

10⁰⁰/₂

GATLIN, WOODS & CARLSON
Attorneys at Law
a partnership including a professional association

The Mahan Station
1709-D Mahan Drive
Tallahassee, Florida 32308

**ORIGINAL
FILE COPY**

TELEPHONE (904) 877-7191
TELECOPIER (904) 877-9031

B. KENNETH GATLIN, P.A.
THOMAS F. WOODS
JOHN D. CARLSON
WAYNE L. SCHIEFELBEIN

June 7, 1996

HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-1850

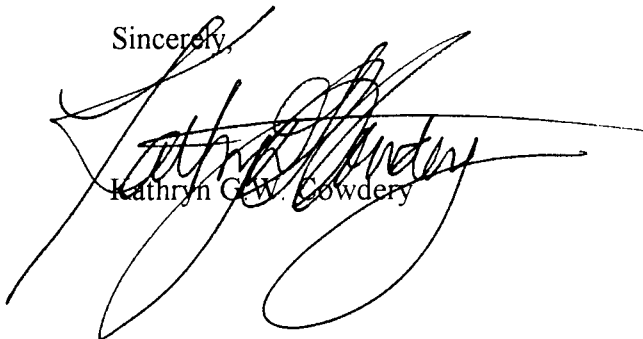
RE: Docket No. ~~951056-WS~~
Application by PALM COAST UTILITY CORPORATION
for a rate increase in Flagler County, Florida

Dear Ms. Bayo:

Enclosed for filing are an original and fifteen copies of Palm Coast Utility Corporation's Objections to Citizens' Fourth Set of Interrogatories and Fourth Set of Requests for Production of Documents to Palm Coast Utility Corporation, in reference to the above docket.

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

Sincerely,



Kathryn G.W. Cowdery

- ACK
- AFA 3
- APP _____
- CAF _____
- CMU KGWC/met
- CTR Enclosures
- EAG _____
- LEG 1
- LIN 3
- OPC _____
- RCH _____
- SEC 1
- WAS Willis
- OTH _____

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

06217 JUN-7 96

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for rate increase in)
Flagler County by PALM COAST)
UTILITY CORPORATION)

Docket No. 951056-WS

Filed: June 7, 1996

**PALM COAST UTILITY CORPORATION'S OBJECTIONS TO
CITIZENS' FOURTH SET OF INTERROGATORIES AND FOURTH
SET OF REQUESTS FOR PRODUCTION OF DOCUMENTS
TO PALM COAST UTILITY CORPORATION**

Palm Coast Utility Corporation (PCUC), pursuant to the Order Establishing Procedure in this case, hereby files its objections to Citizens' Fourth Set of Interrogatories to PCUC and Citizens' Fourth Set of Requests for Production of Documents to PCUC, and states:

1. The Order Establishing Procedure, Order No. PSC-96-0577-PCO-WS, issued on May 2, 1996, states:

Unless subsequently modified by the Prehearing Officer, the following shall apply: interrogatories, including all subparts, shall be limited to 100, and requests for production including all subparts, shall be limited to 100.

PCUC objects to Citizens' Fourth Set of Interrogatories to PCUC and Citizens' Fourth Set of Requests for Production of Documents to PCUC as each exceeds the 100 limit of interrogatories and requests set by the Order Establishing Procedure. OPC's fourth sets of interrogatories and requests for production are burdensome, oppressive, and unreasonable.

2. Rule 25-22.034, F.A.C., states that discovery in proceedings determining substantial interests may be obtained through the means and in the manner provided by Rule 1.280 through 1.400, Fla. R. Civ. Procedure. Rule 1.340, Interrogatories to Parties, states:

(a)The interrogatories shall not exceed 30, including all subparts, unless the court permits a larger number on motion and notice for good cause.

Rule 1.350, Production of Documents, etc., Fla. R. Civ. P., does not specifically limit the number of documents which may be requested. The Commission deviates from Rule 25-22.034, F.A.C., in the Order Establishing Procedure by setting a limit of 100 interrogatories and 100 requests for production, unless modified by the Prehearing Officer. This limit on interrogatories is presumably set in recognition of the technical, “information intensive” nature of a rate case, and the resultant general need for a greater amount of allowable discovery through interrogatories than is generally allowed by the Rules of Civil Procedure. The Order Establishing Procedure recognizes a limit to the number of documents which may be requested for production. In this manner, the Prehearing Officer has advised the parties of the expected boundaries of discovery, to be adhered to by the parties unless specifically modified.

3. In determining how many interrogatories or requests for production, including subparts, have actually been propounded, the test is how many separate answers are required by the discovery. See, Otis Elevator Company, Inc. v. Garber, 820 P.2d 1072, 1073, fn. 1 (Alaska 1991)(“we interpret 26(a)’s limitation on interrogatories to mean that no more than thirty separate answers may be required without court approval”). Florida Appellate Courts do not appear to have specifically addressed this issue. The Supreme Court of Rhode Island in Eleazer v. Ted Reed Thermal, Inc., 576 A.2d 1217, 1220 (R.I. 1990), quoted from Rhode Island Civil Practice, by a professor Kent:

Subsidiary questions, arranged as part of a purported single question, each constitute a separate question for purposes of this rule, and the bar has been alerted that the court looks with disfavor upon attempts to disguise the number of questions by inclusion of multiple questions in a single numbered question.

It is not always clear when an interrogatory is asking for more than one answer, but using any standard of reasonableness, OPC’s fourth sets of interrogatories and requests for production exceed the 100 item boundary to the range of discovery set by the Order Establishing Procedure.

February 12, 1996. OPC did not intervene until March 29, 1996, and did not file its first sets of interrogatories and requests for production until April 1, 1996. The Order Establishing Procedure states that discovery shall be completed by June 24, 1996, unless authorized by the Prehearing Officer for good cause shown. OPC's fourth sets of discovery were not served until May 28, 1996, with responses thus due on Friday, June 28, 1996. The current discovery schedule, including discovery necessary for PCUC's case, and other significant dates, is attached hereto (Attachment B hereto).

**INDIVIDUAL OBJECTIONS TO OPC'S FOURTH SET
OF REQUESTS FOR PRODUCTION OF DOCUMENTS
NOS. 68, 69, 70, 72, 74, 76**

6. Certain document requests in OPC's fourth request for production of documents are objectionable on individual bases unconnected to the burden, unreasonableness, and oppression imposed by OPC exceeding the discovery boundaries of the Order Establishing Procedure. This fact highlights the general unreasonableness of OPC's fourth set of requests for production of documents.

7. With regard to Request Nos. 68, 69, and 74 (paragraphs 8, 9, and 12, herein), the Prehearing Officer in PCUC's previous rate case, Docket No. 890277-WS, Order No. 22484, ruled information of this nature to be irrelevant. See Attachment C hereto.

8. Request for Production No. 68

68. Please provide a copy of example lot purchase agreements between ITT Community Develop Corporation (ICDC) and lot purchasers which in anyway holds the lot purchaser financially responsible to ICDC for the maintenance and/or other costs associated with water and or sewer collection, transmission, and/or distribution lines that are considered non-used and useful.

PCUC's response:

68. Objection. Irrelevant and as such, not in the possession, custody, or control of PCUC; not reasonably calculated to lead to admissible evidence. PCUC is not a party to such

agreements. PCUC does not collect any such costs from ICDC's lot purchasers.

9. Request for Production No. 69

69. Please provide a copy of example lot purchase agreements between ICDC and lot purchasers which in anyway allows or requires lot purchaser to prepay water and wastewater CIAC, service availability charges, hook-up fees, and/or the like.

PCUC's response:

69. Objection. Irrelevant and as such, not in the possession, custody, or control of PCUC; not reasonably calculated to lead to admissible evidence. PCUC is not a party to such agreements. PCUC does not collect CIAC or the charges referred to from ICDC's lot purchasers.

10. Request for Production No. 70.

70. Please provide a copy of all workpapers and source documents used by the Company to calculate reuse revenue included in the MFRs.

PCUC's response:

70. Objection. This information has already been produced to OPC through PCUC's response to OPC's Document Request No. 66 and PCUC's response which will be produced to OPC's Interrogatory No. 79.

11. Request for Production No. 72.

72. For purposes of this request please refer to Attachment 36, and the Revenue Agreement between ITT Community Development Corporation and the Company. Please provide for each month of 1994 and 1995, the Exhibit B calculation used to determine the amount of availability fee charged to ICDC.

PCUC's response:

72. Objection. PCUC has produced this information on an annual basis for 1994 and 1995 in its Supplemental Response to

OPC's Interrogatory No. 47. Breakdown by month gives no useful, additional information. The request is therefore irrelevant; not reasonably calculated to lead to the discovery of admissible evidence and is unduly burdensome and oppressive.

12. Request for Production No. 74.

74. Please provide a copy of the March 26, 1974 offering statement referenced on page 10 of 10 of the May 12, 1994 offering statement included in the additional MFRs.

PCUC's response:

74. Objection. Irrelevant; not reasonably calculated to lead to the discovery of admissible evidence in this case.

13. Request for Production No. 76.

76. Please provide a copy of the budget and associated workpapers used to prepare the budgeted six month period of the test year.

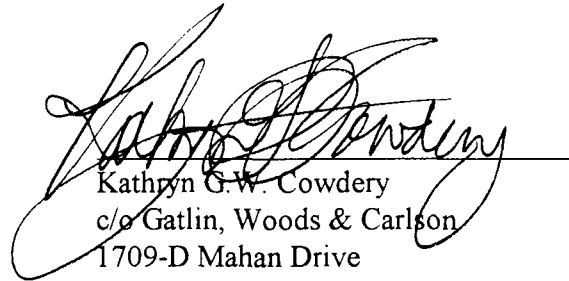
PCUC's response:

76. Objection. This information has already been produced to OPC in response to OPC's Document Request No. 13.

WHEREFORE, PCUC respectfully requests that the Prehearing Officer sustain PCUC's objections to Citizens' Fourth Set of Interrogatories to PCUC and Citizens' Fourth Set of Requests for Production of Documents to PCUC as exceeding the limit of 100 interrogatories and 100 requests for production of documents set in the Order Establishing Procedure, and sustain PCUC's individual objections to OPC's requests for production Nos. 68-70, 72, 74, and 76 as set forth herein.

