

ORIGINAL

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September 16, 1998

Our File No: 40195-2

Via Federal Express, Overnight Delivery

Blanca S. Bayo, Director, Records & Recording
FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: **Docket No. 980307-WS - Applicant's Answers to
Commission Staff's Interrogatories**

Dear Ms. Bayo:

ACK _____ Enclosed herewith for filing is the original and 7-copies of Applicant's Answers to
AFA 1 Commission Staff's Interrogatories. Thank you for your assistance in this matter.

APP _____

CAF _____

CMH _____

CTR _____

EAC _____

LEG 1 _____

LIM 3 Enclosures

OP _____ cc: See Notice of Filing Certificate of Service

RC _____

SE 1 _____

WAS Walker _____

OTH _____

Sincerely yours,



Thomas A. Cloud, Esquire

GRAY, HARRIS & ROBINSON, P.A.

DOCUMENT NUMBER-DATE

10243 SEP 17 98

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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

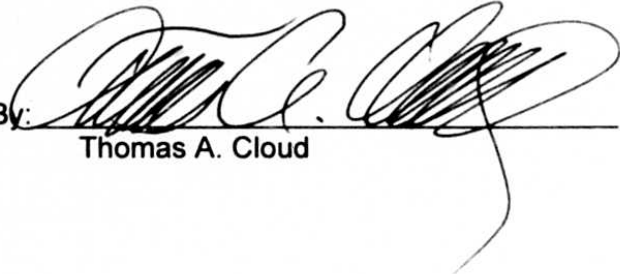
In re: Application for certificate)
to provide water & wastewater)
service in Orange County by)
Zellwood Station Co-Op, Inc.)
_____)

Docket No. 980307-WS

**NOTICE OF FILING OF ANSWERS TO
COMMISSION STAFF'S FIRST SET OF
INTERROGATORIES TO ZELLWOOD STATION CO-OP, INC.**

Applicant, **ZELLWOOD STATION CO-OP, INC.** ("Zellwood"), by and through its undersigned attorneys, hereby files the following answers to Commission Staff's First Set of Interrogatories to Zellwood Station Co-Op, Inc.

Respectfully submitted this 16th day of September, 1998.

By: 

Thomas A. Cloud

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on the following: Original and 7 copies, together with the document on diskette, via overnight delivery to:

- (1) Blanca S. Bayo, Director
Division of Records and Reporting
Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
904/413-6770

With a copy via overnight delivery/hand delivery/U.S. Mail to:

- (2) Cleveland Ferguson, III, Esquire
FPSC Legal Division
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
Counsel for the FPSC
- (3) James E. Olsen, Esquire
CLAYTON & McCULLOH
1065 Maitland Center Commons Boulevard
Maitland, FL 32751

this 16th day of September, 1998.



Thomas A. Cloud, Esquire
Fla. Bar No. 293326
GRAY, HARRIS & ROBINSON, P.A.
Post Office Box 3068
Orlando, FL 32802-3068
Telephone: (407) 843-8880
Facsimile: (407) 244-5690

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for certificate)
to provide water & wastewater)
service in Orange County by)
Zellwood Station Co-Op, Inc.)
_____)

Docket No. 980307-WS

**ANSWERS TO
COMMISSION STAFF'S FIRST SET OF
INTERROGATORIES TO ZELLWOOD STATION CO-OP, INC.**

Applicant, **ZELLWOOD STATION CO-OP, INC.** ("Zellwood"), by and through its undersigned attorneys, hereby states that the following pages contain their answers to Commission Staff's First Set of Interrogatories to Zellwood Station Co-Op, Inc.

Respectfully submitted this 16th day of September, 1998.

By: _____

Thomas A. Cloud

INTERROGATORIES

Original Cost Study Details

1. **Please state whether Zellwood performed an Original Cost Study for this proceeding. If no study was performed, please explain why that option was not pursued.**
 - A. Zellwood did not perform an original cost study for this proceeding, however, a Physical Improvement Inspection Report was prepared by Mr. Mark D. Alberson. This report was requested by the lending institution at the time of Zellwood's proposed acquisition of the entire asset package. Zellwood is proposing that if the Commission accepts the proposed stipulation agreement between Zellwood and Banbury Village Association, Inc. it will provide an original cost study as part of a full rate case to be filed within three (3) years of such acceptance.

- 2. If no original cost study was performed, please explain whether or not the proposed provision for associated interest charges should be reduced accordingly.**

- A. The interest charges that Zellwood is requesting in the Original Certificate Application is the annual interest associated with the purchase of Zellwood Station Water and Wastewater Utility. Long term debt associated with that purchase is approximately 27% of the capital structure with common equity equal to 73%. Zellwood is not requesting a return on equity, however, and therefore the interest charge provision should not be lowered.**

- 3. If no original cost study was performed, please explain whether or not the proposed provision for depreciation expense should be reduced accordingly.**
- A.** It is Zellwood's position that the water and wastewater rate assets and accumulated depreciation balances are as shown on Zellwood's books. While the previous two owners, may not have cooperated and/or produced supporting documents, Zellwood is prepared to perform an original cost study as a part of that later rate case application to be filed within the three year time period set forth in the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

4. **Please estimate the cost and amount of time which would be needed to perform an Original Cost Study for Zellwood Station Co-Op, Inc.**
- A. After reviewing all existing records, as-built drawings, maps and other available information, it is estimated that an Original Cost Study for Zellwood Station Water and Wastewater Systems would cost approximately \$15,000 and take approximately 90 to 100 days to prepare.

