate quantity charge received a higher score than either the nonseasonal uniform quantity charge or the inclining block quantity charge, the peak-season charge must exceed the off-peak season charge by 25 percent. Inclining block quantity charges, although difficult to design based on sound economic principles, can also be effective in promoting conservation. Depending on the ratio of the price of the tail block to the price of the first block, the block thresholds, and the size of the blocks, this type of structure maybe more conservation promoting than a nonseasonal uniform quantity charge. As we indicated in Chapter 2, the size of the first block should not exceed 125 percent of average monthly usage. Declining block and flat rate structures are never conservation promoting and thus have been assigned the lowest score. The weighting factors for Criterion 1 are presented below.

Table 7-2 Weighting Factors for Criterion 1

Quantity Charge Form	Score
Seasonal	
1. Ratio of peak season to off-peak season charge is greater than 1.5.	5
2. Ratio of peak season to off-peak season charge is less than or equal to 1.5, but greater than 1.25.	4
3. Ratio of peak season to off-peak season charge is less than or equal to 1.25.	2.5
Inclining Blocks	
1. Ratio of tail block charge to first block charge > 1.5 and the first block threshold is less than or equal to 125 percent of average monthly use for class.	3.5
2. Ratio of tail block charge to first block charge is less than or equal to 1.5 and/or first block threshold is greater than 125 percent of average monthly use for class.	2
Nonseasonal Uniform Quantity Charge	2.5
Declining Blocks	1
Flat Rates	0

Allocation of Costs to Fixed and Variable Charges (Criterion 2). Obviously the more costs (net revenue requirements) that are allocated to and thus recovered from the quantity charge portion of the rate structure, the more conservation promoting. A subjective scoring system for this criterion is set forth below.

Table 7-3 Weighting Factors for Criterion 2

Percentage of Net Revenue Requirements Recovered via the Quantity Charge	Score
90 - 100	5
80 - 89	4
70 - 79	3
60 - 69	2
50 - 59	1

Sources of Utility Revenues (Criterion 3). As indicated in Chapter 4, the greater the amount of total revenues recovered via rates (as opposed to taxes, transfers from the general fund, or other subventions) the more effective the pricing signal. The proposed scoring system for this criterion is presented below.

Table 7-4 Weighting Factors for Criterion 3

The Percentage of Total Utility Revenue Collected via Rates	Score
90 - 100	5
80 - 89	4
70 - 79	3
60 - 69	2
50 - 59	1

Rate Structure and Water Use Communication (Criterion 4). As indicated in Chapter 5, the more information a customer is given about the rates and their water usage, the more likely they are to respond to a pricing signal. A scoring system for this criterion is presented below.

Table 7-5 Weighting Factors for Criterion 4

Communication on Bill	Score
Rates, water use in current billing period, and water use in similar period of prior year and/or average from prior year	5
Rates and water use in current billing period	4
Rates only	3
Water use in current billing period	3
Monthly or bimonthly billing	2
No information on rates or usage	1

Given the weighting of the criteria and the individual scoring of each criterion, the highest score possible is a 5. In order for utility water rates to be defined as conservation promoting using the weighting and scoring system it must have a score of at least 3.2.

Example

To illustrate the use of the weighting system, we have provided a sample calculation for a water utility with a nonseasonal uniform quantity charge, 70 to 79 percent of its net revenue requirements recovered from quantity charges, 80 to 89 percent of its total revenues collected via rates, and only the water rates (not usage) are communicated on the bill. The results calculation are presented in Table 7-6 below:

Table 7-6 Example Utility Scoring

Criteria		Weighting factor, percent	Score	Total[a]
1.	Rate structure form	20	2.5	0.5
2.	Allocation of costs to fixed/variable charges	40	3	1.2
3.	Sources of utility revenues	30	4	1.2
4.	Communication on bill	10	3	0.3
Total		100	--	3.2

[a]Weighting factor times score.

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Schedule 3

Southern States Utilities, Inc.
Water Conservation Program Adjustments

System	1996 Projected Consumption	Conservation Program Savings	1996 Adjusted Consumption	Conservation Percent	Rate	Conservation Revenue Effect
Dol Ray Manor	9,924,535	949,000	8,975,535	9.6%	$1.23	$1,167
Palisades Country Club	15,229,292	474,500	14,754,792	3.1%	$1.23	584
Quail Ridge	2,284,980	292,000	1,992,980	12.8%	$1.23	359
Silver Lake Estates	265,110,836	21,425,500	243,685,336	8.1%	$1.23	26,353
Sugarmill Woods	401,708,711	35,040,000	366,668,711	8.7%	$1.23	43,099
Valrico Hills	38,774,520	5,584,500	33,190,020	14.4%	$0.60	3,351
Marco Island	2,239,368,221	79,022,500	2,160,345,721	3.5%	$2.96	233,907
Total	2,972,401,095	142,788,000	2,829,613,095	4.8%		$308,820
Cost of Conservation Program:		$524,425				
Adjustment to Revenue						
Six Targeted Systems	733,032,874	3,417,130	729,615,744		$1.23	$4,203
Marco Island	2,239,368,221	79,022,500	2,160,345,721		$2.96	$233,907
Total						$238,110
Increase Test Year Revenue						$70,710

Adjustment for Variable Expenses Recommended	Cost/1,000	Recommended Conservation	Expense Reduction
Marco Island Variable Expenses	$0.56	3,417,130	$1,906
Six Communities Varibale Expenses	$0.40	79,022,500	$31,465
Adjust Variable Expenses			($33,372)
Company			
Marco Island Variable Expenses	$0.56	79,022,500	$44,083
Six Communities Varibale Expenses	$0.40	63,765,500	$25,390
Adjust Variable Expenses			($69,473)

Source: Southern States Utilities, Inc., MFR E Schedules; Exhibit CHK-3, p. 74.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 4

Southern States Utilities, Inc.
Comparison of Conservation Costs

Account Description	Account Number	CEC	1995 Budget	Budgeted 1996	Proforma 1996 Adjustment	Total 1996	1993 Actual	1994 Actual	Percent Increase	1995 Budget	Percent Increase	1996 Budget	Percent Increase
M&S-Office Printing	6208	135	$ 34,150	$ 34,816	$ 19,991	$ 54,807	$ 30,140	$ 44,608	48.0%	$ 34,150	-23.44%	$ 54,807	60.5%
M&S-Office Supplies	6208	140	$ 2,350	$ 2,396	$ 4,880	$ 7,276	$ 757	$ 7,972	953.1%	$ 2,350	-70.52%	$ 7,276	209.6%
Contract Services-Other	6358	150	$ 16,200	$ 16,516	$ 83,550	$ 100,066	$ 19,747	$ 26,519	34.3%	$ 16,200	-38.91%	$ 100,066	517.7%
Rental Equipment	6428	155	$ 1,000	$ 1,020	$ 640	$ 1,660	$ 25	$ 145	480.0%	$ 1,000	589.66%	$ 1,660	66.0%
Transportation	6508	160	$ 600	$ 612	$ -	$ 612	$ 216	$ 799	269.9%	$ 600	-24.91%	$ 612	2.0%
Advertising	6608	166	$ 14,500	$ 14,783	$ 24,600	$ 39,383	$ 7,092	$ 23,285	228.3%	$ 14,500	-37.73%	$ 39,383	171.6%
Misc Exp-Telephone	6758	175	$ 1,500	$ 1,529	$ 1,512	$ 3,041	$ 456	$ 1,486	225.9%	$ 1,500	0.94%	$ 3,041	102.7%
Misc Exp-Postage	6758	185	$ 3,500	$ 3,568	$ 7,349	$ 10,917	$ 1,221	$ 3,630	197.3%	$ 3,500	-3.58%	$ 10,917	211.9%
Misc Exp-Dues & Subscription	6758	190	$ 800	$ 816	$ -	$ 816	$ 100	$ 1,023	923.0%	$ 800	-21.80%	$ 816	2.0%
Misc Exp-Travel	6758	195	$ 400	$ 408	$ 2,736	$ 3,144	$ 988	$ 1,272	28.7%	$ 400	-68.55%	$ 3,144	686.0%
Misc Exp-Food	6758	200	$ 1,800	$ 1,835	$ 3,300	$ 5,135	$ 1,229	$ 1,484	20.7%	$ 1,800	21.29%	$ 5,135	185.3%
Misc Exp-Employee Training	6758	205	$ 200	$ 204	$ -	$ 204	$ 299	$ 189	-36.8%	$ 200	5.82%	$ 204	2.0%
Misc Exp-Office Cleaning	6758	210	$ 150	$ 153	$ -	$ 153	$ -	$ -	-	$ 150	-	$ 153	2.0%
Misc Exp-Employee Recognition	6758	235	$ 6,600	$ 6,729	$ -	$ 6,729	$ -	$ -	-	$ 6,600	-	$ 6,729	2.0%
Misc Exp-Temporary Help	6758	245	$ 3,000	$ 3,059	$ -	$ 3,059	$ -	$ 1,314	-	$ 3,000	128.31%	$ 3,059	2.0%
Misc Exp-Other	6758	250	$ 112,500	$ 114,694	$ 77,163	$ 191,857	$ 8,510	$ 36,017	323.2%	$ 112,500	212.35%	$ 191,857	70.5%
Labor			$ -	$ -	$ 76,461	$ 76,461	$ -	$ -	-	$ -	-	$ 76,461	-
Fringe Benefits*			$ -	$ -	$ 19,108	$ 19,108	$ -	$ -	-	$ -	-	$ 19,108	-
Total			$ 199,250	$ 203,138	$ 321,290	$ 524,428	$ 70,780	$ 149,743	111.6%	$ 199,250	33.06%	$ 524,428	163.2%

*1996 fringe benefit rate @ 24.99%

Source: Southern States Utilities, Inc., Response to OPC Interrogatory 224.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 5

Southern States Utilities, Inc.
Detail Conservation Expenses

Account Description	Account Number	CEC	1995 Budget	Escalation Factor	1996 Budget	Proforma 1996 Adjustment	1996 Total
M&S-Office Printing	6208	135					
State-Wide Communications			$34,150	1.95%	$34,816	$0	$34,816
Marco Program			$0	1.95%	$0	$8,000	$8,000
Six Pilot Programs			$0	1.95%	$0	$11,991	$11,991
Total			$34,150		$34,816	$19,991	$54,807
M&S-Office Supplies	6208	140					
State-wide Communications			$2,350	1.95%	$2,396	$0	$2,396
Marco Program			$0	1.95%	$0	$2,000	$2,000
Six Pilot Programs			$0	1.95%	$0	$2,880	$2,880
Total			$2,350		$2,396	$4,880	$7,276
Contract Services-Other	6358	150					
Statewide Communications							
clippings			$100	1.95%	$102	$0	$102
PR News			$100	1.95%	$102	$0	$102
FL Bus. Net			$1,000	1.95%	$1,020	$0	$1,020
surveys			$5,000	1.95%	$5,098	$0	$5,098
PR counsel & research			$10,000	1.95%	$10,195	$0	$10,195
Marco Program							
public relations			$0	1.95%	$0	$12,000	$12,000
water audits			$0	1.95%	$0	$20,000	$20,000
surveys			$0	1.95%	$0	$10,000	$10,000
Six Pilot Programs							
literature search			$0	1.95%	$0	$12,000	$12,000
outside services			$0	1.95%	$0	$19,500	$19,500
surveys of control group			$0	1.95%	$0	$10,050	$10,050
Total			$16,200		$16,517	$83,550	$100,067
Rental Equipment	6428	155					
State-wide Communications			$1,000	1.95%	$1,020	$0	$1,020
Marco Program			$0	1.95%	$0	$0	$0
Six Pilot Programs			$0	1.95%	$0	$640	$640
Total			$1,000		$1,020	$640	$1,660
Transportation	6508	160					
Statewide Communications			$600	1.95%	$612	$0	$612
Advertising	6608	166					
State-wide Communications			$14,500	1.95%	$14,783	$0	$14,783
Marco Program			$0	1.95%	$0	$17,000	$17,000
Six Pilot Programs			$0	1.95%	$0	$7,600	$7,600
Total			$14,500		$14,783	$24,600	$39,383
Misc Exp-Telephone	6758	175					
State-wide Communications			$1,500	1.95%	$1,529	$0	$1,529
Marco Program			$0	1.95%	$0	$252	$252
Six Pilot Programs			$0	1.95%	$0	$1,260	$1,260
Total			$1,500		$1,529	$1,512	$3,041
Misc Exp-Postage	6758	185					
State-wide Communications			$3,500	1.95%	$3,568	$0	$3,568

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Schedule 5

Southern States Utilities, Inc.
Detail Conservation Expenses

Account Description	Account Number	CEC	1995 Budget	Escalation Factor	1996 Budget	Proforma 1996 Adjustment	1996 Total
Marco Program			$0	1.95%	$0	$3,500	$3,500
Six Pilot Programs			$0	1.95%	$0	$3,849	$3,849
Total			$3,500		$3,568	$7,349	$10,917
Misc Exp-Dues & Subscription	6758	190					
Statewide Communications			$800	1.95%	$816	$0	$816
Misc Exp-Travel	6758	195					
State-wide Communications			$400	1.95%	$408	$0	$408
Marco Program			$0	1.95%	$0	$1,728	$1,728
Six Pilot Programs			$0	1.95%	$0	$1,008	$1,008
Total			$400		$408	$2,736	$3,144
Misc Exp-Food	6758	200					
State-wide Communications			$1,800	1.95%	$1,835	$0	$1,835
Marco Program			$0	1.95%	$0	$980	$980
Six Pilot Programs			$0	1.95%	$0	$2,320	$2,320
Total			$1,800		$1,835	$3,300	$5,135
Misc Exp-Employee Training	6758	205					
Statewide Communications			$200	1.95%	$204	$0	$204
Misc Exp-Office Cleaning	6758	210					
Statewide Communications			$150	1.95%	$153	$0	$153
Misc Exp-Employee Recognition	6758	235					
Statewide Communications			$6,600	1.95%	$6,729	$0	$6,729
Misc Exp-Temporary Help	6758	245					
Statewide Communications			$3,000	1.95%	$3,059	$0	$3,059
Misc Exp-Other	6758	250					
Statewide Communications							
regulatory meetings			$1,000	1.95%	$1,020	$0	$1,020
environmental organizations			$8,000	1.95%	$8,156	$0	$8,156
conserve education/Cons. 96 sponsor			$18,000	1.95%	$18,351	$20,000	$38,351
Marco Program							
public education			$42,000	1.95%	$42,819	($42,819)	$0
contract services			$35,000	1.95%	$35,683	($35,683)	$0
toilet rebates			$5,000	1.95%	$5,098	$4,903	$10,001
gift certificates			$2,500	1.95%	$2,549	($49)	$2,500
special events			$1,000	1.95%	$1,020	$981	$2,001
Six Pilot Programs							
retrofit kits			$0	1.95%	$0	$60,180	$60,180
toilet rebates			$0	1.95%	$0	$40,300	$40,300
moisture rebates			$0	1.95%	$0	$18,350	$18,350
special events/sponsorships			$0	1.95%	$0	$11,000	$11,000
Total			$112,500		$114,696	$77,163	$191,859
Labor						$76,461	$76,461
Fringe Benefits						$19,108	$19,108
Total			$199,250		$203,141	$321,290	$524,431

