



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: December 2, 1997
TO: Division of Records and Reporting
FROM: Division of Legal Services (Gervasi) *MS*
RE: Docket No. 970409-SU - Initiation of limited proceeding to restructure wastewater rates for Florida Water Service Corporation's Tropical Isles service area in St. Lucie County.

Please file the attached letter dated November 24, 1997 in the docket file for the above-referenced docket.

RG/dr

Attachment

cc: Division of Water and Wastewater (Xanders, Chase, Lingo)

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LEN _____
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DOCUMENT NUMBER-DATE
 12270 DEC-25
 FPSC-RECORDS/REPORTING



November 24, 1997

Mr. Robert J. Simpson
345 Seahorse Terrace
Fort Pierce, FL 34982

by fax & U.S. mail

Re: Docket No. 970409-SU -- Investigation into
Appropriate Wastewater Rates for the Tropical Isles
Facility of Southern States Utilities, Inc., in St. Lucie
County

Dear Mr. Simpson:


Please find attached a copy of the accounting schedules approved by the Public Service Commission in Florida Water Services Corporation's 1995 rate case. As I indicated when we spoke after the November 19th meeting, I will explain the information contained on these schedules over the telephone if you like.

I also take this opportunity to remind you that after the meeting you agreed to provide us with a copy of the operation cost estimates referred to during the November 19th meeting. Mr. McLean, as you may recall, was kind enough to provide me with a copy of the document which Mr. Shacket said he received from the Fort Pierce Utilities Authority. Thus, pending any clarification or further requests, I think we will be square for now on the exchange of documents.

For your information, I will be out of the office for the remainder of this week. I believe you indicated you would be out of town as well. At this point, I am not sure what my schedule is for the week of December 1. I may be out of town for a portion of that week. I am essentially unavailable for the entire week of December 8.

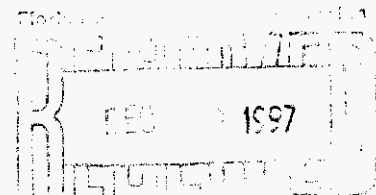
If you have any questions or comments on the above, please call me at (407) 884-8777, ext. 260.

Sincerely yours,


Matthew Feil, Esq.
Staff Attorney

Attachments

c: Harold McLean
Roseann Gervasi



Florida Water Services Corporation / P.O. Box 609520 / Orlando, Florida 32860-9520 / Phone 407/880-0058

Water For Florida's Future

SSU/ TROPICAL ISLES
 SCHEDULE OF WASTEWATER RATE BASE
 TEST YEAR ENDED 12/31/96

SCHEDULE NO. 3-B
 DOCKET NO. 950495-WS

COMPONENT	TEST YEAR PER UTILITY 1996	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR/ UTILITY 1996	COMMISSION ADJUSTMENTS	COMMI. ADJ. TEST YEAR 1996
1 UTILITY PLANT IN SERVICE	\$ 510,251	0 \$	510,251	(70)	510,181
2 LAND	1,482	0	1,482	0	1,482
3 NON-USED & USEFUL COMPONENTS	(6,596)	0	(6,596)	(19,137)	(25,733)
4 ACCUMULATED DEPRECIATION	(129,246)	0	(129,246)	(10)	(129,256)
5 CIAC	(101,920)	0	(101,920)	0	(101,920)
6 AMORTIZATION OF CIAC	23,360	0	23,360	0	23,360
7 ACQUISITION ADJUSTMENTS - NET	0	0	0	0	0
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
9 UNFUNDED POST-RETIRE. BENEFITS	(1,641)	0	(1,641)	0	(1,641)
10 DEFERRED INCOME TAXES	(9,645)	0	(9,645)	(496)	(10,141)
11 WORKING CAPITAL ALLOWANCE	9,508	0	9,508	(3,153)	6,355
12 OTHER	0	0	0	0	0
RATE BASE	\$ 295,553	0 \$	295,553	(22,866)	272,687

