

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate ) DOCKET NO. 951258-WS  
increase in Brevard County by ) ORDER NO. PSC-96-0425-PHO-WS  
Florida Cities Water Company ) ISSUED: March 26, 1996  
(Barefoot Bay Division). )  
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Pursuant to Notice, a Prehearing Conference was held on March 18, 1996, in Tallahassee, Florida, before Commissioner Joe Garcia, as Prehearing Officer.

APPEARANCES:

Wayne L. Schiefelbein, Gatlin, Woods & Carlson, 1709-D Mahan Drive, Tallahassee, Florida 32308  
On behalf of Florida Cities Water Company, Barefoot Bay Division.

Clinton W. Dyer, 531 S. Dolphin Circle, Barefoot Bay, Florida 32976  
On behalf of himself.

Harold McLean, Esquire, Office of Public Counsel, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400  
On behalf of the Citizens of Florida.

Tim Vaccaro, Esquire, Florida Public Service Commission, Gerald L. Gunter Building, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.  
On behalf of the Commission Staff.

PREHEARING ORDER

I. CASE BACKGROUND

Florida Cities Water Company, Barefoot Bay Division, (FCWC or utility) is a Class A utility providing water and wastewater service for a predominately residential area in Barefoot Bay, Florida. The utility's Barefoot Bay Division served 4,458 water and 4,440 wastewater customers at year end December 31, 1994. For the twelve months ended December 31, 1994, the utility recorded operating revenues of \$671,582 for water service and \$823,463 for wastewater service. The utility recorded a net operating loss of \$73,769 for the water system and a net operating income of \$77,577 for the wastewater system. The Barefoot Bay system is in an area

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that has been designated by the St. Johns River Water Management District as a critical water supply use caution area.

On November 6, 1995, FCWC filed an application for approval of interim and permanent rate increases pursuant to Sections 367.081 and 367.082, Florida Statutes. The utility satisfied the minimum filing requirements (MFRs) for a rate increase, and this date was designated as the official filing date, pursuant to Section 367.083, Florida Statutes. The utility requested that this case be scheduled for a formal hearing and not processed pursuant to the proposed agency action process as provided for in Section 367.081(8), Florida Statutes. By Order No. PSC-96-0119-FOF-WS, issued January 23, 1996, the Commission granted interim rates of \$119,569 for water and \$153,925 for wastewater. This case has been scheduled for an April 1-2, 1996, administrative hearing.

## II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 367.156, Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 367.156, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 367.156, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or

if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.

- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of Records and Reporting's confidential files.

### III. POST-HEARING PROCEDURES

Rule 25-22.056(3), Florida Administrative Code, requires each party to file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50

words, it must be reduced to no more than 50 words. The rule also provides that if a party fails to file a post-hearing statement in conformance with the rule, that party shall have waived all issues and may be dismissed from the proceeding.

A party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 60 pages, and shall be filed at the same time. The prehearing officer may modify the page limit for good cause shown. Please see Rule 25-22.056, Florida Administrative Code, for other requirements pertaining to post-hearing filings.

#### IV. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties and Staff has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

#### V. ORDER OF WITNESSES

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
<u>Direct</u>		
Larry N. Coel	FCWC	2, 7, 9, 11-12, 17-19, 21-24, 26, 28, 29-30, 32-34, 36, 38

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
<u>Direct</u>		
Joseph Schifano	FCWC	18-20, 31
William M. Sansbury	FCWC	1
Gerald S. Allen	FCWC	3, 4
Kathleen L. Blizzard	FCWC	3, 4
Paul H. Bradtmiller	FCWC	3-5, 37, 43
Douglas R. Young	FCWC	4, 6-11, 15-16
Clinton W. Dyer	Self	4-5, 8, 11-12, 20, 24-25, 27, 30, 32, 35, 38
- Kimberly H. Dismukes	OPC	2-6, 8, 10, 13-15, 16-18, 22-30, 31-32, 37, 42
Alvin Castro	Staff	1
Debra Laisure	Staff	1
Christianne C. Ferraro	Staff	
Richard H. Burklew, Jr.	Staff	
JoAnn Chase	Staff	35
Glenn A. Clepper	Staff	3, 20
<u>Rebuttal</u>		
Robert B. Gordon	FCWC	3-4
James E. Christopher	FCWC	8, 10, 14-15
Michael E. Murphy	FCWC	3, 18, 20, 32
Larry N. Coel	FCWC	2, 18, 24, 26, 28, 30, 41-42
Gerald S. Allen	FCWC	3-4, 35
Kathleen L. Blizzard	FCWC	3-4

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
<u>Rebuttal</u>		
Paul H. Bradtmiller	FCWC	5, 25, 27, 37, 43
Douglas R. Young	FCWC	6, 8, 10, 13-16

VI. BASIC POSITIONS

**FCWC:** The Florida Department of Environmental Protection (FDEP) has required FCWC to eliminate continuous surface water discharge of effluent from the Utility's wastewater treatment facility. After it became apparent that deep well injection was not feasible, FCWC implemented advanced wastewater treatment, high level disinfection, and reuse of effluent on an inactive grove and golf course. FCWC has invested \$5.9 million to comply with regulatory directives of FDEP and the St. Johns River Water Management District governing treatment and disposal.

FCWC will demonstrate that annual operating revenues should be increased by \$153,136 for water and \$1,273,024 for wastewater. This would result in a rate of return of 8.75% on a rate base of \$1,148,521 for water and \$7,519,843 for wastewater.

**DYER:** Florida Cities Water Company, Barefoot Bay Division has overstated its need for a revenue increase because the request is based upon proposed salary increases that are inconsistent with actual salary increases, excessive infiltration results in an overstatement of used and useful wastewater rate base and expenses, allocation of expenses from the parent company bear no relationship to Barefoot Bay because of the method used to allocate those expenses, and because additional rate case expense could possibly have been avoided had the Company requested the case be processed using the Commission's PAA procedure.