Source: Southern States Utilities, Inc., Response to OPC Document Request 181.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 6

Southern States Utilities, Inc.
1996 Conservation Expenses

	Estimated 1996 Conservation Costs							
Description	**Palisades Country Club**	**Silver Lakes/Western Shores**	**Dol Ray Manor**	**Quail Ridge**	**Sugar Mill Woods**	**Valrico Hills**	**Marco Island**	**Total**
Public Education								
a) Public Workshops (2)	$ 500	$ 3,000	$ 500	$ 500	$ 3,000	$ 500	$ 2,500	$ 10,500
b) Mailers (3)	$ 90	$ 4,040	$ 180	$ 50	$ 6,620	$ 1,060	$ 11,500	$ 23,540
c) Special Mailings	$ 60	$ -	$ 120	$ 30	$ -	$ 710	$ -	$ 920
d) Advertising and Promotion	$ -	$ 3,600	$ -	$ -	$ 4,000	$ -	$ 17,000	$ 24,600
e) Special Events/Sponsorships	$ 1,000	$ 3,500	$ 1,000	$ 500	$ 4,000	$ 1,000	$ 2,000	$ 13,000
f) Outside Services	$ 1,000	$ 8,000	$ 1,000	$ 500	$ 8,000	$ 1,000	$ 12,000	$ 31,500
Subtotal	$ 2,650	$ 22,140	$ 2,800	$ 1,580	$ 25,620	$ 4,270	$ 45,000	$ 104,060
Free Retrofit Kit Offer (50% kits @ $30 each)	$ 450	$ 20,190	$ 900	$ 240	$ 33,090	$ 5,310	$ -	$ 60,180
Toilet Rebate Program (10% rebates @ $100 each)	$ 300	$ 13,500	$ 600	$ 200	$ 22,100	$ 3,600	$ 10,000	$ 50,300
Irrigation Shutoff Device Rebates (10% rebates @ $50 each)	$ 150	$ 6,750	$ 300	$ 100	$ 11,050	$ -	$ 2,500	$ 20,850
Surveys of Control Group (5% of Community @ $50/Person)	$ 100	$ 3,350	$ 150	$ 50	$ 5,500	$ 900	$ 10,000	$ 20,050
Residential Water Audits	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,000	$ 20,000
Total Community	$ 3,650	$ 65,930	$ 4,750	$ 2,170	$ 97,360	$ 14,080	$ 87,500	$ 275,440

Source: Southern States Utilities, Inc., Exhibit CHK-3.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 7

Southern States Utilities, Inc.
Detail Conservation Expenses: By Project

Account Description	1995 State-Wide Communication	1996 State-Wide Communication	1995 Marco Program	1996 Marco Program	1995 Six Pilot Programs	1996 Six Pilot Programs	1995 Total	1996 Total	1995/1996 Cost Share Funds	1996 Disallowance	Allowed 1996 Conservation Expense
M&S-Office Printing	$34,150	$34,816	$0	$8,000	$0	$11,991	$34,150	$54,807		($11,991)	$42,816
M&S-Office Supplies	$2,350	$2,396	$0	$2,000	$0	$2,880	$2,350	$7,276		($2,880)	$4,396
Contract Services-Other							$0	$0			$0
Statewide Communications							$0	$0			$0
clippings	$100	$102					$100	$102			$102
PR News	$100	$102					$100	$102		($102)	$0
FL Bus. Net	$1,000	$1,020					$1,000	$1,020		($1,020)	$0
surveys	$5,000	$5,098					$5,000	$5,098			$5,098
PR counsel & research	$10,000	$10,195					$10,000	$10,195		($10,195)	$0
Marco Program											
public relations			$0	$12,000			$0	$12,000		($12,000)	$0
water audits			$0	$20,000			$0	$20,000		($20,000)	$0
surveys			$0	$10,000			$0	$10,000		($10,000)	$0
Six Pilot Programs											
literature search					$0	$12,000	$0	$12,000		($12,000)	$0
outside services					$0	$19,500	$0	$19,500		($19,500)	$0
surveys of control group					$0	$10,050	$0	$10,050		($10,050)	$0
Rental Equipment	$1,000	$1,020	$0	$0	$0	$640	$1,000	$1,660		($640)	$1,020
Transportation	$600	$612	$0	$0	$0	$0	$600	$612			$612
Advertising	$14,500	$14,783	$0	$17,000	$0	$7,600	$14,500	$39,383		($19,692)	$19,692
Misc Exp-Telephone	$1,500	$1,529	$0	$252	$0	$1,260	$1,500	$3,041		($1,260)	$1,781
Misc Exp-Postage	$3,500	$3,568	$0	$3,500	$0	$3,849	$3,500	$10,917		($3,849)	$7,068
Misc Exp-Dues & Subscription	$800	$816	$0	$0	$0	$0	$800	$816			$816
Misc Exp-Travel	$400	$408	$0	$1,728	$0	$1,008	$400	$3,144		($1,008)	$2,136
Misc Exp-Food	$1,800	$1,835	$0	$980	$0	$2,320	$1,800	$5,135		($2,320)	$2,815
Misc Exp-Employee Training	$200	$204	$0	$0	$0	$0	$200	$204			$204
Misc Exp-Office Cleaning	$150	$153	$0	$0	$0	$0	$150	$153			$153
Misc Exp-Employee Recognition	$6,600	$6,729	$0	$0	$0	$0	$6,600	$6,729			$6,729
Misc Exp-Temporary Help	$3,000	$3,059					$3,000	$3,059			$3,059
Misc Exp-Other											
Statewide Communications											
regulatory meetings	$1,000	$1,020					$1,000	$1,020			$1,020
environmental organizations	$8,000	$8,156					$8,000	$8,156			$8,156
conserve education/Cons. 96 s	$18,000	$38,351					$18,000	$38,351		($20,351)	$18,000
Marco Program											
public education			$42,000	$0			$42,000	$0			$0
contract services			$35,000	$0			$35,000	$0			$0
toilet rebates			$5,000	$10,001			$5,000	$10,001	($10,001)		$0

Southern States Utilities, Inc.
Detail Conservation Expenses: By Project

Account Description	1995 State-Wide Communication	1996 State-Wide Communication	1995 Marco Program	1996 Marco Program	1995 Six Pilot Programs	1996 Six Pilot Programs	1995 Total	1996 Total	1995/1996 Cost Share Funds	1996 Disallowance	Allowed 1996 Conservation Expense
gift certificates			$2,500	$2,500			$2,500	$2,500			$2,500
special events			$1,000	$2,001			$1,000	$2,001		($2,001)	$0
Six Pilot Programs											
retrofit kits					$0	$60,180	$0	$60,180		($60,180)	$0
toilet rebates					$0	$40,300	$0	$40,300	($25,000)	($15,300)	$0
moisture rebates					$0	$18,350	$0	$18,350		($18,350)	$0
special events/sponsorships					$0	$11,000	$0	$11,000		($11,000)	$0
Labor & Fringe Benefits		$30,300		$20,047		$45,221	$0	$95,568		($47,784)	$47,784
Total	$113,750	$166,272	$85,500	$110,009	$0	$248,149	$199,250	$524,430	($35,001)	($313,473)	$175,957
FPSC Allocation Factor									77.06%	77.06%	
FPSC Adjustment									($26,972)	($241,562)	

Source: Southern States Utilities, Inc., Response to OPC Document Request 181.

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Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 8

Southern States Utilities, Inc.
Gain On Sale Adjustment

	Gross	Net	Amortization	Year Sold
Venice Garden Utility	$19,088,063	$19,088,063	$3,817,613	1994
St. Augustine Shores	$6,758,377	$4,200,000	$840,000	1991
Seminole County .11 acres	($187)	($115)	($23)	1994
Spring Hill 5.139 acres	$54,387	$33,394	$6,679	1995
Spring Hill 6.759 acres	$73,071	$44,866	$8,973	1995
River Park System	$54,928	$33,726	$6,745	Anticipated 1995
Spring Hill 6.11 acres	$328,908	$201,950	$40,390	Anticipated 1995
Total	$26,357,547	$23,601,883	$4,720,377	
Total Excluding VGU/SAS	$511,107	$313,820	$62,764	
Allocation to Stockholders (3.0%)	$15,333	$9,415	$1,883	
Amount to Ratepayers (97%)	$495,774	$304,405	$60,881	
VGU				
Total	$19,088,063	$19,088,063	$3,817,613	
Allocation to Stockholders (8.65%)	$1,651,117	$1,651,117	$330,223	
Amount to Ratepayers (91.35%)	$17,436,946	$17,436,946	$3,487,389	
St. Augustine Shores				
Total	$6,758,377	$4,200,000	$840,000	
Allocation to Stockholders (2.81%)	$189,910	$118,020	$23,604	
Amount to Ratepayers (97.19%)	$6,568,467	$4,081,980	$816,396	
Total Gain on Sale				
Allocation to Stockholders	$1,856,361	$1,778,552	$355,710	
Amount to Ratepayers	$24,501,186	$21,823,331	$4,364,666	
FPSC Jurisdiction Allocation (1)			77.06%	
Gain on Sale Adjustment			$3,363,412	

(1) Allocation Percentage Removes Gas Plants.

Source: Southern States Utilities, Inc., MFR Allocation Schedules; Response to OPC Interrogatories 55, 109, 255, 204, and 217.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 9

Southern States Utilities, Inc.
Adjustments to Equity Component of Capital Structure

Company Cost of Equity

	Amount	Adjustment	Adjusted	Percent	Cost	Weighted Cost
Long-Term Debt	$118,535,363		$118,535,363	59.88%	9.06%	5.42%
Customer Deposits	$1,753,184		$1,753,184	0.89%	6.00%	0.05%
Deferred ITC	$1,335,813		$1,335,813	0.67%	9.63%	0.06%
Equity	$82,821,786	($4,800,000)	$78,021,786	39.41%	12.25%	4.83%
Adjustment for Gas	($1,481,000)	($203,924)	($1,684,924)	-0.85%	12.25%	-0.10%
	$202,965,146		$197,961,222	100.00%		10.27%

Requested Cost of Capital	10.32%
Change in Cost of Capital	0.05%
Rate Base	$158,023,064
NOI Impact	$83,975
Revenue Requirement	($143,153)

OPC Cost of Equity

	Amount	Adjustment	Adjusted	Percent	Cost	Weighted Cost
Long-Term Debt	$118,535,363		$118,535,363	59.88%	9.06%	5.42%
Customer Deposits	$1,753,184		$1,753,184	0.89%	6.00%	0.05%
Deferred ITC	$1,335,813		$1,335,813	0.67%	8.79%	0.06%
Equity	$82,821,786	($4,800,000)	$78,021,786	39.41%	10.10%	3.98%
Adjustment for Gas	($1,481,000)	($203,924)	($1,684,924)	-0.85%	10.10%	-0.09%
	$202,965,146		$197,961,222	100.00%		9.43%

Requested Cost of Capital	10.32%
Change in Cost of Capital	0.89%
Rate Base	$158,023,064
NOI Impact	$1,403,058
Revenue Requirement	($2,391,794)

Source: Southern States Utilities, Inc., MFR Schedule D-1.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 10

Southern States Utilities, Inc.
Rainfall Comparison: 1960-1994

Plants	Percentage of Residential Use	County	Average Annual Rainfall 1960-90	Average Annual Rainfall 1991	Average Annual Rainfall 1992	Average Annual Rainfall 1993	Average Annual Rainfall 1994
Amelia Island	1.50%	Nassau	46.29	60.09	63.22	50.26	53.41
Percent Deviation From Average				29.81%	36.57%	8.58%	15.38%
Geneva Lake, Keystone Club, Keystone Heights, Lakeview, Postmaster	1.31%	Alachua	47.13	M	54.28	43.65	47.64
Percent Deviation From Average					15.17%	-7.38%	1.08%
Apache Shores, Citrus Springs, Crystal River Highlands, Golden Terrace, Gospel Island Est., Oak Forest, Pine Ridge, Point O'Woods, Rosemont/Rolling Green, Sugarmill Woods	6.06%	Citrus	52.39	57.97	62.76	48.15	49.22
Percent Deviation From Average				10.65%	19.79%	-8.09%	-6.05%
Beacon Hills, Woodmere	5.71%	Duval	47.74	64.60	63.41	53.73	63.05
Percent Deviation From Average				35.32%	32.82%	12.55%	32.07%
Bay Lake Est., Fountains, Intercession City, Lake Ajay Est., Lake Conway Park, Pine Ridge Est., Tropical Park, Windson	1.02%	Osceola	44.59	52.22	54.06	37.90	73.01
Percent Deviation From Average				17.11%	21.24%	-15.00%	63.74%
Lehigh	3.23%	Hendry	48.68	66.14	49.34	M	M
Percent Deviation From Average				35.87%	1.36%		
Gibsonia Est., Lake Gibson Est., Orange Hill/Sugar Creek	1.01%	Polk	47.13	56.01	58.88	48.61	67.27
Percent Deviation From Average				18.84%	24.93%	3.14%	42.73%
Carlton Village, East Lake Harris Est., Fern Terr., Friendly Center, Grand Terr., Hobby Hills, Imperial Mobile Terr., Marion Oaks, Morningview, Pallisades Country Club, Palms Mobile Home Prk., Picciola Isl., Piney Woods, Quail Ridge, Silver Lake Est./Western Shores, Skycrest Stone Mountain, Sunshine Prkwy, Venetian Village	4.72%	Lake	44.62	66.29	55.87	44.31	66.88
Percent Deviation From Average				48.57%	25.21%	-0.69%	49.89%
Marco Island, Marco Shores	10.36%	Collier	49.50	66.78	47.94	58.11	55.50
Percent Deviation From Average				34.91%	-3.15%	17.39%	12.12%
Daetwyler Shores, Holiday Heights, University Shores	3.19%	Orange	46.51	60.90	52.96	44.53	67.82
Percent Deviation From Average				30.94%	13.87%	-4.26%	45.82%
Burnt Store, Deep Creek	1.90%	Charlotte	47.17	48.31	53.83	44.86	48.70
Percent Deviation From Average				2.42%	14.12%	-4.90%	3.24%
Apple Valley, Chuluota, Deltona, Druid Hills, Enterprise, Fern Park, Harmony Homes, Lake Brantley, Lake Harriet Est., Meredith Manor, Dol Ray Manor	27.59%	Seminole	47.26	69.28	59.88	34.49	71.09
Percent Deviation From Average				46.59%	26.70%	-27.02%	50.42%
Hershel Heights, Seaboard, Valrico Hills	2.63%	Hillsborough	42.75	43.16	34.98	37.53	47.14
Percent Deviation From Average				0.96%	-18.18%	-12.21%	10.27%
Spring Hill	26.35%	Hernando	49.76	57.98	M	M	M
Percent Deviation From Average				16.52%			
Total	96.58%						

"M" denotes missing data.

