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B. KENNETH GATLIN, P.A.
THOMAS F. WOODS
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April 19, 1996

**ORIGINAL
FILE COPY**

HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

RE: Docket No. 950387-SU
Application of Florida Cities Water Company, North Ft. Myers Division,
for an Increase in Wastewater Rates in Lee County, Florida

Dear Ms. Bayo:

Please find an original and fifteen copies of our Certificate of Service and Second Rebuttal Testimony of Larry N. Coel. The purpose of this Second Rebuttal Testimony is to respond to the Supplemental Direct Testimony of Cheryl Walla.

Under the terms of the Prehearing Order, this testimony could be presented orally at the hearing, however, because of the length of the testimony, FCWC has chosen to file it in a prepared form for the convenience of the parties and to make unnecessary the reading of the testimony at the hearing.

Please acknowledge receipt of foregoing by stamping the enclosed extra copy of this letter and returning same to my attention.

Very truly yours,

Wayne L. Schiefelbein, for
B. Kenneth Gatlin

- ACK
- AFA 2
- APP _____
- CAF _____
- CMU _____ BKG/met
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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Re: Application of Florida Cities Water)
Company, North Ft. Myers Division,)
for an increase in wastewater rates in)
Lee County, Florida)

Docket No. 950387-SU

Filed: April 19, 1996

CERTIFICATE OF SERVICE

I HERBY CERTIFY that a true and correct copy of the Second Rebuttal Testimony of Larry N. Coel has been furnished by hand delivery to Mr. Ralph Jaeger, Esquire, Division of Legal Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and to Harold McLean, Esquire, Office of Public Counsel, 111 W. Madison Street, Room 812, Claude Pepper Building, Tallahassee, Florida 32399-1400, and by regular U.S. Mail on this 19th day of April, 1996 to:

Harry Bowne
4274 Harbour Lane
N. Ft. Myers, FL 33903

Nancy L. McCullough
683 Camellia Drive
N. Ft. Myers, FL 33903

Eugene W. Brown
2069 W. Lakeview Boulevard
N. Ft. Myers, FL 33903

C. Belle Morrow
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Jerilyn L. Victor
1740 Dockway Drive
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N. Ft. Myers, FL 33903

Beverly and Robert Hemenway
4325 S. Atlantic Circle
N. Ft. Myers, FL 33903

Cheryl Walla
1750 Dockway Drive
N. Ft. Myers, FL 33903

Respectfully submitted

A handwritten signature in black ink that reads "B. Kenneth Gatlin". The signature is written in a cursive style with a horizontal line underneath the name.

B. Kenneth Gatlin

Fla. Bar #0027966

Gatlin, Woods, Carlson & Cowdery

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Attorneys for

FLORIDA CITIES WATER COMPANY

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FLORIDA CITIES WATER COMPANY

NORTH FT. MYERS DIVISION

WASTEWATER OPERATIONS

SECOND REBUTTAL TESTIMONY OF LARRY N. COEL

Docket No. 950387-SU

- Q. Please state your name and business address.
- A. Larry N. Coel, 4837 Swift Road, P.O. Box 21597, Suite 100, Sarasota, Florida 34231.
- Q. Are you the same Larry N. Coel who previously filed testimony in this rate proceeding, Docket No. 950387-SU?
- A. Yes.
- Q. What is the purpose of this rebuttal testimony?
- A. The purpose of this rebuttal testimony is to refute the position presented by intervenor Cheryl Walla regarding certain rate case expenses that she claims were not prudent.
- Q. Please list and comment on each of the 21 items Ms. Walla presents on pages 5 and 6 of her Supplemental Direct Testimony.
- A. These items and my comments are as follows:
- 1) Avatar Utilities Inc. management time \$420 for July 95 and \$840 for Aug. 95.
- Comment:
- The July and August 1995 charges were for Mr. Gerald

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1 Allen's time spent on this rate case. Mr Allen spent
2 time discussing the issues raised at the PSC Customer
3 Meeting which was held in North Ft. Myers on
4 Wednesday, July 26, 1995 and reviewing the notes taken
5 by other FCWC staff members. He also assisted in
6 developing responses to customers' concerns that were
7 raised at that meeting and assisted in reviewing and
8 developing responses to PSC's Data Requests. The \$840
9 charge in August 1995 contained a duplicate charge of
10 \$420. Referring to Exhibit ____ (LC-5), page 1, this
11 amount was credited in January 1996. Therefore, the
12 total AUI charges for this rate case are \$840 (\$420 +
13 \$420).

14 2) L. Coel logged 23 hours for responses to
15 interrogatories, documents requested and
16 administration of all responses.