**OPC:** The rates proposed by Florida Cities Water Company, Barefoot Bay Division are excessive. Florida Cities Water Company, Barefoot Bay Division has overstated its rate base, projected operating and maintenance expenses, and cost of capital, and understated projected test year revenue. Florida Cities Water Company has not demonstrated that consumption data used to develop

projected test year revenue will decline and it has not shown that expenses will increase to the level projected. Rate case expense is overstated due to the failure of Florida Cities Water Company, Barefoot Bay Division to have this case processed as a proposed agency action. Florida Cities Water Company has failed to demonstrate that costs charged or allocated to it by its affiliates are reasonable. Florida Cities Water Company, Barefoot Bay Division has overstated its rate base by including more working capital than required, overstating the used and useful percentage of its wastewater plant, and by including costs which provide no benefits to ratepayers.

**STAFF:** Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all of the evidence in the record and may differ from the preliminary positions. The information gathered through discovery and prefiled testimony indicates, at this point, that the utility is entitled to some level of increase. The specific level cannot be determined until the evidence presented at hearing is analyzed.

## VII. ISSUES AND POSITIONS

### QUALITY OF SERVICE

**ISSUE 1:** Is the quality of service provided by the Barefoot Bay Division of the Florida Cities Water Company satisfactory?

**FCWC:** Yes. (Sansbury)

**DYER:** No position pending further development of the record.

**OPC:** No position pending further development of the record.

**STAFF:** No position pending further development of the record.  
(Castro, Laisure)

### RATE BASE

#### Plant In Service

**ISSUE 2:** Should the Commission approve a year-end rate base value in this proceeding?

**FCWC:** Agree with Staff. (Coel)

**DYER:** No position pending further development of the record.

**OPC:** The Commission should not approve the use of a year-end rate base for the Company's water operations. There are no unusual circumstances that necessitate the use of a year-end rate base. (K. Dismukes, Schedules 3 and 4)

**STAFF:** Yes. The utility's investment in rate base is substantially enlarged under year-end considerations. Extraordinary circumstances require the utility to make improvements which are in the public interest.

**ISSUE 3:** How should preliminary survey and investigation charges associated with the deep injection well and the Micco Tract be treated?

**FCWC:** All charges related to the cost of eliminating continuous surface water discharge of effluent from FCWC's treatment facility, as required by FDEP, should be included in rate base, as set forth in the MFRs. (Murphy; Blizzard; Allen; Bradtmiller; Gordon; Young; Christopher)

**DYER:** No position pending further development of the record.

**OPC:** The adjustments reflected on K. Dismukes Schedules 21, 22, and 23 should be made. In addition, depreciation expense should be reduced as reflected on K. Dismukes Schedule 24. (K. Dismukes, Schedules 21, 22, 23, and 24).

**STAFF:** Wastewater plant in service should be adjusted to remove preliminary survey and investigation charges associated with the uncompleted projects. (Clepper)

**ISSUE 4:** Were the actions taken and costs incurred by the company to comply with FDEP and the Water Management District requirements to eliminate continuous surface water discharge of effluent prudent and reasonable?

**FCWC:** Yes. (Allen, Bradtmiller, Gordon, Blizzard, Young, Christopher)

**DYER:** No. The issue is, and has been, the customer should not be charged services not received. The test is in the

results, not the effort. Success has its rewards, failures and losses. Deny \$191,800 and \$828,042 for the Injection Well and Micco Tract respectively.

**OPC:** The Citizens do not accept that any or all of the referenced actions taken were specifically required by the FDEP and/or the Water Management District. Costs incurred for actions taken not required, or in excess of the requirements of the FDEP and the Water Management District were not prudently incurred. (Dismukes)

**STAFF:** No position pending further development of the record.

**ISSUE 5:** Should the cost of the H&S property be included in rate base?

**FCWC:** Yes. (Bradtmilller)

**DYER:** No. The only reason the former H&S Property was purchased was to prevent run-off into the Indian River Lagoon or its tributaries. Environmental Agencies should pay that cost. Furthermore, suitable planning would have found sales for reclaimed wastewater in nearby planned developments.

**OPC:** No. The adjustments reflected on K. Dismukes Schedules 21, 22, and 23 should be made. In addition, depreciation expense should be reduced as reflected on K. Dismukes Schedule 24. (K. Dismukes, Schedules 21, 22, 23, and 24)

**STAFF:** No position pending further development of the record.

**Used and Useful Adjustments**

**ISSUE 6:** Should the utility be granted a margin reserve?

**FCWC:** Yes. (Young)

**DYER:** No position pending further development of the record.

**OPC:** No. Margin reserve benefits future customers and is of no benefit to current customers. (Dismukes, Testimony.)

**STAFF:** No position pending further development of the record.

**ISSUE 7:** What is the appropriate used and useful percentages for water treatment facilities?

**FCWC:** 100 percent used and useful. (Young, Coel)

**DYER:** No position pending further development of the record.

**OPC:** No position at this time.

**STAFF:** No position pending further development of the record.

**ISSUE 8:** What is the appropriate used and useful percentage of the wastewater treatment plant?

**FCWC:** 100 percent used and useful. (Young, Christopher)

**DYER:** Excessive infiltration should reduce used and useful wastewater rate base. In addition, Public Counsel's calculations should be accepted when determining used and useful.