Source: Southern States Utilities, Inc., Response to Staff Interrogatory 14.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 11

Southern States Utilities, Inc.
Rainfall Comparison: 1960-1994 Adjusted for Missing Data: Assume Average Rainfall (1)

Plants	Percentage of Residential Use	County	Average Annual Rainfall 1960-90	Average Annual Rainfall 1991	Average Annual Rainfall 1992	Average Annual Rainfall 1993	Average Annual Rainfall 1994
Amelia Island	1.50%	Nassau	46.29	60.09	63.22	50.26	53.41
Percent Deviation From Average				29.81%	36.57%	8.58%	15.38%
Geneva Lake, Keystone Club, Keystone Heights, Lakeview, Postmaster	1.31%	Alachua	47.13	51.98	54.28	43.65	47.64
Percent Deviation From Average				10.29%	15.17%	-7.38%	1.08%
Apache Shores, Citrus Springs, Crystal River Highlands, Golden Terrace, Gospel Island Est., Oak Forest, Pine Ridge, Point O'Woods, Rosemont/Rolling Green, Sugarmill Woods	6.06%	Citrus	52.39	57.97	62.76	48.15	49.22
Percent Deviation From Average				10.65%	19.79%	-8.09%	-6.05%
Beacon Hills, Woodmere	5.71%	Duval	47.74	64.60	63.41	53.73	63.05
Percent Deviation From Average				35.32%	32.82%	12.55%	32.07%
Bay Lake Est., Fountains, Intercession City, Lake Ajay Est., Lake Conway Park, Pine Ridge Est., Tropical Park, Windsong	1.02%	Osceola	44.59	52.22	54.06	37.90	73.01
Percent Deviation From Average				17.11%	21.24%	-15.00%	63.74%
Lehigh	3.23%	Hendry	48.68	66.14	49.34	51.67	52.95
Percent Deviation From Average				35.87%	1.36%	6.14%	8.77%
Gibsonia Est., Lake Gibson Est., Orange Hill/Sugar Creek	1.01%	Polk	47.13	56.01	58.88	48.61	67.27
Percent Deviation From Average				18.84%	24.93%	3.14%	42.73%
Carlton Village, East Lake Harris Est., Fern Terr., Friendly Center, Grand Terr., Hobby Hills, Imperial Mobile Terr., Marion Oaks, Morningview, Pallisades Country Club, Palms Mobile Home Prk., Picciola Isl., Piney Woods, Quail Ridge, Silver Lake Est./Western Shores, Skycrest Stone Mountain, Sunshine Prkwy, Venetian Village	4.72%	Lake	44.62	66.29	55.87	44.31	66.88
Percent Deviation From Average				48.57%	25.21%	-0.69%	49.89%
Marco Island, Marco Shores	10.36%	Collier	49.50	66.78	47.94	58.11	55.50
Percent Deviation From Average				34.91%	-3.15%	17.39%	12.12%
Daetwyler Shores, Holiday Heights, University Shores	3.19%	Orange	46.51	60.90	52.96	44.53	67.82
Percent Deviation From Average				30.94%	13.87%	-4.26%	45.82%
Burnt Store, Deep Creek	1.90%	Charlotte	47.17	48.31	53.83	44.86	48.70
Percent Deviation From Average				2.42%	14.12%	-4.90%	3.24%
Apple Valley, Chuluota, Deltona, Druid Hills, Enterprise, Fern Park, Harmony Homes, Lake Brantley, Lake Harriet Est., Meredith Manor, Dol Ray Manor	27.59%	Seminole	47.26	69.28	59.88	34.49	71.09
Percent Deviation From Average				46.59%	26.70%	-27.02%	50.42%
Hershel Heights, Seaboard, Valrico Hills	2.63%	Hillsborough	42.75	43.16	34.98	37.53	47.14
Percent Deviation From Average				0.96%	-18.18%	-12.21%	10.27%
Spring Hill	26.35%	Hernando	49.76	57.98	47.61	37.63	51.26
Percent Deviation From Average				16.52%	-4.32%	-24.38%	3.01%
Total	96.58%		661.52	824.93	761.12	635.11	818.23
				24.70%	15.06%	-3.99%	23.69%

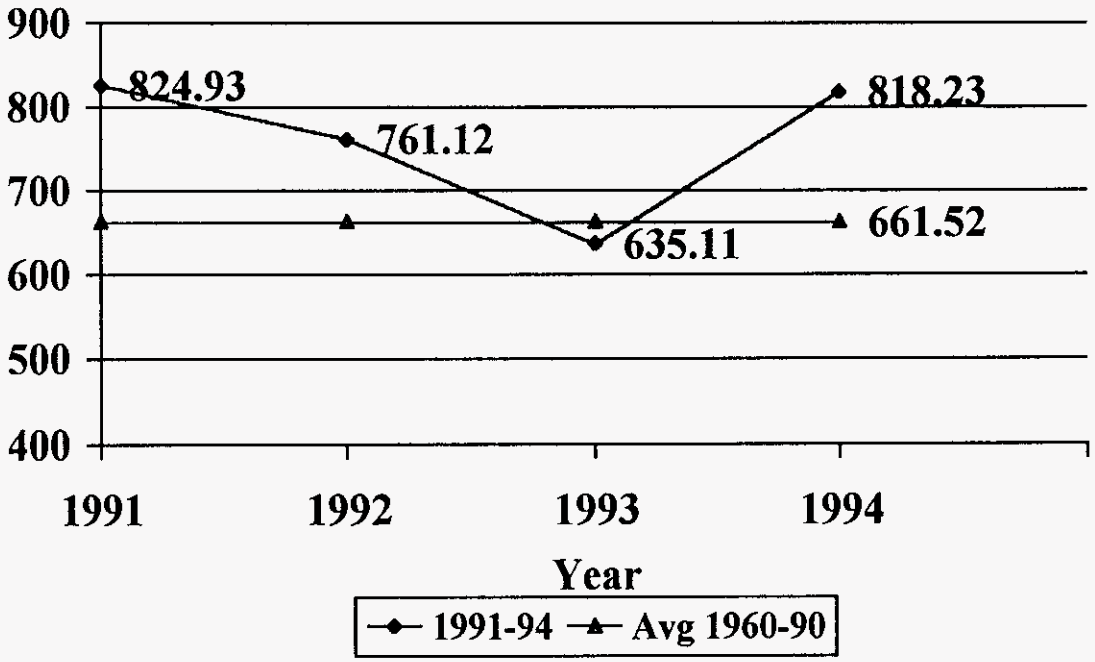
(1) It was assumed that for the months where there was missing data, rainfall was the average of the relevant period 1960-90.

Source: Southern States Utilities, Inc., Response to Staff Interrogatory 14.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. __(KHD-1)
Schedule 12

Southern States Utilities, Inc.

Inches of Rainfall



Southern States Utilities, Inc.
Rainfall: 1991-94 Missing Data Adjusted by Average Rainfall for the Month (1)

Plants		Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual
Amelia Island															
Percentage of Residential Use	1.50%	1991	9.38	1.18	7.44	5.82	5.74	10.62	9.30	2.57	2.30	4.44	0.79	0.51	60.09
County	Nassau	1992	5.39	2.10	4.39	3.51	6.13	9.85	3.16	7.57	7.15	11.52	1.92	0.53	63.22
		1993	5.74	3.50	5.94	1.04	1.80	2.51	4.39	4.54	5.94	11.24	2.90	0.72	50.26
		1994	7.95	1.22	2.73	1.40	2.16	5.16	3.43	2.17	4.49	13.19	4.40	5.11	53.41
Geneva Lake, Keystone Club, Keystone Heights, Lakeview, Postmaster															
Percentage of Residential Use	1.31%	1991	6.66	0.32	8.78	6.02	6.24	6.58	7.25	4.02	2.40	1.41	0.31	1.99 *	51.98
County	Alachua	1992	5.20	3.48	4.00	3.78	1.99	12.86	1.52	8.55	4.37	5.74	2.06	0.73	54.28
		1993	3.26	4.77	4.61	0.91	1.41	6.07	3.41	5.65	2.00	7.98	1.35	2.23	43.65
		1994	7.76	0.43	2.65	1.51	3.83	4.60	7.66	6.14	5.98	5.10	0.70	1.28	47.64
Apache Shores, Citrus Springs, Crystal River Highlands, Golden Terrace, Gospel Island Est., Oak Forest, Pine Ridge, Point O'Woods, Rosemont/Rolling Green, Sugarmill Woods															
Percentage of Residential Use	6.06%	1991	2.92	1.73	5.89	5.89	5.44	10.14	7.83	8.79	3.10	4.85	0.47	0.92	57.97
County	Citrus	1992	2.39	2.51	1.68	4.47	1.37	10.80	3.91	15.03	7.07	9.04	3.44	1.05	62.76
		1993	3.91	4.77	6.40	2.61	1.93	5.77	4.66	2.43	8.19	5.38	0.23	1.87	48.15
		1994	9.56	1.27	1.20	1.98	0.42	8.85	4.49	7.57	6.51	3.23	2.13	2.01	49.22
Beacon Hills, Woodmere															
Percentage of Residential Use	5.71%	1991	7.17	0.90	8.23	4.74	3.27	8.60	11.51	5.97	6.67	6.11	0.95	0.48	64.60
County	Duval	1992	7.26	1.19	4.41	1.80	2.48	14.12	3.99	6.56	11.08	7.54	2.81	0.17	63.41
		1993	7.22	3.55	5.13	1.37	0.58	1.70	2.31	2.54	8.43	15.59	2.79	2.52	53.73
		1994	9.79	1.08	2.01	0.93	2.97	6.70	6.81	5.17	6.11	11.26	5.51	4.71	63.05
Bay Lake Est., Fountains, Intercession City, Lake Ajay Est., Lake Conway Park, Pine Ridge Est., Tropical Park, Windsong															
Percentage of Residential Use	1.02%	1991	1.87	0.41	6.12	5.09	8.58	5.69	10.13	6.11	4.88	2.72	0.25	0.37	52.22
County	Osceola	1992	1.36	2.87	2.01	5.65	3.30	7.91	2.75	10.73	9.91	3.85	3.19	0.53	54.06
		1993	3.63	1.81	6.41	3.08	1.36	5.66	2.80	1.22	4.94	5.79	0.26	0.94	37.90
		1994	4.41	3.78	1.34	5.97	5.05	11.49	6.84	8.78	11.29	3.68	7.25	3.13	73.01
Lehigh															
Percentage of Residential Use	3.23%	1991	6.42	1.26	0.73	4.96	6.68	6.10	12.88	11.12	9.80	3.96	2.18	0.05	66.14
County	Hendry	1992	2.21	3.36	3.13	3.81	1.35	16.99	3.87	6.13	5.33	1.24	0.79	1.13	49.34
		1993	5.91	1.63	3.71	2.02	0.06	8.26	7.05 *	6.89 *	7.59	5.85	1.60	1.10	51.67
		1994	1.69 *	3.92	2.49	3.46	1.50	10.86	5.45	6.89 *	5.60 *	5.95	1.67 *	3.47	52.95

Southern States Utilities, Inc.
Rainfall: 1991-94 Missing Data Adjusted by Average Rainfall for the Month (1)

Plants		Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual
Gibsonia Est., Lake Gibson Est., Orange Hill/Sugar Creek															
Percentage of Residential Use	1.01%	1991	1.95	0.59	4.25	4.92	9.21	10.99	13.10	3.02	2.63	4.98	0.16	0.21	56.01
County	Polk	1992	1.14	3.42	1.15	6.80	2.43	11.67	5.06	11.50	7.90	3.24	4.01	0.56	58.88
		1993	4.72	1.44	4.47	3.80	2.85	1.66	9.27	6.00	9.09	3.85	0.19	1.27	48.61
		1994	7.59	2.03	2.12	1.43	1.44	12.76	8.35	8.54	12.46	2.82	3.48	4.25	67.27
Carlton Village, East Lake Harris Est., Fern Terr., Friendly Center, Grand Terr., Hobby Hills, Imperial Mobile Terr., Marion Oaks, Morningview, Pallisades Country Club, Palms Mobile Home Prk., Picciola Isl., Piney Woods, Quail Ridge, Silver Lake Est./Western Shores, Skycrest Stone Mountain, Sunshine Prkwy, Venetian Village															
Percentage of Residential Use	4.72%	1991	6.07	1.76	10.46	9.36	8.20	8.95	7.30	6.93	3.90	1.68	0.77	0.91	66.29
County	Lake	1992	1.83	2.22	3.50	1.57	3.21	8.44	5.58	12.05	6.45	4.81	5.49	0.72	55.87
		1993	4.63	3.71	6.85	1.53	2.07	2.22	3.55	6.64	5.76	4.32	1.36	1.67	44.31
		1994	6.61	0.89	2.30	0.98	3.99	9.98	7.73	9.68	10.49	6.23	5.12	2.88	66.88
Marco Island, Marco Shores															
Percentage of Residential Use	10.36%	1991	9.40	2.11	1.86	2.92	10.70	5.64	14.15	8.52	5.31	4.51	1.29	0.37	66.78
County	Collier	1992	0.49	3.69	2.65	2.55	0.91	10.94	7.90	9.22	8.27	0.69	0.57	0.06	47.94
		1993	7.66	3.93	2.13	2.25	2.97	6.71	9.19	11.72	3.57	6.87	0.52	0.59	58.11
		1994	1.56	1.67	1.11	1.21	0.93	10.86	11.30	7.49	9.46	3.79	2.54	3.58	55.50
Daetwyler Shores, Holiday Heights, University Shores															
Percentage of Residential Use	3.19%	1991	2.37	0.98	6.66	7.72	9.48	5.98	10.78	7.13	4.53	4.76	0.27	0.24	60.90
County	Orange	1992	1.35	2.42	3.67	9.10	1.19	8.68	2.60	8.03	7.13	5.17	2.74	0.88	52.96
		1993	4.89	1.48	6.26	1.78	2.32	4.47	6.49	5.95	5.35	4.61	0.17	0.76	44.53
		1994	3.97	3.58	1.21	3.03	2.87	10.28	13.27	6.23	7.84	5.18	7.32	3.04	67.82
Burnt Store, Deep Creek															
Percentage of Residential Use	1.90%	1991	5.84	1.87	3.03	1.66	9.45	8.30	7.47	4.19	3.36	1.11	1.75	0.28	48.31
County	Charlotte	1992	0.96	3.59	3.05	1.18	0.07	19.75	7.89	6.26	5.74	1.97	2.17	1.20	53.83
		1993	4.34	2.96	4.04	3.46	0.78	6.37	6.30	4.55	5.10	6.23	0.09	0.64	44.86
		1994	1.50	0.84	2.20	5.80	0.75	6.02	7.46	9.18	10.18	1.23	1.34	2.20	48.70