DATED this 7th day of June, 1996.

Respectfully submitted,

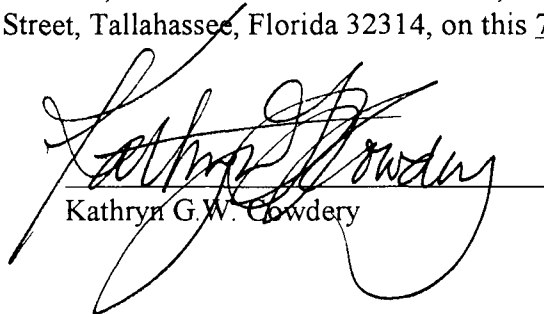


Kathryn G.W. Cowdery
c/o Gatlin, Woods & Carlson
1709-D Mahan Drive
Tallahassee, Florida 32308
(904) 877-7191

Attorneys for
PALM COAST UTILITY CORPORATION

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery to Mr. Stephen C. Reilly, Associate Public Counsel, Office of Public Counsel, 111 W. Madison Street, Room 812, Claude Pepper Building, Tallahassee, Florida 32399-1400, to Mr. Scott Edmonds, Esquire, Division of Legal Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and to Mr. Richard D. Melson, Esquire, Hopping Green Sams & Smith, 123 South Calhoun Street, Tallahassee, Florida 32314, on this 7th day of June, 1996.



Kathryn G.W. Cowdery

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of PALM COAST) Docket No. 951056-WS
UTILITY CORPORATION for Increased) Filed: March 29, 1996
Rates in Flagler County, Florida /

**CITIZENS FIRST SET OF INTERROGATORIES
TO PALM COAST UTILITY CORPORATION**

Florida's Citizens ("Citizens"), by and through Jack Shreve, Public Counsel, propound the following interrogatories to Palm Coast Utility Corporation (PCUC, Utility or Company) to be answered under oath in full accordance with Rules 25-22.034 and 25-22.035 of the Florida Administrative Code and Rule 1.340 of the Florida Rules of Civil Procedure. Typewritten annotations such as "response submitted by" are insufficient; responses must be provided under oath as required by the Florida Rules of Civil Procedure. All answers must be served upon the attorneys for the Citizens by Monday, April 29, 1996.

Each interrogatory is to be answered based upon the knowledge and information or belief of the Company, and any answer based upon information and belief is to state that it is given on such basis. If the complete answer to an interrogatory is not known, so state and answer as fully as possible the part of the interrogatory to which an answer is known. For each answer, or part thereof, please identify the individual or individuals who provided the information or helped in providing the information contained in the responses.

For each interrogatory response, indicate the witnesses that will sponsor the response and be able to answer cross-examination questions

concerning the response.

DEFINITIONS

1. "Document" or "documents" means any written, recorded, filmed or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.

2. As used herein "you" and "your" means the Company together with its officers, employees, consultants, agents, representatives, attorneys (unless privileged), and any other person or entity acting on behalf of the Company.

3. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.

4. If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control, or is no longer in existence or accessible to you, please indicate:

(a) the date and nature of the disposition of such document or other tangible item, including, but not

limited to, whether such: (i) is missing or lost, (ii) has been destroyed or (iii) has been transferred to another person;

(b) the circumstances surrounding such disposition, including any authorization thereof; and

(c) where applicable, the person currently in possession, custody, or control of such document or item.

As used herein: "you" and "your" means the Company, and unless stated otherwise, or unless clearly apparent otherwise from the context of the discovery, "the Company" or "PCUC" or "the Utility" includes Palm Coast Utility Corporation together with its officers, employees, consultants, agents, representatives, attorneys, and any other person or entity acting on behalf of the Company. Usage of acronyms, abbreviations, or other symbolic terms are to be taken as having the same meaning as common usage of those terms in the regulation of utilities in the State of Florida have assigned to them.

"Financial statements" includes, but is not limited to, balance sheet, income statement, cashflow statement, and notes related thereto.

"Parent Company" means and includes "ITT" or International Telephone and Telegraph Company.

"Test years" means the historical test year ending 1994 and the budgeted test year ending 1995.

INTERROGATORIES

1. Please list all legal expenses included in the historic and budgeted test years, please state for each separate law suit: whether or not the lawsuit has been resolved or settled; whether or not the Company is requesting recovery of legal fees as part of its claims; the circumstances of each lawsuit; the name of the plaintiff and defendant; and explain why it is appropriate to include such expenses in test year expenses.
2. For any industry association dues paid by the Company or charged or allocated to the Company from affiliates, list each such membership dues payment made for each of the historic and budgeted test years, indicating: [date paid, amount, payee, account, the Company's reason for making that particular dues payment, and the Company's perceived benefit to ratepayer from such membership.]
3. (a) Do any of the Company's personnel actively participate on Committees and/or perform any other work for industry organizations to which the Company belongs?
(b) If so, state specifically which employees participate, how they are compensated for their time (amount and source of compensation), and the purpose and accomplishments of any such association related work.

(c) ¹³ List any and all reimbursements received from industry associations, for work performed for such organizations by Company employees.

4. (a) ¹⁴ Please list each industry organization to which the Company belongs.

(b) ¹⁵ State the amount paid for membership in each organization for the historic test year and for the budgeted test year.

5. ¹⁶ Please list each athletic and employee association to which the Company contributes and the associated amounts for the historic and budgeted test year. ¹⁷ State how the Company has treated these expenses in the test year and ¹⁸ state in what accounts they were booked.

6. ¹⁹ Please list and describe each fringe benefit available to the Company's employees, ²⁰ identify the categories of employees entitled to receive such benefit, ²¹ and state the annual cost to the Company of providing such benefit for historic and budgeted test years.

7. Please provide the following information for the test years and two preceding years:

(a) ²² A list of the Company's officers and managers and their salaries.

(b) ²³ A list of salaries for administrative and general personnel.

8. ²⁴ Has the Company reacquired or repurchased any debt within the last four years. ²⁵ If so, provide a summary of each gain or loss on reacquired debt, ²⁶ the date on which the Company commenced amortization of such gain or loss, ²⁷ the regulatory commission decision addressing the treatment of such gain or loss on reacquired debt, ²⁸ and the associated accounting and ratemaking treatment, ²⁹ and the impact, if any, on test year interest expense.

9. ³⁰ Provide a detailed description of any IRS audit, settlements with the Internal Revenue Service, or IRS audit adjustments made during the last four years.

10. For any and all transfers and/or sales of parcels of land or assets to or from utility operations from non-related or related parties (former or present: parent company, affiliated company, or greater than 5% owners), please provide:

(a) ³¹ A description of and state the original cost of such land

and/or assets.

- (b) ³² The cost of any and all improvements to such land or assets, itemized by improvement.
- (c) ³³ The total sale and/or transfer price, and show in detail how it was determined.
- (d) ³⁴ The date of the sale and/or transfer.
- (e) ³⁵ The amount of gain or loss (both before and after tax) on such sale and/or transfer, ³⁰ and show in detail how it was calculated and indicate whether it was booked above or below the line for ratemaking purposes.

11. For costs from ITT which are charged or allocated costs to the Company, ³⁷ state the annual amount of such costs charged to the Company, ³⁸ by account, for each of the past two years and as budgeted for 1996. ³⁹

12. State the ⁴⁰ amount, percent increases, and effective dates for general wage increases and, ⁴¹ separately, for merit increases granted by the Company during the last three years and as budgeted 1996.

93 ⁴⁰
94 ⁴¹
95 ⁴²
96 ⁴³

13. Please state the amount and describe any and all penalties and fines incurred by the Company during the historical test year and the preceding two years. Indicate in which account each such item was recorded.

14. Please provide a detailed breakdown of each item included in Other Deferred Credits on the Company's balance sheet for each month of the test year.

15. List, by account and source, any and all miscellaneous and non-water and non-wastewater sales revenue the Company recorded during 1995 and as budgeted for 1996.

16. (a) For the test year and the preceding five years, has the Company sold any property which had formerly been included in Plant Held for Future Use, Plant in Service, or devoted to utility service?

(b) If the response to (a) is affirmative, for each sale, describe the property sold; state whether, when, and in what manner it had been included in rate base; show the details of how the gain or loss was calculated; indicate when the sale occurred and to whom; explain how and whether the Company is amortizing such gain or loss; show how such amortization was computed; and state if booked above or below the line for ratemaking purposes.

17. Itemize all nonutility property included on the Company's balance sheet for the years ending ⁽⁶⁰⁾ 1994 and ⁽⁶¹⁾ 1995. (Provide a description of each piece of property and the amount of the investment for each year.)

⁽⁶²⁾
18. (a) Provide the name and title of all employees (including those employed by subsidiaries or affiliates, including parent companies) who engage in public relations on behalf of the Company.

~~63~~
(b) State the salary and associated benefit amounts for each employee listed in response to (a) for the year ⁽⁶³⁾ 1994 and ⁽⁶⁴⁾ 1995 and as budgeted for ⁽⁶⁵⁾ 1996.

⁽⁶⁶⁾ ⁽⁶⁷⁾ ⁽⁶⁸⁾
19. (a) For the years 1993 and 1994 and 1995, please identify the total amount of interest earned on Company deposits to other utilities (for example, Florida Power and Light, etc.).