Basis for Requested Rate Base

5. Referring to Exhibit L-1 of the utility's application, please identify the respective provisions for Plant in Service, Land, CIAC, Accumulated Depreciation, Accumulated Amortization, and Working Capital for the respective Water and Wastewater Divisions.

- A. Attached as Exhibit "1" to this answer are the respective provisions for Plant in Service, Land, CIAC, Accumulated Depreciation, Accumulated Amortization, and Working Capital for the respective Water and Wastewater Divisions.

6. **For each of the accounts listed in Interrogatory No. 5, please identify the respective balances before and after Used and Useful Adjustments are counted.**
- A. Please review Exhibit "1" to Zellwood's Answers to Interrogatory No. 5. That Exhibit provides the plant and accumulated depreciation balances before and after the used and useful adjustments.

7. Please explain how the Used and Useful Adjustments affect each element in the rate base determination for water.

A. The Used and Useful Adjustment affected "Transmission and Distribution Plant" accounts 330.4 and 331.4 (see Exhibit "1" to Zellwood's answer to Interrogatory No. 5) as it pertains to plant in service and accumulated depreciation. In addition please review on pages 13 and 14 (line 13 through 18) of Mr. Gerald C. Hartman's prefiled direct testimony in this docket.

8. Please explain how Used and Useful Adjustments affect each element in the rate base determination for wastewater.

A. The Used and Useful Adjustment affected "Collection Plant" accounts 353.2, 354.2, 360.2, and 361.2 and Treatment and Disposal Plant" accounts 354.3 and 380.3 (see Exhibit "1" to Zellwood's Answer to Interrogatory No. 5) as it pertains to plant in service and accumulated depreciation. In addition please review on pages 13 and 14 (line 13 through 18) of Mr. Gerald C. Hartman's prefiled direct testimony in this docket.

9. **Please discuss the extent to which the utility's Plant in Service balances depend upon the findings presented in the Physical Improvement Inspection Report prepared by Mr. Mark D. Alberson.**
- A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

10. Please discuss how the Physical Improvement Inspection Report prepared by Mr. Alberson supports the utility's requested Plant in Service balances.

A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

11. Please discuss the extent to which the utility's Plant in Service balances depend on records maintained by previous owners.

A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

12. **If records maintained by previous owners were utilized, please identify what records were used and explain how those records support for the utility's requested Plant in Service balances.**
- A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

13. Please identify the source of all CIAC included in the requested Rate Base balances.

A. The source of CIAC to be provided to Zellwood is the St. Johns River Water Management District (SJRWMD) as a grant with which to purchase water meters. It was believed that SJRWMD would provide approximately \$250,000 in grant money for the meters, therefore, \$250,000 was incorporated into the water rate base as CIAC. In actuality, SJRWMD has authorized \$50,000 rather than \$250,000, and as a result, the water CIAC balances in the application are overstated by \$200,000.

- 14. With respect to the requested provisions for Accumulated Depreciation, please discuss to what extent those provisions are based upon use of guideline depreciation rates.**
- A.** The guideline depreciation rates were not used in this application to develop test year water and wastewater depreciation expense or water CIAC amortization expense, however, Zellwood has no problem using the guideline rates (please review the Company's response to Audit Report to Exception No. 2).

- 15. Please discuss whether the requested provisions for Depreciation Expense in 1996 were derived using depreciation guideline rates.**
- A. See Zellwood's answer to Interrogatory No. 14 above.**

Accounting Treatment by Prior Owners

- 16. Please discuss whether Zellwood Station obtained copies of the accounting records of prior owners, and whether those records were produced for the Staff Auditor's inspection.**
- A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

- 17. Please identify each prior owner of the Zellwood water and wastewater systems by name, business address, and the approximate dates of ownership.**
- A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

- 18. Please discuss what accounting methods the previous companies utilized to account for costs relating to construction of the subject water and wastewater divisions? Please identify what accounting practices were used for financial and tax reporting purposes.**
- A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

Accounting Treatment by Zellwood Station

- 19. Please discuss the extent to which the accounting records of Zellwood Station depend upon the Physical Improvement Inspection Report prepared by Mr. Mark D. Alberson.**
- A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

20. Please explain how Zellwood Station has actually accounted for accumulated depreciation for financial reporting purposes.

A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

21. **Please explain how shared administrative expenses and other common costs in 1996 were actually allocated among Zellwood's utility and non-utility divisions. Please identify which costs were actually allocated in 1996, the basis for their allocation, and which costs are separately counted among the pro forma expenses. (Attachment 1, Footnote 12 of the Audit Response).**
- A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

Requested Pro Forma Operating Expenses

- 22. Referring to Attachment 1, Footnote 3 (Audit Response), please explain how the requested provision for increased chemical costs (\$5,450) was derived.**
- A.** The test year expense of approximately \$19,550 was inflated over four years (1996 test year – 1999 rate year) using a 7% factor based upon market conditions for water treatment chemicals in Florida.

- 23. Referring to Attachment 1, Footnote 14 (Audit Response), please itemize the specific accounts that are affected by this \$7,500 pro forma adjustment.**
- A.** The pro forma water and wastewater expenses are itemized by specific account in Exhibit O of the original application, on pages 10,11 and 12 (lines 11 through 19) of the direct testimony of Mr. Chuck Lewis and in Zellwood's answer to Interrogatory No. 5 above.

24. **A document included in the Audit Workpapers (Audit Record A), which is identified as a document produced by the company (PBC), appears to show actual operating expenses for 1997. Please identify the author(s) of this document. Also, please identify the name and business address of the vendor shown in the first column.**
- A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

- 25. Referring to Interrogatory No. 24, please discuss whether these expenses should be used to evaluate the utility's requested provisions for pro forma operating expenses.**
- A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

- 26. Please discuss whether repression of usage as a result of higher rates was factored into developing the pro forma expenses.**
- A. Repression of usage as a result of proposed higher rates was not factored into developing the pro forma expenses.