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 13

Southern States Utilities, Inc.
Rainfall: 1991-94 Missing Data Adjusted by Average Rainfall for the Month (1)

Plants		Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual
Apple Valley, Chuluota, Deltona, Druid Hills, Enterprise, Fern Park, Harmony Homes, Lake Brantley, Lake Harriet Est., Meredith Manor, Dol Ray Manor															
Percentage of Residential Use	27.59%	1991	1.65	1.34	9.04	7.26	7.69	11.41	16.60	3.56	4.61	4.83	0.43	0.86	69.28
County	Seminole	1992	1.93	7.19	2.17	3.54	3.46	7.04	4.49	15.30	6.50	4.58	3.00	0.68	59.88
		1993	5.26	3.31	3.40	1.72	3.88	2.66	2.56	1.95	3.91	3.82	0.47	1.55	34.49
		1994	6.32	2.38	3.48	0.84	2.20	10.25	8.70	10.41	8.87	3.10	9.07	5.47	71.09
Hershel Heights, Seaboard, Valrico Hills															
Percentage of Residential Use	2.63%	1991	2.41	0.41	4.73	1.54	6.88	3.78	9.92	7.35	3.43	0.78	1.26	0.67	43.16
County	Ilsborough	1992	1.47	3.67	0.95	2.17	0.10	7.03	2.80	8.22	2.95	2.20	2.43	0.99	34.98
		1993	3.60	2.32	3.93	2.45	1.74	3.18	2.92	5.06	6.60	4.23	0.22	1.28	37.53
		1994	3.59	0.43	0.66	3.43	0.07	5.98	11.31	8.37	8.20	3.29	0.24	1.57	47.14
Spring Hill															
Percentage of Residential Use	26.35%	1991	3.59	1.67	4.95	5.38	8.55	4.98	10.10	11.97	3.35	1.50	0.67	1.27	57.98
County	Hernando	1992	1.34	4.15	0.48	3.96	0.50	7.37	7.62	7.12 *	6.22 *	3.50	5.10	0.25	47.61
		1993	3.09 *	1.85	1.71	1.55	1.24	5.59	6.70	7.68	2.55	3.60	0.15	1.92	37.63
		1994	11.27	1.50 *	4.08	3.00	1.80	2.62	10.80	7.82	5.51	1.66	0.00	1.20	51.26

* Denotes where missing data has been substituted with average data.

(1) It was assumed that for the months where there was missing data, rainfall was the average for the same month from the period 1960-90.

Source: Southern States Utilities, Inc., Response to Staff Interrogatory 14.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 14

Southern States Utilities, Inc.
Rainfall Comparison: 1960-1994 Adjusted for Missing Data: Assume Zero Rainfall (1)

Plants	Percentage of Residential Use	County	Average Annual Rainfall 1960-90	Average Annual Rainfall 1991	Average Annual Rainfall 1992	Average Annual Rainfall 1993	Average Annual Rainfall 1994
Amelia Island	1.50%	Nassau	46.29	60.09	63.22	50.26	53.41
Percent Deviation From Average				29.81%	36.57%	8.58%	15.38%
Geneva Lake, Keystone Club, Keystone Heights, Lakeview, Postmaster	1.31%	Alachua	47.13	49.99	54.28	43.65	47.64
Percent Deviation From Average				6.07%	15.17%	-7.38%	1.08%
Apache Shores, Citrus Springs, Crystal River Highlands, Golden Terrace, Gospel Island Est., Oak Forest, Pine Ridge, Point O'Woods, Rosemont/Rolling Green, Sugarmill Woods	6.06%	Citrus	52.39	57.97	62.76	48.15	49.22
Percent Deviation From Average				10.65%	19.79%	-8.09%	-6.05%
Beacon Hills, Woodmere	5.71%	Duval	47.74	64.60	63.41	53.73	63.05
Percent Deviation From Average				35.32%	32.82%	12.55%	32.07%
Bay Lake Est., Fountains, Intercession City, Lake Ajay Est., Lake Conway Park, Pine Ridge Est., Tropical Park, Windsong	1.02%	Osceola	44.59	52.22	54.06	37.90	73.01
Percent Deviation From Average				17.11%	21.24%	-15.00%	63.74%
Lehigh	3.23%	Hendry	48.68	66.14	49.34	37.73	37.10
Percent Deviation From Average				35.87%	1.36%	-22.49%	-23.79%
Gibsonia Est., Lake Gibson Est., Orange Hill/Sugar Creek	1.01%	Polk	47.13	56.01	58.88	48.61	67.27
Percent Deviation From Average				18.84%	24.93%	3.14%	42.73%
Carlton Village, East Lake Harris Est., Fern Terr., Friendly Center, Grand Terr., Hobby Hills, Imperial Mobile Terr., Marion Oaks, Morningview, Pallisades Country Club, Palms Mobile Home Prk., Picciola Isl., Piney Woods, Quail Ridge, Silver Lake Est./Western Shores, Skycrest Stone Mountain, Sunshine Prkwy, Venetian Village	4.72%	Lake	44.62	66.29	55.87	44.31	66.88
Percent Deviation From Average				48.57%	25.21%	-0.69%	49.89%
Marco Island, Marco Shores	10.36%	Collier	49.50	66.78	47.94	58.11	55.50
Percent Deviation From Average				34.91%	-3.15%	17.39%	12.12%
Daetwyler Shores, Holiday Heights, University Shores	3.19%	Orange	46.51	60.90	52.96	44.53	67.82
Percent Deviation From Average				30.94%	13.87%	-4.26%	45.82%
Burnt Store, Deep Creek	1.90%	Charlotte	47.17	48.31	53.83	44.86	48.70
Percent Deviation From Average				2.42%	14.12%	-4.90%	3.24%
Apple Valley, Chuluota, Deltona, Druid Hills, Enterprise, Fern Park, Harmony Homes, Lake Brantley, Lake Harriet Est., Meredith Manor, Dol Ray Manor	27.59%	Seminole	47.26	69.28	59.88	34.49	71.09
Percent Deviation From Average				46.59%	26.70%	-27.02%	50.42%
Hershel Heights, Seaboard, Valrico Hills	2.63%	Hillsborough	42.75	43.16	34.98	37.53	47.14
Percent Deviation From Average				0.96%	-18.18%	-12.21%	10.27%
Spring Hill	26.35%	Hernando	49.76	57.98	34.27	34.54	49.76
Percent Deviation From Average				16.52%	-31.13%	-30.59%	0.00%
Total	96.58%		661.52	822.90	747.78	617.80	800.56
				24.40%	13.04%	-6.61%	21.02%

(1) It was assumed that for the months where there was missing data, rainfall was zero in that month.

Source: Southern States Utilities, Inc., Response to Staff Interrogatory 14.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 15

Southern States Utilities, Inc.
Rainfall: 1991-1994 Missing Data Adjusted by Assuming Zero Rainfall for the Month (1)

Plants		Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual
Amelia Island															
Percentage of Residential Use	1.50%	1991	9.38	1.18	7.44	5.82	5.74	10.62	9.30	2.57	2.30	4.44	0.79	0.51	60.09
County	Nassau	1992	5.39	2.10	4.39	3.51	6.13	9.85	3.16	7.57	7.15	11.52	1.92	0.53	63.22
		1993	5.74	3.50	5.94	1.04	1.80	2.51	4.39	4.54	5.94	11.24	2.90	0.72	50.26
		1994	7.95	1.22	2.73	1.40	2.16	5.16	3.43	2.17	4.49	13.19	4.40	5.11	53.41
Geneva Lake, Keystone Club, Keystone Heights, Lakeview, Postmaster															
Percentage of Residential Use	1.31%	1991	6.66	0.32	8.78	6.02	6.24	6.58	7.25	4.02	2.40	1.41	0.31	0.00	49.99
County	Alachua	1992	5.20	3.48	4.00	3.78	1.99	12.86	1.52	8.55	4.37	5.74	2.06	0.73	54.28
		1993	3.26	4.77	4.61	0.91	1.41	6.07	3.41	5.65	2.00	7.98	1.35	2.23	43.65
		1994	7.76	0.43	2.65	1.51	3.83	4.60	7.66	6.14	5.98	5.10	0.70	1.28	47.64
Apache Shores, Citrus Springs, Crystal River Highlands, Golden Terrace, Gospel Island Est., Oak Forest, Pine Ridge, Point O'Woods, Rosemont/Rolling Green, Sugarmill Woods															
Percentage of Residential Use	6.06%	1991	2.92	1.73	5.89	5.89	5.44	10.14	7.83	8.79	3.10	4.85	0.47	0.92	57.97
County	Citrus	1992	2.39	2.51	1.68	4.47	1.37	10.80	3.91	15.03	7.07	9.04	3.44	1.05	62.76
		1993	3.91	4.77	6.40	2.61	1.93	5.77	4.66	2.43	8.19	5.38	0.23	1.87	48.15
		1994	9.56	1.27	1.20	1.98	0.42	8.85	4.49	7.57	6.51	3.23	2.13	2.01	49.22
Beacon Hills, Woodmere															
Percentage of Residential Use	5.71%	1991	7.17	0.90	8.23	4.74	3.27	8.60	11.51	5.97	6.67	6.11	0.95	0.48	64.60
County	Duval	1992	7.26	1.19	4.41	1.80	2.48	14.12	3.99	6.56	11.08	7.54	2.81	0.17	63.41
		1993	7.22	3.55	5.13	1.37	0.58	1.70	2.31	2.54	8.43	15.59	2.79	2.52	53.73
		1994	9.79	1.08	2.01	0.93	2.97	6.70	6.81	5.17	6.11	11.26	5.51	4.71	63.05
Bay Lake Est., Fountains, Intercession City, Lake Ajay Est., Lake Conway Park, Pine Ridge Est., Tropical Park, Windsong															
Percentage of Residential Use	1.02%	1991	1.87	0.41	6.12	5.09	8.58	5.69	10.13	6.11	4.88	2.72	0.25	0.37	52.22
County	Osceola	1992	1.36	2.87	2.01	5.65	3.30	7.91	2.75	10.73	9.91	3.85	3.19	0.53	54.06
		1993	3.63	1.81	6.41	3.08	1.36	5.66	2.80	1.22	4.94	5.79	0.26	0.94	37.90
		1994	4.41	3.78	1.34	5.97	5.05	11.49	6.84	8.78	11.29	3.68	7.25	3.13	73.01
Lehigh															
Percentage of Residential Use	3.23%	1991	6.42	1.26	0.73	4.96	6.68	6.10	12.88	11.12	9.80	3.96	2.18	0.05	66.14
County	Hendry	1992	2.21	3.36	3.13	3.81	1.35	16.99	3.87	6.13	5.33	1.24	0.79	1.13	49.34
		1993	5.91	1.63	3.71	2.02	0.06	8.26	0.00	0.00	7.59	5.85	1.60	1.10	37.73
		1994	0.00	3.92	2.49	3.46	1.50	10.86	5.45	0.00	0.00	5.95	0.00	3.47	37.10

Docket No. 950495-WS
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Exhibit No. ___(KHD-1)
Schedule 15

Southern States Utilities, Inc.
Rainfall: 1991-1994 Missing Data Adjusted by Assuming Zero Rainfall for the Month (1)

Plants		Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual
Gibsonia Est., Lake Gibson Est., Orange Hill/Sugar Creek															
Percentage of Residential Use	1.01%	1991	1.95	0.59	4.25	4.92	9.21	10.99	13.10	3.02	2.63	4.98	0.16	0.21	56.01
County	Polk	1992	1.14	3.42	1.15	6.80	2.43	11.67	5.06	11.50	7.90	3.24	4.01	0.56	58.88
		1993	4.72	1.44	4.47	3.80	2.85	1.66	9.27	6.00	9.09	3.85	0.19	1.27	48.61
		1994	7.59	2.03	2.12	1.43	1.44	12.76	8.35	8.54	12.46	2.82	3.48	4.25	67.27
Carlton Village, East Lake Harris Est., Fern Terr., Friendly Center, Grand Terr., Hobby Hills, Imperial Mobile Terr., Marion Oaks, Morningview, Pallisades Country Club, Palms Mobile Home Prk., Picciola Isl., Piney Woods, Quail Ridge, Silver Lake Est./Western Shores, Skycrest Stone Mountain, Sunshine Prkwy, Venetian Village															
Percentage of Residential Use	4.72%	1991	6.07	1.76	10.46	9.36	8.20	8.95	7.30	6.93	3.90	1.68	0.77	0.91	66.29
County	Lake	1992	1.83	2.22	3.50	1.57	3.21	8.44	5.58	12.05	6.45	4.81	5.49	0.72	55.87
		1993	4.63	3.71	6.85	1.53	2.07	2.22	3.55	6.64	5.76	4.32	1.36	1.67	44.31
		1994	6.61	0.89	2.30	0.98	3.99	9.98	7.73	9.68	10.49	6.23	5.12	2.88	66.88
Marco Island, Marco Shores															
Percentage of Residential Use	10.36%	1991	9.40	2.11	1.86	2.92	10.70	5.64	14.15	8.52	5.31	4.51	1.29	0.37	66.78
County	Collier	1992	0.49	3.69	2.65	2.55	0.91	10.94	7.90	9.22	8.27	0.69	0.57	0.06	47.94
		1993	7.66	3.93	2.13	2.25	2.97	6.71	9.19	11.72	3.57	6.87	0.52	0.59	58.11
		1994	1.56	1.67	1.11	1.21	0.93	10.86	11.30	7.49	9.46	3.79	2.54	3.58	55.50
Daetwyler Shores, Holiday Heights, University Shores															
Percentage of Residential Use	3.19%	1991	2.37	0.98	6.66	7.72	9.48	5.98	10.78	7.13	4.53	4.76	0.27	0.24	60.90
County	Orange	1992	1.35	2.42	3.67	9.10	1.19	8.68	2.60	8.03	7.13	5.17	2.74	0.88	52.96
		1993	4.89	1.48	6.26	1.78	2.32	4.47	6.49	5.95	5.35	4.61	0.17	0.76	44.53
		1994	3.97	3.58	1.21	3.03	2.87	10.28	13.27	6.23	7.84	5.18	7.32	3.04	67.82
Burnt Store, Deep Creek															
Percentage of Residential Use	1.90%	1991	5.84	1.87	3.03	1.66	9.45	8.30	7.47	4.19	3.36	1.11	1.75	0.28	48.31
County	Charlotte	1992	0.96	3.59	3.05	1.18	0.07	19.75	7.89	6.26	5.74	1.97	2.17	1.20	53.83
		1993	4.34	2.96	4.04	3.46	0.78	6.37	6.30	4.55	5.10	6.23	0.09	0.64	44.86
		1994	1.50	0.84	2.20	5.80	0.75	6.02	7.46	9.18	10.18	1.23	1.34	2.20	48.70

Southern States Utilities, Inc.
Rainfall: 1991-1994 Missing Data Adjusted by Assuming Zero Rainfall for the Month (1)

Plants		Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual
Apple Valley, Chuluota, Deltona, Druid Hills, Enterprise, Fern Park, Harmony Homes, Lake Brantley, Lake Harriet Est., Meredith Manor, Dol Ray Manor															
Percentage of Residential Use	27.59%	1991	1.65	1.34	9.04	7.26	7.69	11.41	16.60	3.56	4.61	4.83	0.43	0.86	69.28
County	Seminole	1992	1.93	7.19	2.17	3.54	3.46	7.04	4.49	15.30	6.50	4.58	3.00	0.68	59.88
		1993	5.26	3.31	3.40	1.72	3.88	2.66	2.56	1.95	3.91	3.82	0.47	1.55	34.49
		1994	6.32	2.38	3.48	0.84	2.20	10.25	8.70	10.41	8.87	3.10	9.07	5.47	71.09
Hershel Heights, Seaboard, Valrico Hills															
Percentage of Residential Use	2.63%	1991	2.41	0.41	4.73	1.54	6.88	3.78	9.92	7.35	3.43	0.78	1.26	0.67	43.16
County	Ilsborough	1992	1.47	3.67	0.95	2.17	0.10	7.03	2.80	8.22	2.95	2.20	2.43	0.99	34.98
		1993	3.60	2.32	3.93	2.45	1.74	3.18	2.92	5.06	6.60	4.23	0.22	1.28	37.53
		1994	3.59	0.43	0.66	3.43	0.07	5.98	11.31	8.37	8.20	3.29	0.24	1.57	47.14
Spring Hill															
Percentage of Residential Use	26.35%	1991	3.59	1.67	4.95	5.38	8.55	4.98	10.10	11.97	3.35	1.50	0.67	1.27	57.98
County	Hernando	1992	1.34	4.15	0.48	3.96	0.50	7.37	7.62	0.00	0.00	3.50	5.10	0.25	34.27
		1993	0.00	1.85	1.71	1.55	1.24	5.59	6.70	7.68	2.55	3.60	0.15	1.92	34.54
		1994	11.27	0.00	4.08	3.00	1.80	2.62	10.80	7.82	5.51	1.66	0.00	1.20	49.76

(1) It was assumed that for the months where there was missing data, rainfall was zero.