⁽⁶⁹⁾
(b) Indicate where on the Company's books this interest income is charged and if it is below the line, explain why this is an appropriate treatment of this interest income.

- ~~70~~
20. Please identify all legal costs incurred by the Company during 1994 and 1995 associated with EPA and DER violations. Please indicate in what accounts these costs were booked.
21. List all senior executives (vice presidents and above) of ITT, their title, their annual salaries, and their annual benefits, and a description of the services they provide to the Company. Provide this information for the years 1994 and 1995.
22. Please itemize all interest and dividend income on the Company's books for the years 1993, 1994, and 1995. For each item of interest and dividend income, indicate the item which earned the income and/or dividend, the amount of expense if any associated with generating the income and/or dividends, the account to which the income or dividend was booked, and indicate how the interest and/or dividend was treated for ratemaking purposes.
23. Please itemize all non-utility income on the Company's books for the years 1993, 1994, and 1995. For each item of income, indicate the amount of expense, if any, associated with generating the income, the account to which the expense was booked.
24. List each party to whom the Company sells reclaimed water, indicate when the Company began reselling the effluent, and provide the gallons sold for years 1989 through 1995.

25. Please provide an itemization of the Company's advertising expense for each historic and budgeted test year and the three preceding years into the following components: rate case; conservation; public relations; safety; other.
26. State the amount of chamber of commerce dues included in test year expenses. Indicate in what account these expenses are booked.
27. State the amount of lobbying expenses included in the test year. Indicate in what account these expenses are booked.
28. State the amount of donations and charitable contributions included in the test year. Indicate in what account these expenses are booked.
29. For purposes of this request, please refer to page 112 of the Company's MFRs. Please explain what is included on the line ICDC NU Cost Reimbursement. Also, please explain how the Company determined that all of the revenue depicted on this schedule is associated with non-used and useful plant.
30. For purposes of this request, please refer to page 21 of the Company's MFRs. Please explain how the Company derived the 30% non-used and useful percent applied to the category "other-advance capacity charge."

31. For purposes of this request, please refer to page 21 of the Company's MFRs. ¹⁰² Please explain how the Company derived the 100% non-used and useful percent applied to the categories "other-trust" and "other-prepaid".

AFFIDAVIT

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, personally appeared _____, who deposed and stated that he/she provided the answers to interrogatories _____ served on _____ by _____ on _____ and that the responses are true and correct to the best of his/her information and belief.

DATED at _____, _____, this day of _____, 1996.

Sworn to and subscribed before me this _____ day of _____, 1996.

NOTARY PUBLIC

State of _____ at Large

My Commission Expires: _____

CERTIFICATE OF SERVICE
DOCKET NO. 951056-WS


I HEREBY CERTIFY that a correct copy of the foregoing has been furnished by U.S. Mail or *hand-delivery to the following parties on this 29th day of March, 1996.

*B. Kenneth Gatlin
Gatlin, Woods & Carlson
The Mahan Station
1709-D Mahan Drive
Tallahassee, FL 32308

Ralph Jaeger, Esq.
Division of Legal Services
Fla. Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Jim Martin
P.O. Box 351541
Palm Coast, FL 32135

Manuel D. Rivera
6 Bowman Place
Palm Coast, FL 32137



Stephen C. Reilly
Associate Public Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of PALM COAST) Docket No. 951056-WS
UTILITY CORPORATION for Increased) Filed: March 29, 1996
Rates in Flagler County, Florida /

CITIZENS' FIRST SET OF REQUESTS FOR PRODUCTION OF DOCUMENTS
TO PALM COAST UTILITY CORPORATION

Pursuant to Section 350.0611(1), Fla. Stat. (1995), Rules 25-22.034 and 25.22.035, F.A.C., and Rule 1.350, F.R.C.P., Florida's Citizens' ("Citizens"), by and through Jack Shreve, Public Counsel, request Palm Coast Utility Corporation (PCUC, Utility or the Company) to produce the following documents for inspection and copying at the Office of Public Counsel, Claude Pepper Building, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, on or before Monday, April 29, 1996, or at such other time and place as may be mutually agreed upon by counsel.

INSTRUCTIONS

1. If any document is withheld under any claim of privilege, please furnish a list identifying each document for which privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

2. If the Company has possession, custody, or control of the originals of the documents requested, please produce the originals or a complete copy of the originals and all copies which are different in any way from the original, whether by interlineation,

receipt stamp or notation. If the Company does not have possession, custody, or control of the originals of the documents requested, please produce any copies in the possession, custody, or control, however made, of the Company.

3. Please construe "and" as well as "or" either disjunctively or conjunctively as necessary to bring within the scope of this production of documents any document which might otherwise be construed to be outside the scope.

4. The Citizens specifically request the company to make a review of the files of employees reasonably expected to have information responsive to these document requests. Correspondence and notes of meetings, whether typed or handwritten, are specifically requested. If a particular employee is in charge of an area related to a document request, the Citizens request the Company to search the files both of the employee in charge of the area as well as each employee reporting directly or indirectly to such person if their areas of responsibility also include matters reasonably likely to be responsive to the document request.

DEFINITIONS

1. "Document" or "documents" means any written, recorded, filmed or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs; reports, studies, charts, graphs,

statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.

2. As used herein "you" and "your" means the company together with its officers, employees, consultants, agents, representatives, attorneys (unless privileged), and any other person or entity acting on behalf of Palm Coast Utility Corporation.

3. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.

4. If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control, or is no longer in existence or accessible to you, please indicate:

(a) the date and nature of the disposition of such document or other tangible item, including, but not limited to, whether such: (i) is missing or lost, (ii) has been destroyed, or (iii) has been transferred to another person;

(b) the circumstances surrounding such disposition, including any authorization thereof; and

(c) where applicable, the person currently in possession, custody, or control of such document or item.

As used herein: "you" and "your" means the Company, and unless stated otherwise, or unless clearly apparent otherwise from

the context of the discovery, "the Company" or "PCUC" or "the Utility" includes Palm Coast Utility Corporation together with its officers, employees, consultants, agents, representatives, attorneys, and any other person or entity acting on behalf of the Company. Usage of acronyms, abbreviations, or other symbolic terms are to be taken as having the same meaning as common usage of those terms in the regulation of utilities in the State of Florida have assigned to them.

"Financial statements" includes, but is not limited to, balance sheet, income statement, cashflow statement, and notes related thereto.

"Parent Company" means and includes "ITT" or International Telephone and Telegraph Company.

"Test years" means the historical test year ending 1994 and the budgeted test year ending 1995.

DOCUMENTS REQUESTED

1. ^① Please provide an up-to-date customer list including their addresses and telephone numbers. ^② Also provide the name, address, telephone number and contact person for any and all homeowners' associations or like organizations the Company is aware of in its service territories.
2. ^③ Provide on an IBM compatible floppy disk in spreadsheet format, copies of all electronic schedules and workpapers created in the process of filing or revising the current rate increase request.
3. ^④ Provide a complete set of workpapers associated with the compilation of the Company's rate case financial and minimum filing requirements and the Company's effluent reuse rate analysis, used and useful analysis, and analysis of operating departments for used and useful.
4. ^⑤ Provide a complete copy of the Company's internal accounting manuals and chart of accounts.
5. Provide a ^⑥ copy of the Company's trial balance for the years 1994 and 1995. ^⑦
6. ^⑧ Provide a copy of the Company's detailed balance sheet for

each month beginning December 31, 1994 through December 31, 1995.

7. ⁽⁹⁾ Provide a copy of the Company's detailed budgeted balance sheet for each month beginning January 1, 1995 through December 31, 1995.
8. ⁽¹⁰⁾ Provide a copy of the Company's organizational chart showing the job titles and positions in the organization of any and all employees working for Palm Coast.
9. Provide financial statements for the Company and ITT with accompanying notes to the financial statements for the years ⁽¹¹⁾ 1993, ⁽¹²⁾ 1994, and ⁽¹³⁾ 1995.
10. Provide a copy of all variance reports and variance explanations, summaries of variance reports and variance explanations, used to monitor and control the Company's budgets (capital, expense, and revenue). Provide each such year-to-date report issued for ⁽¹⁴⁾ 1995, and year-to-date ⁽¹⁵⁾ 1996.
11. Provide a copy of all of the minutes of the Company's Board of Directors meetings for the years ⁽¹⁶⁾ 1994 and ⁽¹⁷⁾ 1995.
12. ⁽¹⁸⁾ Provide a copy of correspondence between the company and any other utility or municipality, city or government agencies concerning the possible purchase of Palm Coast.

19

13. Provide a copy of the Company's capital, expense, and revenue budgets used for purposes of preparing the instant rate case, including all related workpapers and assumptions.

20

14. Provide a copy of any and all accounting records and ledgers the Company has which contain information concerning the collections of CIAC by lot, since December 31, 1985.

15. Provide a copy of the Company's management letters and recommendations received from the Company's independent auditors for the years 1993, 1994, and 1995.

21 22 23

24

16. Provide a copy of each adjusting entry, including supporting documentation, proposed by the Company's independent auditors in their two most recent audits of the Company.

17. Provide copies of all ITT Annual Report to the Stockholders and 10-Ks for the year 1993, 1994, and 1995.

25 26 27

18. Provide a copy of all Federal income tax returns for ITT for each of the years 1993, 1994, and 1995, including a complete copy of any and all schedules, workpapers, and consolidating schedules.