**OPC:** The wastewater plant is 41.10% used and useful. The wastewater rate base should be reduced by \$2,226,137 for non-used and useful plant and depreciation expense should be reduced by \$140,862. (K. Dismukes, Schedules 4, 18, 21, 23, and 24)

**STAFF:** No position pending further development of the record.

**ISSUE 9:** What is the appropriate used and useful percentage of the wastewater collection system?

**FCWC:** 100 percent used and useful. (Coel, Young)

**DYER:** No position pending further development of the record.

**OPC:** No position at this time.

**STAFF:** No position pending further development of the record.

**ISSUE 10:** What is the capacity of the wastewater plant and what flows should be used to calculate used and useful?

**FCWC:** .75 MGD; annual average daily flow. (Young, Christopher)

**DYER:** No position pending further development of the record.

**OPC:** The peak capacity of the wastewater treatment plant is 1.26 MGD. If the Commission uses the peak month flow to calculate used and useful, then the peak month capacity of the plant should likewise be used. However, if the Commission uses the average annual daily flow capacity to calculate used and useful, then the average annual daily flow of the system should be used. (K. Dismukes, Testimony)

**STAFF:** No position pending further development of the record.

**ISSUE 11:** What is the appropriate used and useful percentage of the water distribution system?

**FCWC:** 100% used and useful. (Coel, Young)

**DYER:** It is inappropriate to charge 36% of the Plant to Fire Flow. Used and useful is already established in the maximum daily flow, less the Companies own preparations.

**OPC:** No position at this time.

**STAFF:** No position pending further development of the record.

**ISSUE 12:** Is there excessive unaccounted for water?

**FCWC:** No. (Coel)

**DYER:** Yes. Just the treatment cost for water losses amount to over \$23,000 annually, estimated at \$1.564 per thousand gallons. Customers should not be penalized for Company losses, nor should the Company profit from losses.

**OPC:** No position at this time.

**STAFF:** No position pending further development of the record.

**ISSUE 13:** Is there excessive inflow or infiltration, and if so, what adjustments are necessary?

**FCWC:** No. (Young)

**DYER:** No position pending further development of the record.

**OPC:** Yes. Excessive inflow and infiltration for the peak month was at least 5,715,352. (K. Dismukes, Schedule 20)

**STAFF:** No position pending further development of the record.

**ISSUE 14:** What is the peak month capacity of the wastewater plant?

**FCWC:** Peak month capacity is a meaningless term in determining used and useful. (Christopher, Young)

**DYER:** No position pending further development of the record.

**OPC:** The peak month capacity of the plant is 1.26 MGD. (K. Dismukes, Schedule 18)

**STAFF:** No position pending further development of the record.

**ISSUE 15:** What is the average annual daily flow capacity of the wastewater plant?

**FCWC:** 0.75 MGD. (Christopher, Young)

**DYER:** No position pending further development of the record.

**OPC:** The average annual daily flow capacity of the plant is .90 MGD. (K. Dismukes, Testimony)

**STAFF:** No position pending further development of the record.

#### **Contributions-in-aid-of-Construction**

**ISSUE 16:** If the Commission does allow a margin reserve, should it impute CIAC associated with the margin reserve?

**FCWC:** Only for the projected test year as stated in the MFRs. (Young)

**DYER:** No position pending further development of the record.

**OPC:** Yes. (Dismukes)

**STAFF:** Consistent with Commission practice, CIAC should be imputed as a matching provision for the rate base component created by the margin reserve factor.

Working Capital

ISSUE 17: What is the appropriate working capital requirement?

FCWC: As per MFRs, but adjusted to reflect Other Deferred Credits in the amount of \$171,174. (Coel)

DYER: No position pending further development of the record.

OPC: The appropriate working capital requirement for water is negative \$18,184 and for wastewater is negative \$16,568. (K. Dismukes, Schedule 16)

STAFF: The final amount is subject to the resolution of other issues. However, a reduction to working capital is appropriate to include unfunded pension costs in the utility's deferred credit balance. The amount can be determined upon the receipt of outstanding discovery. However, a reduction in the amount of \$171,174 should be made to reflect other deferred credits.

Other

ISSUE 18: Should unfunded post-retirement benefits be included in the rate base calculation?

FCWC: Water and wastewater rate base should be reduced for unfunded post-retirement benefits, as shown in the response to Staff Interrogatory No. 21. (Coel, Murphy, Schifano)

DYER: No position pending further development of the record.

OPC: Yes. Water rate base should be reduced by \$67,690 and wastewater rate base should be reduced by \$61,673. (K. Dismukes, Schedule 17)

STAFF: Yes. Since post-retirement benefits are currently unfunded, a reduction to rate base is appropriate to reflect the amount associated with the unfunded balance. Water rate base should be reduced by \$79,570 and wastewater rate base should be reduced by \$72,497.

Rate Base Summary

ISSUE 19: What rate base amounts should be approved?

**FCWC:** \$1,148,521 for water and \$7,519,843 for wastewater, as per MFRs, subject to other adjustments as accepted or acknowledged by FCWC. (Coel, Schifano)

**DYER:** No position pending further development of the record.

**OPC:** The final amount is subject to the resolution of other issues.

**STAFF:** The final amount is subject to the resolution of other issues.

#### **COST OF CAPITAL**

**ISSUE 20:** Should any adjustments be made to the equity component of the Company's capital structure?

**FCWC:** No. (Murphy, Schifano)

**DYER:** Yes. The Commission should reduce the Company's equity by \$1,051,650. FCWC has enough money to buy back 2,337 common stock shares at \$450 per share thereby decreasing the number of shares outstanding and consequently increasing earnings per share.

**OPC:** Yes. The Commission should reduce the equity component of the Company's capital structure by \$2,000,000 and more the same amount to the debt portion of the capital structure. (K. Dismukes, Schedule 5)

**STAFF:** No position pending further development of the record. (Clepper)

**ISSUE 21:** What is the appropriate rate of return on equity?

**FCWC:** 11.88%. (Coel)

**DYER:** No position pending further development of the record.

**OPC:** No position.

**STAFF:** Based on the Commission approved equity ratio, the rate of return on equity should be calculated using the current leverage formula at the time of the Commission's vote on this matter. However, the appropriate equity ratio is subject to the resolution of other issues.