Source: Southern States Utilities, Inc., Response to Staff Interrogatory 14.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 16

Southern States Utilities, Inc.
Weather Normalized Residential Consumption: Revenue Impact

	(000) Company 1996 Consumption	1996 Bills	(000) 1996 Consumption Per Bill	(000) 1996 Normalized Consumption Per Bill	(000) 1996 Normalized Consumption	(000) Difference	Rate	1996 Revenue Impact
FPSC Uniform								
All-Excluding Burnt Store (1)	6,039,577	688,332	8.774	10.076	6,935,927	896,350	$1.23	$1,102,511
Non-Uniform								
All Including Burnt Store (1)	2,233,810	314,334	7.106	8.161	2,565,336	331,526	$2.52	$835,436
Total	8,273,387	1,002,666	8.251	9.476	9,501,263	1,227,876	$1.58	$1,937,947
Non-Uniform Distribution								
Buenaventura Lakes	463,923	87,328	5.312	6.101	532,775	68,852	$1.24	$85,377
Burnt Store	26,605	6,912	3.849	4.420	30,554	3,949	$1.23	$4,857
Deep Creek	192,328	36,934	5.207	5.980	220,872	28,544	$4.12	$117,601
Enterprise	19,098	2,870	6.654	7.642	21,932	2,834	$2.21	$6,264
Geneva Lake Estates	8,189	1,065	7.689	8.830	9,404	1,215	$2.07	$2,516
Keystone Club Estates	9,462	1,944	4.867	5.590	10,866	1,404	$2.07	$2,907
Lakeside	7,398	1,035	7.148	8.209	8,496	1,098	$1.23	$1,350
Lehigh	333,271	104,386	3.193	3.667	382,733	49,462	$2.40	$118,708
Marco Island (1)	1,114,572	62,580	17.810	20.454	1,279,989	165,417	$2.96	$489,634
Palm Valley	19,814	2,434	8.141	9.349	22,755	2,941	$0.94	$2,764
Remington Forrest	7,868	1,044	7.536	8.655	9,036	1,168	$0.00	$0
Spring Gardens	6,522	1,565	4.167	4.786	7,490	968	$1.03	$997
Valencia Terrace	24,760	4,237	5.844	6.711	28,435	3,675	$0.67	$2,462
Total	2,233,810	314,334	7.106	8.161	2,565,336	331,526	$2.52	$835,436

(1) Excludes Impact of Conservation.

Source: Southern States Utilities, Inc. , MFR E Schedules, Response to OPC Document Request 24.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 17

Southern States Utilities, Inc.
Projected Test Year Revenue Adjustment: Averaged 1992 and 1993 Gallons

Plant Name	Recommended 1996 Gallons (1)	Company 1996 Gallons (1)	Difference	Rate	Revenue Adjustment
Uniform Plants					
All	7,161,931,630	6,864,172,362	297,759,268	$1.23	$366,244
Non-Uniform Plants					
Deep Creek	236,995,265	234,586,892	2,408,373	$4.12	9,922
Enterprise	19,557,693	19,218,113	339,580	$2.21	750
Geneva Lake Estates	10,190,445	11,090,069	-899,624	$2.07	-1,862
Keystone Club	9,476,994	9,462,162	14,832	$2.07	31
Lehigh	397,689,909	402,453,341	-4,763,432	$2.40	-11,432
Marco Island	2,261,017,569	2,239,368,221	21,649,348	$2.96	64,082
Palm Valley (2)	16,005,160	15,299,560	705,600	$0.94	663
Remington Forest	9,169,452	7,867,584	1,301,868	$0.00	0
Total	2,960,102,487	2,939,345,942	20,756,545		$62,155
Total Uniform and Non-Uniform					$428,398

(1) Does not include conservation adjustments.

(2) Excludes usage of 6,002,000 associated with gallons not billed.

Source: Southern States Utilities, Inc., MFR E Schedules.

1/25/96 3:46 PM REV9293.XLS

Southern States Utilities, Inc.
Average Consumption Per Bill (1)

Line No.	Plant Name	Gallons Historical 1991	1992	1993	1994	Average (1991-1994)	Adjusted 1995 and 1996 Gallons: Compound Adjusted Growth Rate Bills 1/ (1991-1994)	Projected 1995 Gallons C7*C6	Growth Rate over 1994 (C8-C5)/C5	Projected 1996 Gallons C7*C8	Growth Rate over 1995 (C10-C8)/C8
	FPSC Uniform:										
1	Amelia Island	264,056,749	306,514,750	319,189,709	326,887,107	304,162,079	8.80%	330,928,342	1.24%	360,050,036	8.80%
2	Apache Shores	3,147,665	2,958,825	3,011,842	3,450,738	3,142,268	0.00%	3,142,268	-8.94%	3,142,268	0.00%
3	Apple Valley	121,642,389	135,183,090	128,577,073	122,074,074	126,869,157	1.74%	129,076,680	5.74%	131,322,614	1.74%
4	Bay Lake Estates	6,743,450	7,766,020	7,394,850	6,380,090	7,071,103	2.96%	7,280,407	14.11%	7,495,907	2.96%
5	Beacon Hills	420,572,240	477,343,749	529,296,822	483,243,625	477,614,109	6.18%	499,543,464	3.37%	499,543,464	0.00%
6	Beecher's Point	4,282,560	5,044,540	4,567,779	6,372,870	5,066,937	4.30%	5,284,816	-17.07%	5,512,063	4.30%
7	Burnt Store	44,167,670	46,174,089	47,938,077	47,304,106	46,395,986	35.75%	62,982,550	33.14%	85,498,812	35.75%
8	Carlton Village	8,556,380	10,111,130	11,282,120	11,187,100	10,284,183	8.41%	11,149,082	-0.34%	12,086,720	8.41%
9	Chuluota	50,048,546	56,999,364	62,250,458	61,830,805	57,782,293	1.54%	58,672,141	-5.11%	59,575,692	1.54%
10	Citrus Park	24,629,870	25,048,687	26,083,447	25,786,711	25,387,179	2.02%	25,900,000	0.44%	26,423,180	2.02%
11	Citrus Springs	123,413,068	141,228,006	162,037,999	145,139,870	142,954,736	3.35%	147,743,719	1.79%	152,693,134	3.35%
12	Crystal River H.	4,514,050	5,226,070	6,162,950	6,023,990	5,481,765	4.44%	5,725,155	-4.96%	5,979,352	4.44%
13	Daetwyler Shores	14,311,202	16,958,524	16,552,678	15,803,222	15,906,407	0.00%	15,906,407	0.65%	15,906,407	0.00%
14	Deltona	2,655,963,799	2,832,942,892	2,966,616,534	2,621,442,428	2,769,241,413	2.31%	2,833,210,890	8.08%	2,898,658,061	2.31%
15	Del Ray Manor	11,000,124	13,713,410	13,555,124	13,395,172	12,915,958	1.17%	13,067,074	-2.45%	13,219,959	1.17%
16	Druid Hills	40,110,570	43,420,710	41,765,551	38,571,842	40,967,168	0.00%	40,967,168	6.21%	40,967,168	0.00%
17	East Lake Harris Est.	5,227,820	5,546,739	5,653,850	5,531,314	5,489,931	0.87%	5,537,693	0.12%	5,585,871	0.87%
18	Fern Park	14,972,700	17,852,430	17,433,280	16,917,582	16,793,998	0.29%	16,842,701	-0.44%	16,891,544	0.29%
19	Fern Terrace	11,150,250	11,995,400	11,657,115	12,720,817	11,880,896	0.87%	11,984,259	-5.79%	12,088,522	0.87%
20	Fisherman's Haven	9,304,470	9,665,629	9,195,621	9,428,216	9,398,484	2.00%	9,586,454	1.68%	9,718,272	1.38%
21	Fountains	-	453,870	1,323,770	2,697,160	1,118,700	7.91%	1,207,189	-55.24%	1,302,678	7.91%
22	Fox Run	9,726,560	10,693,842	11,243,512	10,437,456	10,525,343	3.47%	10,890,572	4.34%	11,268,475	3.47%
23	Friendly Center	1,417,610	1,536,750	1,599,830	1,390,680	1,486,218	1.09%	1,502,417	8.03%	1,518,794	1.09%
24	Golden Terrace	4,293,500	4,711,160	4,801,449	4,674,600	4,620,177	0.71%	4,652,981	-0.46%	4,686,017	0.71%
25	Gospel Island Est.	573,460	903,800	864,720	651,590	748,393	0.00%	748,393	14.86%	748,393	0.00%
26	Grand Terrace	4,523,920	7,937,030	11,866,410	11,995,010	9,080,593	1.34%	9,184,140	-23.43%	9,184,140	0.00%
27	Harmony Homes	8,065,200	7,991,550	7,758,412	6,591,166	7,601,582	0.17%	7,614,505	15.53%	7,627,449	0.17%
28	Hermits Cove	6,087,220	6,062,400	5,733,265	6,317,476	6,050,090	0.00%	6,050,090	-4.23%	6,050,090	0.00%
29	Hobby Hills	5,497,313	5,292,607	5,806,316	6,547,531	5,785,942	0.00%	5,785,942	-11.63%	5,785,942	0.00%
30	Holiday Haven	4,035,009	4,209,100	4,260,990	4,527,697	4,258,199	0.00%	4,258,199	-5.95%	4,258,199	0.00%
31	Holiday Heights	6,020,900	6,365,610	5,264,090	5,474,720	5,781,330	0.32%	5,799,830	5.94%	5,818,390	0.32%
32	Imperial Mobil Terr.	15,882,990	15,121,230	15,751,806	13,408,360	15,041,097	0.00%	15,029,724	12.09%	15,029,724	0.00%
33	Interoession City	13,229,181	14,314,189	14,403,777	15,795,903	14,435,763	0.93%	14,570,015	-7.76%	14,705,516	0.93%
34	Interlachen Lake Est. / Park	11,107,881	12,414,415	12,267,010	12,515,418	12,076,181	0.71%	12,161,922	-2.82%	12,248,272	0.71%
35	Jungle Den	2,952,260	3,044,962	2,597,377	2,630,149	2,806,187	0.00%	2,806,187	6.69%	2,806,187	0.00%
36	Keystone Heights	100,236,193	108,170,790	113,998,498	103,618,115	106,505,899	0.88%	107,443,151	3.69%	108,388,651	0.88%
37	Kingswood	3,417,020	3,530,830	3,544,790	3,635,429	3,532,017	0.22%	3,539,788	-2.63%	3,547,575	0.22%
38	Lake Ajay Estates	4,163,050	4,638,190	11,821,022	13,774,807	8,599,267	9.19%	9,389,540	-31.84%	10,156,800	8.17%
39	Lake Brantley	7,056,290	8,117,270	6,773,090	6,117,610	7,016,065	0.83%	7,074,298	15.64%	7,133,015	0.83%
40	Lake Conway Park	8,374,470	9,324,709	8,815,615	7,644,995	8,539,947	0.36%	8,570,691	12.11%	8,601,546	0.36%
41	Lake Harriet Est.	29,441,861	27,736,043	25,265,030	25,206,831	26,912,441	0.35%	27,006,635	7.14%	27,101,158	0.35%
42	Lakeview Villas	367,910	535,650	716,469	795,840	603,967	0.00%	603,967	-24.11%	603,967	0.00%
43	Leilani Heights	46,790,937	46,227,914	43,546,333	43,012,488	44,894,418	0.63%	45,177,253	5.03%	45,461,870	0.63%
44	Leisure Lakes	8,538,493	8,648,476	7,317,723	7,289,947	7,948,660	0.01%	7,949,455	9.05%	7,950,250	0.01%
45	Marco Shores	36,838,996	30,600,760	24,340,661	24,039,880	28,955,074	3.07%	29,843,995	24.14%	30,760,206	3.07%
46	Marion Oaks	131,409,215	143,205,248	165,746,329	169,967,298	152,582,023	5.48%	160,943,517	-5.31%	169,763,222	5.48%
47	Meredith Manor	71,736,776	73,785,468	78,337,221	72,587,146	74,111,653	0.00%	74,111,653	2.10%	74,111,653	0.00%
48	Morningview	3,520,620	3,491,580	3,429,350	3,946,035	3,596,896	1.27%	3,642,577	-7.69%	3,688,838	1.27%
49	Oak Forest	12,803,513	14,456,300	12,324,132	12,024,279	12,902,056	1.49%	13,094,297	8.90%	13,289,402	1.49%
50	Oakwood	9,557,117	9,699,209	9,354,382	10,144,167	9,688,719	2.27%	9,908,653	-2.32%	9,954,252	0.46%
51	Palisades Ctry Club	-	3,619,270	9,016,160	11,910,150	6,136,395	53.98%	9,448,821	-20.67%	14,549,295	53.98%
52	Palm Port	4,158,890	4,834,134	5,334,833	5,097,894	4,856,438	3.49%	5,025,927	-1.41%	5,201,332	3.49%
53	Palm Terrace	68,975,704	73,591,177	70,056,258	63,697,734	69,080,218	0.31%	69,294,367	8.79%	69,509,179	0.31%
54	Palms Mobile Home Pk	2,107,010	1,828,170	1,573,400	1,615,690	1,781,068	0.00%	1,781,068	10.24%	1,781,068	0.00%
55	Picciola Island	11,888,170	11,971,780	11,545,090	10,965,372	11,592,603	0.78%	11,683,025	6.54%	11,774,153	0.78%
56	Pine Ridge	63,152,195	79,167,912	101,911,969	109,749,683	88,495,440	18.73%	105,070,636	-4.26%	124,750,366	18.73%
57	Pine Ridge Est	13,096,370	13,645,668	16,200,710	20,039,011	15,745,440	8.32%	16,172,112	-19.30%	16,172,112	0.00%
58	Piney Woods	16,701,760	17,378,660	17,112,612	17,204,003	17,099,259	0.30%	17,150,557	-0.31%	17,202,008	0.30%
59	Point O' Woods	17,141,028	19,169,550	21,844,306	19,036,383	19,297,817	2.43%	19,766,754	3.84%	20,247,086	2.43%
60	Pomona Park	7,260,561	7,303,361	9,285,796	10,876,944	8,681,666	1.89%	8,845,749	-18.67%	9,012,934	1.89%
61	Postmaster Village	14,638,100	15,368,060	15,416,090	14,297,321	14,929,893	1.30%	15,123,981	5.78%	15,320,593	1.30%

