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DIVISION OF WATER & WASTEWATER  
DANIEL M. HOPPE, DIRECTOR  
(850) 413-6900

# Public Service Commission

July 29, 1999

Mr. Norman H. Horton, Jr.  
Messer, Capareello, & Self, P.A.  
215 S. Monroe Street, Suite 701  
P.O. Box 1876  
Tallahassee, FL 32302-1876

Re: Docket No. 990535-WU, Application For Increased Water Rates by Florida Public Utilities Company in Nassau County

Dear Mr. Horton:

We have reviewed the minimum filing requirements submitted on July 19, 1999, on behalf of the above mentioned utility. After reviewing this information, we find the minimum filing requirements to be deficient. The specific deficiencies are identified below:

1. Schedule B-7, Operation and Maintenance Expense Comparison - Water

The schedule compares O&M expenses for the projected test year (2000) with the historic year 1995. Although Ms. Martin stated it is difficult to make a comparison by accounts, the instructions for this schedule in Commission Form PSC/WAW 19 require a comparison of the test year with the applicant's prior test year if the applicant has had a prior rate case before the commission.

2. Schedule E-14, Billing Analysis Schedules

The instructions for this schedule in Commission Form PSC/WAW 19 requires an analysis for each class of service by meter size. The utility's submitted schedule only reflects this information by meter size not class of service.

The instructions for this schedule in Commission Form PSC/WAW 19 also requires a separate billing analysis which coincides with each period if a rate change occurred during the test year. The periods broken out in Schedule E-14 do not correspond to the periods reported in Schedule E-2, page 4 of 5. Schedule E-14 reflects the period from 1/1/98 to 7/31/98 and 8/1/98 to 12/31/98 while Schedule E-2, page 4 reflects the period from 1/1/98 to 6/30/98 and 7/1/98 to 12/31/98.

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3. Schedule H-2, Schedule of Inflation and Growth Multiplier Calculation

Rule 25-30.437(3), for projected test years requires a schedule which details all methods and bases of projection, explaining the justification for each method or basis employed. There is no explanation or justification of the methodology used to project the Average CPI and Average Water Customers for 1999 and 2000. While Schedule G-3 provides a general list of projection methods used in the MFRs, a specific description and justification of the inflation and growth multipliers is required.

4. Additional Engineering Information

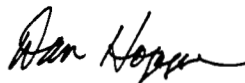
Rule 25-30.440 (1) Florida Administrative Code requires a detailed map showing (a) the location and size of the applicant's distribution and collection lines as well as its plant sites, and (b) the location and respective classification of the applicant's customers. The maps that we received are insufficient. The company needs to submit maps showing the size and length of the lines and the location of the customers.

In addition to the formal deficiencies relating to Schedule E-14, Billing Analysis, the following problems were identified:

1. Staff is unable to reconcile the consumption amounts in total and by meter size reported in Schedule E-14 to those reported in Schedule E-2, page 3.
2. Provide an explanation of the terms "Rev. No Tax," "Rev+Tax," and "Class 3," as used in Schedule E-14.

Your petition will not be deemed filed until we have received the above mentioned information. These corrections should be submitted no later than August 30, 1999.

Sincerely,



Dan Hoppe  
Director

DH/cb

cc: Division of Records and Reporting  
Division of Legal Services (Gervasi, Jaeger)  
Division of Auditing and Financial Analysis (Maurey, Samaan)  
Division of Water and Wastewater (Willis, Merchant, Crouch, Edwards, Kyle, Binford)