Capital Structure

- 27. If the capital structure is modified to agree with Audit Exception No. 8, please discuss whether Zellwood would still adopt the position that it is not requesting any return on equity investment.**
- A. Please review page 7 (lines 6 through 18) of Mr. Irving Perkins prefiled direct testimony in Zellwood's application.**

- 28. Please discuss whether Zellwood's cost of capital should be determined using its Financial Statement for 1996, as shown on Exhibit L of the application.**
- A.** Zellwood believes that the capital structure attached to this answer as Exhibit 1 (modified to conform with Audit Exception No. 8) is correct. Please review the attached capital structure as filed.

Billing Determinants

- 29. Please explain whether Zellwood's proposed billing procedure provides greater incentive for conservation than the standard base facility and gallonage rate billing approach.**
- A. Zellwood does not believe that the requested rate design provides any greater incentive for conservation than the standard base facility and gallonage rate billing approach. There are specific legal reasons as to why this rate design was requested. Please refer to pages 7 through 11 of Mr. Gerald C. Hartman's prefiled direct testimony and pages 8 and 9 (lines 8 through 19) of Mr. Irving Perkins prefiled direct testimony.

- 30. Concerning the utility's proposed water tariffs for residential and general service customers (Original Sheets Nos. 12.1 and 13.1), please explain how subsequent bills are affected if usage patterns are reduced following imposition of greater ERC factors.**
- A.** If a customer's usage patterns are reduced following the imposition of greater ERC factors, that customer would need to petition Zellwood for a reduction in ERC's as a result of sustained reduction in its consumption. Zellwood would then review the customers historical usage to determine if any reduction in ERC's could be considered by Zellwood.

31. Please explain whether repression as a result of higher rates was factored into developing the amount of water and wastewater processed by the utility.

A. Zellwood did look at Price Elasticity of Demand and the affects it could have on consumption. Because of the changing nature of the utility and its related increases in expense levels, repression was not a factor in developing projected expense levels.

Consumption Information

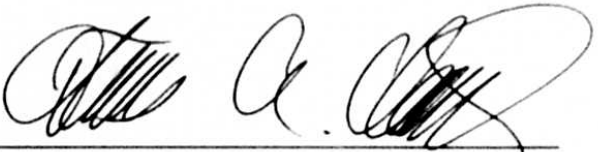
- 32. Please discuss whether Zellwood provides non-potable irrigation water service. If so, please discuss how customers are billed for such usage.**
- A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

33. Please discuss how Zellwood presently bills for irrigation service using potable water supplies.

A. The information requested will be provided as part of a later rate case to be filed by Zellwood pursuant to the terms of the Stipulated Agreement between Zellwood and Banbury Village Association, Inc.

I HEREBY DECLARE that the responses to the above interrogatories are true and correct to my best knowledge and belief.

Zellwood Station Co-Op, Inc.
c/o Thomas A. Cloud, Esquire
Gray, Harris & Robinson, P.A.
201 E. Pine Street, #1200
Orlando, Florida 32801

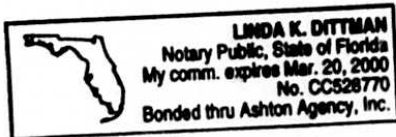
By: 

STATE OF FLORIDA
COUNTY OF ORANGE

SWORN to and subscribed before me on this 16th day of September, 1998.


Notary Public
State of Florida **Linda K. Dittman**
My Commission Expires:

(SEAL)



Schedule of Water Rate Base
 Company: Zellwood Station
 Docket No.:
 Schedule Year Ended: December 31, 1996
 Interim [] Final [X]
 Historical [X] Projected []

FPSC First Set of Interrogatories
 Question No. 5

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Adjustments	(4) Adjusted Utility Balance	(5) Supporting Exhibit
1	Utility Plant in Service	\$1,156,768	\$234,678	\$1,391,446	
2	Utility Land & Land Rights	\$7,831	\$0	\$7,831	
3	Less: Non-Used & Useful Plant	\$0	(\$65,293)	(\$65,293)	
4	Construction Work in Progress	\$0	\$0	\$0	
5	Less: Accumulated Depreciation	(\$228,569)	(\$12,707)	(\$241,276)	
6	Less: CIAC	\$0	(\$250,250)	(\$250,250)	
7	Accumulated Amortization of CIAC	\$0	\$12,513	\$12,513	
8	Acquisition Adjustments	\$0	\$0	\$0	
9	Accum. Amort. of Acq. Adjustments	\$0	\$0	\$0	
10	Advances For Construction	\$0	\$0	\$0	
11	Working Capital Allowance	\$12,716	\$8,514	\$21,230	
12	Total Rate Base	\$948,746	(\$72,546)	\$876,200	

EXHIBIT "1"

Page 1 of 9

Schedule of Wastewater Rate Base
 Company: Zellwood Station
 Docket No.:
 Schedule Year Ended: December 31, 1996
 Interim [] Final [X]
 Historical [X] Projected []