17 Comment (Reference L. Coel (LC) Rebuttal Testimony,
18 Exhibit LC-5, pages 10-11):

19 These pages show a total of 13 hours (3+10). FCWC's
20 Rate Department consists of one person, Mr. L. Coel.
21 While other utilities hire outside consultants or have
22 larger rate department staffs, FCWC believes its one
23 man rate department efficiently and prudently manages
24 rate case proceedings at a reasonable cost. This cost
25 has been accepted as reasonable by the PSC in recent

1 rate case proceedings. Managing the interrogatory and
2 document request process can be time consuming, but is
3 a legitimate rate case expense, which has been
4 permitted by the PSC.

5 3) L. Coel logged 37 hours all under same
6 description of work-rate case review PAA Order,
7 tariffs, customer notice, discussions.

8 Comment (Reference LC Rebuttal Testimony, Exhibit LC-
9 5, pages 15-17):

10 These pages show a total of 37 hours (14+19+4). Most
11 of the 37 hours was spent on preparing testimony.
12 This charge would not have been incurred if the PAA
13 Rate Order had not been protested by Ms. Cheryl Walla.
14 The PAA process does not require prefiled testimony.
15 However, if the PAA process is converted to a formal
16 hearing procedure due to a protest, prefiled testimony
17 is required to present the position of the utility to
18 the PSC.

19 4) Overnight Express 11/7/95 \$8.50 and 12/8/95 ?
20 (12/18/95) \$8.50.

21 Comment (Reference LC Rebuttal Testimony, Exhibit LC-
22 5, pages 52 & 60):

23 The first charge was for shipping the PAA Rate Order
24 and Memo from Mr. Ken Gatlin's office to FCWC for
25 immediate review. The second charge was for shipping

1 (11/28/95) the PAA Protest and the necessary documents
2 to implement interim PAA rates. The second charge is
3 directly related to the PAA Protest.

4 5) 12/22/95 photocopy documents 553 @ .20¢ for a
5 total of \$110.60 and postage 12/22/95 \$7.93.

6 Comment (Reference LC Rebuttal Testimony, Exhibit LC-
7 5, page 60):

8 These charges were for copying and distributing the
9 following documents from Mr. Ken Gatlin's office: the
10 PAA Protest, FCWC's Corporate undertaking, Notice to
11 the PSC of Implementing the PAA rates on an interim
12 basis, tariffs, affidavits, PSC's Staff
13 Recommendation, draft pre-filed testimony, and
14 research. Most of these items would not have been
15 required if the PAA Rate Order had not been protested.

16 6) Cost advanced court reporter 1/22/96 \$7.50 and
17 Postage Flat charge 1/25/96 \$49.10.

18 Comment (Reference LC Rebuttal Testimony, Exhibit LC-
19 5, page 70):

20 The court reporter costs were due to the PSC Agenda
21 Conference held on 12/19/95 regarding the PAA Protest.
22 The postage charges were incurred for shipping FCWC's
23 pre-filed Direct Testimony to all parties and
24 intervenors. None of these costs would have been
25 incurred if the PAA Protest had not been filed.

1 7) **Three videos of news 8/17/95 \$260.**
2 Comment (Reference LC Rebuttal Testimony, Exhibit LC-
3 2, page 14-16):
4 FCWC purchased three video news segments from
5 Advertising Information Services, Inc. (AISI).
6 8/17/95 was the invoice date from AISI. All three
7 were news broadcasts directly related to the North Ft.
8 Myers wastewater rate case customer meetings. The
9 first segment was from the WBBH 11pm news and referred
10 to FCWC's customer meeting held on July, 19, 1995.
11 The second segment was from the WBBH 11pm news and
12 referred to the PSC's customer meeting held on July,
13 26, 1995. The third segment was from the WFTX 10pm
14 news and referred to the PSC's customer meeting held
15 on July, 26, 1995.
16 8) **Travel Reimbursement for Schiefelbein \$286.**
17 Comment (Reference LC Direct Testimony, Exhibit LC-2,
18 page 154):
19 Attorney Mr. Schiefelbein (from Mr. Gatlin's office)
20 attended the PSC Customer Meeting held in North Ft.
21 Myers on July 26, 1995. FCWC believed it was
22 necessary for its attorney to experience this meeting
23 first hand, since the prior customer meetings held by
24 FCWC were attended by several hundred customers
25 voicing their opinions on this rate proceeding. FCWC

1 also believed at this time that the probability of
2 this PAA proceeding going into a full hearing was
3 greatly increasing. Therefore, Mr. Schiefelbein
4 needed to become aware of the developing issues in
5 this rate case in preliminary preparation for a
6 hearing.