**ISSUE 22:** What is the appropriate cost for deferred investment tax credits?

**FCWC:** An adjustment should be made; however, the overall cost of capital as per MFRs remains unchanged. (Coel)

**DYER:** No position pending further development of the record.

**OPC:** The cost of investment tax credits should be calculated using the cost of investor supplied funds only. (K. Dismukes, Schedule 5)

**STAFF:** The appropriate amount is subject to the resolution of other issues. However, only the investor sources of funds should be used in the calculation of the cost rate for deferred investment tax credits. The customer deposit component should be removed from the utility's calculation.

**ISSUE 23:** What is the appropriate overall cost of capital?

**FCWC:** As stated in the MFRs. (Coel)

**DYER:** No position pending further development of the record.

**OPC:** The appropriate overall cost of capital is 8.65%. (K. Dismukes, Schedule 5)

**STAFF:** The final amount is subject to the resolution of other issues.

#### **NET OPERATING INCOME**

**ISSUE 24:** Should test year revenues and billing determinants be adjusted for ratemaking purposes for any estimated decline in water and wastewater consumption?

**FCWC:** Yes, as stated in the MFRs. (Coel)

**DYER:** No. The customers are paying for the conservation program once and should not have to pay again just so the utility can receive a higher rate of return.

**OPC:** No. The Commission should reject this proposal. The Commission should adopt the test year revenue recommended

by the Citizens' witness Dismukes. (K. Dismukes, Schedules 6 and 10)

**STAFF:** No position pending further development of the record.

**ISSUE 25:** Should the Commission impute reuse revenue for the sale of effluent on the H&S property?

**FCWC:** No. (Bradtmilller)

**DYER:** Yes. The Commission should impute revenue as proposed by OPC.

**OPC:** Yes. The Commission should impute revenue of \$30,660. (K. Dismukes, Schedule 11)

**STAFF:** No position pending further development of the record.

**ISSUE 26:** What is the appropriate provision for rate case expense?

**FCWC:** As stated in the MFRs and updated by witness Coel's prefiled rebuttal testimony and exhibits. (Coel)

**DYER:** No position pending further development of the record.

**OPC:** Test year expenses should be reduced by \$6,975 for water and \$12,475 for wastewater. (K. Dismukes, Schedule 15)

**STAFF:** No position pending further development of the record. However, only prudently incurred rate case expense should be allowed.

**ISSUE 27:** Should this case have been processed as a proposed agency action and, if so, what is the appropriate remedy?

**FCWC:** No. (Bradtmilller)

**DYER:** Yes. The Company could have requested this case be processed using the Commission's PAA procedure perhaps resulting in lower costs to the Company and ultimately the customer. At a minimum, an adjustment using the calculations of Public Counsel Witness Dismukes should be made.

**OPC:** Yes. (K. Dismukes, Testimony)

**STAFF:** No position pending further development of the record.

**ISSUE 28:** Should the Commission accept the adjustments to water and wastewater expenses proposed by the Company for customer growth and the PSC Index?

**FCWC:** Yes. (Coel)

**DYER:** No position pending further development of the record.

**OPC:** No. The Commission should not automatically assume that expenses will increase by this factor. The Commission should reduce the Company's proposed adjustments as reflected on the Citizens' witness Dismukes Schedule 12 for water and Schedule 13 for wastewater. (K. Dismukes, Schedules 12 and 13)

**STAFF:** No position pending further development of the record.

**ISSUE 29:** Should the Commission accept the Company's adjustment to increase expenses for increased postage costs?

**FCWC:** Yes. (Coel)

**DYER:** No position pending further development of the record.

**OPC:** No. (K. Dismukes, Schedules 12 and 13)

**STAFF:** No position pending further development of the record.

**ISSUE 30:** Should any adjustment be made to affiliate expenses charged to the Company?

**FCWC:** No, the charges are reasonable. (Coel)

**DYER:** Yes. The Commission should reduce test year water expenses by \$33,164 and wastewater expenses by \$35,212 as Public Counsel Witness Dismukes has calculated. In addition, the Commission should closely review and make revisions to the company's allocation methods so expenses will more closely match the operations in Barefoot Bay.

**OPC:** Yes. The Commission should reduce test year water expenses by \$33,164 and wastewater expenses by \$35,212. (K. Dismukes, Schedule 14)

**STAFF:** No position pending further development of the record.

**ISSUE 31:** Should the Commission increase test year income for rental income associated with an antenna at Barefoot Bay?

**FCWC:** Agree with OPC. (Schifano)

**DYER:** No position pending further development of the record.

**OPC:** Yes. Test year income should be increased if the associated land is included in rate base. (Dismukes)

**STAFF:** No position pending further development of the record.

**ISSUE 32:** Should the Commission accept the Company's request for 5% salary increases?

**FCWC:** Yes, the Company's request for a 5% increase in salaries, advancements and promotions should be approved. (Coel, Murphy)

**DYER:** No. 5% is excessive because it exceeds the Cost of Living Allowance; and the Company has actually paid less than the Annualized Pay Increases.

**OPC:** No. (Dismukes)

**STAFF:** No position pending further development of the record.

**ISSUE 33:** What is the test year operating income before any revenue increase?

**FCWC:** As per MFRs, subject to other adjustments as accepted or acknowledged by FCWC. (Coel)

**DYER:** No position pending further development of the record.

**OPC:** The final amount is subject to the resolution of other issues.

**STAFF:** The final amount is subject to the resolution of other issues.

**REVENUE REQUIREMENT**

**ISSUE 34:** What is the appropriate water and wastewater revenue requirement for FCWC-Barefoot Bay Division?

**FCWC:** \$916,723 for water and \$2,110,481 for wastewater, as stated in MFRs, subject to other adjustments as accepted or acknowledged by FCWC. (Coel)

**DYER:** No position pending further development of the record.

**OPC:** The final amount is subject to the resolution of other issues.

**STAFF:** The final amount is subject to the resolution of other issues.

**ISSUE 35:** Should the total wastewater system revenue requirement be allocated among the utility's water, wastewater and reuse customers and if so, how much?