FPSC First Set of Interrogatories
 Question No. 5

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Adjustments	(4) Adjusted Utility Balance	(5) Supporting Exhibit
1	Utility Plant in Service	\$1,736,274	\$0	\$1,736,274	
2	Utility Land & Land Rights	\$11,484	\$0	\$11,484	
3	Less: Non-Used & Useful Plant	\$0	(\$358,240)	(\$358,240)	
4	Construction Work in Progress	\$0	\$0	\$0	
5	Less: Accumulated Depreciation	(\$295,277)	\$0	(\$295,277)	
6	Less: CIAC	\$0	\$0	\$0	
7	Accumulated Amortization of CIAC	\$0	\$0	\$0	
8	Acquisition Adjustments	\$0	\$0	\$0	
9	Accum. Amort. of Acq. Adjustments	\$0	\$0	\$0	
10	Advances For Construction	\$0	\$0	\$0	
11	Working Capital Allowance	\$11,257	\$9,671	\$20,928	
12	Total Rate Base	\$1,463,738	(\$348,569)	\$1,115,169	

Schedule of Water Plant in Service By Primary Account
Beginning and End of Year Average

FPSC First Set of Interrogatories
Question No. 5

Company: Zellwood Station
Docket No.:
Schedule Year Ended:
Historic [] or Projected []

Explanation: Provide the ending balances
and average of plant in service for the prior
year and the test year by primary account.
Also show non-used & useful amounts by account.

Line No.	(1) Account No. and Name	(2) Prior Year	(3) 1996 Additions	(4) Test Year	(5) Pro Forma 1997	(6) Total	(7) Used & Useful %	(8) Used & Useful Amount
1	INTANGIBLE PLANT							
2	301.1 Organization	\$59,836		\$59,836		\$59,836	100.00%	\$59,836
3	302.1 Franchises	\$5,533		\$5,533		\$5,533	100.00%	\$5,533
4	339.1 Other Plant & Misc. Equipment			\$0		\$0	100.00%	\$0
6	SOURCE OF SUPPLY AND PUMPING PLANT							
6	303.2 Land & Land Rights	\$7,831		\$7,831		\$7,831	100.00%	\$7,831
7	304.2 Structures & Improvements			\$0		\$0	100.00%	\$0
8	305.2 Collect. & Impound. Reservoirs			\$0		\$0	100.00%	\$0
9	306.2 Lake, River & Other Intakes			\$0		\$0	100.00%	\$0
10	307.2 Wells & Springs	\$100,722	\$23,807	\$124,529		\$124,529	100.00%	\$124,529
11	308.2 Infiltration Galleries & Tunnels	\$38,446		\$38,446		\$38,446	100.00%	\$38,446
12	309.2 Supply Mains			\$0		\$0	100.00%	\$0
13	310.2 Power Generation Equipment			\$0		\$0	100.00%	\$0
14	311.2 Pumping Equipment	\$647,700	\$9,715	\$657,415		\$657,415	100.00%	\$657,415
15	339.2 Other Plant & Misc. Equipment			\$0		\$0	100.00%	\$0
16	WATER TREATMENT PLANT							
17	303.3 Land & Land Rights			\$0		\$0	100.00%	\$0
18	304.3 Structures & Improvements	\$726		\$726		\$726	100.00%	\$726
19	320.3 Water Treatment Equipment	\$3,477		\$3,477		\$3,477	100.00%	\$3,477
20	339.3 Other Plant & Misc. Equipment	\$432		\$432		\$432	100.00%	\$432
21	TRANSMISSION & DISTRIBUTION PLANT							
22	303.4 Land & Land Rights			\$0		\$0	83.91%	\$0
23	304.4 Structures & Improvements			\$0		\$0	83.91%	\$0
24	330.4 Distr. Reservoirs & Standpipes	\$73,047		\$73,047		\$73,047	83.91%	\$61,296
25	331.4 Transm. & Distribution Mains	\$149,962		\$149,962		\$149,962	83.91%	\$125,839
26	333.4 Services			\$0		\$0	83.91%	\$0
27	334.4 Meters & Meter Installations	\$3,880	\$15,572	\$19,452	\$234,678	\$254,130	83.91%	\$213,250
28	335.4 Hydrants			\$0		\$0	83.91%	\$0
29	339.4 Other Plant & Misc. Equipment			\$0		\$0	83.91%	\$0
30	GENERAL PLANT							
31	303.5 Land & Land Rights			\$0		\$0	100.00%	\$0
32	304.5 Structures & Improvements	\$1,693		\$1,693		\$1,693	100.00%	\$1,693
33	340.5 Office Furniture & Equipment	\$805		\$805		\$805	100.00%	\$805
34	341.5 Transportation Equipment	\$1,250		\$1,250		\$1,250	100.00%	\$1,250
35	342.5 Stores Equipment			\$0		\$0	100.00%	\$0
36	343.5 Tools, Shop & Garage Equipment	\$18,076		\$18,076		\$18,076	100.00%	\$18,076
37	344.5 Laboratory Equipment			\$0		\$0	100.00%	\$0
38	345.5 Power Operated Equipment			\$0		\$0	100.00%	\$0
39	346.5 Communication Equipment			\$0		\$0	100.00%	\$0
40	347.5 Miscellaneous Equipment	\$2,089		\$2,089		\$2,089	100.00%	\$2,089
41	348.5 Other Tangible Plant			\$0		\$0	100.00%	\$0
42	TOTAL	\$1,115,505	\$49,094	\$1,164,599	\$234,678	\$1,399,277		\$1,322,523
	Utility Land & Land Rights	\$7,831	\$0	\$7,831	\$0	\$7,831		\$7,831
	Plant in Service (Less) Land	\$1,107,674	\$49,094	\$1,156,768	\$234,678	\$1,391,446		\$1,314,692
							Used & Useful Amount	Non-Used & Useful Amount
							\$1,391,446	(\$76,754)

Schedule of Water Accumulated Depreciation By Primary Account
Beginning and End of Year Average

FPSC First Set of Interrogatories
Question No. 5

Company: Zellwood Station
Docket No.:
Schedule Year Ended:
Historic [] or Projected []

Explanation: Provide the ending balances and
average of accumulated depreciation for the
prior year and the test year by primary account.
Also show non-used & useful amounts by account.