Southern States Utilities, Inc.
Average Consumption Per Bill (1)

Line No.	Plant Name	Gallons Historical 1991	1992	1993	1994	Average (1991-1994)	Adjusted 1995 and 1996 Gallons: Compound Adjusted Growth Rate Bills 1/ (1991-1994)	Projected 1995 Gallons C7*C6	Growth Rate over 1994 (C8-C5)/C5	Projected 1996 Gallons C7*C8	Growth Rate over 1995 (C10-C8)/C8
62	Quail Ridge	-	2,353,380	1,596,080	1,768,680	1,429,535	9.49%	1,565,198	-11.50%	1,713,735	9.49%
63	River Grove	5,564,991	6,944,077	7,413,291	7,790,550	6,928,227	0.00%	6,928,227	-11.07%	6,928,227	0.00%
64	River Park	9,689,077	9,223,950	10,347,992	10,883,154	10,036,043	1.01%	10,137,407	-6.85%	10,239,795	1.01%
65	Rosemont / Rolling Green	15,707,670	16,944,460	18,790,600	17,984,709	17,356,860	4.08%	18,065,020	0.45%	18,802,072	4.08%
66	Salt Springs	5,653,870	21,593,740	22,915,018	32,005,749	20,542,094	1.57%	20,864,605	-34.81%	21,192,179	1.57%
67	Samira Villas	1,151,220	1,176,570	1,111,560	921,520	1,090,218	0.00%	1,090,218	18.31%	1,090,218	0.00%
68	Silver Lake Est / W. Shores	260,970,263	263,915,126	273,734,953	210,268,338	252,222,170	3.78%	261,756,168	24.49%	271,650,551	3.78%
69	Silver Lake Oaks	1,169,580	1,540,890	1,349,070	1,797,250	1,464,198	4.69%	1,532,868	-14.71%	1,604,760	4.69%
70	Skycrest	5,330,050	6,681,211	6,774,514	6,925,847	6,427,906	0.51%	6,460,688	-6.72%	6,493,637	0.51%
71	St. John's H.	3,156,240	2,662,920	2,649,300	2,805,770	2,818,558	1.45%	2,859,427	1.91%	2,900,888	1.45%
72	Stone Mountain	1,269,150	1,275,240	1,088,020	1,173,690	1,201,525	4.32%	1,253,431	6.79%	1,307,579	4.32%
73	Sugar Mill	25,102,853	25,717,615	26,533,305	25,510,194	25,715,992	1.37%	26,068,301	2.19%	26,425,437	1.37%
74	Sugar Mill Woods	336,802,604	391,838,329	385,242,965	325,769,936	359,913,459	8.05%	388,886,492	19.37%	420,191,855	8.05%
75	Sunny Hills	30,075,392	29,727,398	31,643,689	28,317,131	29,940,903	1.32%	30,336,122	7.13%	30,736,559	1.32%
76	Sunshine Parkway	13,023,880	17,855,860	25,936,959	24,436,401	20,313,275	12.93%	22,939,781	-6.12%	25,905,895	12.93%
77	Tropical Park	30,801,748	30,281,145	31,135,842	32,016,184	31,058,730	0.51%	31,217,129	-2.50%	31,376,337	0.51%
78	University Shores	335,849,580	366,359,018	423,270,479	410,754,298	384,058,344	7.25%	411,902,574	0.28%	441,765,510	7.25%
79	Venetian Village	8,333,404	8,527,966	8,738,779	8,557,382	8,539,383	1.63%	8,678,575	1.42%	8,820,035	1.63%
80	Welaka / Saratoga Harbour	4,642,938	5,265,522	4,895,271	5,402,272	5,051,501	1.60%	5,132,325	-5.00%	5,214,442	1.60%
81	Westmont	11,382,900	12,309,320	11,870,490	12,178,260	11,935,243	3.04%	12,298,074	0.98%	12,671,935	3.04%
82	Windsong	7,559,440	7,723,289	8,124,445	8,072,990	7,870,041	0.00%	7,870,041	-2.51%	7,870,041	0.00%
83	Woodmere	180,564,507	196,169,866	201,461,563	183,004,449	190,300,096	3.16%	193,987,728	6.00%	193,987,728	0.00%
84	Wootens	413,480	527,090	699,069	747,320	596,740	7.51%	641,555	-14.15%	689,736	7.51%
85	Zephyr Shores	21,714,145	21,189,759	15,039,018	11,289,621	17,308,136	0.00%	17,308,136	53.31%	17,308,136	0.00%
86	**Sub-total FPSC Uniform**	**5,940,529,807**	**6,460,596,489**	**6,812,755,754**	**6,243,823,342**	**6,364,426,348**	**3.93%**	**6,614,235,928**	**5.93%**	**6,858,317,126**	**3.69%**
	Bills	**617,927**	**640,593**	**652,135**	**683,678**	**648,583**		**693,598**		**722,182**	
	Consumption Per Bill	**9,614**	**10,085**	**10,447**	**9,133**	**9,813**		**9,536**		**9,497**	
	FPSC Non-Uniform:					-					
87	Deep Creek	211,400,559	221,029,355	218,807,161	219,496,620	217,683,424	3.81%	225,977,162	2.95%	234,586,892	3.81%
88	Enterprise	14,962,985	16,495,768	18,567,734	18,882,905	17,227,348	5.62%	18,195,525	-3.64%	19,218,113	5.62%
89	Geneva Lake Est.	11,533,060	9,010,978	10,125,576	10,982,289	10,412,976	3.20%	10,746,191	-2.15%	11,090,069	3.20%
90	Keystone Club Est.	6,275,950	8,152,045	9,672,349	11,492,655	8,898,250	3.12%	9,175,875	-20.16%	9,462,162	3.12%
91	Lehigh	370,988,098	376,069,596	375,986,838	399,084,229	380,532,190	2.84%	391,339,304	-1.94%	402,453,341	2.84%
92	Marco Island	2,077,140,704	2,145,286,784	2,126,283,910	2,112,629,013	2,115,335,103	2.89%	2,176,468,287	3.02%	2,239,368,221	2.89%
93	Palm Valley	16,843,759	18,337,760	24,910,455	23,624,400	20,929,094	1.07%	21,153,035	-10.46%	21,301,560	0.70%
94	Remington Forest	375,460	4,809,031	8,716,109	9,309,950	5,802,638	23.04%	7,139,565	-23.31%	7,867,584	10.20%
95	**Sub-total FPSC Non-Uniform**	**2,709,520,575**	**2,799,191,317**	**2,793,070,132**	**2,805,502,061**	**2,776,821,021**	**3.00%**	**2,860,194,945**	**1.95%**	**2,945,347,942**	**2.98%**
	Bills	**204,694**	**206,208**	**211,384**	**219,815**	**210,525**		**223,825**		**231,187**	
	Consumption Per Bill	**13,237**	**13,575**	**13,213**	**12,763**	**13,190**		**12,779**		**12,740**	
96	**Total FPSC**	**8,650,050,382**	**9,259,787,806**	**9,605,825,886**	**9,049,325,403**	**9,141,247,369**	**3.64%**	**9,474,430,873**	**4.70%**	**9,803,665,068**	**3.47%**
	Bills	**822,621**	**846,801**	**863,519**	**903,493**	**859,108**		**917,423**		**953,369**	
	Consumption Per Bill	**10,515**	**10,935**	**11,124**	**10,016**	**10,640**		**10,327**		**10,283**	

(1) Before conservation and repression estimated by the Company in 1995 and 1996.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 19

Southern States Utilities, Inc.
Adjustment for Variable Expenses

Weather Normalization	Conventional Treatment	Reverse Osmosis	Total
1996 Variable Expenses	$3,201,573	$1,218,241	$4,419,814
Projected Consumption	8,040,449	2,183,794	10,224,243
Cost per 1000 Gallons	$0.40	$0.56	$0.43
Increased Consumption (000)	1,062,459	165,417	1,227,876
Increased Expenses	$423,053	$92,279	$515,332

Source: Southern States Utilities, Inc., MFR E Schedules.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 20

Southern States Utilities, Inc.
Marco Island Reuse Projects: Revenue Impact

	(000) Gallons	Water Rate	Increase Water Revenue	Reuse Rate	Decrease Wastewater Revenue
Hideaway Beach	54,750	$2.96	$162,060	$0.25	($13,688)
Tommy Barfield School	7,300	$2.96	$21,608	$0.00	$0
Total			$183,668		($13,688)

Source: Southern States Utilities, Inc., MFR E Schedules; Response to OPC Interrogatory 192.

1/25/96 4:36 PM REUSE.XLS

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 21

Southern States Utilities, Inc.
Impact of SSU on Buenaventura Lakes

Buenaventura Lakes	1996 Stand Alone Cost	1996 SSU Cost	Cost Increase	Percent Increase
Direct Water	$274,880	$274,879	($1)	0.00%
Direct Sewer	$1,022,200	$1,022,200	$0	0.00%
Customer Accounts	$257,189	$308,555	$51,366	19.97%
Administrative and General	$403,614	$898,146	$494,532	122.53%
Total	$1,957,883	$2,503,780	$545,897	27.88%

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 22

Southern States Utilities, Inc.
Impact of SSU on Lehigh

	Water				Wastewater			
	1991 Stand Alone Cost	1991 SSU Cost	Cost Increase	Percent Increase	1991 Stand Alone Cost	1991 SSU Cost	Cost Increase	Percent Increase
Salaries and Wages	$214,546	$353,363	$138,817	64.70%	$212,938	$339,484	$126,546	59.43%
Pension and Benefits	34,605	94,292	59,687	172.48%	29,384	76,952	47,568	161.88%
Purchased Power	74,522	75,158	636	0.85%	118,229	118,764	535	0.45%
Chemicals	144,352	144,352	0	0.00%	5,912	5,912	0	0.00%
Materials and Supplies	28,250	35,370	7,120	25.20%	41,891	47,133	5,242	12.51%
Contractual Services - Eng.	395	26	-369	-93.42%		21	21	INF
Contractual Services - Acg.	111,981	9,465	-102,516	-91.55%	89,787	7,406	-82,381	-91.75%
Contractual Services - Legal	12,678	6,833	-5,845	-46.10%	26,188	5,346	-20,842	-79.59%
Contractual Services - Mgt.	24,675	0	-24,675	-100.00%	2,938	0	-2,938	-100.00%
Contractual Services - Other	22,830	26,831	4,001	17.53%	85,903	88,670	2,767	3.22%
Rental of Building	11,652	3,950	-7,702	-66.10%	8,940	3,090	-5,850	-65.44%
Rental of Equipment	3,415	191	-3,224	-94.41%	3,187	149	-3,038	-95.32%
Transportation	18,795	18,382	-413	-2.20%	9,988	8,872	-1,116	-11.17%
Insurance - Vehicle	0	10,523	10,523	INF		8,233	8,233	INF
Insurance General Liability	21,746	14,084	-7,662	-35.23%	17,725	11,020	-6,705	-37.83%
Insurance - Workman's Comp	7,722	8,284	562	7.28%	5,799	5,595	-204	-3.52%
Insurance - Other		6,931	6,931	INF	0	5,423	5,423	INF
Advertising		732	732	INF	0	572	572	INF
Bad Debt	54,487	14,549	-39,938	-73.30%	4,509	11,384	6,875	152.47%
Miscellaneous	16,590	85,590	69,000	415.91%	22,695	78,584	55,889	246.26%
Total	$803,241	$908,906	$105,665	13.15%	$686,013	$822,610	$136,597	19.91%

Southern States Utilities, Inc., Docket No. 911188 MFRs.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 23

Southern States Utilities, Inc.
Administrative And General and Customer Expenses: Diseconomies of Scale Adjustment

	1991	1994	1995	1996
Salaries and Wages	$4,639,425	$5,593,429	$5,811,637	$6,672,452
Pension and Benefits	1,040,224	1,340,745	1,443,203	1,594,180
Purchased Power	60,128	71,602	80,492	90,631
Sludge Removal	2,859			
Materials and Supplies	309,669	305,042	288,791	347,244
Contractual Services - Eng.	545	0	33,523	34,177
Contractual Services - Acg.	269,707	170,822	177,985	181,456
Contractual Services - Legal	97,235	135,423	107,248	109,339
Contractual Services - Other	88,020	471,695	276,594	412,236
Rental of Building	75,044	147,491	159,134	187,649
Rental of Equipment	2,038	9,406	7,283	11,834
Transportation	10,787	89,787	140,461	155,097
Insurance - Vehicle	178,503	112,131	122,008	124,387
Insurance General Liability	197,297	256,552	250,798	308,753
Insurance - Workman's Comp	4,716	99,563	103,970	107,778
Insurance - Other	108,340	22,284	24,899	25,385
Advertising	6,929	27,649	27,165	52,295
Bad Debt	267,959	124,864	217,899	246,165
Miscellaneous	1,233,298	1,426,410	1,781,259	1,991,707
Total	$8,592,723	$10,404,895	$11,054,349	$12,652,765
Customers	158,594	148,082	149,313	164,801
Cost Per Customer	$54.18	$70.26	$74.03	$76.78
1991 Cost Per Customer	$54.18			
1996 Customers	164,801			
A&G Expenses	$8,929,022			
Inflation (1991 - 1996)	1.149			
A&G Adjusted for Inflation	$10,257,661			
Inefficiency Adjustment	($2,395,104)			
FPSC Allocation Factor	75.94%			
FPSC Adjustment	($1,818,842)			
Less:				
5% Budget Reduction	($191,002)			
Budget True-Up	$8,300			
Conservation Adjustments				
Cost Share	($26,972)			
Excessive Expenses	($241,562)			
A&G Salary Adjustment	($495,143)			
Corporate Insurance	($96,458)			
PR Adjustments				
Salaries	($65,661)			
Expenses	($15,626)			
Acquisition Adjustments				
Salaries	($175,928)			
Expenses	($10,742)			
Shareholder Adjustment	($79,272)			
Bad Debt Expense	($46,955)			
Employee Recognition Expenses	($14,341)			
Salary Error	($16,764)			
Overtime Adjustment	($30,481)			
Price Waterhouse Audit	($76,463)			
Net Adjustment	($243,773)			

Source: Southern States Utilities, Inc., MFR Summary O&M Schedule.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 25

Southern States Utilities, Inc.
Acquisition Expense Adjustments

Corporate Development Expenses	
Materials and Supplies	($2,280)
Transportation	($1,842)
Miscellaneous	($11,295)
Total	($15,417)
1996 Attrition	101.95%
1996 Total	($15,718)
Possible Acquisition Percent	90.00%
Adjustment	($14,146)
FPSC Allocation Factor	75.94%
FPSC Adjustment	($10,742)

Source: Southern States Utilities, Inc., 1995 Budget.