28 29 30

19. Provide a copy of any documentation and/or policy and

- 31
19. Provide a copy of any documentation and/or policy and procedures manual which addresses how costs are allocated between the Company and its parent companies, affiliates, and/or subsidiaries.
20. Please provide a copy of the company's ad valorem and tangible tax bills for 1994 and 1995 and explain what pieces of property they relate to.
- 32
21. Please provide a copy of the Company's most recent Operation and Maintenance Performance Report and Capacity Analysis Report for the wastewater plant.
- 30
22. Provide all documents in your possession, custody, or control which set forth the terms of any contracts between the Company and its subsidiaries/affiliates (including parent companies) for services rendered to or by either.
23. Provide copies of all travel and entertainment expense vouchers of the Company's senior managers, executives, and lawyers for the years 1995 and 1996 to date.
- 37 38
24. Provide copies of all travel and entertainment expense vouchers of ITT senior management and executives which charge or allocate expenses to the company for the years 1995 and 1996 to date.
- 39
- 40
25. Provide a copy of the Company's 1995 expenses broken down into
- 41

the accounts and departments shown on the Company's B-5 Schedules of the MFRs. (Please provide this for both water and wastewater separately.)

26. Please provide all ⁴² bills received from consultants and attorneys assisting the Company with the instant rate proceeding.

27. Please provide a copy of all ⁴³ correspondence, memorandum, letters, reports, etc. between the Company and the consultants that it retained for purposes of assisting with the instant rate proceeding.

28. Provide copies of any ⁴⁴ contracts with anyone who will or might testify in this case on behalf of the Company.

29. Please provide a copy of all ⁴⁵ contracts or agreements for the provision of reclaimed water.

30. Please provide a copy of all developer agreements ⁴⁶ the Company ⁴⁷ has entered into during the years 1993, 1994 ⁴⁸ and 1995.

31. Please provide a copy of all ⁴⁹ audit requests of the Commission Staff and the Company's responses to these requests in this proceeding.

50

32. Please provide a copy of responses to interrogatories and document requests propounded by any party, including the Staff, in the instant proceeding.

51

33. Please provide a copy of the construction permit application, the construction permit and operating permit for each of the water and wastewater plants.

50

34. Please provide a copy of the engineering design report which is submitted with the application for the construction permit for each water and wastewater plant.

CERTIFICATE OF SERVICE
DOCKET NO. 951056-WS

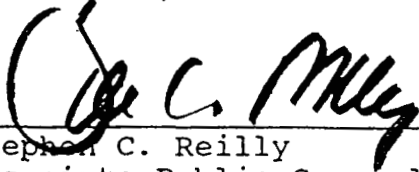
I HEREBY CERTIFY that a correct copy of the foregoing has been furnished by U.S. Mail or *hand-delivery to the following parties on this 29th day of March, 1996.

*B. Kenneth Gatlin
Gatlin, Woods & Carlson
The Mahan Station
1709-D Mahan Drive
Tallahassee, FL 32308

Ralph Jaeger, Esq.
Division of Legal Services
Fla. Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Jim Martin
P.O. Box 351541
Palm Coast, FL 32135

Manuel D. Rivera
6 Bowman Place
Palm Coast, FL 32137



Stephen C. Reilly
Associate Public Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of PALM COAST) Docket No. 951056-WS
UTILITY CORPORATION for Increased) Filed: April 12, 1996
Rates in Flagler County, Florida /

CITIZENS SECOND SET OF INTERROGATORIES
TO PALM COAST UTILITY CORPORATION

Florida's Citizens ("Citizens"), by and through Jack Shreve, Public Counsel, propound the following interrogatories to Palm Coast Utility Corporation (PCUC, Utility or Company) to be answered under oath in full accordance with Rules 25-22.034 and 25-22.035 of the Florida Administrative Code and Rule 1.340 of the Florida Rules of Civil Procedure. Typewritten annotations such as "response submitted by" are insufficient; responses must be provided under oath as required by the Florida Rules of Civil Procedure. All answers must be served upon the attorneys for the Citizens by Monday, May 13, 1996.

Each interrogatory is to be answered based upon the knowledge and information or belief of the Company, and any answer based upon information and belief is to state that it is given on such basis. If the complete answer to an interrogatory is not known, so state and answer as fully as possible the part of the interrogatory to which an answer is known. For each answer, or part thereof, please identify the individual or individuals who provided the information or helped in providing the information contained in the responses.

For each interrogatory response, indicate the witnesses that

will sponsor the response and be able to answer cross-examination questions concerning the response.

DEFINITIONS

1. "Document" or "documents" means any written, recorded, filmed or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.

2. As used herein "you" and "your" means the Company together with its officers, employees, consultants, agents, representatives, attorneys (unless privileged), and any other person or entity acting on behalf of the Company.

3. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.

4. If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control, or is no longer in existence or accessible to you, please

indicate:

(a) the date and nature of the disposition of such document or other tangible item, including, but not limited to, whether such: (i) is missing or lost, (ii) has been destroyed or (iii) has been transferred to another person;

(b) the circumstances surrounding such disposition, including any authorization thereof; and

(c) where applicable, the person currently in possession, custody, or control of such document or item.

As used herein: "you" and "your" means the Company, and unless stated otherwise, or unless clearly apparent otherwise from the context of the discovery, "the Company" or "PCUC" or "the Utility" includes Palm Coast Utility Corporation together with its officers, employees, consultants, agents, representatives, attorneys, and any other person or entity acting on behalf of the Company. Usage of acronyms, abbreviations, or other symbolic terms are to be taken as having the same meaning as common usage of those terms in the regulation of utilities in the State of Florida have assigned to them.

"Financial statements" includes, but is not limited to, balance sheet, income statement, cashflow statement, and notes related thereto.

"Parent Company" means and includes "ITT" or International Telephone and Telegraph Company.

"Test years" means the historical test year ending 1994 and the budgeted test year ending 1995.

INTERROGATORIES

32. (a) With respect to water plant in sections 1A, B, C and D; 3A, B and C; 6A and B; 8A B, C, D; 25; 29; 39; and 81A, B, C, D, E, F for each of the years 1988 through 1995 please identify the dollar amount of repairs made to the plant, the associated booking of the costs (state if the costs were capitalized or expensed), and the account to which the dollars were booked. (1-8)

(b) With respect to the repairs identified in (a), please explain what gave rise to the need to make the repairs and explain what repairs were made. (9)

33. (a) With respect to wastewater plant in sections 1A, B, C and D; 3A, B and C; 6A and B; 8A B, C, D; 25; 29; 39; and 81A, B, C, D, E, F for each of the years 1988 through 1995 please identify the dollar amount of repairs made to the plant, the associated booking of the costs (state if the costs were capitalized or expensed), and the account to which the dollars were booked. (9-16)

(b) With respect to the repairs identified in (a), please explain what gave rise to the need to make the repairs and explain what repairs were made. (17)

34. State the dollar amount of costs incurred by the Company associated with controlling or remedying infiltration and inflow associated with the wastewater collection system. Provide the requested information for the years 1986 through 1995 by years. Please indicate if the costs were expensed or capitalized and what accounts were charged. (17-27)

35. For purposes of this request, please refer to the testimony of Mr. Seidman, page 8, lines 19 through 24. Please explain what is meant by the terms "to some degree" and explain why the advanced sewer mains are not 100% used and useful? Identify precisely the lines to which Mr. Seidman refers. For that portion of sewer mains added to plant in service, state the number of lots associated with the additions and the number of lots connected as of the end of the test year and as projected for margin reserve purposes. (23) (24) (30) (31) (32) (33)

36. State the method of depreciation used for tax purposes for each of the years 1982 through 1995. (34-47)

37. State the amount of AFPI revenue booked by the Company in each of the years 1974 to date. (47-68)

- 71
38. Does the Company accrue deferred taxes on AFPI? If yes, please state the amount of credit deferred taxes associated with AFPI on both a year-end and average basis for the test year. Please explain how these deferred taxes have been treated for ratemaking purposes. (69) 70 72
39. By month provide the amount of water billed to Hammock Dunes for each of the years 1994, 1995 and 1996 to date. 73 74 75
40. Please provide for the year-ending 1995 the length of gravity mains by the diameter of the main and the type of pipe (i.e. VCP, PVC, CI, etc.). 76
41. For each of the years 1993 through 1996 to date, please provide the monthly amount of water sold, water treated, wastewater sold, wastewater treated, the number of water customers, and the number of wastewater customers. 77-81
42. Does the Company collect rainfall data at its water or wastewater site? If yes, please provide the rainfall data collected by month for the years 1993 through 1996. 82-86
43. Please itemize and describe the additions made to the wastewater system during 1995. 87
44. For purposes of this request, please refer to the testimony of Mr. Seidman, page 11, lines 24 through 25. Please explain why only CIAC paid by customers is considered used and useful. Please describe how the company determined that only CIAC paid by customers is used and useful. 88 89
45. Please provide information analogous to that provided on Schedule A-12 of the MFRs for each of the years 1988 through 1994. 90-96 97-116
46. For each of the years 1975 forward, state the amount of guaranteed revenue booked by the Company and from whom the Company collected the guaranteed revenue. 117-136
47. For the guaranteed revenue received by the Company from 1975 forward, please itemize how the amount charged to each entity was developed. 117-136
48. For purposes of this request please refer to page A-5 page 2 of 2 of the MFRs. Please explain what undistributed plant is and why it is zero for year-end but a balance remains for the average. 137 138
49. For purposes of this request, please refer to page 24 of the Commission Order No. 22843. Are the capitalized repair costs addressed in this order included in the plant balances included in the MFRs? If yes, please state the amount included 139

and the associated accumulated depreciation and depreciation expense for the test year. If no, please identify where the removal of these charges can be verified. (141)

