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March 21, 1997

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Betty Easley Conference Center  
Room 110  
Tallahassee, Florida 32399-0850

**HAND DELIVERY**

Re: Docket No. 950495-WS

Dear Ms. Bayo:

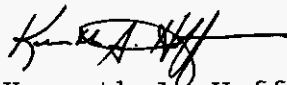
Enclosed herewith for filing in the above-referenced docket on behalf of Florida Water Services Corporation ("Florida Water") are the following documents:

1. Original and fifteen copies of Florida Water's Notice of Filing Transcript.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely,



Kenneth A. Hoffman

KAH/rl

cc: All Parties of Record

Trib. 3

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DOCUMENT NUMBER-DATE  
03035 MAR 21 97  
FPSC-RECORDS/REPORTING

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Application by Southern )  
States Utilities, Inc. for rate )  
increase and increase in service )  
availability charges for Orange- )  
Osceola Utilities, Inc. in )  
Osceola County, and in Bradford, )  
Brevard, Charlotte, Citrus, Clay, )  
Collier, Duval, Highlands, )  
Lake, Lee, Marion, Martin, )  
Nassau, Orange, Osceola, Pasco, )  
Polk, Putnam, Seminole, St. Johns, )  
St. Lucie, Volusia and Washington )  
Counties. )  
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Docket No. 950495-WS

Filed: March 21, 1997

**FLORIDA WATER SERVICES CORPORATION'S  
NOTICE OF FILING TRANSCRIPT**

Florida Water Services Corporation, by and through its undersigned counsel, hereby files this Notice of Filing the transcript from Item 19 of the January 7, 1997 Agenda Conference concerning Florida Water Services Corporation's (formerly Southern States Utilities, Inc.) Motion to Stay Refund of Interim Rates and Reduction to AFPI Charges pending appeal and Motion to Release/Modify Bond Securing Refund of Interim Rates filed in the above-referenced docket. This transcript is filed to document and support the references to this transcript made in Florida Water Services Corporation's Motion for Reconsideration of Order No. PSC-97-0099-FOF-WS filed February 1, 1997 in the above-referenced docket.

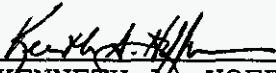
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FPSC-RECORDS/REPORTING

Respectfully submitted,

  
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of Florida Water Services Corporation's Notice of Filing Transcript was furnished by U. S. Mail to the following on this 21st day of March, 1997:

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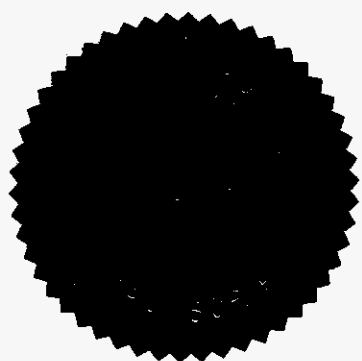
  
KENNETH A. HOFFMAN, ESQ.

Checked ✓  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
TALLAHASSEE, FLORIDA

IN RE: Application for rate increase and increase in service availability charges by Southern States Utilities, Inc. for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, St. Johns, St. Lucie, Volusia, and Washington Counties.

DOCKET NO. 950495-WS



BEFORE:

CHAIRMAN JULIA L. JOHNSON  
COMMISSIONER J. TERRY DEASON  
COMMISSIONER SUSAN F. CLARK  
COMMISSIONER DIANE K. KIESLING  
COMMISSIONER JOE GARCIA

PROCEEDING:

AGENDA CONFERENCE

ITEM NUMBER:

19

DATE:

January 7, 1997

PLACE:

4075 Esplanade Way, Room 148  
Tallahassee, Florida

JANE FAUROT, RPR  
P.O. BOX 10751  
TALLAHASSEE, FLORIDA 32302  
(904) 379-8669

JANE FAUROT - 904-379-8669

DOCUMENT NUMBER-DATE  
03035 MAR 21 1997  
FPSC-RECORDS/REPORTING

1 Participating:

2

STAFF RECOMMENDATIONS

3

4 Issue 1: Recommendation that the Commission grant SSU's  
5 motion to stay the refund of interim rates pending appeal.  
6 According to the Commission's rules, when an order involves  
7 a refund, the Commission must impose a stay if requested by  
8 the utility.

9 Issue 2: Recommendation that the Commission deny SSU's  
10 motion to stay the reduction to AFPI charges pending refund  
11 or interim rates pending appeal. SSU's request for a  
12 partial stay exceeds the purpose of a stay. Issues  
13 regarding the calculation of AFPI charges are more  
14 appropriately addressed on reconsideration. However, the  
15 utility should advise any customer who requests a connection  
16 during the pendency of the appeal that the AFPI charges are  
17 the subject of a pending appeal, and may increase or  
18 decrease.