Line No.	(1) Account No. and Name	(2) Life	(3) Test Year Accumulated Depreciation	(4) Pro Forma Depreciation	(5) Total	(6) Used & Useful %	(7) Used & Useful Amount
2	301.1 Organization	15	\$18,018		\$18,018	100.00%	\$18,018
3	302.1 Franchises	5	\$4,998		\$4,998	100.00%	\$4,998
4	339.1 Other Plant & Misc. Equipment				\$0	100.00%	\$0
5	SOURCE OF SUPPLY AND PUMPING PLANT						
6	303.2 Land & Land Rights				\$0	100.00%	\$0
7	304.2 Structures & Improvements				\$0	100.00%	\$0
8	305.2 Collect. & Impound. Reservoirs				\$0	100.00%	\$0
9	306.2 Lake, River & Other Intakes				\$0	100.00%	\$0
10	307.2 Wells & Springs	9	\$33,648		\$33,648	100.00%	\$33,648
11	308.2 Infiltration Galleries & Tunnels	40	\$3,084		\$3,084	100.00%	\$3,084
12	309.2 Supply Mains				\$0	100.00%	\$0
13	310.2 Power Generation Equipment				\$0	100.00%	\$0
14	311.2 Pumping Equipment	20	\$103,900		\$103,900	100.00%	\$103,900
15	339.2 Other Plant & Misc. Equipment				\$0	100.00%	\$0
16	WATER TREATMENT PLANT						
17	303.3 Land & Land Rights				\$0	100.00%	\$0
18	304.3 Structures & Improvements	20	\$55		\$55	100.00%	\$55
19	320.3 Water Treatment Equipment	9	\$550		\$550	100.00%	\$550
20	339.3 Other Plant & Misc. Equipment	10	\$65		\$65	100.00%	\$65
21	TRANSMISSION & DISTRIBUTION PLANT						
22	303.4 Land & Land Rights				\$0	83.91%	\$0
23	304.4 Structures & Improvements				\$0	83.91%	\$0
24	330.4 Distr. Reservoirs & Standpipes	9	\$24,669		\$24,669	83.91%	\$20,701
25	331.4 Transm. & Distribution Mains	20	\$33,868		\$33,868	83.91%	\$28,420
26	333.4 Services				\$0	83.91%	\$0
27	334.4 Meters & Meter Installations	20	\$0	\$12,707	\$12,707	83.91%	\$10,663
28	335.4 Hydrants				\$0	83.91%	\$0
29	339.4 Other Plant & Misc. Equipment				\$0	83.91%	\$0
30	GENERAL PLANT						
31	303.5 Land & Land Rights				\$0	100.00%	\$0
32	304.5 Structures & Improvements	40	\$191		\$191	100.00%	\$191
33	340.5 Office Furniture & Equipment	10	\$364		\$364	100.00%	\$364
34	341.5 Transportation Equipment	5	\$448		\$448	100.00%	\$448
35	342.5 Stores Equipment				\$0	100.00%	\$0
36	343.5 Tools, Shop & Garage Equipment	20	\$4,082		\$4,082	100.00%	\$4,082
37	344.5 Laboratory Equipment				\$0	100.00%	\$0
38	345.5 Power Operated Equipment				\$0	100.00%	\$0
39	346.5 Communication Equipment				\$0	100.00%	\$0
40	347.5 Miscellaneous Equipment				\$0	100.00%	\$0
41	348.5 Other Tangible Plant	15	\$629		\$629	100.00%	\$629
	TOTAL		\$228,569	\$12,707	\$241,276		\$229,816
	Acc. Depreciation Balance		\$228,569	\$12,707	\$241,276	Used & Useful Amount \$229,816	Non-Used & Useful Amount \$11,460

EXHIBIT "1"

Page 4 of 9

Schedule of Wastewater Plant in Service By Primary Account
Beginning and End of Year

FPSC First Set of Interrogatories
Question No. 5

Company: Zellwood Station
Docket No.:
Schedule Year Ended:
Historic [] or Projected []

Explanation: Provide the ending balances
and average of plant in service for the prior
year and the test year by primary account.
Also show non-used & useful amounts by account.