50. Please indicate when the Company discontinued reading meters and employed the services of MBR, as stated on page 5 of the operating department used and useful analysis. (142)
51. Please explain how the .25% contractual service charge rate for administrative services provided by ITT to the Company was determined. State the amount charged to each other affiliate and subsidiary of ITT. (143) (144)
52. For each of the years 1994 and 1995, please provide the number of employees employed by ITT, each of ITT's affiliates, and each of ITT's subsidiaries. (145) (146)
53. For purposes of this request please refer to Schedule B-5 page 14a. Please explain and itemize what gave rise to the increase in expenses included in account 634 from 1994 of \$19,789 to \$67,869 in 1995. (147)
54. For purposes of this request please refer to Schedule B-5 page 14a. Please explain and itemize the charges included in account 636 Third Party Costs. (148)
55. For purposes of this request please refer to Schedule B-5 page 14a. Please explain and itemize the charges included in account 690 Services (net). Please explain why these costs are negative. (149) (150)
56. For purposes of this request please refer to Schedule B-6 page 3a. Please explain and itemize what gave rise to the increase in sludge hauling costs between 1994 and 1995. (151)
57. For purposes of this request please refer to Schedule B-5 page 2. Please explain and itemize what gave rise to the \$17,201 charge to contractual services other in the month of February 1995. (152)
58. For purposes of this request please refer to Schedule B-5 page 3. Please explain and itemize what gave rise to the two charges of \$3,250 in account 675 miscellaneous expenses. (153)
59. For purposes of this request please refer to Schedule B-5 page 10. Please explain and itemize what gave rise to the increase in expenses included in account 635 from 1994 of \$33,916 to \$103,761 in 1995. (154)
60. For purposes of this request please refer to Schedule B-5 page 11. Please explain why for all accounts except 634 and 604 there are no expenses shown for the months of July through (155)

December.

- 61. For purposes of this request please refer to Schedule B-5 page 12. Please explain and itemize all costs included in account 426 donations. (156)
- 62. For purposes of this request please refer to Schedule B-6 page 2. Please explain and itemize why the cost of materials and supplies decreased from \$242,379 in 1994 to \$98,914 in 1995. (157)
- 63. For purposes of this request please refer to Schedule B-6 page 2. Please explain why for account 741 rental of building/real property there are no costs shown for the month of July through December 1995. (158)
- 64. For purposes of this request please refer to Schedule B-6 page 3. Please explain and itemize all costs included in account 742 rental of equipment. (159)
- 65. For purposes of this request please refer to Schedule B-5 page 1. Please explain and itemize all costs incurred in account 620 materials and supplies for the month of June 1995. (160)

AFFIDAVIT

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned authority, personally appeared _____, who deposed and stated that he/she provided the answers to interrogatories _____ served on _____ by _____ on _____ and that the responses are true and correct to the best of his/her information and belief.

DATED at _____, _____, this

day of _____, 1996.

Sworn to and subscribed before me this _____ day
of _____, 1996.

NOTARY PUBLIC

State of _____ at Large

My Commission Expires: _____

CERTIFICATE OF SERVICE
DOCKET NO. 951056-WS

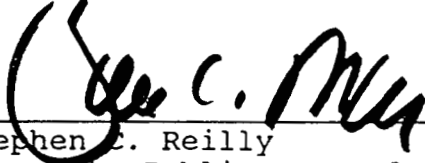
I HEREBY CERTIFY that a correct copy of the foregoing has been furnished by U.S. Mail or *hand-delivery to the following parties on this 12th day of April, 1996.

*B. Kenneth Gatlin
Gatlin, Woods & Carlson
The Mahan Station
1709-D Mahan Drive
Tallahassee, FL 32308

Jim Martin
P.O. Box 351541
Palm Coast, FL 32135

Ralph Jaeger, Esq.
Division of Legal Services
Fla. Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Manuel D. Rivera
6 Bowman Place
Palm Coast, FL 32137



Stephen C. Reilly
Associate Public Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of PALM COAST) Docket No. 951056-WS
UTILITY CORPORATION for Increased) Filed: April 12, 1996
Rates in Flagler County, Florida /

**CITIZENS' SECOND SET OF REQUESTS FOR PRODUCTION OF DOCUMENTS
TO PALM COAST UTILITY CORPORATION**

Pursuant to Section 350.0611(1), Fla. Stat. (1995), Rules 25-22.034 and 25.22.035, F.A.C., and Rule 1.350, F.R.C.P., Florida's Citizens' ("Citizens"), by and through Jack Shreve, Public Counsel, request Palm Coast Utility Corporation (PCUC, Utility or the Company) to produce the following documents for inspection and copying at the Office of Public Counsel, Claude Pepper Building, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, on or before Monday, May 13, 1996, or at such other time and place as may be mutually agreed upon by counsel.

INSTRUCTIONS

1. If any document is withheld under any claim of privilege, please furnish a list identifying each document for which privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

2. If the Company has possession, custody, or control of the originals of the documents requested, please produce the originals or a complete copy of the originals and all copies which are different in any way from the original, whether by interlineation,

receipt stamp or notation. If the Company does not have possession, custody, or control of the originals of the documents requested, please produce any copies in the possession, custody, or control, however made, of the Company.

3. Please construe "and" as well as "or" either disjunctively or conjunctively as necessary to bring within the scope of this production of documents any document which might otherwise be construed to be outside the scope.

4. The Citizens specifically request the company to make a review of the files of employees reasonably expected to have information responsive to these document requests. Correspondence and notes of meetings, whether typed or handwritten, are specifically requested. If a particular employee is in charge of an area related to a document request, the Citizens request the Company to search the files both of the employee in charge of the area as well as each employee reporting directly or indirectly to such person if their areas of responsibility also include matters reasonably likely to be responsive to the document request.

DEFINITIONS

1. "Document" or "documents" means any written, recorded, filmed or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs,

statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.

2. As used herein "you" and "your" means the company together with its officers, employees, consultants, agents, representatives, attorneys (unless privileged), and any other person or entity acting on behalf of Palm Coast Utility Corporation.

3. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.

4. If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control, or is no longer in existence or accessible to you, please indicate:

(a) the date and nature of the disposition of such document or other tangible item, including, but not limited to, whether such: (i) is missing or lost, (ii) has been destroyed, or (iii) has been transferred to another person;

(b) the circumstances surrounding such disposition, including any authorization thereof; and

(c) where applicable, the person currently in possession, custody, or control of such document or item.

As used herein: "you" and "your" means the Company, and unless stated otherwise, or unless clearly apparent otherwise from

the context of the discovery, "the Company" or "PCUC" or "the Utility" includes Palm Coast Utility Corporation together with its officers, employees, consultants, agents, representatives, attorneys, and any other person or entity acting on behalf of the Company. Usage of acronyms, abbreviations, or other symbolic terms are to be taken as having the same meaning as common usage of those terms in the regulation of utilities in the State of Florida have assigned to them.

"Financial statements" includes, but is not limited to, balance sheet, income statement, cashflow statement, and notes related thereto.

"Parent Company" means and includes "ITT" or International Telephone and Telegraph Company.

"Test years" means the historical test year ending 1994 and the budgeted test year ending 1995.

DOCUMENTS REQUESTED

35. For purposes of this request, please refer to the testimony of Mr. Seidman, page 15, lines 10 through 19. Please provide the section of the WPCF Manual of Practice No. 9 relied upon by Mr. Seidman to conclude that infiltration and inflow was well within the specification allowance for infiltration. Provide a copy of the calculations performed by Mr. Seidman that allowed him to conclude that infiltration and inflow was well with in the specifications of the WPCF Manual. (1) (2)
36. Provide a copy of all agreements between ICDC and the Company. (3)
37. Please provide a copy of the audited financial statements (balance sheet, income statement, cash flow statement and accompanying notes) of ICDC for each of the years 1988 forward. If audited financial statements are not available, provide unaudited financial statements. (4-9)
38. Provide a copy of any and all time records maintained by the president of Palm Coast Utility Corporation. (10)
39. For purposes of this request, please refer to Table 3 of the used and useful analysis of operating departments. Please provide a copy of all interview questions and responses that are in written or electronic form. (11)
40. Provide a copy of any and all time records maintained by the vice president of Palm Coast Utility Corporation. (12)
41. For purposes of this request, please refer to Table 4 of the used and useful analysis of operating departments. Please provide a copy of all interview questions and responses that are in written or electronic form. (13)
42. Please provide a copy of all newsletters sent to Palm Coast customers and all new releases issued in 1994 and 1995 as described on page 12 of the used and useful analysis of operating departments. (14)
43. Please provide a copy of all data processing bills rendered to Palm Coast Utility Corporation from ITT-CDC. (15)
44. Please provide all workpapers and source documents used to develop the .25% contractual service charge rate for administrative services provided by ITT to the Company. (16)
45. Provide a copy of all workpapers and source documents used to develop the amount of employee relations services, accounts payable processing, and payroll processing charged or (17-19)

allocated to the Company by ITT-CDC.

46. Please provide any and all purchase agreements, amendments and supplements to such purchase agreements, entered into between ITT (including any of ITT's subsidiaries or affiliates) and Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates) concerning the sale of ITT property, land, assets, and land contracts to Minnesota Power and Light Company (including any of Minnesota Power and Light Company's affiliates). (20)
47. Please provide all correspondence between ITT (including any of ITT's subsidiaries or affiliates) and Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates) concerning the sale of ITT property, land, assets, and land contracts to Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates). (21)
48. Please provide any and all purchase agreements, amendments, and option agreements, entered into between ITT (including any of ITT's subsidiaries or affiliates) and Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates) concerning the sale of Palm Coast Utility Corporation to Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates). (22)
49. Please provide all correspondence between ITT (including any of ITT's subsidiaries or affiliates) and Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates) concerning the sale of Palm Coast Utility Corporation to Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates). (23)
50. Provide a copy of any appraisals conducted in 1993, 1994, 1995 and 1996 of the ITT property, land, assets, and land contracts sold to Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates). (24-27)
51. Provide a copy of any appraisals conducted in 1993, 1994, 1995 and 1996 of the Palm Coast Utility Corporation assets which may be sold under the option agreement to Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates). (28-31)
52. Provide a copy of any due diligence studies in ITT's and/or the Company's possession, custody, or control, conducted in 1993, 1994, 1995 and 1996 in connection with the sale of ITT property, land, assets, and land contracts to Minnesota Power (32-36)

and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates).