Confidential

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 26

Southern States Utilities, Inc.
Public Relations/Governmental Relations Salary Adjustment

1996 Salary	$64,190
Associated Pensions & Benefits (24.99%)	$16,041
Workmen's Compensation (1.71%)	$1,098
Payroll Taxes (8.0%)	$5,135
Total Salary-Related Costs	$86,464
1996 Adjustment for Labor-Related to P/R	($86,464)
FPSC Allocation Factor	75.94%
1996 Adjustment for Labor-Related to P/R FPSC	($65,661)

Source: Southern States Utilities, Inc., Response to OPC Interrogatory 114.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 27

Southern States Utilities, Inc.
Public Relations/Governmental Relations Expense Adjustments

	1995
PR Association Dues	($375)
Florida Leadership Training	($5,000)
Legal - Public Relations	($658)
Public Relations Memberships	($900)
Corporate Image	($13,250)
Total	($20,183)
1996 Attrition Factor	101.95%
1996 Expense	($20,576)
FPSC Allocation Factor	75.94%
FPSC Adjustment	($15,626)

Source: Southern States Utilities, Inc., 1995 Budget.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 28

Southern States Utilities, Inc.
Budget Adjustments

KRA Goals

	1995 Amount	1996 Amount
Contractual Services - 5% Reduction	$135,000	$137,633
Miscellaneous - 5% Reduction	104,000	113,880
Total	$239,000	$251,513
FPSC Percentage	73.45%	75.94%
Total	($175,535)	($191,002)

Budget True-Up as of September 30, 1995

Sludge Removal Expense	($133,493)	($146,175)
Chemical Expense		
Marco Island	($26,791) (1)	($29,336)
Deltona Lakes	($80,064)	($87,670)
University Shores	($11,565)	($12,664)
Chuluota	($6,453)	($7,066)
Amelia Island	$8,052	$8,817
Beacon Hills and Woodmere	$17,388	$19,040
Unexplained Variance	($53,223)	($58,279)
	($152,656)	($167,158)
Contractual Services		
University Shores	$29,483	$32,284
Plant Audits	$54,075	$59,212
Marco Island	($20,719)	($22,687)
	$62,839	$68,809
FSPC Allocation Factor		75.94%
FPSC Travel		$52,253
Travel		
Technical Service Specialists	($4,167)	($4,563)
Customer Service	($5,152)	($5,641)
Unexplained Variance	($43,538)	($47,674)
	($52,857)	($57,878)
FSPC Allocation Factor		75.94%
FPSC Travel		($43,953)
Total	($276,167)	($305,033)

(1) Net of Delayed implementation of lead and copper corrosion control program.

Source: Southern States Utilities, Inc., Response to OPC Interrogatories 130, 131 and 303; MFR Allocation Schedules.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 29

Southern States Utilities, Inc.
Shareholder Expense Adjustment

Shareholder Expenses	$208,776
50% Disallowance	50.00%
Adjustment	($104,388)
FPSC Allocation Factor	75.94%
FPSC Adjustment	($79,272)

Source: Southern States Utilities, Inc., MFR Allocation Schedules.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 30

Southern States Utilities, Inc.
Rate Case Expense Adjustment

Add Overtime Expenses	$30,481
Cost of Capital Witness - Morin	($21,500)
Joe Cresse Testimony - Rates	($20,000)
Cost of Capital - Gartzke	($30,000)
Uniform Rate Investigation	($345,671)
Total Adjustment	($386,690)
Four-Year Amortization	($96,673)

Source: Southern States Utilities, Inc., MFR Schedule B-10.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 31

Southern States Utilities, Inc.
Unaccounted For Water

Plant Name	(000) Gallons Pumped/Purchased	(000) Unaccounted Gallons	UFW Percent	Allowed UFW Percent	Excess UFW Percent	(000) Excess Gallons
Uniform Plants						
Amelia Island	419,359	91,665	21.86%	10.00%	11.86%	49,729
Apache Shores	5,555	659	11.86%	10.00%	1.86%	104
Apple Valley	139,372	13,504	9.69%			
Bay Lake Estates	7,009	596	8.50%			
Beacon Hills	495,058	-1,265	-0.26%			
Beecher's Point	7,928	1,398	17.63%	10.00%	7.63%	605
Burnt Store	53,136	45	0.08%			
Carlton Village	14,102	2,807	19.90%	10.00%	9.90%	1,397
Chuluota	72,815	3,545	4.87%			
Citrus Park	32,721	3,253	9.94%			
Citrus Springs	203,865	36,447	17.88%	10.00%	7.88%	16,061
Crystal River Highlands	8,179	233	2.85%			
Daetwyler Shores	16,127	325	2.02%			
Deltona	3,038,671	351,264	11.56%	10.00%	1.56%	47,397
Dol Ray Manor	13,437	-6	-0.04%			
Druid Hills	45,456	6,457	14.20%	10.00%	4.20%	1,911
East Lake Harris Estates	6,468	641	9.91%			
Fern Park	18,934	1,493	7.89%			
Fern Terrace	13,382	590	4.41%			
Fisherman's Haven	9,764	-304	-3.11%			
Fountains	3,998	545	13.63%	10.00%	3.63%	145
Fox Run	11,140	171	1.54%			
Friendly Center	1,594	149	9.35%			
Golden Terrace	5,423	953	17.57%	10.00%	7.57%	411
Gospel Island Estates	737	72	9.77%			
Grand Terrace	12,736	543	4.26%			
Harmony Homes	8,514	648	7.61%			
Hermits Cove	7,317	715	9.77%			
Hobby Hills	7,442	875	11.76%	10.00%	1.76%	131
Holiday Haven	6,057	1,317	21.74%	10.00%	11.74%	711
Holiday Heights	6,018	436	7.24%			
Imperial Mobile Terrace	14,321	827	5.77%			
Intercession City	21,472	4,790	22.31%	10.00%	12.31%	2,643
Interlachen Lakes/Pk Manor	14,684	3,649	24.85%	10.00%	14.85%	2,181
Jungle Den	2,694	36	1.34%			
Keystone Heights	122,042	14,378	11.78%	10.00%	1.78%	2,174
Kingswood	3,610	-189	-5.24%			
Lake Ajay Estates	13,359	-1,209	-9.05%			
Lake Brantley	6,548	370	5.65%			
Lake Conway Park	8,148	465	5.71%			
Lake Harriet Estates	28,192	1,425	5.05%			
Lakeview Villas	822	5	0.61%			
Leilani Heights	51,602	5,053	9.79%			
Leisure Lakes	8,804	1,295	14.71%	10.00%	4.71%	415
Marco Shores	44,999	1,917	4.26%			
Marion Oaks	202,139	15,519	7.68%			
Meredith Manor	85,212	2,412	2.83%			
Morningview	4,450	355	7.98%			
Oak Forest	16,722	4,360	26.07%	10.00%	16.07%	2,688
Oakwood	10,811	451	4.17%			
Palisades Country Club	17,823	1,747	9.80%			
Palm Port	6,215	768	12.36%	10.00%	2.36%	147
Palm Terrace	78,533	9,394	11.96%	10.00%	1.96%	1,541
Palms Mobile Home Park	1,625	-39	-2.40%			
Picciola Island	13,454	2,338	17.38%	10.00%	7.38%	993
Pine Ridge	127,313	7,292	5.73%			
Pine Ridge Estates	18,000	-2,132	-11.84%			
Piney Woods	19,235	1,846	9.60%			
Point O'Woods	24,889	4,034	16.21%	10.00%	6.21%	1,545

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 31

Southern States Utilities, Inc.
Unaccounted For Water

Plant Name	(000) Gallons Pumped/Purchased	(000) Unaccounted Gallons	UFW Percent	Allowed UFW Percent	Excess UFW Percent	(000) Excess Gallons
Pomona Park	13,439	2,469	18.37%	10.00%	8.37%	1,125
Postmaster Village	16,067	1,605	9.99%			
Quail Ridge	1,911	45	2.35%			
River Grove	8,656	714	8.25%			
River Park	12,182	1,109	9.10%			
Rosemont/Rolling Green	19,827	1,737	8.76%			
Salt Springs	33,586	1,212	3.61%			
Samira Villas	903	-19	-2.10%			
Saratoga Harbour	2,462	250	10.15%	10.00%	0.15%	4
Silver Lake Est/W. Shores	269,418	19,601	7.28%			
Silver Lake Oaks	1,902	78	4.10%			
Skycrest	8,567	1,468	17.14%	10.00%	7.14%	611
St. Johns Highlands	4,921	1,929	39.20%	10.00%	29.20%	1,437
Stone Mountain	2,845	1,672	58.77%	10.00%	48.77%	1,388
Sugar Mill	38,870	2,976	7.66%			
Sugarmill Woods	363,667	21,852	6.01%			
Sunny Hills	58,332	2,357	4.04%			
Sunshine Parkway	27,317	1,474	5.40%			
Tropical Park	36,764	4,885	13.29%	10.00%	3.29%	1,209
University Shores	427,236	15,198	3.56%			
Venetian Village	9,040	266	2.94%			
Welaka	3,702	255	6.89%			
Westmont	13,854	1,660	11.98%	10.00%	1.98%	275
Windsong	8,261	164	1.99%			
Woodmere	309,614	119,385	38.56%	10.00%	28.56%	88,424
Wootens	1,002	69	6.89%			
Zephyr Shores	13,263	664	5.01%			
Uniform Totals	7,367,640	806,003	10.94%			227,397
Non-Uniform Plants						
Buenaventura Lakes	624,873	84,335	13.50%	10.00%	3.50%	21,848
Deep Creek	227,201	6,656	2.93%			
Enterprise (see Deltona)						
Geneva Lake Estates	13,585	2,339	17.22%	10.00%	7.22%	981
Keystone Club Estates	13,564	1,715	12.64%	10.00%	2.64%	359
Lakeside	7,710	7,710	100.00%	N/A		
Lehigh	482,637	65,763	13.63%	10.00%	3.63%	17,499
Marco Island	2,251,192	89,916	3.99%			
Palm Valley	25,936	2,292	8.84%			
Remington Forest	11,057	1,711	15.47%	10.00%	5.47%	605
Spring Gardens	8,415	1,665	19.79%	10.00%	9.79%	824
Valencia Terrace	32,492	16,160	49.74%	10.00%	39.74%	12,911
Non-Uniform Totals	3,698,662	280,262	7.58%		1.49%	55,026
FPSC Totals	11,066,302	1,086,265	9.82%			289,362

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 32

Southern States Utilities, Inc.
Unaccounted For Water: Adjustment for Variable Expenses

Plant Name	Gallons Pumped/Purchased	UFW Percent	Excess Gallons	Purchased Water	Purchased Power	1994 Chemicals	Total Variable	1994 Cost Per/1000	Excess Cost	Purchased Water	Purchased Power	1996 Chemicals	Total Variable	1996 Cost Per/1000	Excess Cost
Uniform Plants															
Amelia Island	419,359	11.86%	49,729	$0	$35,789	$12,137	$47,926	$0.11	$5,683	$0	$39,785	$14,094	$53,879	$0.13	$6,389
Apache Shores	5,555	1.86%	104	0	804	0	804	$0.14	15	0	860	563	1,423	$0.26	27
Beecher's Point	7,928	7.63%	605	16,560	683	154	17,397	$2.19	1,328	27,600	600	0	28,200	$3.56	2,153
Carlton Village	14,102	9.90%	1,397	0	2,885	329	3,214	$0.23	318	0	3,000	284	3,284	$0.23	325
Citrus Springs	203,865	7.88%	16,061	0	22,363	476	22,839	$0.11	1,799	0	22,898	1,594	24,492	$0.12	1,929
Deltona	3,038,671	1.56%	47,397	53	308,999	40,904	349,956	$0.12	5,459	0	417,300	148,506	565,806	$0.19	8,825
Druid Hills	45,456	4.20%	1,911	0	6,320	3,715	10,035	$0.22	422	0	6,960	4,423	11,383	$0.25	479
Fountains	3,998	3.63%	145	0	531	0	531	$0.13	19	0	1,200	318	1,518	$0.38	55
Golden Terrace	5,423	7.57%	411	0	1,238	217	1,455	$0.27	110	8,445	0	0	8,445	$1.56	640
Hobby Hills	7,442	1.76%	131	0	1,097	67	1,164	$0.16	20	0	1,080	106	1,186	$0.16	21
Holiday Haven	6,057	11.74%	711	18,693	0	0	18,693	$3.09	2,195	18,960	0	0	18,960	$3.13	2,227
Intercession City	21,472	12.31%	2,643	0	1,474	99	1,573	$0.07	194	0	1,500	636	2,136	$0.10	263
Interlachen Lakes/Pk Man	14,684	14.85%	2,181	0	2,485	77	2,562	$0.17	380	0	2,520	2,484	5,004	$0.34	743
Keystone Heights	122,042	1.78%	2,174	0	14,552	583	15,135	$0.12	270	0	20,935	3,246	24,181	$0.20	431
Leisure Lakes	8,804	4.71%	415	0	960	1,339	2,299	$0.26	108	0	1,200	1,733	2,933	$0.33	138
Oak Forest	16,722	16.07%	2,688	0	2,402	214	2,616	$0.16	420	0	2,076	312	2,388	$0.14	384
Palm Port	6,215	2.36%	147	0	800	115	915	$0.15	22	0	960	942	1,902	$0.31	45
Palm Terrace	78,533	1.96%	1,541	135,559	0	1	135,560	$1.73	2,659	101,400	3,840	159	105,399	$1.34	2,068
Picciola Island	13,454	7.38%	993	3,210	2,127	40	5,377	$0.40	397	0	2,400	106	2,506	$0.19	185
Point O'Woods	24,889	6.21%	1,545	0	3,322	260	3,582	$0.14	222	0	3,867	563	4,430	$0.18	275
Pomona Park	13,439	8.37%	1,125	0	2,413	77	2,490	$0.19	208	0	2,720	942	3,662	$0.27	307
Skycrest	8,567	7.14%	611	0	1,425	117	1,542	$0.18	110	0	1,620	106	1,726	$0.20	123
St. Johns Highlands	4,921	29.20%	1,437	0	819	77	896	$0.18	262	0	800	835	1,635	$0.33	477
Stone Mountain	2,845	48.77%	1,388	0	1,019	214	1,233	$0.43	601	0	1,080	95	1,175	$0.41	573
Tropical Park	36,764	3.29%	1,209	20,653	3,526	1,401	25,580	$0.70	841	2,660	5,040	3,112	10,812	$0.29	355
Westmont	13,854	1.98%	275	17,918	0	0	17,918	$1.29	355	20,000	0	0	20,000	$1.44	396
Woodmere	309,614	28.56%	88,424	0	30,171	6,132	36,303	$0.12	10,368	0	32,985	9,481	42,466	$0.14	12,128
Uniform Totals	4,454,675		227,397	$212,646	$448,204	$68,745	$729,595		$34,787	$179,065	$577,226	$194,640	$950,931		$41,960
Non-Uniform Plants															
Buenaventura Lakes (1)	624,873	3.50%	21,848	0	69,551	13,995	83,546	$0.13	$2,921	0	69,551	13,995	83,546	$0.13	$2,921
Geneva Lake Estates	13,585	7.22%	981	0	1,620	1,064	2,684	$0.20	194	0	1,800	1,315	3,115	$0.23	225
Keystone Club Estates	13,564	2.64%	359	0	1,871	38	1,909	$0.14	50	0	2,040	133	2,173	$0.16	57
Lehigh	482,637	3.63%	17,499	0	77,110	111,906	189,016	$0.39	6,853	0	79,915	103,865	183,780	$0.38	6,663
Remington Forest	11,057	5.47%	605	0	1,677	141	1,818	$0.16	100	0	1,680	153	1,833	$0.17	100
Spring Gardens (1)	8,415	9.79%	824	0	1,431	71	1,502	$0.18	147	0	1,431	71	1,502	$0.18	147
Valencia Terrace (1)	32,492	39.74%	12,911	0	5,665	324	5,989	$0.18	$10,265	0	5,665	324	5,989	$0.18	2,380
Non-Uniform Totals	1,186,623		55,026	$0	$158,925	$127,539	$286,464		$20,530	$0	$162,082	$119,856	$281,938		$12,494
FPSC Totals	5,641,298		289,362	$212,646	$607,129	$196,284	$1,016,059		$55,318	$179,065	$739,308	$314,496	$1,232,869		$54,454