SSU/TROPICAL ISLES
 ADJUSTMENTS TO RATE BASE
 TEST YEAR ENDED 12/31/96

SCHEDULE NO. 3-C
 DOCKET NO. 950495-WS
 PAGE 1 OF 1

EXPLANATION	WATER	WASTEWATER
PLANT IN SERVICE		
1 BVL transfer I-11	0	0
2 To adjust for Plant Slippage/Double Bookings I-13	0	(149)
3 Realloc of River Park common plant S-1	0	79
Total	0	(70)
LAND		
1 Lehigh land Parcels 1, 2, and 3 PHFU S-2	0	0
2 Lehigh land, Parcel 4, Tract C PHFU I-5	0	0
3 Collier pits land cost I-7	0	0
4 Section 35 PHFU I-9	0	0
5 Deltona Lakes PHFU I-10	0	0
6 BVL transfer I-11	0	0
Total	0	0
NON-USED AND USEFUL		
To reflect net non-used and useful adjustment	0	(19,137)
ACCUMULATED DEPRECIATION		
1 BVL transfer I-11	0	0
2 Plant Slippage/Double Bookings I-13	0	30
3 Reverse Depr on prior N-U/U assets I-46	0	0
4 Realloc of River Park Common Plant S-1	0	(40)
Total	0	(10)
CIAC		
1 BVL transfer I-11	0	0
2 Imputation of CIAC-MR I-48	0	0
3 Marco ASR Cost Share I-51	0	0
Total	0	0
ACCUM. AMORT. OF CIAC		
1 Deltona Lakes correction-water S-4	0	0
2 BVL transfer I-11	0	0
3 Correction for Guideline rates I-47	0	0
4 Imputation of CIAC-MR I-48	0	0
5 Marco ASR Cost Share I-51	0	0
Total	0	0
DEFERRED INCOME TAXES		
1 Debit Deferred Taxes on CIAC	0	0
2 Credit Deferred Taxes on Depreciation	0	(496)
Total	0	(496)
WORKING CAPITAL		
To reflect the plant specific allocation	0	(3,153)
OTHER		
Marco Island deferred debit-water I-62	0	

SSU/TROPICAL ISLES STATEMENT OF WASTEWATER OPERATIONS TEST YEAR ENDED 12/31/96		SCHEDULE NO. 4-B DOCKET NO. 950495-WS					
DESCRIPTION	TEST YEAR PER UTILITY 1996	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR/ UTILITY 1996	COMMISSION ADJUSTMENTS	COMMI. ADJ. TEST YEAR 1996	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	45,402	80,154 \$	125,556	(79,118)	46,438	69,794	116,232
OPERATING EXPENSES						150.29%	
2 OPERATION AND MAINTENANCE	52,218	2,149 \$	54,367	(3,324)	51,043 \$		51,043
3 DEPRECIATION	19,578	0	19,578	(1,086)	18,492		18,492
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	11,082	3,454	14,536	(4,078)	10,458	3,141	13,599
6 INCOME TAXES	(21,386)	27,970	6,584	(26,290)	(19,706)	25,711	6,005
7 TOTAL OPERATING EXPENSES	61,492	33,573 \$	95,065	(34,778)	60,287	28,852	89,140
8 OPERATING INCOME	(16,090)	46,581 \$	30,491	(44,340)	(13,849)	40,942	27,092
9 RATE BASE	295,553	\$	295,553		272,687		272,687
RATE OF RETURN	-5.44%		10.32%		-5.08%		9.94%

SSU/ TROPICAL ISLES
 ADJUSTMENTS TO OPERATING STATEMENTS
 TEST YEAR ENDED 12/31/96

SCHEDULE NO. 4-C
 DOCKET NO. 950495-WS
 PAGE 1 OF 1

EXPLANATION	WATER	WASTEWATER
OPERATING REVENUES		
1 Remove requested final revenue increase	0	(80,154)
2 Billing determinants I-75	0	0
3 Imputed revenue for discounted service I-77	0	1,025
4 Miscellaneous non-utility income I-77	0	11
Total	0	(79,118)
OPERATION & MAINTENANCE EXPENSE		
1 Reallocate salary of SSU's president S-8	0	(69)
2 Correct attrition rate from 5.87% to 5.75% S-10	0	(22)
3 Keystone Heights APT expenses I-58	0	0
4 Hewitt study I-82	0	(448)
5 Lobbying/Acquisition salaries & misc. exp. I-83 & I-84	0	(470)
6 Hepatitis Amortization Adjustment I-86	0	(12)
7 Budgeted overtime to rate case expense S-11	0	(54)
8 Remove SSU proposed repression adjustment I-74	0	0
9 OAP Amortization I-86a	0	(62)
10 Purchased power Deltona Lakes I-88	0	0
11 Amortize Hurricane Preparedness Program S-13	0	(14)
12 Conservation Expense I-92	0	(241)
13 Current rate case expense I-93	0	152
14 Uniform Rate Docket-Reg. Comm. Exp I-94	0	(190)
15 Jurisdiction Docket Expense I-95	0	(39)
16 920199 rate case expense I-96	0	(375)
17 True-up budget adjustment I-99	0	(1,183)
18 Empty recognition normalization I-100	0	(19)
19 Shareholder Expenses I-90	0	(278)
20 Excess Unaccounted for Water I-21	0	0
21 Excess Infiltration I-23	0	0
22 Gains/Losses I-105	0	0
Total	0	(3,324)
DEPRECIATION EXPENSE-NET		
1 BVL Transfer I-11	0	0
2 Plant slippage adjustment I-13	0	(15)
3 Reallocate Common Plant River Park S-1	0	32
4 Imputation of CIAC-MR I-48	0	0
5 Net used and useful adjustment	0	(1,103)
6 Marco ASR Cost Share I-51	0	0
Total	0	(1,086)
AMORTIZATION EXPENSE		
Marco Island Deferred Debit	0	0
TAXES OTHER THAN INCOME		
1 RAFs on revenue adjustments above	0	(3,560)
2 Reg Fees Marco Island I-107	0	0
3 Non-used and useful property taxes I-108	0	(341)
4 Discounts received on property taxes S-14	0	(177)
Total	0	(4,078)
INCOME TAXES		
To adjust to test year income tax expense	0	(26,290)