(1) Account No. and Name	(2) Prior Year	(3) 1996 Additions	(4) Test Year	(5) Pro Forma 1997	(6) Total	(8) Used & Useful %	(9) Used & Useful Amount
1 351.1 Organization	\$87,748		\$87,748		\$87,748	100.00%	\$87,748
2 352.1 Franchise	\$8,113		\$8,113		\$8,113	100.00%	\$8,113
3 389.1 Other Plant & Misc.			\$0		\$0	100.00%	\$0
4 COLLECTION PLANT							
5 353.2 Land	\$11,484		\$11,484		\$11,484	83.91%	\$9,637
6 354.2 Structures & Improvements	\$6,745		\$6,745		\$6,745	83.91%	\$5,660
7 360.2 Collection Sewers - F	\$867,615		\$867,615		\$867,615	83.91%	\$728,048
8 361.2 Collection Sewers - G	\$29,500		\$29,500		\$29,500	83.91%	\$24,755
9 362.2 Special Collecting			\$0		\$0	83.91%	\$0
10 363.2 Services to Customers			\$0		\$0	83.91%	\$0
11 364.2 Flow Measuring Devices			\$0		\$0	83.91%	\$0
12 365.2 Flow Measuring Installation			\$0		\$0	83.91%	\$0
13 389.2 Other Plant & Misc.			\$0		\$0	83.91%	\$0
14 SYSTEM PUMPING PLANT							
15 353.3 Land & Land Rights			\$0		\$0	100.00%	\$0
16 354.3 Structures & Improvements			\$0		\$0	100.00%	\$0
17 370.3 Receiving Wells			\$0		\$0	100.00%	\$0
18 371.3 Pumping Equipment	\$265	\$2,354	\$2,619		\$2,619	100.00%	\$2,619
19 389.3 Other Plant & Misc.		\$98	\$98		\$98	100.00%	\$98
20 TREATMENT AND DISPOSAL PLANT							
21 353.4 Land & Land Rights			\$0		\$0	59.33%	\$0
22 354.4 Structures & Improvements		\$188	\$188		\$188	59.33%	\$112
23 380.4 Treatment & Disposal	\$687,678		\$687,678		\$687,678	59.33%	\$408,022
24 381.4 Plant Sewers			\$0		\$0	59.33%	\$0
25 382.4 Outfall Sewer Lines			\$0		\$0	59.33%	\$0
26 389.4 Other Plant & Misc.			\$0		\$0	59.33%	\$0
27 GENERAL PLANT							
28 353.5 Land & Land Rights			\$0		\$0	100.00%	\$0
29 354.5 Structures & Improvements	\$2,483		\$2,483		\$2,483	100.00%	\$2,483
30 390.5 Office Furniture & Equipment	\$1,181		\$1,181		\$1,181	100.00%	\$1,181
31 390.51 Computer Equipment			\$0		\$0	100.00%	\$0
32 391.5 Transportation Equipment	\$1,250		\$1,250		\$1,250	100.00%	\$1,250
33 392.5 Stores Equipment			\$0		\$0	100.00%	\$0
34 393.5 Tools, Shop & Garage	\$3,063		\$3,063		\$3,063	100.00%	\$3,063
35 394.5 Laboratory Equipment			\$0		\$0	100.00%	\$0
36 395.5 Power Operated Equipment			\$0		\$0	100.00%	\$0
37 396.5 Communications Equipment			\$0		\$0	100.00%	\$0
38 397.5 Miscellaneous Equipment			\$0		\$0	100.00%	\$0
39 398.5 Other Tangible Plant	\$26,509		\$26,509		\$26,509	100.00%	\$26,509
40							
41 TOTAL	\$1,733,634	\$2,640	\$1,736,274	\$0	\$1,736,274		\$1,309,297
42							
43 Utility Land & Land Rights	\$11,484	\$0	\$11,484	\$0	\$11,484		\$9,637
44 Plant in Service (Less) Land	\$1,722,150	\$2,640	\$1,724,790	\$0	\$1,724,790		\$1,299,661
						Used & Useful Amount	Non-Used & Useful Amount
						\$1,736,274	(\$426,977)

ZELLWOOD STATION
 WATER SYSTEM
 PRO FORMA METER SET

FPSC First Set of Interrogatories
 Question No. 5

Customers	Cost per Meter	Total Cost
550	\$250	\$137,500
130	\$250	\$32,500
321	\$250	\$80,250
1001		\$250,250

Pro Forma \$217,750 Book Life 20 0.2000 \$3,629.17

Booked Meter
 Capital Cost
 As Of 05/31/97 \$32,331

Meters set as of
 05/31/97 129
 Less 450
 321

5.00%

Contributions in Aid of Construction
 334.4 Meters & Meter Installations

\$250,250
 5.00% CIAC Amortation Rate
 \$12,513 CIAC Amortation

EXHIBIT "1"

Page 7 of 9

Schedule of Wastewater Accumulated Depreciation By Primary Account
Beginning and End of Year Average

FPSC First Set of Interrogatories
Question No. 5

Company: Zellwood Station
Docket No.:
Schedule Year Ended:
Historic [] or Projected []
Line
No.

Explanation: Provide the ending balances and average of accumulated depreciation for the prior year and the test year by primary account. Also show non-used & useful amounts by account.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Account No. and Name	Life	Test Year Accumulated Depreciation	Pro Forma Depreciation	Total	Used & Useful %	Used & Useful Amount
351.1 Organization	15	\$22,987		\$22,987	100.00%	\$22,987
352.1 Franchise	5	\$6,376		\$6,376	100.00%	\$6,376
389.1 Other Plant & Misc.				\$0	100.00%	\$0
COLLECTION PLANT						
353.2 Land				\$0	83.91%	\$0
354.2 Structures & Improvements	40	\$541		\$541	83.91%	\$454
360.2 Collection Sewers - F	20	\$147,108		\$147,108	83.91%	\$123,444
361.2 Collection Sewers - G	20	\$738		\$738	83.91%	\$619
362.2 Special Collecting				\$0	83.91%	\$0
363.2 Services to Customers				\$0	83.91%	\$0
364.2 Flow Measuring Devices				\$0	83.91%	\$0
365.2 Flow Measuring Installation				\$0	83.91%	\$0
389.2 Other Plant & Misc.				\$0	83.91%	\$0
SYSTEM PUMPING PLANT						
353.3 Land & Land Rights				\$0	100.00%	\$0
354.3 Structures & Improvements				\$0	100.00%	\$0
370.3 Receiving Wells				\$0	100.00%	\$0
371.3 Pumping Equipment	10/12/20	\$33		\$33	100.00%	\$33
389.3 Other Plant & Misc.				\$0	100.00%	\$0
TREATMENT AND DISPOSAL PLANT						
353.4 Land & Land Rights				\$0	59.33%	\$0
354.4 Structures & Improvements	40	\$5		\$5	59.33%	\$3
380.4 Treatment & Disposal	20	\$110,313		\$110,313	59.33%	\$65,452
381.4 Plant Sewers				\$0	59.33%	\$0
382.4 Outfall Sewer Lines				\$0	59.33%	\$0
389.4 Other Plant & Misc.	10	\$10		\$10	59.33%	\$6
GENERAL PLANT						
353.5 Land & Land Rights				\$0	100.00%	\$0
354.5 Structures & Improvements	20/40	\$244		\$244	100.00%	\$244
390.5 Office Furniture & Equipment	10	\$464		\$464	100.00%	\$464
390.51 Computer Equipment				\$0	100.00%	\$0
391.5 Transportation Equipment	5	\$448		\$448	100.00%	\$448
392.5 Stores Equipment				\$0	100.00%	\$0
393.5 Tools, Shop & Garage	15	\$802		\$802	100.00%	\$802
394.5 Laboratory Equipment				\$0	100.00%	\$0
395.5 Power Operated Equipment				\$0	100.00%	\$0
396.5 Communications Equipment				\$0	100.00%	\$0
397.5 Miscellaneous Equipment				\$0	100.00%	\$0
398.5 Other Tangible Plant	15	\$5,208		\$5,208	100.00%	\$5,208
TOTAL		\$295,277	\$0	\$295,277		\$226,540
		12/31/96	Pro Forma	Total	Used & Useful Amount	Non-Used & Useful Amount
Acc. Depreciation Balance		\$295,277	\$0	\$295,277	\$226,540	\$68,737