**FCWC:** No. Water customers should not pay revenue requirements associated with the wastewater treatment and disposal systems. (Allen)

**DYER:** No. Revenue should relate to true cost. Keeping the operations separate is vital to identifying the true cost. Mixing revenues will lead to mixing functions and increase allocation of expenses, further diluting the real costs without necessarily providing any savings.

**OPC:** No position at this time.

**STAFF:** Based on the information to date, it appears that some portion of the wastewater system revenue requirement should be allocated to the water customers. However, the appropriate amount cannot be determined until further development of the record. (Chase)

**RATES AND RATE STRUCTURE**

**ISSUE 36:** What is the appropriate revenue allocation between the base facility charge and the gallonage charge for both water and wastewater?

**FCWC:** As stated in the MFRs. (Coel)

**DYER:** Return on Common Equity should be removed from the Capacity Related Costs to comply with PSC rules. The base rate should apply to all property fronting the facilities to equalize the responsibility among all property owners.

**OPC:** No position at this time.

**STAFF:** No position pending further development of the record.

**ISSUE 37:** What is the appropriate reuse rate for FCWC-Barefoot Bay Division?

**FCWC:** \$.13 per 1000 gallons. (Bradtmilller)

**DYER:** No position pending further development of the record.

**OPC:** A rate of \$.21 should be used. (K. Dismukes, Schedule 11)

**STAFF:** No position pending further development of the record.

**ISSUE 38:** What are the appropriate water and wastewater rates for FCWC-Barefoot Bay Division?

**FCWC:** As stated in the MFRs, subject to other adjustments as accepted or acknowledged by FCWC. (Coel)

**DYER:** The water and wastewater rates should be adjusted to exclude interest rates, and loan refinancing that does not benefit the customer.

**OPC:** The final rates are subject to the resolution of other issues.

**STAFF:** The final rates are subject to the resolution of other issues.

**ISSUE 39:** What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, Florida Statutes?

**FCWC:** Fall out issue.

**DYER:** No position pending further development of the record.  
**OPC:** The final amount is subject to the resolution of other issues.  
**STAFF:** The final amount is subject to the resolution of other issues.

**ISSUE 40:** In determining whether any portion of the interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

**FCWC:** Fall out issue.

**DYER:** No position pending further development of the record.  
**OPC:** The final amount is subject to the resolution of other issues.  
**STAFF:** The final amount is subject to the resolution of other issues.

**ISSUE 41:** Should the rate decrease required by Order No. PSC-92-0563-FOF-WS to reflect rate case expense amortization from Docket No. 910976-WS be implemented as scheduled in July, 1996?

**FCWC:** No. The rate increase that will be granted by July, 1996 in the pending rate case will far exceed said rate decrease. (Coel)

**DYER:** No position pending further development of the record.  
**OPC:** Yes.  
**STAFF:** No position pending further development of the record.

**OTHER ISSUES**

**ISSUE 42:** Do the Company's minimum filing requirements comply with the Commission's rules concerning information that should be supplied concerning affiliates?

**FCWC:** Yes. (Coel)

**DYER:** No position pending further development of the record.  
**OPC:** No. (K. Dismukes, Testimony)  
**STAFF:** No position pending further development of the record.

**QUESTIONS OF LAW**

**ISSUE 43:** Whereas the Commission may process a rate application either under its proposed agency action procedure, or the Commission may instead go directly to hearing; does the discretion to opt between the two procedures reside with the Commission or with the Applicant?

**FCWC:** No position at this time. However, there should be no rate expense disallowed on the basis that the PAA process was not used. (Bradtmitter)

**DYER:** No position pending further development of the record.

**OPC:** The discretion resides with the Commission, not with the Applicant.

**STAFF:** If a utility does not invoke Section 367.081(8), Florida Statutes, and request a PAA processing, then the Commission has the discretion to decide how to process the case.

VIII. **EXHIBIT LIST**

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Larry N. Coel, Douglas R. Young, Joseph Schifano, William M. Sansbury, Gerald S. Allen, Paul H. Bradtmiller	FCWC	_____ (LC-1)	MFRs
William M. Sansbury	FCWC	_____ (WMS-1)	Bill Stuffer Explaining Laser- Printed Stuffed Bill with Return Envelope

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Joseph Schifano	FCWC	_____ (JS-1)	Summary of FASB Statement of Financial Accounting Standards No. 106
Joseph Schifano	FCWC	_____ (JS-2)	Benefit Concepts Incorporated July 31, 1995 Actuarial Study
Joseph Schifano	FCWC	_____ (JS-3)	Estimated 1996 FASB 106 Expense
Douglas R. Young	FCWC	_____ (DRY-1)	Professional Work Experience
Douglas R. Young	FCWC	_____ (DRY-2)	Plans and Specifications showing additions and modifications included in the BBWWTP upgrade
Douglas R. Young	FCWC	_____ (DRY-3)	Class I Reliability Requirements
Douglas R. Young	FCWC	_____ (DRY-4)	BBWWTP Upgrade Permit Application and Preliminary Engineering Report
Douglas R. Young	FCWC	_____ (DRY-5)	Engineering Agreement between FCWC and Hartman and Associates, Inc.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Douglas R. Young	FCWC	_____ (DRY-6)	List of Contractors Holding Plans for the BBWWTP Upgrade
Douglas R. Young	FCWC	_____ (DRY-7)	Change Order #1 to the Construction Contract for the BBWWTP Upgrade
Douglas R. Young	FCWC	_____ (DRY-8)	Bid Tabulation for Reclaimed Water Mains
Douglas R. Young	FCWC	_____ (DRY-9)	Increased Power and Chemical Expenses
Douglas R. Young	FCWC	_____ (DRY-10)	Increased BBWWTP Staffing Requirements
Paul H. Bradtmiller	FCWC	_____ (PHB-1)	Permit Number: DC05241879, issued 9/30/94
Paul H. Bradtmiller	FCWC	_____ (PHB-2)	Reuse Feasibility Study
Paul H. Bradtmiller	FCWC	_____ (PHB-3)	Agreement for the Delivery and Use of Reclaimed Irrigation Water
Paul H. Bradtmiller	FCWC	_____ (PHB-4)	Purchase and Sale Agreement
Paul H. Bradtmiller	FCWC	_____ (PHB-5)	Composite of Letters and Draft Agreements offering Reuse to Citrus Groves

