

1 FLORIDA CITIES WATER COMPANY

- NORTH FT. MYERS DIVISION
- 3 WASTEWATER OPERATIONS
- 4 SUPPLEMENTAL DIRECT TESTIMONY OF LARRY N. COEL
- 5 Docket No. 950387-SU
- 6 Q. Please state your name and business address.
- 7 A. Larry N. Coel, 4837 Swift Road, P.O. Box 21597, Suite
- 8 100, Sarasota, Florida 34231.
- 9 Q. Are you the same Larry N. Coel who previously filed
- 10 testimony in this rate proceeding, Docket No. 950387-SU?
- 11 A. Yes.
- 12 Q. What is the purpose of this supplemental direct
- 13 testimony?
- 14 A. The purpose of this supplemental direct testimony is to
- point out to all parties in this rate proceeding that a
- 16 costly, inefficient, and confusing procedure is about to
- take place in which no party benefits.
- 18 Q. Which procedure is this?
- 19 A. This procedure is the up-coming rate reduction as
- required by PSC Order No. PSC-92-0594-FOF-SU (Docket No.
- 21 910756-SU) to reflect the expiration of rate case expense
- 22 amortization from this previous rate case (see Exhibit
- 23 _ (LC-6). Since this nominal wastewater rate reduction
- 24 (\$1,738 monthly and \$20,854 annually) is scheduled for
- June 30, 1996 and the PSC is scheduled to vote on the

- l current rate case at the agenda conference on July 16,
- 2 1996, FCWC believes it would be appropriate to
- 3 incorporate this rate reduction into the staff
- 4 recommendation and final rate order. It would be
- 5 efficient and cost effective (one set of tariff changes,
- 6 one customer notice and mailing), and would reduce
- 7 customer confusion. If these rate adjustments can not be
- 8 combined, the customers will undoubtedly be confused when
- 9 they see an average one month decrease of \$0.55
- 10 (\$1,738/3,180 weighted bills) followed by a more
- 11 substantial increase. [3,180 weighted bills = 38,158
- 12 annual weighted bills per MFRs page 102 / 12 months].
- 13 Q. What are the actual rates to be reduced by?
- 14 A. I do not know the actual rate reduction in terms of rate
- 15 structure. PSC Order No. PSC-92-0594-FOF-SU (Docket No.
- 16 910756-SU) does not show the rate structure reduction as
- do more recent PSC rate orders in other cases. If this
- 18 rate reduction can not be incorporated into this current
- 19 rate proceeding, I would not know what the actual reduced
- 20 rates are supposed to be without additional information.
- 21 Q. Will FCWC provide security for this rate reduction until
- 22 the final rate order is issued?
- 23 A. Yes. FCWC proposes to provide a corporate undertaking as
- 24 it has often done before for interim rates. An
- 25 alternative would be to establish an escrow account.

- 1 However, since the amount involved would only be
- 2 approximately \$2,000, the administration and related cost
- 3 of establishing an escrow in a bank would appear to be
- 4 unnecessarily burdensome. In any event, FCWC requests
- 5 that these rate adjustments be consolidated.
- 6 Q. Does this conclude your supplemental direct testimony?
- 7 A. Yes, it does.

8

EXHIBIT ____ (LC-6)

-

FROM FLORIDA CITIES INT CO State of Flori.

EXHIBIT (LC-6)

Commissioners: SUSAN F. CLARK, CHAIRMAN J. TERRY DBASON JULIA L JOHNSON DIANE K. KIESLING JOB GARCIA



DIVISION OF WATER & WASTEWATER CHARLES HILL DIRECTOR (904) 413-6900

Bublic Service Commission

March 29, 1996

Florida Cities Water Company (N. Ft. Myers-Lee County) Larry E. Griggs P.O. Box 6459 Ft Myers, FL 33911-6459

Dear Mr. Griggs:

Re: Docket No. 910756-SU

The four year amortization period of rate case expense granted to your utility in Order No. PSC-92-0594-FOF-SU will expire on June 30, 1996. The order specified that revised pariff sheets reflecting the elimination of this expense are to be filed with the Commission no later than one month prior to this date. Therefore, your tariffs should be filed by May 30, 1996.

You should also submit a proposed customer notice to explain the amount and purpose of the rate reduction. A sample customer notice has been attached. The customer notice should include all of the utility's rates which will be reduced and should be mailed to the utility's customers on or before the effective date of the revised tariffs. If you have any questions, please contact Troy Rendell at (904) 413-6900.

Sincerely,

Charles H. Hill, Director

Division of Water and Wastewater

CHH:sja Attachment

By Certified Mail

Division of Water and Wastewater (Rendell, Austin)

Division of Legal Services, WAW (Jaber)

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BLVD • TALLAHASSEB. FL 32399-0850 Interest E-mail: CONTACTOPSC.STATE.FL.US An Affirmative Autoco/Equal Opportunity Employee

то

SAMPLE CUSTOMER NOTICE

Effective October 1, 1989, Section 367.0816, Florida Statutes, requires that rate case expense be recovered over a period of four years. The statute further requires that the rates of the utility be reduced immediately at the conclusion of the four years by the amount of rate case expense previously included in the rates. This statute applies to all rate cases filed on or after October 1, 1989.

Utility Name was granted a rate increase by the Florida Public Service Commission in Order No. # issued on // in Docket No. #.

The four year recovery period for rate case expense will expire on // Effective // the rates will be reduced as follows:

WATER RATES - MONTHLY Residential and General Service

Meter Size	Current Rates	New Rates After Rate Case Expense Removal
5/8" X 3/4"	\$9.38	\$9.34
3/4"	\$14.07	\$14.01
3/4" 1"	\$23,45	\$23,34
1-1/2"	\$46.90	\$46.59
2"	\$75.04	\$74.70
3"	\$150.08	\$149.39
ī-1/2" 2" 3" 4"	\$234.50	\$233.43
6"	\$469.00	\$466.85
6" 8"	\$750.40	\$746.96
Gallonage Charge	\$1.49	\$1.48

If you have any questions, you may call the utility at (###)###-###