Adjustment

Ratio 1994 Expenses to 1996 Expenses	1.2134
1994 Excess Expenses	$55,318
1996 Excess Expenses	($67,121)

Source: Southern States Utilities, Inc., MFR F Schedules.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 33

Southern States Utilities, Inc.
Operations and Administrative Project Adjustments

OAP Project	Amortization Period	Cost	Months	Cost Per Month	Test Year Months	1995 Adjustment	1996 Adjustment
Deltona Perc Lagoon Solid Removal	12/90 - 6/95	$53,050	55	$965	6	($2,652)	($2,698) (1)
Marco Island Perc Lagoon Solid Rem.	1/90 - 6/95	81,549	66	1,236	6	-7,414	-7,543
Ace Signs of Orlando	4/91 -4/96	12,739	60	212	12	-2,455	-2,498
Leilani Replacement Sand Effluent	? - 7/95	37,141	60	619	12	-945	-962 (1)
Meredith Pond Cleaning	1/92 - 12/96	8,635	60	144	12	-1,727	-1,757
Grit Removal Woodmere	1/94 - 12/96	9,900	36	275	12	-3,300	-3,358
Lehigh Plant Painting (Wastewater)	7/93 - 6/96	15,060	36	418	12	-5,020	-5,108
Lehigh Plant Painting (Water)	8/93 - 7/96	37,485	36	1,041	12	-12,495	-12,714
Computerized System Mapping	3/94 -3/95	290,000	12	24,167	3	-43,497	-44,348 (1)
1 MG Storage Tank & Building	8/94 - 12/96	29,609	28	1,057	12	-12,252	-12,466
Total						($91,757)	($93,452)

(1) Columns may not add to total. Amounts included are those in the Company's budget which differs from the OAP listing.

Source: Southern States Utilities, Inc., Response to OPC Document Request 176 and OPC Interrogatory 304.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 34

Southern States Utilities, Inc.
Keystone Heights Adjustment

	Original Estimate	Revised Cost	Adjustment
Total Cost	$75,000	$30,000	
Amortization Period	7	7	
Annual Amortization	$10,714	$4,286	
Monthly Amortization	$893	$357	
Months in Test Year	6	6	
Total	$5,357	$2,143	($3,214)

Source: Southern States Utilities, Inc., Budget Summary Reports.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 35

Southern States Utilities, Inc.
Miscellaneous Adjustments

	Expense Adjustment	Income Adjustments	Revenue Adjustments	Rate Base Adjustments
Adjustment for Salary Expense Error	($16,764)			
Billings Greater than Cost			$7,000	
Enterprise Purchased Water Error	($22,753)			
Rate Case Overtime	($30,481)			
Excessive Employee Recognition Expenses	($14,341)			
Bad Debt	($46,955)			
Price Waterhouse 1994 Audit	($76,463)			
Non-Utility Income				
Administrative Fee - Payroll Deductions		$542		
Scrap Metal		$631		
Other		$3,494		
Pirates Harbor Mgt Fee		$6,330		
Subtotal		$10,997		
Revenue Not Billed				
Wastewater			$50,595	
Cost Share Funds				($225,100)
Total	($207,757)	$10,997	$57,595	($225,100)
FPSC Allocation	75.94%	77.06%	100.00%	100.00%
Total Adjustment	($163,245)	$8,474	$57,595	($225,100)

Source: Southern States Utilities, Inc., 1995 Budget; Response to OPC Interrogatories 189, 83, 202, 214, 222, 256, and 163; Response to OPC Document Requests 189, and 111; Budget Summary Variance Reports.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 36

Southern States Utilities, Inc.
Repression Effect on Expenses

	Reverse Company Adjustment
Conventional Treatment	$254,717
Reverse Osmosis	$32,868
Total	$287,585

Source: Southern States Utilities, Inc., MFR E Schedules.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 37

Southern States Utilities, Inc.
Lehigh Land Acquisition Adjustment

	Acres	Price/Acre	Cost
Mirror Lakes Parcel 1	46	$2,598	$119,118
Industrial Park Parcel 2	27	3,202	86,275
Wet Weather Storage Parcel 3	10	3,202	32,917
Lee Boulevard Parcel 4	7	2,691	19,268
Total			$257,577
Move to Plant Held for Future Use-Water			($122,035)
Move to Plant Held for Future Use-Sewer			($260,562)
Reduce Value of Land by 60% Parcel 4			($11,561)
Total Adjustment to Sewer			($272,123)

Source: Southern States Utilities, Inc., Response to OPC Document Request 127, Appendix D, p. 110 and Document Request 196.

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Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 38

Southern States Utilities, Inc.
Lehigh Rate Base Adjustments: Non-Used and Useful Plant

	Water	Wastewater	Total
1995 Additions to Plant-LAC	$1,602,000	$905,000	$2,507,000
Less Contractor Payments	($125,460)	($243,540)	($369,000)
1995 Non-Used and Useful	$1,476,540	$661,460	$2,138,000
1996 Average Additions-LAC	$110,000	$225,750	$335,750
Less Average Contractor Payments	($68,000)	($132,000)	($200,000)
1996 Non-Used and Useful	$42,000	$93,750	$135,750
Total 1995/96 Non-Used and Useful-LAC	$1,518,540	$755,210	$2,273,750
Total Transmission/Distribution/Collection	$8,093,122	$7,512,081	$15,605,203
Less LAC Non-Used and Useful	($1,518,540)	($755,210)	($2,273,750)
Total T/D/S Less LAC	$6,574,582	$6,756,871	$13,331,453
Non-Used and Useful Percent	22.83%	11.69%	17.18%
Adjusted NUU Plant-Non LAC	($1,500,977)	($789,878)	($2,290,855)
LAC Non-Used and Useful Plant	($1,518,540)	($755,210)	($2,273,750)
Total Non-Used and Useful Plant Recommended	($3,019,517)	($1,545,088)	($4,564,605)
Non-Used and Useful Percent	37.31%	20.57%	29.25%
Company Non-Used and Useful Plant	$56,568	$717,896	$774,464
Advances for Construction	($1,903,990)	($1,595,969)	($3,499,959)
Net Effective Non-Used and Useful Company	($1,847,422)	($878,073)	($2,725,495)
Adjustment for LAC Non-Used and Useful Plant	($1,172,095)	($667,015)	($1,839,110)
Depreciation Rate	2.33%	2.28%	
Reduce Depreciation Expense	($27,310)	($15,208)	($42,518)
Amortization of CIAC	856	956	$1,812
Reduce Depreciation Expense Net of CIAC	($26,454)	($14,252)	($40,706)
Reduce Accumulated Depreciation	$279,673	$196,177	$475,850
Reduce CIAC	$36,757	$34,021	$70,778
Accumulated Amortization of CIAC	($2,268)	($2,503)	($4,771)

Source: Southern States Utilities, Inc., MFR A and B Schedules; Response to OPC Document Request 196.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 39

Southern States Utilities, Inc.
Buenaventura Rate Base Adjustments

	Water Adjustment	Wastewater Adjustment
Utility Plant in Service	$31,494	($284,536)
Land		($538)
Accumulated Depreciation	($290,368)	($605,930)
CIAC	($126,635)	($285,489)
Accumulated CIAC Amortization	$87,319	$245,723
	($298,190)	($930,770)
Composite Depreciation Rate	4.36%	4.04%
Reduce Depreciation Expense	$1,373	($11,495)
Amortization of CIAC	($3,634) (1)	($10,677) (2)
Net Reduction to Depreciation Exp.	($2,261)	($22,173)

(1) Composite CIAC Amortization Rate Used at 2.87%

(2) Composite CIAC Amortization Rate Used at 3.74%

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 40

Southern States Utilities, Inc.
Buenaventura Lakes: Wetlands Adjustment

Adjust Plant Accounts

Account	Description	1996 Balance	Adjustment	Adjusted 1996 Balance	Non-Used Useful
262.2	Special Collecting	$1,158,301	($628,270)	$530,031	54.24%
353.4	Land & Land Rights	$973,149	($591,110)	$382,039	60.74%
	Total Adjustment	$2,131,450	($1,219,380)	$912,070	57.21%

Adjust Accumulated Depreciation

		1996
262.2	Special Collecting	($628,270)
	Depreciation Rate	2.50%
	Depreciation '94	($15,707)
	Depreciation '95	($15,707)
	Depreciation '96	($15,707)
	1993 Accumulated	($153,141)
	Total Adjustment	$200,261

Adjust Depreciation Expense

	1996
Total Adjustment	($15,707)

Source: Southern States Utilities, Inc., MFR B Schedules; Response to OPC Document Request 168.

Docket No. 950495-WS
Kimberly H. Dismukes
Exhibit No. ___(KHD-1)
Schedule 41

Southern States Utilities, Inc.
Summary of Adjustments

Description	Adjustment	Net Operating Income	Revenue Requirement	Source Schedule
Conservation Expense Adjustment				
Cost Share Funds	($26,972)	$16,567	($28,242)	7
Disallowed Expenses	($241,562)	$148,379	($252,942)	7
Conservation Revenue Related Adjustments				
Six Pilot Project Revenue Adjustment	$70,710	$41,479	($70,710)	3
Conservation: Variable Expense Adjustment	($33,372)	$20,499	($34,944)	3
Gain on Sale	$3,363,412	$3,363,412	($5,733,608)	8
Reduce Equity Component of Capital Structure	$4,800,000	$83,975	($143,153)	9
Weather Normalization				
Increase Water Revenue	$1,937,947	$1,136,817	($1,937,931)	16
Increase Variable Expenses	$515,332	($316,543)	$539,611	19
Marco Reuse Project				
Increase Water Revenue	$183,668	$107,741	($183,667)	20
Decrease Wastewater Revenue	($13,688)	($8,029)	$13,687	20
Inefficiency Adjustment	($243,773)	$149,737	($255,257)	23
Acquisitions Expenses				
Reduce Salaries	($175,928)	$108,064	($184,216)	24
Reduce Expenses	($10,742)	$6,599	($11,248)	25
PR/Governmental Relations				
Reduce Salaries	($65,661)	$40,332	($68,754)	26
Reduce Expenses	($15,626)	$9,598	($16,362)	27
Budget Adjustments				
KRA Goals	($191,002)	$117,323	($200,000)	28
Budget True-Up	($305,033)	$187,366	($319,403)	28
Shareholder Expenses	($79,272)	$48,693	($83,007)	29
Rate Case Expense	($96,673)	$59,381	($101,227)	30
Excess Unaccounted for Water	($67,121)	$41,229	($70,284)	32
OAP Projects: Decrease Expenses	($93,452)	$57,403	($97,855)	33
Keystone Heights: Decrease Expenses	($3,214)	$1,974	($3,366)	34
Miscellaneous Adjustments				
Decrease Expenses	($163,245)	$100,273	($170,935)	35
Increase Income	$8,474	$8,474	($14,446)	35
Increase Revenue	$57,595	$33,786	($57,595)	35
Decrease Rate Base	($225,100)	$21,227	($36,186)	35
Repression Variable Expense Adjustment	$287,585	($176,649)	$301,134	36
Lehigh Land				
Reduce Water Rate Base	($122,035)	$11,508	($19,618)	37
Reduce Wastewater Rate Base	($272,123)	$25,661	($43,745)	37
Lehigh Non-Used and Useful Adjustments				
Reduce Plant in Service	($1,839,110)	$173,428	($295,643)	38
Reduce Accumulated Depreciation	$475,850	($44,873)	$76,494	38
Reduce CIAC	$70,778	($6,674)	$11,378	38
Reduce Accumulated Amortization of CIAC	($4,771)	$450	($767)	38
Reduce Depreciation Expense	($40,706)	$25,004	($42,623)	38
Buenaventura: Commission Adjustments				
Reduce Water Rate Base	($298,190)	$28,119	($47,935)	39
Reduce Wastewater Rate Base	($930,770)	$87,772	($149,624)	39
Reduce Depreciation Expense: Water	($2,261)	$1,389	($2,368)	39
Reduce Depreciation Expense: Wastewater	($22,173)	$13,619	($23,217)	39
Buenaventura: Wetlands Adjustment				
Reduce Wastewater Rate Base	($1,219,380)	$114,988	($196,019)	40
Increase Accumulated Depreciation	$200,261	($18,885)	$32,193	40
Reduce Depreciation Expense	($15,707)	$9,648	($16,447)	40
Total			($9,938,848)	