7 **9) Costs advanced PSC for customer meeting 7/26/95**
8 **transcripts \$31.10.**

9 Comment (Reference LC Direct Testimony, Exhibit LC-2,
10 page 155):

11 The PSC charged Mr. Gatlin's office for the
12 transcripts of the PSC Customer Meeting held on July
13 26, 1995. Mr. Gatlin billed FCWC for these documents
14 and sent a copy to FCWC. This is a reasonable rate
15 case expense.

16 **10) Stenotype reporter 8/16/95 \$10.83.**

17 Comment (Reference LC Direct Testimony, Exhibit LC-2,
18 page 155):

19 This charge was for the transcript of the PSC Agenda
20 Conference held on July 18, 1995.

21 **11) Dinner prior to PSC customer hearing (meeting)**
22 **7/26/95 \$58.47.**

23 Comment (Reference LC Direct Testimony, Exhibit LC-2,
24 pages 23-27):

25 This cost was for a working dinner in North Ft. Myers

1 with FCWC's Chief Financial Officer, Michael Murphy;
2 Joe Schifano, Comptroller; Becky Turner, Accountant;
3 Wayne Schiefelbein, attorney from Gatlin's office; and
4 myself, Manager of Rates and Revenues. This meeting
5 was to discuss the North Ft. Myers rate case and the
6 PSC customer meeting scheduled for that evening in
7 North Ft. Myers. The expense covered dinner for five
8 people and was prudent.

9 12) Lutheran Church customer meeting 6/22/95 \$125.00.
10 Comment (Reference LC Direct Testimony, Exhibit LC-2,
11 pages 65-66):

12 This was the rental fee for the meeting room at the
13 church paid by FCWC for its first customer meeting.
14 FCWC has recently been conducting such public
15 relations meetings during its rate case proceedings in
16 order to openly communicate with its customers and
17 provide related information. Such prudent costs have
18 been accepted by the PSC in FCWC's other recent rate
19 cases.

20 13) Film: 3/20/95 \$ 5.75, 3/21/95 \$28.75, 3/19/95
21 \$26.50, 3/16/95 \$55.46, 3/21/95 \$16.69, 3/24/95
22 \$6.59, 5/31/95 \$37.97 Microfilm services.

23 Comment (Reference LC Direct Testimony, Exhibit LC-2,
24 pages 70-75 & 94-96):

25 These film costs are for the purchase and development

1 of photos related to the wastewater treatment plant
2 expansion and reuse system. FCWC typically takes
3 photos of its facilities under construction as a
4 record of the construction process. Such costs have
5 been allowed by the PSC in FCWC's recent rate cases,
6 since they are prudent.

7 The charges for microfilm services were for retrieving
8 and copying FCWC's source documents. These checks and
9 supporting documentation were requested by the PSC
10 during their on-site audit. At that time these older
11 documents were in the process of being microfilmed.
12 Therefore, FCWC requested that Microfilm Services,
13 Inc., located in Clearwater, Florida, extract these
14 documents and send copies to FCWC's general office in
15 Sarasota for PSC review.

16 **14) L. Coel dinner before customer meeting \$52.22.**

17 Comment (Reference LC Direct Testimony, Exhibit LC-2,
18 pages 99-100):

19 This cost was for a working dinner in North Ft. Myers
20 with FCWC's Joe Schifano, Comptroller; Alex Mladek,
21 Accounting Manager; Becky Turner, Accountant; Bonnie
22 Raad, Community Relations Manager; and myself, Manager
23 of Rates and Revenues. This working dinner in North
24 Ft. Myers was in preparation for FCWC's customer
25 meeting held on June 22, 1995. This expense covered

1 dinners for five people.

2 15) P. Bradtmiller dinner 7/9/95 \$61.77.

3 Comment (Reference LC Direct Testimony, Exhibit LC-2,

4 pages 103-105):

5 This cost was for a working dinner in Sarasota between

6 FCWC's attorney Ken Gatlin and FCWC's Executive Vice

7 President, Paul Bradtmiller. This meeting was to

8 discuss the North Ft. Myers and Barefoot Bay rate

9 cases. Referring to Exhibit ____ (LC-2), page 103,

10 only \$30.89 (50%) of the \$61.77 was charged (coded) to

11 North Ft. Myers (account 11-186.10). The \$128.21

12 shown on page 103 next to account 11-186.10 includes

13 the \$30.89 and \$97.32 for another dinner meeting

14 identified by Ms. Walla's item number 17. The other

15 portion of the \$61.77, or \$30.88, was coded to

16 Barefoot Bay (account 31-186.10). The \$61.77 covered

17 the cost of dinners for two people.

18 16) Lunch 6/26/95 \$26.93.