ZELLWOOD STATION
 WATER SYSTEM
 PRO FORMA METER SET

FPSC First Set of Interrogatories
 Question No. 5

Customers	Cost per Meter	Total Cost			Book Life			
550	\$250	\$137,500						
130	\$250	\$32,500						
321	\$250	\$80,250						
<u>1001</u>		<u>\$250,250</u>	Pro Forma	\$217,750	20	0.2000	\$3,629.17	

Booked Meter
 Capital Cost
 As Of 05/31/97 \$32,331

Meters set as of
 05/31/97 129
 Less 450
321

5.00%

Contributions in Aid of Construction \$250,250
 334.4 Meters & Meter Installations 5.00% CIAC Amortation Rate
\$12,513 CIAC Amortation

EXHIBIT "1"

Page 7 of 9

Detail of Operation & Maintenance Expenses By Year - Water

Florida Public Service Commission

FPSC First Set of Interrogatories
Question No. 5

Company: Zellwood Station
Docket No.:
Schedule Year Ended:
Historic [] or Projected []

Explanation: Provide a schedule of operation and maintenance expenses by primary account for each month of the test year. If schedule has to be continued on 2nd page, reprint the account titles and numbers.

Line No.	(1) Account No. and Name	(2) Test Year 12/31/96	(3) Pro Forma Adjustments	(4) Adjusted Total
1	601 Salaries & Wages - Employees	\$44,395.17	\$23,204.83	\$67,600.00
2	603 Salaries & Wages - Officers, Etc.	\$0.00	\$0.00	\$0.00
3	604 Employee Pensions & Benefits	\$0.00	\$0.00	\$0.00
4	610 Purchased Water	\$0.00	\$0.00	\$0.00
5	615 Purchased Power	\$21,717.46	\$1,200.00	\$22,917.46
6	616 Fuel for Power Purchased	\$0.00	\$0.00	\$0.00
7	618 Chemicals	\$19,549.70	\$5,450.30	\$25,000.00
8	620 Materials & Supplies	\$7,304.53	\$1,500.00	\$8,804.53
	"	\$0.00	\$1,500.00	\$1,500.00
	"	\$0.00	\$3,750.00	\$3,750.00
	"	\$0.00	\$500.00	\$500.00
	"	\$0.00	\$1,800.00	\$1,800.00
9	631 Contractual Services - Engr.	\$0.00	\$0.00	\$0.00
10	632 Contractual Services - Acct.	\$976.75	\$0.00	\$976.75
11	633 Contractual Services - Legal	\$0.00	\$0.00	\$0.00
12	634 Contractual Services - Mgmt. Fees	\$0.00	\$0.00	\$0.00
13	635 Contractual Services - Testing	\$0.00	\$3,500.00	\$3,500.00
14	636 Contractual Services - Other	\$1,230.00	\$0.00	\$1,230.00
15	641 Rental of Building/Real Prop.	\$0.00	\$2,250.00	\$2,250.00
16	642 Rental of Equipment	\$0.00	\$2,250.00	\$2,250.00
	"	\$0.00	\$1,250.00	\$1,250.00
17	650 Transportation Expenses	\$2,523.40	\$0.00	\$2,523.40
18	656 Insurance - Vehicle	\$0.00	\$0.00	\$0.00
19	657 Insurance - General Liability	\$2,773.17	\$0.00	\$2,773.17
20	658 Insurance - Workman's Comp.	\$0.00	\$0.00	\$0.00
21	659 Insurance - Other	\$0.00	\$0.00	\$0.00
22	660 Advertising Expense	\$0.00	\$0.00	\$0.00
23	666 Reg. Comm. Exp. - Rate Case Amort.	\$0.00	\$19,105.98	\$19,105.98
24	667 Reg. Comm. Exp. - Other	\$0.00	\$0.00	\$0.00
25	670 Bad Debt Expense	\$0.00	\$0.00	\$0.00
26	675 Miscellaneous Expenses	\$1,259.78	\$600.00	\$1,859.78
	"	\$0.00	\$250.00	\$250.00
	"	\$0.00	\$0.00	\$0.00
27	TOTAL	\$101,729.96	\$68,111.11	\$169,841.07

WORKING CAPITAL
0.125 \$21,230

Company: Zellwood Station
Docket No.:
Schedule Year Ended:
Historic [] or Projected []

Explanation: Provide a schedule of operation and maintenance expenses by primary account for each month of the test year. If schedule has to be continued on 2nd page, reprint the account titles and numbers.