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Paul H. Bradtmiller	FCWC	_____ (PHB-6)	Letter to SJRWMD dated 8/26/93
Paul H. Bradtmiller	FCWC	_____ (PHB-7)	Memo to File dated 4/12/93
Paul H. Bradtmiller	FCWC	_____ (PHB-8)	Composite of Reports to FDEP
Paul H. Bradtmiller	FCWC	_____ (PHB-9)	Consumptive Use Permit issued 9/13/94
Paul H. Bradtmiller	FCWC	_____ (PHB-10)	Pre-Final Working Draft of Update to Reuse Feasibility Study
Gerald S. Allen	FCWC	_____ (GSA-0)	Barefoot Bay Wastewater Treatment Plant Chronology
Gerald S. Allen	FCWC	_____ (GSA-1)	Educational and professional background
Gerald S. Allen	FCWC	_____ (GSA-2)	Consent Order dated 10/18/88
Gerald S. Allen	FCWC	_____ (GSA-3)	Engineering Contract CH2M Hill
Gerald S. Allen	FCWC	_____ (GSA-4)	Engineering Report dated 2/15/89
Gerald S. Allen	FCWC	_____ (GSA-5)	Construction permit application dated 4/20/89

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Gerald S. Allen	FCWC	_____ (GSA-6)	C o n t r a c t documents for the injection well system
Gerald S. Allen	FCWC	_____ (GSA-7)	C o n t r a c t documents for the injection well and effluent reuse pumping systems
Gerald S. Allen	FCWC	_____ (GSA-8)	Water Resources Conservation and Reuse Plan
Gerald S. Allen	FCWC	_____ (GSA-9)	3/3/89 newspaper article
Gerald S. Allen	FCWC	_____ (GSA-10)	Summary Report from CH2M Hill dated 5/25/89
Gerald S. Allen	FCWC	_____ (GSA-11)	8/8/89 letter from FDEP to CH2M Hill
Gerald S. Allen	FCWC	_____ (GSA-12)	R e p o r t , Wastewater Disposal Alternatives to Deep Well Injection report dated 11/22/89
Gerald S. Allen	FCWC	_____ (GSA-13)	9/22/89 Letter report from Ardaman & Associates, (Investigations)

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Gerald S. Allen	FCWC	_____ (GSA-14)	Water balance calculations Dyer, Ridde Mills, precourt letter dated 11/3/89
Gerald S. Allen	FCWC	_____ (GSA-15)	Summary of meeting with FDEP of 9/6/89
Gerald S. Allen	FCWC	_____ (GSA-16)	Preliminary Plan of FCWC dated 9/25/89
Gerald S. Allen	FCWC	_____ (GSA-17)	Letter from FDEP dated 10/31/89 to FCWC
Gerald S. Allen	FCWC	_____ (GSA-18)	Letter from Barefoot Bay Homeowners Association dated 8/21/89
Gerald S. Allen	FCWC	_____ (GSA-19)	Letter to Alex Alexander from Barefoot Bay HOA
Gerald S. Allen	FCWC	_____ (GSA-20)	Florida Today article dated 11/14/89
Gerald S. Allen	FCWC	_____ (GSA-21)	10/9/90 order from SJRWMD
Gerald S. Allen	FCWC	_____ (GSA-22)	Appraisal Report dated 11/15/89
Gerald S. Allen	FCWC	_____ (GSA-23)	FCWC's Petition in Eminent Domain dated 9/24/90

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Gerald S. Allen	FCWC	_____ (GSA-24)	Letter from FDEP dated 4/12/90
Gerald S. Allen	FCWC	_____ (GSA-25)	9/12/90 Injection Well Permit
Gerald S. Allen	FCWC	_____ (GSA-26)	Amended Consent Order dated 3/28/91
Gerald S. Allen	FCWC	_____ (GSA-27)	Contract with Hartman & Associates dated 10/26/90
Gerald S. Allen	FCWC	_____ (GSA-28)	Application for a construction permit filed on 3/18/91
Gerald S. Allen	FCWC	_____ (GSA-29)	Intent to Issue construction permit from FDEP dated 6/7/91
Kathleen L. Blizzard	FCWC	_____ (KLB-1)	SJRWMD's June 4, 1990 intent to recommend denial of FCWC's artificial recharge permit
Kathleen L. Blizzard	FCWC	_____ (KLB-2)	March 23, 1993 letter from former SJRWMD staff member to KLB regarding SJRWMD Board's negative position on deep injection wells

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Kathleen L. Blizzard	FCWC	_____ (KLB-3)	September 5, 1990 SJRWMD staff a p p r o v a l recommendations of the artificial recharge permit
Kathleen L. Blizzard	FCWC	_____ (KLB-4)	KLB letters to SJRWMD of May 6, 1991 and January 31, 1992 waiving permit review time clock. (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-5)	FCWC August 1, 1989 and September 12, 1989 letters to FDEP requesting a 60-day extension of Consent Order S c h e d u l e (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-6)	FCWC September 25, 1989 letter t o F D E P requesting that FCWC be allowed t o p u r s u e purchase of the Micco Tract
Kathleen L. Blizzard	FCWC	_____ (KLB-7)	FCWC February 27, 1990 update letter concerning negotiations for purchase of the Micco Tract

