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THOMAS F. WOODS

MAIL ROOM  
98 FEB -5 AM 10:04

February 4, 1998

RECEIVED  
FLORIDA PUBLIC SERVICE COMMISSION  
TALLAHASSEE, FLORIDA

Mr. Ralph Jaeger  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RE: Docket 970991-SU  
Investigation into rates and charges of Florida Cities Water  
Company - Lee County Div., South Ft. Myers Wastewater for  
potential overearnings.

Dear Mr. Jaeger:

This is in response to your letter to me dated January 21,  
1998.

As you know, Mr. Mike Murphy, Florida Cities Water Company's  
(FCWC) Chief Financial Officer, is currently discussing with Staff  
a possible settlement regarding the question of overearnings by  
FCWC in South Ft. Myers. In view of those discussions, I suggest  
that it is premature to request FCWC to prepare all the schedules  
described in your January 21, 1998 letter. However, FCWC can  
readily provide you with the information set forth in paragraph 4  
of your letter.

The balance of your letter requests FCWC to prepare schedules  
that in essence constitute the minimum filing requirements for a  
rate case. There is no way that FCWC can meet your deadline of  
February 23, 1998 for the preparation and filing of these  
schedules. FCWC simply does not have the staff to devote the time  
required to prepare these schedules at this time.

The information you are requesting on an annual basis, not 13  
month average, will be included in FCWC's 1997 annual report which  
is anticipated to be filed by March 31, 1998 unless extended to  
April 30, 1998. The schedules in the annual report will be for

DOCUMENT NUMBER-DATE

01912 FEB-5 88

FPSC-RECORDS/REPORTING

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
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- RCH \_\_\_\_\_
- SEC 1 \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

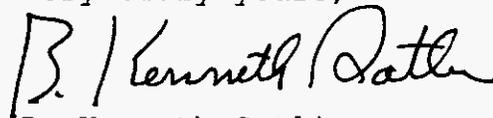
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year end 1997. This year end information could be averaged with 1996 year end. The year end average has been demonstrated to be very close to the numbers produced by a 13 month average. This procedure would be much less costly and arrive at a reasonable result. You may wish to refer to the Commission's proceeding in Docket No. 951029 in which the Commission considered a question of overearnings for the Lee County water operations of FCWC.

Additionally, it is unclear as to why you are requesting a 13 month ending test year December 31, 1997 in view of the fact that the Commission did not enter an order commencing the investigation until the September 25, 1997. There does not appear to be any statute, rule or policy of the Commission that would require FCWC to meet the requirements of your letter. If you know of such a statute, rule or policy it would be appreciated if you would cite that authority to me.

Please let me know if you have any questions.

Very truly yours,



B. Kenneth Gatlin

BKG/pav

bcc: Div. of Records & Recording