53. Provide a copy of any due diligence studies in ITT's and/or the Company's possession custody or control conducted in 1993, 1994, 1995 and 1996 of the Palm Coast Utility Corporation assets which may be sold under the option agreement to Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates). (37-41)
54. Provide a copy of all press releases issued by or on behalf of ITT concerning the sale of ITT property, land, assets, and land contracts to Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates). (42)
55. Provide a copy of all press releases issued by or on behalf of ITT's and/or Palm Coast Utility Corporation concerning the option to sell the utility's assets to Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates). (43)
56. Provide a copy of calculations or other documents which estimate or attempt to estimate any gains or losses on sale, associated with the potential sale of Palm Coast Utility Corporation's assets to Minnesota Power and Light Company (including any of Minnesota Power and Light Company's subsidiaries or affiliates). (44)

CERTIFICATE OF SERVICE
DOCKET NO. 951056-WS

I HEREBY CERTIFY that a correct copy of the foregoing has been furnished by U.S. Mail or *hand-delivery to the following parties on this 12th day of April, 1996.

*B. Kenneth Gatlin
Gatlin, Woods & Carlson
The Mahan Station
1709-D Mahan Drive
Tallahassee, FL 32308

Jim Martin
P.O. Box 351541
Palm Coast, FL 32135

Ralph Jaeger, Esq.
Division of Legal Services
Fla. Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Manuel D. Rivera
6 Bowman Place
Palm Coast, FL 32137



Stephen C. Reilly
Associate Public Counsel

RECEIVED

MAY 17 1996

Office of
B. KENNETH GATSON

In re: Application of PALM COAST)
UTILITY CORPORATION for Increased)
Rates in Flagler County, Florida. /

Docket No. 951056-WS
Filed: May 17, 1996

**CITIZENS' THIRD SET OF INTERROGATORIES
TO PALM COAST UTILITY CORPORATION**

Florida's Citizens ("Citizens"), by and through Jack Shreve, Public Counsel, propound the following interrogatories to Palm Coast Utility Corporation (PCUC, Utility or Company) to be answered under oath in full accordance with Rules 25-22.034 and 25-22.035 of the Florida Administrative Code and Rule 1.340 of the Florida Rules of Civil Procedure. Typewritten annotations such as "response submitted by" are insufficient; responses must be provided under oath as required by the Florida Rules of Civil Procedure. All answers must be served upon the attorneys for the Citizens by Monday, June 17, 1996.

Each interrogatory is to be answered based upon the knowledge and information or belief of the Company, and any answer based upon information and belief is to state that it is given on such basis. If the complete answer to an interrogatory is not known, so state and answer as fully as possible the part of the interrogatory to which an answer is known. For each answer, or part thereof, please identify the individual or individuals who provided the information or helped in providing the information contained in the responses.

For each interrogatory response, indicate the witnesses that

will sponsor the response and be able to answer cross-examination questions concerning the response.

DEFINITIONS

1. "Document" or "documents" means any written, recorded, filmed or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.

2. As used herein "you" and "your" means the Company together with its officers, employees, consultants, agents, representatives, attorneys (unless privileged), and any other person or entity acting on behalf of the Company.

3. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.

4. If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control, or is no longer in existence or accessible to you, please

indicate:

(a) the date and nature of the disposition of such document or other tangible item, including, but not limited to, whether such: (i) is missing or lost, (ii) has been destroyed or (iii) has been transferred to another person;

(b) the circumstances surrounding such disposition, including any authorization thereof; and

(c) where applicable, the person currently in possession, custody, or control of such document or item.

As used herein: "you" and "your" means the Company, and unless stated otherwise, or unless clearly apparent otherwise from the context of the discovery, "the Company" or "PCUC" or "the Utility" includes Palm Coast Utility Corporation together with its officers, employees, consultants, agents, representatives, attorneys, and any other person or entity acting on behalf of the Company. Usage of acronyms, abbreviations, or other symbolic terms are to be taken as having the same meaning as common usage of those terms in the regulation of utilities in the State of Florida have assigned to them.

"Financial statements" includes, but is not limited to, balance sheet, income statement, cashflow statement, and notes related thereto.

"Parent Company" means and includes "ITT" or International Telephone and Telegraph Company.

"Test years" means the historical test year ending 1994 and the budgeted test year ending 1995.

INTERROGATORIES

- 66. Explain the purpose of pretreatment effluent pumping (PEP) system and rationale for using the PEP system instead of the traditional sewer system. ①
- 67. According to as built drawings, what is the real dead storage for each elevated or ground storage tank? ②
- 68. Explain the rationale for including fire demand in the used and useful of water treatment plants, and provide any available references. ③
- 69. Explain the definitions of off-site main, distribution main, hydraulic equivalent factor in Table E-2 of Exhibit JFG-1 Used and Useful analysis. ④
- 70. Explain the rationale for the 100% used and useful determination on the major manifold force main. In addition, does the major manifold force main include the cost of lift stations? If yes, provide cost associated with each lift station. ⑤
⑥
⑦
- 71. Explain the rationale for a 15% inflow and infiltration allowance, and provide related references. ⑧
- 72. Provide the number of water customers by classification (i.e., single family residential, multi-family residential commercial, industrial, wholesale, etc.) with a further breakdown of which of those water customers are also provided wastewater service by PCUC (further identifying whether wastewater service is provided by gravity system or PEP system), by month for the year 1995. ⑨
- 73. Provide the gallons of water sold to each of the above water customer groups identified in POD No. 72, by month, for the year 1995. ⑩
- 74. Identify the type and number of PCUC wastewater customers that do not receive water service from PCUC. Further identify how PCUC bills these customers, if any, and the gallons of wastewater treated for those customers. ⑪
⑫
⑬
- 75. For purposes of this request, please refer to the Company's response to OPC's interrogatory 23, Attachment G. Please indicate how the company determined the amount of expense associated with each water and wastewater system that PCUC operates and maintains, state if the amount includes any costs associated with general plant, any common administrative and general expenses, and any costs allocated from any parent(s) or affiliates of PCUC. Please indicate if utility employees provide the operation and maintenance services and if the ⑭
⑮
⑯

associated salaries are included in the instant rate case.

- 76. Please explain how the Company accounts for the services provided to Hammock Dunes. Please explain how the reimbursements received by Hammock Dunes are treated on the Company's books and how they are reflected in the MFRs. State the amount of expense incurred by the Company to provide service to Hammock Dunes in 1995, where these expenses are recorded (i.e., account) and state the amount of reimbursements received from Hammock Dunes in 1995 and where these reimbursements are recorded. (17, 18, 19, 20)
- 77. Please describe the services provided by Aqua Tech, who performs these services, and identify all entities to whom Aqua Tech provided services in 1995. State the name of each officer and employee of Aqua Tech, their salaries, and the services they perform. For each entity to which Aqua Tech provided services in 1995, state the amount of revenue received and the amount of expenses incurred to provide these services. Please state when this company was formed. (21, 22, 23, 24)
- 78. Please explain how PCUC accounts for jobbing and merchandising services it provides. Please show how the costs to provide these services are credited to the expenses included in the test year. State the amount of expense incurred by the Company to provide jobbing and merchandising services in 1995 and where these expenses are recorded (i.e., account). (24, 25, 26)
- 79. Please explain how the Company determined the amount of reuse revenue that it would receive as a result of the instant rate case. In particular, please explain how the Company determined the amount of effluent that would be resold. (27)

AFFIDAVIT

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, personally appeared _____, who deposed and stated that he/she provided the answers to interrogatories _____ served on _____ by _____ on _____

and that the responses are true and correct to the best of his/her information and belief.

AFFIANT

Sworn to and subscribed before me this _____ day
of _____, 1996.

NOTARY PUBLIC

State of _____ at Large

My Commission Expires: _____

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of PALM COAST) Docket No. 951056-WS
UTILITY CORPORATION for Increased) Filed: May 17, 1996
Rates in Flagler County, Florida /

CITIZENS' THIRD SET OF REQUESTS FOR PRODUCTION OF DOCUMENTS
TO PALM COAST UTILITY CORPORATION

Pursuant to Section 350.0611(1), Fla. Stat. (1995), Rules 25-22.034 and 25.22.035, F.A.C., and Rule 1.350, F.R.C.P., Florida's Citizens' ("Citizens"), by and through Jack Shreve, Public Counsel, request Palm Coast Utility Corporation (PCUC, Utility or the Company) to produce the following documents for inspection and copying at the Office of Public Counsel, Claude Pepper Building, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, on or before Monday, June 17, 1996, or at such other time and place as may be mutually agreed upon by counsel.

INSTRUCTIONS

1. If any document is withheld under any claim of privilege, please furnish a list identifying each document for which privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

2. If the Company has possession, custody, or control of the originals of the documents requested, please produce the originals or a complete copy of the originals and all copies which are different in any way from the original, whether by interlineation,

receipt stamp or notation. If the Company does not have possession, custody, or control of the originals of the documents requested, please produce any copies in the possession, custody, or control, however made, of the Company.

3. Please construe "and" as well as "or" either disjunctively or conjunctively as necessary to bring within the scope of this production of documents any document which might otherwise be construed to be outside the scope.