Line No.	(1) Account No. and Name	(2) Test Year 12/31/96	(3) Pro Forma Adjustments	(4) Adjusted Total	
1	701 Salaries & Wages - Employees	\$43,187.31	\$24,412.69	\$67,600.00	
2	703 Salaries & Wages - Officers, Etc.	\$0.00	\$0.00	\$0.00	
3	704 Employee Pensions & Benefits	\$0.00	\$0.00	\$0.00	
4	710 Purchased Sewage Treatment	\$0.00	\$0.00	\$0.00	
5	711 Sludge Removal Expense	\$0.00	\$13,500.00	\$13,500.00	
6	715 Purchased Power	\$29,724.45	\$1,200.00	\$30,924.45	
7	716 Fuel for Power Purchased	\$0.00	\$0.00	\$0.00	
8	718 Chemicals	\$1,587.77	\$0.00	\$1,587.77	
9	720 Materials & Supplies	\$4,306.28	\$1,500.00	\$5,806.28	
10	"	\$0.00	\$1,500.00	\$1,500.00	
	"	\$0.00	\$3,750.00	\$3,750.00	
	"	\$0.00	\$500.00	\$500.00	
	"	\$0.00	\$1,800.00	\$1,800.00	
	731 Contractual Services - Engr.	\$0.00	\$0.00	\$0.00	
11	732 Contractual Services - Acct.	\$976.75	\$0.00	\$976.75	
12	733 Contractual Services - Legal	\$0.00	\$0.00	\$0.00	
13	734 Contractual Services - Mgmt. Fees	\$0.00	\$0.00	\$0.00	
14	735 Contractual Services - Other	\$5,042.00	\$3,500.00	\$8,542.00	
15	741 Rental of Building/Real Prop.	\$0.00	\$2,250.00	\$2,250.00	
16	742 Rental of Equipment	\$0.00	\$2,250.00	\$2,250.00	
17	"	\$0.00	\$1,250.00	\$1,250.00	
	750 Transportation Expenses	\$1,413.25	\$0.00	\$1,413.25	
18	756 Insurance - Vehicle	\$0.00	\$0.00	\$0.00	
19	757 Insurance - General Liability	\$2,773.17	\$0.00	\$2,773.17	
20	758 Insurance - Workman's Comp.	\$0.00	\$0.00	\$0.00	
21	759 Insurance - Other	\$0.00	\$0.00	\$0.00	
22	760 Advertising Expense	\$0.00	\$0.00	\$0.00	
23	766 Reg. Comm. Exp. - Rate Case Amort.	\$0.00	\$19,105.98	\$19,105.98	
24	767 Reg. Comm. Exp. - Other	\$0.00	\$0.00	\$0.00	
25	770 Bad Debt Expense	\$0.00	\$0.00	\$0.00	
26	775 Miscellaneous Expenses	\$1,042.28	\$600.00	\$1,642.28	
27	"	\$0.00	\$0.00	\$0.00	
	"	\$0.00	\$250.00	\$250.00	
	TOTAL	\$90,053.26	\$77,369	\$167,421.93	
28					WORKING CAPITAL
					0.125 \$20,928

**ZELLWOOD STATION
CAPITAL STRUCTURE
TWELVE MONTHS ENDED DECEMBER 31, 1996
Long Term Debt**

**FPSC First Set of Interrogatories
Question No. 28**

Outstanding	%	Cost Rate	Weighted Cost	Interest Expense Total	Interest Expense Wastewater	Interest Expense Water
\$390,199.97	66.42%	0.0691	0.0459	\$26,963	\$15,099	\$11,864
\$197,268.20	33.58%	0.1000	0.0336	\$19,727	\$11,047	\$8,680
\$587,468.17		0.0000	0.0795	\$46,690	\$26,146	\$20,543

Description	Gross Plant As Of 05/31/97	Allocation	Water Rate Base	Wastewater Rate Base	Total Rate Base	44.00%	56.00%	100.00%
Zellwood Station Co-op, Inc.	\$17,603,509		\$876,200	\$1,115,169	\$1,991,369			
Water	\$938,619	5.332%						
Wastewater	\$1,376,457	7.819%						
Recap	\$2,315,075	13.151%						

**ZELLWOOD STATION
CAPITAL STRUCTURE
TWELVE MONTHS ENDED DECEMBER 31, 1996**

**FPSC First Set of Interrogatories
Question No. 28**

Line No.	Class of Capital	(1) Total Capital	(2) Ratio	(3) Cost Rate	(4) Weighted Cost
1	Long-Term Debt	\$587,468	100.00%	7.95%	7.95%
2	Short-Term Debt	\$0	0.00%	0.00%	0.00%
3	Preferred Stock	\$0	0.00%	0.00%	0.00%
4	Customer Deposits	\$0	0.00%	0.00%	0.00%
5	Common Equity	\$0	0.00%	N/A	N/A
6	Tax Credits - Zero Cost	\$0	0.00%	0.00%	0.00%
7	Tax Credits - Wtd. Cost	\$0	0.00%	0.00%	0.00%
8	Accum. Deferred Income Taxes	\$0	0.00%	0.00%	0.00%
9	Other (Explain)	\$0	0.00%	0.00%	0.00%
10	Total	\$587,468	100.00%		7.95%

EXHIBIT "2"

Page 2 of 2