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Kathleen L. Blizzard	FCWC	_____ (KLB-8)	FCWC April 12, 1990 Request for Extension of Time on deep injection well permit
Kathleen L. Blizzard	FCWC	_____ (KLB-9)	FDEP March 19, 1990 letter wherein FDEP refused to modify the Consent Order to allow FCWC to pursue the Micco Tract
Kathleen L. Blizzard	FCWC	_____ (KLB-10)	FDEP April 23, 1990 order granting FCWC's extension on deep injection well permit
Kathleen L. Blizzard	FCWC	_____ (KLB-11)	FDEP June 14, 1990 Order granting FCWC's second extension on deep injection well permit
Kathleen L. Blizzard	FCWC	_____ (KLB-12)	FDEP July 27, 1990 letter concerning FCWC failure to meet compliance schedule for deep injection well
Kathleen L. Blizzard	FCWC	_____ (KLB-13)	FCWC July 26, 1990 update letter to the FDEP on SJRWMD permitting and Micco Tract acquisition

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Kathleen L. Blizzard	FCWC	_____ (KLB-14)	FCWC August 1, 1990 letter to the FDEP concerning its position on delays under the Compliance Schedule
Kathleen L. Blizzard	FCWC	_____ (KLB-15)	FDEP's September 6, 1990 letter notice of commencement of \$100 per day penalty
Kathleen L. Blizzard	FCWC	_____ (KLB-16)	FCWC September 20, 1990 request for extension to petition for hearing on the FDEP penalty determination
Kathleen L. Blizzard	FCWC	_____ (KLB-17)	FCWC letters of November 29, 1990 and December 12 and 13, 1990 and FDEP response of December 19, 1990 (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-18)	FCWC letters to FDEP for various versions of the Amended Consent order, dated January 3, 1991, January 28, 1991, February 1, 1991, February 18, 1991, and March 8, 1991

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Kathleen L. Blizzard	FCWC	_____ (KLB-19)	Second Amended Consent Order executed by FDEP on December 1, 1993
Kathleen L. Blizzard	FCWC	_____ (KLB-20)	Petitions from groves and beekeeper challenging the Micco Tract sprayfield construction permit (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-21)	Intent to Issue MSSW permit for Micco Tract Sprayfield on July 18, 1991
Kathleen L. Blizzard	FCWC	_____ (KLB-22)	Groves' petition to challenge the Micco Tract MSSW permit
Kathleen L. Blizzard	FCWC	_____ (KLB-23)	KLB July 9, 1991 letter requesting FDEP to toll compliance schedule due to challenges
Kathleen L. Blizzard	FCWC	_____ (KLB-24)	FCWC June 14, 1991 voluntary dismissal of eminent domain action

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Kathleen L. Blizzard	FCWC	_____ (KLB-25)	FDEP July 18, 1991 letter to KLB stopping compliance schedule during permit challenge
Kathleen L. Blizzard	FCWC	_____ (KLB-26)	Prehearing pleadings in permit challenge proceedings: three motions to expedite; two motions for continuance; motions to dismiss challengers, motion in limine to exclude FCWC's evidence, and a prehearing stipulation (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-27)	FCWC's Proposed Recommended Order, FDEP's Final Order (hearing officer's Recommended Order attached), and exceptions, all from permit challenging proceedings (Composite)

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Kathleen L. Blizzard	FCWC	_____ (KLB-28)	August 21, 1992, notice of appeal of Micco Tract sprayfield permits to First District Court of Appeal, two motions to expedite appeal, and FCWC answer brief (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-29)	Micco Tract sprayfield construction permit and the MSSW permit issued on August 27, 1992 and August 21, 1992
Kathleen L. Blizzard	FCWC	_____ (KLB-30)	KLB August 31, 1992 letter to FDEP concerning stopping compliance schedule during appeal
Kathleen L. Blizzard	FCWC	_____ (KLB-31)	KLB September 11, 1992 letter to FDEP requesting extended compliance schedule and statement of FDEP position in writing

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Kathleen L. Blizzard	FCWC	_____ (KLB-32)	FDEP October 9, 1992 letter that discharge must be eliminated within 220 days of August 27, 1992
Kathleen L. Blizzard	FCWC	_____ (KLB-33)	FCWC October 26, 1992, request for extension of time to file petition on the FDEP's October 9, 1992 determination
- Kathleen L. Blizzard	FCWC	_____ (KLB-34)	FCWC December 14, 1992 reassessment of alternative disposal methods
Kathleen L. Blizzard	FCWC	_____ (KLB-35)	FCWC January 7, 1993 renewed proposal for reuse on golf courses and groves concurrent with the Micco Tract sprayfield appeal.
Kathleen L. Blizzard	FCWC	_____ (KLB-36)	FDEP February 2, 1993 response to FCWC reasserting 220-day deadline for Micco tract sprayfield
Kathleen L. Blizzard	FCWC	_____ (KLB-37)	FCWC January 21, 1993 Petition for F o r m a l Administrative Proceedings on the FDEP's refusal to expand

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Kathleen L. Blizzard	FCWC	_____ (KLB-37) (cont'd)	compliance schedule for permit appeal
Kathleen L. Blizzard	FCWC	_____ (KLB-38)	FCWC's two motions to dismiss George Koralay's intervention and FCWC's responses to FDEP's motions to dismiss and change of venue, all from proceedings regarding expansion of compliance schedule (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-39)	FCWC letters to the FDEP dated April 9, 1993, May 19, 1993, June 11, 1993, June 14, 1993 (two letters), July 14, 1993, August 25, 1993, August 27, 1993, September 1, 1993, September 17, 1993, September 20, 1993, September 21, 1993, October 7, 1993, October 3, 1993, October 20, 1993, October 22, 1993, October 29, 1993 and November 30, 1993 and from the FDEP