19 Comment (Reference LC Direct Testimony, Exhibit LC-2,

20 pages 106-107, & 103):

21 This cost was for a working lunch in Ft. Myers with

22 FCWC's Executive Vice President, Paul Bradtmiller;

23 Regional Manager, Roger Ytterberg; and Division

24 Manager, Bob Dick. This meeting was to discuss the

25 North Ft. Myers rate case. This expense covered

1 lunches for three people. While this was a prudent
2 expense, the actual cost was inadvertently not coded
3 to the appropriate rate case expense account for North
4 Ft. Myers wastewater (11-186.10) and therefore, does
5 not appear on the accounting code schedule shown on
6 page 103.

7 17) Dinner 6/29/95 \$97.32.

8 Comment (Reference LC Direct Testimony, Exhibit LC-2,
9 pages 103 & 107):

10 This cost was for a working dinner in Sarasota with
11 FCWC's Executive Vice President, Paul Bradtmiller;
12 Regional Manager, Roger Ytterberg; Division Manager,
13 Bob Dick; Chief Financial Officer, Michael Murphy; and
14 myself, Manager of Rates and Revenues. This meeting
15 was to discuss the North Ft. Myers rate case. The
16 expense covered dinner for five people and was
17 prudent.

18 18) Overtime payment 7/17/95 janitor \$70.00.

19 Comment (Reference LC Direct Testimony, Exhibit LC-2,
20 pages 110-111):

21 This cost was for a janitor at the North Ft. Myers
22 High School to assist with the setup, cleanup, and
23 lockup of the school auditorium for FCWC's second
24 customer meeting, which was conducted on July 19,
25 1995. The services provided by this janitor was a

1 requirement of the high school. FCWC believed this
2 second customer meeting was necessary to more
3 effectively provide information to the customers,
4 since the location of the first customer meeting
5 (Lutheran Church) did not have facilities large enough
6 to accommodate the unanticipated number of customers
7 that attended. The PSC also changed the location of
8 their customer meeting to the high school to insure
9 adequate space.

10 19) Lunch 7/19/95 \$20.12.

11 Comment (Reference LC Direct Testimony, Exhibit LC-2,
12 pages 131-133):

13 This cost was for a working lunch in Sarasota with
14 FCWC's Executive Vice President, Paul Bradtmiller;
15 President, Gerald Allen; and AUI's President, Robert
16 Gordon. This meeting was to discuss the North Ft.
17 Myers rate case and FCWC's second customer meeting,
18 which was to occur that evening. The expense covered
19 lunches for three people and was prudent.

20 20) Lunch 7/20/95 \$51.09.

21 Comment (Reference LC Direct Testimony, Exhibit LC-2,
22 pages 131-133):

23 This cost was for a working lunch in Ft. Myers with
24 FCWC's Executive Vice President, Paul Bradtmiller;
25 Vice President, Mike Acosta; Manager of Engineering

1 and Construction, Douglas Young; Regional Manager,
2 Roger Ytterberg; Division Manager, Bob Dick and AUI's
3 President, Robert Gordon. This meeting was to discuss
4 Lee County issues and not specifically the North Ft.
5 Myers rate case. Accordingly, this amount was NOT
6 charged or coded to the North Ft. Myers rate case
7 expense account 11-186.10. See page 131.

8 21) Dinner 7/19/95 \$35.80.

9 Comment (Reference LC Direct Testimony, Exhibit LC-2,
10 pages 135-137):

11 This cost was for a working dinner in Ft. Myers with
12 FCWC's Vice President, Mike Acosta; and Community
13 Relations Manager, Bonnie Raad. This meeting was to
14 discuss and prepare for FCWC's second North Ft. Myers
15 rate case customer meeting scheduled for that evening.
16 This expense covered dinners for two people and was
17 prudent.

18 Q. Do you have any additional comments regarding the rate
19 case expenses mentioned above?

20 A. Yes. All of the above items, excluding number 20,
21 which was never included in the rate case expenses for
22 North Ft. Myers, are prudent and should be
23 recoverable.

24 Q. What was the rate case expense related to the research
25 and development of this Rebuttal Testimony?

- 1 A. Since Ms. Walla did not identify the specific source
2 pages of these items which were contained in two
3 separate rate case expense exhibits (LC's Direct
4 Testimony and Rebuttal Testimony), extensive research
5 was involved in finding these items and their related
6 documents. The cost was \$328.50 (\$32.85 x 10 hours).
7 This cost would not have been incurred if Ms. Walla
8 had not submitted Supplemental Direct Testimony.
- 9 Q. Does that conclude your rebuttal testimony?
- 10 A. Yes, it does.