4. The Citizens specifically request the company to make a review of the files of employees reasonably expected to have information responsive to these document requests. Correspondence and notes of meetings, whether typed or handwritten, are specifically requested. If a particular employee is in charge of an area related to a document request, the Citizens request the Company to search the files both of the employee in charge of the area as well as each employee reporting directly or indirectly to such person if their areas of responsibility also include matters reasonably likely to be responsive to the document request.

DEFINITIONS

1. "Document" or "documents" means any written, recorded, filmed or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs,

statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.

2. As used herein "you" and "your" means the company together with its officers, employees, consultants, agents, representatives, attorneys (unless privileged), and any other person or entity acting on behalf of Palm Coast Utility Corporation.

3. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.

4. If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control, or is no longer in existence or accessible to you, please indicate:

(a) the date and nature of the disposition of such document or other tangible item, including, but not limited to, whether such: (i) is missing or lost, (ii) has been destroyed, or (iii) has been transferred to another person;

(b) the circumstances surrounding such disposition, including any authorization thereof; and

(c) where applicable, the person currently in possession, custody, or control of such document or item.

As used herein: "you" and "your" means the Company, and unless stated otherwise, or unless clearly apparent otherwise from

the context of the discovery, "the Company" or "PCUC" or "the Utility" includes Palm Coast Utility Corporation together with its officers, employees, consultants, agents, representatives, attorneys, and any other person or entity acting on behalf of the Company. Usage of acronyms, abbreviations, or other symbolic terms are to be taken as having the same meaning as common usage of those terms in the regulation of utilities in the State of Florida have assigned to them.

"Financial statements" includes, but is not limited to, balance sheet, income statement, cashflow statement, and notes related thereto.

"Parent Company" means and includes "ITT" or International Telephone and Telegraph Company.

"Test years" means the historical test year ending 1994 and the budgeted test year ending 1995.

DOCUMENTS REQUESTED

57. Provide copy of the authority which mandates a fire flow requirement of 2,000 gpd for 5 hours. ①
58. Provide fire testing records of in use hydrants for the year 1995, including but not limited to, flow rate, (gpm), pressure (psi), time of day and location (remote or not). ②
59. Provide as built drawings for each storage tank which illustrate the maximum and minimum water levels. ③
60. Provide any available documents of studies of inflow and infiltration levels in the Palm Coast wastewater system. ④
61. Provide site plans for all water and wastewater plants. ⑤
62. Please provide a copy of all legal bills and the associated voucher, for which the Company incurred legal expenses in the year 1995. (It is not necessary to provide legal bills associated with the instant rate case). ⑥
63. Please provide a copy of all consultant, accountant, and engineering bills and the associated voucher, for which the Company incurred legal expenses in the year 1995. ⑦
64. Provide a copy of all appraisals of all real property acquired since 1990. ⑧
65. Please provide the Company's actual 1995 billing units (gallons) and number of year-end customers in a format consistent with that shown on pages 114 and 115 of the MFRs. ⑨
66. With respect to the Company's estimate of reuse revenue of \$195,640, please provide all documents which set forth how the gallons to be resold were determined and any other documents which show how the company determined the amount of gallons that would be resold. ⑩
67. Provide all documents and workpapers which show and support the Company's reduction to the gallons of water sold to Hammock Dunes. ⑪

CERTIFICATE OF SERVICE
DOCKET NO. 951056-WS


I HEREBY CERTIFY that a correct copy of the foregoing has been furnished by U.S. Mail or *hand-delivery to the following parties on this 17th day of May, 1996.

*B. Kenneth Gatlin
Gatlin, Woods & Carlson
The Mahan Station
1709-D Mahan Drive
Tallahassee, FL 32308

*Scott Edmonds, Esq.
Division of Legal Services
Fla. Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Jim Martin
P.O. Box 351541
Palm Coast, FL 32135

Manuel D. Rivera
6 Bowman Place
Palm Coast, FL 32137



Stephen C. Reilly
Associate Public Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of PALM COAST) Docket No. 951056-WS
UTILITY CORPORATION for Increased) Filed: May 28, 1996
Rates in Flagler County, Florida /

CITIZENS' FOURTH SET OF INTERROGATORIES
TO PALM COAST UTILITY CORPORATION

Florida's Citizens ("Citizens"), by and through Jack Shreve, Public Counsel, propound the following interrogatories to Palm Coast Utility Corporation (PCUC, Utility or Company) to be answered under oath in full accordance with Rules 25-22.034 and 25-22.035 of the Florida Administrative Code and Rule 1.340 of the Florida Rules of Civil Procedure. Typewritten annotations such as "response submitted by" are insufficient; responses must be provided under oath as required by the Florida Rules of Civil Procedure. All answers must be served upon the attorneys for the Citizens by Thursday, June 27, 1996.

Each interrogatory is to be answered based upon the knowledge and information or belief of the Company, and any answer based upon information and belief is to state that it is given on such basis. If the complete answer to an interrogatory is not known, so state and answer as fully as possible the part of the interrogatory to which an answer is known. For each answer, or part thereof, please identify the individual or individuals who provided the information or helped in providing the information contained in the responses.

For each interrogatory response, indicate the witnesses that

will sponsor the response and be able to answer cross-examination questions concerning the response.

DEFINITIONS

1. "Document" or "documents" means any written, recorded, filmed or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.

2. As used herein "you" and "your" means the Company together with its officers, employees, consultants, agents, representatives, attorneys (unless privileged), and any other person or entity acting on behalf of the Company.

3. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.

4. If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control, or is no longer in existence or accessible to you, please

indicate:

(a) the date and nature of the disposition of such document or other tangible item, including, but not limited to, whether such: (i) is missing or lost, (ii) has been destroyed or (iii) has been transferred to another person;

(b) the circumstances surrounding such disposition, including any authorization thereof; and

(c) where applicable, the person currently in possession, custody, or control of such document or item.

As used herein: "you" and "your" means the Company, and unless stated otherwise, or unless clearly apparent otherwise from the context of the discovery, "the Company" or "PCUC" or "the Utility" includes Palm Coast Utility Corporation together with its officers, employees, consultants, agents, representatives, attorneys, and any other person or entity acting on behalf of the Company. Usage of acronyms, abbreviations, or other symbolic terms are to be taken as having the same meaning as common usage of those terms in the regulation of utilities in the State of Florida have assigned to them.

"Financial statements" includes, but is not limited to, balance sheet, income statement, cashflow statement, and notes related thereto.

"Parent Company" means and includes "ITT" or International Telephone and Telegraph Company.

"Test years" means the historical test year ending 1994 and the budgeted test year ending 1995.

INTERROGATORIES

80. For purposes of this request, please refer to the Company's response to OPC's Document Request 3 and the document attached that is labeled "Reconciliation of Balance Sheet Schedules A-18, Assets to General Ledger. Please explain what gave rise to the deferred irrigation system costs of \$65,000. (1)
81. For purposes of this request, please refer to the Company's response to OPC's Document Request 3 and the document attached that is labeled "Reconciliation of Balance Sheet Schedules A-18, Assets to General Ledger. For each of the following items included in the 190 accounts, shown on page 3 of this document, please explain what the item is, what activity gave rise to the deferred tax and what income was generated: deposits in the amount of (\$10,839); Meters in the amount of (\$99,779); Extraordinary Property Loss in the amount of (\$633,257); Reg Asset - Equity AFUDC in the amount of (\$2,391,333); Reg Asset Deposits in the amount of (\$30,968); PP Tax Met - '93 Rate Change in the amount of (\$59,669); PP Tax EPL - '93 Rate Change in the amount of (\$67,328). (At least 7 2-8)
82. Provide actual 1995 expenses, by the departments and accounts shown on the Company's B-5 schedules of the MFRs. (9)
83. For unaccounted for water on Page 118 of MFRs Volume I, Schedule F-1:
(a) Explain how the negative (-8.21%) unaccounted for water was created in January 1995 (10)
(b) Explain how the unaccounted for water was projected for July through December 1995? (11)
(c) What was the percentage of unaccounted for water in the year of 1994? (12)
84. In August 1995, the Company received \$1,125,000 of CIAC from the Dunes Community Development District. Is this CIAC included as an offset to rate base? If the entire amount is not included as an offset to rate base, state the amount so included and why the entire amount is not included as an offset to rate base. (13)
(14)
85. Did the Company take some percolation ponds out of service? If yes, when were they taken out of service and what was the accounting treatment of the cost of the percolation ponds? (Identify the amounts and accounts debited or credited in conjunction with removing these percolation ponds from service.) Is the cost of the land or any portion of the percolation ponds included in the Company's requested rate base. If yes, state the amount included in rate base and why it is appropriate for the cost of the percolation ponds to be included in rate base. (15)
(16)
(17)
(18)

19-21

86. State the amount of effluent sent to the Dunes Community Development District for each month of 1994, 1995, and 1996 to date.

AFFIDAVIT

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, personally appeared _____, who deposed and stated that he/she provided the answers to interrogatories _____ served on _____ by _____ on _____ and that the responses are true and correct to the best of his/her information and belief.

AFFIANT

Sworn to and subscribed before me this _____ day of _____, 1996.

NOTARY PUBLIC

State of _____ at Large

My Commission Expires: _____

CERTIFICATE OF SERVICE
DOCKET NO. 951056-WS

I HEREBY CERTIFY that a correct copy of the foregoing has been furnished by U.S. Mail or *hand-delivery to the following parties on this 28th day of May, 1996.