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Kathleen L. Blizzard	FCWC	_____ (KLB-39) (cont'd)	to FCWC dated June 3, 1993, June 29, 1993, September 1, 1993, October 6, 1993, October 18, 1993, and November 5, 1993 (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-40)	FDEP Order Denying Koraly's Request for Extension to Intervene in compliance schedule proceedings. Order includes: letters from Little Hollywood Improvement Association, Inc.; Sebastian Area Conservation and Recreation Alliance; Wallace Kramer; State Representative Charles W. Sembler, II; a favorable editorial from the Sebastian Sun; and Barefoot Bay Homeowner's Association resolution
Kathleen L. Blizzard	FCWC	_____ (KLB-41)	FCWC letters of February 24, 1993 and March 19, 1993 to SJRWMD (Composite)

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Kathleen L. Blizzard	FCWC	_____ (KLB-42)	FCWC March 11, 1994 letter to SJRWMD on Sebastian Groves Reuse Feasibility Study; KLB July 6, 1994 letter to SJRWMD that Groves must accept reclaimed water; and FCWC September 7, 1994 letter with permit condition that Groves be required to accept reclaimed water (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-43)	Tom Cloud's September 9, 1994 letter to SJRWMD and September 8, 1994 Stipulated Agreement between FCWC and Parrish Brothers Partnership (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-44)	Sebastian Groves Consumptive Use Permit (No. 2-009-0310URM) and Atico Grove Consumptive Use Permit (No. 2-009-0152URM) (Composite)

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Kathleen L. Blizzard	FCWC	_____ (KLB-45)	KLB December 9, 1994 and January 11, 1995 letters to Cloud regarding information needed from Parrish Brothers Partnership (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-46)	Indian River Lagoon System and Basin Act (Chapter 90-262, Laws of Florida) and its 1994 amendment (Chapter 94-274, Laws of Florida) (Composite)
Kathleen L. Blizzard	FCWC	_____ (KLB-47)	March 15, 1995, FCWC request for Act extension
Kathleen L. Blizzard	FCWC	_____ (KLB-48)	June 23, 1995, FDEP Notice granting Act extension until April 1, 1996
Kimberly H. Dismukes	OPC	_____ (KHD-1)	Schedules
Alvin Castro	Staff	_____ (AC-1)	Composite Exhibit containing the Consent Order, Amended Consent Order, and Second Amended Consent Order between FCWC and FDEP and the Modification

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Alvin Castro	Staff	_____ (AC-1) (cont'd)	of Second Amended Consent Order to Allow Extension of Time.
Debra Laisure	Staff	_____ (DL-1)	Exhibit including the FDEP sanitary survey of the FCWC system and related FDEP and FCWC letters.
Debra Laisure	Staff	_____ (DL-2)	Exhibit including an FDEP letter regarding FDEP set back compliance of one of FCWC's wells.
Richard H. Burklew, Jr.	Staff	_____ (RHB-1)	Exhibit including the SJRWMD Alternative Water Supply Matching Grants Program application packet.
JoAnn Chase	Staff	_____ (JC-1)	Exhibit including witness Chase's calculation of the wastewater system revenue requirement for implementation of deep well injection method of effluent disposal.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
JoAnn Chase	Staff	_____ (JC-2)	Exhibit including witness Chase's calculation of the wastewater revenue requirement for provision of reuse.
<u>Rebuttal</u>			
Gerald S. Allen	FCWC	_____ (GSA-0)	Barefoot Bay Wastewater Treatment Plant Chronology, Revised February 23, 1996.
Gerald S. Allen	FCWC	_____ (GSA-30)	FCWC's Response to Audit Exception No. 1.
Paul H. Bradtmiller	FCWC	_____ (PHB-11)	Water Management District letter dated August 23, 1994 with attached Consumptive Use Technical Staff Report dated September 8, 1994.
Michael E. Murphy	FCWC	_____ (MM-1)	Resume of Michael E. Murphy
Michael E. Murphy	FCWC	_____ (MM-2)	FCWC's Response to Audit Disclosure No. 2.
Michael E. Murphy	FCWC	_____ (MM-3)	Schedule of Wastewater Labor Cost.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Larry N. Coel	FCWC	_____ (LC-2)	A f f i l i a t e Transactions Audit Report
Larry N. Coel	FCWC	_____ (LC-3)	Letter from Charles H. Hill establishing the MFRs official filing date.
Larry N. Coel	FCWC	_____ (LC-4)	C o r r e c t e d Schedule: A-17.
Larry N. Coel	FCWC	_____ (LC-5)	R a t e C a s e Expenses (Through HEARING)
Kathleen L. Blizzard	FCWC	_____ (KLB-49)	Letter to Carlos Rivero-deAguilar, P.E., FDEP.
James E. Christopher	FCWC	_____ (JC-1)	Notification of Completion of Construction for W a s t e w a t e r Facilities.

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

IX. PROPOSED STIPULATIONS

There are no proposed stipulations at this time.

X. PENDING MOTIONS

There are no pending motions at this time.

XI. RULINGS

Clinton Dyer's Petition for Intervention was granted.

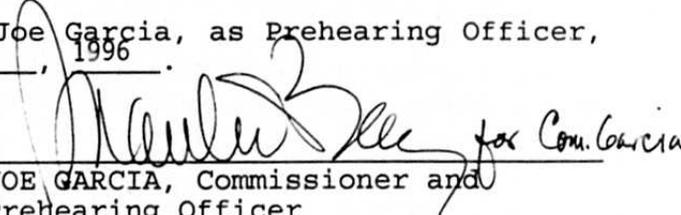
Due to scheduling constraints, Staff witness Christianne C. Ferraro may testify out of order on April 1, 1996.

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It is therefore,

ORDERED by Commissioner Joe Garcia, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Joe Garcia, as Prehearing Officer, this 26th day of March, 1996.

  
\_\_\_\_\_  
JOE GARCIA, Commissioner and  
Prehearing Officer

( S E A L )

TV

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.