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1 FLORIDA CITIES WATER COMPANY
2 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
15 point out to all parties in this rate proceeding that a
16 costly, inefficient, and confusing procedure is about to
17 take place in which no party benefits.

18 Q. Which procedure is this?

19 A. This procedure is the up-coming rate reduction as
20 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
25 June 30, 1996 and the PSC is scheduled to vote on the

1 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
17 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)

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 1/1 in Docket No. #. The four year recovery period for rate case expense will expire on 1/1. Effective 1/1 the rates will be reduced as follows:

WATER RATES - MONTHLY
Residential and General Service

<u>Meter Size</u>	<u>Current Rates</u>	<u>New Rates After Rate Case Expense Removal</u>
5/8" X 3/4"	\$9.38	\$9.34
3/4"	\$14.07	\$14.01
1"	\$23.45	\$23.34
1-1/2"	\$46.90	\$46.69
2"	\$75.04	\$74.70
3"	\$150.08	\$149.39
4"	\$234.50	\$233.43
6"	\$469.00	\$466.85
8"	\$750.40	\$746.96
Gallonage Charge	\$1.49	\$1.48

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