*B. Kenneth Gatlin
Gatlin, Woods & Carlson
The Mahan Station
1709-D Mahan Drive
Tallahassee, FL 32308

*Scott Edmonds, Esq.
Division of Legal Services
Fla. Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Jim Martin
P.O. Box 351541
Palm Coast, FL 32135

Manuel D. Rivera
6 Bowman Place
Palm Coast, FL 32137

Richard D. Melson
Hopping Green Sams & Smith
P.O. Box 6526
Tallahassee, FL 32314



Stephen C. Reilly
Associate Public Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of PALM COAST)
UTILITY CORPORATION for Increased)
Rates in Flagler County, Florida /

Docket No. 951056-WS
Filed: May 28, 1996

**CITIZENS' FOURTH SET OF REQUESTS FOR PRODUCTION OF DOCUMENTS
TO PALM COAST UTILITY CORPORATION**

Pursuant to Section 350.0611(1), Fla. Stat. (1995), Rules 25-22.034 and 25.22.035, F.A.C., and Rule 1.350, F.R.C.P., Florida's Citizens' ("Citizens"), by and through Jack Shreve, Public Counsel, request Palm Coast Utility Corporation (PCUC, Utility or the Company) to produce the following documents for inspection and copying at the Office of Public Counsel, Claude Pepper Building, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, on or before Thursday, June 27, 1996, or at such other time and place as may be mutually agreed upon by counsel.

INSTRUCTIONS

1. If any document is withheld under any claim of privilege, please furnish a list identifying each document for which privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

2. If the Company has possession, custody, or control of the originals of the documents requested, please produce the originals or a complete copy of the originals and all copies which are different in any way from the original, whether by interlineation,

receipt stamp or notation. If the Company does not have possession, custody, or control of the originals of the documents requested, please produce any copies in the possession, custody, or control, however made, of the Company.

3. Please construe "and" as well as "or" either disjunctively or conjunctively as necessary to bring within the scope of this production of documents any document which might otherwise be construed to be outside the scope.

4. The Citizens specifically request the company to make a review of the files of employees reasonably expected to have information responsive to these document requests. Correspondence and notes of meetings, whether typed or handwritten, are specifically requested. If a particular employee is in charge of an area related to a document request, the Citizens request the Company to search the files both of the employee in charge of the area as well as each employee reporting directly or indirectly to such person if their areas of responsibility also include matters reasonably likely to be responsive to the document request.

DEFINITIONS

1. "Document" or "documents" means any written, recorded, filmed or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs,

statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.

2. As used herein "you" and "your" means the company together with its officers, employees, consultants, agents, representatives, attorneys (unless privileged), and any other person or entity acting on behalf of Palm Coast Utility Corporation.

3. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.

4. If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control, or is no longer in existence or accessible to you, please indicate:

(a) the date and nature of the disposition of such document or other tangible item, including, but not limited to, whether such: (i) is missing or lost, (ii) has been destroyed, or (iii) has been transferred to another person;

(b) the circumstances surrounding such disposition, including any authorization thereof; and

(c) where applicable, the person currently in possession, custody, or control of such document or item.

As used herein: "you" and "your" means the Company, and unless stated otherwise, or unless clearly apparent otherwise from

the context of the discovery, "the Company" or "PCUC" or "the Utility" includes Palm Coast Utility Corporation together with its officers, employees, consultants, agents, representatives, attorneys, and any other person or entity acting on behalf of the Company. Usage of acronyms, abbreviations, or other symbolic terms are to be taken as having the same meaning as common usage of those terms in the regulation of utilities in the State of Florida have assigned to them.

"Financial statements" includes, but is not limited to, balance sheet, income statement, cashflow statement, and notes related thereto.

"Parent Company" means and includes "ITT" or International Telephone and Telegraph Company.

"Test years" means the historical test year ending 1994 and the budgeted test year ending 1995.

DOCUMENTS REQUESTED

68. Please provide a copy of example lot purchase agreements between ITT Community Development Corporation (ICDC) and lot purchasers which in anyway holds the lot purchaser financially responsible to ICDC for the maintenance and/or other costs associated with water and or sewer collection, transmission, and/or distribution lines that are considered non-used and useful. (1)
69. Please provide a copy of example lot purchase agreements between ICDC and lot purchasers which in anyway allows or requires the lot purchaser to prepay water and wastewater CIAC, service availability charges, hook-up fees, and/or the like. (2)
70. Please provide a copy of all workpapers and source documents used by the Company to calculate reuse revenue included in the MFRs. (3)
71. Please provide a copy of all budgets and other documents used to project the 6 months ending December 1995 revenue and consumption as shown on the MFRs. (4)
72. For purposes of this request please refer to Attachment 36, and the Revenue Agreement between ITT Community Development Corporation and the Company. Please provide for each month of 1994 and 1995, the Exhibit B calculation used to determine the amount of availability fee charged to ICDC. (5-6)
73. Provide any internal correspondence, memorandum, accounting bulletins, and the like that address the mechanism used by the Company to collect revenue from ICDC for non-used and useful plant. (7)
74. Please provide a copy of the March 26, 1974 offering statement referenced on page 10 of 10 of the May 12, 1994 offering statement included in the additional MFRs. (8)
75. Please provide any workpapers or documents that show how the Company determined the amount of expenses included in its 1995 test year that related to the divestiture of PCUC. (9)
76. Please provide a copy of the budget and associated workpapers used to prepare the budgeted six month period of the test year. (10)
77. Please provide a copy of the CIAC gross-up calculations submitted to the Commission annually for the years 1992, 1993, 1994 and 1995, including all workpapers and income tax returns used to prepare the calculations. (11-14)

78. Please provide a copy of all invoices and the associated vouchers sent to the Dunes Community Development District in 1994 and 1995.

15-10

CERTIFICATE OF SERVICE
DOCKET NO. 951056-WS

I HEREBY CERTIFY that a correct copy of the foregoing has been furnished by U.S. Mail or *hand-delivery to the following parties on this 28th day of May, 1996.

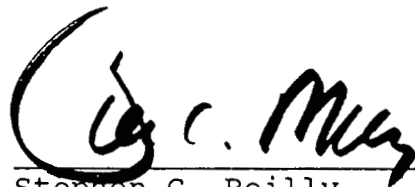
*B. Kenneth Gatlin
Gatlin, Woods & Carlson
The Mahan Station
1709-D Mahan Drive
Tallahassee, FL 32308

*Scott Edmonds, Esq.
Division of Legal Services
Fla. Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Jim Martin
P.O. Box 351541
Palm Coast, FL 32135

Manuel D. Rivera
6 Bowman Place
Palm Coast, FL 32137

Richard D. Melson
Hopping Green Sams & Smith
P.O. Box 6526
Tallahassee, FL 32314



Stephen C. Reilly
Associate Public Counsel

PCUC RATE CASE REMAINING DISCOVERY SCHEDULE

- | | |
|--|----------|
| 1. Objections to/Request for Clarification of Staff's 2d Set of Interrog. & P.O.D. | 6/10/96 |
| 2. Responses to Dunes' Interrogatories and Req. For Prod. of Doc. | 6/10/96 |
| 3. Deposition of T. Bidy | 6/10/96 |
| 4. Deposition of K. Dismukes | 6/11/96 |
| 5. Onsite plant visit by S. Reilly (OPC), A. Milian (Dunes) | 6/12/96 |
| 6. Deposition of G. Sapp (Bunnell) | 6/12/96 |
| 7. Responses to Staff's Interrog. & P.O.D. ("Requested") | 6/14/96 |
| 8. Responses to Public Counsel's Third Set of Interrogatories & P.O.D. | 6/17/96 |
| 9. Rebuttal Testimony to Dunes, Staff and Public Counsel's Direct Testimony | 6/17/96 |
| 10. A. Milian deposition | 6/17/96 |
| 11. Onsite plant visit by G.Su/T. Bidy (OPC) | 6/18/96 |
| 12. G. Moyer deposition | 6/19/96 |
| 13. Prehearing Conference | 6/20/96 |
| 14. J. Guastella deposition | 6/20/96 |
| 15. K. Amaya deposition (tentative) | 6/21/96 |
| 16. Responses to Staff's 1st Set of Interrog. & P.O.D. ("Actual") | 6/21/96 |
| 17. Responses to Staff's 2nd Set of Interrog. & P.O.D. ("Requested") | 6/21/96 |
| 18. Discovery Completion Date set in Order Establishing Procedure | 6/24/96 |
| 19. Responses to Public Counsel's 4th Set of Interrog. & P.O.D. | 6/27/96 |
| 20. Responses to Staff's 2nd Set of Interrog. & P.O.D. ("Actual") | 6/28/96 |
| 21. Hearing | 7/1-2/96 |

Attachment "B"

ORDER NO. 22484
DOCKET NO. 890277-WS
PAGE 12

workpapers show only cumulative information and do not indicate the method, as requested.

PCUC argues that the answer is responsive. OPC does not agree that the answer is responsive.

Although the workpapers do not show the method, it does appear that PCUC has provided a responsive answer. Accordingly, OPC's motion to compel is denied with respect to POD No. 48.

X
49. Provide a copy of the offering statement and contracts which first provided for the collection of prepaid water connection fees prior to a customer requesting service.

PCUC's response to this request has been and continues to be that it does not have possession, custody or control of the documents requested.

OPC argues that ITT is the real party in interest and that we should require the production of these documents.

X
This request does not appear to be relevant to this proceeding. It appears to be a request for contracts between a non-regulated company and lot purchasers who may or may not become customers of PCUC. Accordingly, OPC's motion to compel production of these documents is denied.

50. Provide copies of all short or long term forecasts provided to PCUC by ICDC of expected water and sewer CIAC collections.

In response to this POD, PCUC provided Attachment C. According to OPC, Attachment C is not responsive to its request.

Upon review, the relevance of this POD is unclear. The purpose of this proceeding is to establish an appropriate revenue requirement for the test year. This POD appears to be concerned with subsequent levels of CIAC relative to as yet undetermined plant amounts. Accordingly, OPC's motion to compel is denied insofar as it relates to POD No. 50.