19 Issue 3: Recommendation that SSU's request to release or  
20 modify its current bond securing any potential interim  
21 refund be denied. SSU's bond securing any potential interim  
22 refund should not be released or modified. Therefore, the  
23 current bond should be renewed on or before January 8, 1997,  
24 the date of expiration. Further, pursuant to Rule  
25 25-30.360(6), F.A.C., SSU should continue to provide a  
report by the 20th of each month indicating the total amount  
of money subject to refund and the status of the security.

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CHAIRMAN JOHNSON: Item 19.

MS. O'SULLIVAN: Commissioners, Item Number 19 staff recommends that the Commission grant SSU's request to impose a stay upon the refund of interim rates and deny SSU's request to impose a partial stay of AFPI charges. Staff further recommends that SSU's bond should not be modified or released.

CHAIRMAN JOHNSON: Any questions, Commissioners?

COMMISSIONER CLARK: I don't have any problem with Issue 1, but Issue 2 is troubling to me. And my question to you is if you look at the GTE case, it was also a case where we disallowed -- we dealt with an expense, not a rate. And, in effect, we had to go back and we had to allow a surcharge. I agree with the staff that there shouldn't be a picking and choosing. You know, you can't go whichever is higher. But it seems to me that they should have the option of going with -- requesting a stay of the AFPI in toto.

MS. O'SULLIVAN: That's correct. If they had requested a full stay we would have recommended it. I believe we would have considered it at least.

COMMISSIONER CLARK: I thought they did. Maybe I misunderstood your analysis.

MS. O'SULLIVAN: They requested a stay of some of

1 the charges. They proposed two alternatives which  
2 stayed some, implemented the new charges in some cases,  
3 and in other cases I think proposed some new charges.

4 COMMISSIONER CLARK: So they wanted to split it?

5 MS. O'SULLIVAN: Yes, exactly.

6 COMMISSIONER CLARK: Okay.

7 COMMISSIONER DEASON: Isn't that the only way,  
8 perhaps, to preclude the necessity of the surcharge?

9 MS. O'SULLIVAN: That's correct. I think our  
10 analysis discusses that. I think their first proposal  
11 creates no possibility of a refund, is that correct?  
12 No possibility of a surcharge, but could create  
13 refunds. It puts them in the position of collecting  
14 the highest possible rates from each service area, that  
15 is correct.

16 COMMISSIONER DEASON: That was their first  
17 alternative?

18 MS. O'SULLIVAN: Right. And we recognize that  
19 that is a concern, that they may be in the position  
20 after the appeal comes back of having to impose  
21 surcharges and that that may be difficult to collect.  
22 That's why we recommended that they be required to  
23 notify any customer that they do collect the charge  
24 from that that is a possibility. We did recognize that  
25 that was a concern.



1           COMMISSIONER CLARK: There is the possibility that  
2 we will come back to them for another charge?

3           MS. O'SULLIVAN: That the charge is on appeal and  
4 may be subject to a surcharge at a later date pursuant  
5 to GTE.

6           COMMISSIONER CLARK: Okay.

7           CHAIRMAN JOHNSON: Any further questions?

8           COMMISSIONER CLARK: Commissioner Deason, you were  
9 just indicating that if they had elected to go with  
10 what in toto what was previously there we would still  
11 have the same problem of a surcharge.

12           COMMISSIONER DEASON: There would still be the  
13 possibility of surcharges, and only structuring the way  
14 that they structured it would you have the -- would you  
15 eliminate totally the possibility of surcharges.

16           MS. O'SULLIVAN: That is correct. But, again, we  
17 found several problems with that structure in terms of  
18 it picking and choosing between the service areas and  
19 proposing a few rates that we didn't think had been in  
20 the original proposal. And staff can further discuss  
21 that.

22           COMMISSION STAFF: Commissioners, they had several  
23 different variations included in their request. They  
24 had things that the Commission had denied in the final  
25 order. They requested some rates specifically denied,

1 and there were other rates that we never even  
2 addressed. Staff does recognize that there are some  
3 errors in the AFPI, and we do intend to bring that back  
4 to the Commission and correct that in reconsideration.  
5 That will take care of, I think, a lot of these  
6 problems. But others of these are specific issues that  
7 the Commission denied.

8 CHAIRMAN JOHNSON: Any further questions? Is  
9 there a motion?

10 COMMISSIONER CLARK: I move staff.

11 CHAIRMAN JOHNSON: Is there a second?

12 COMMISSIONER KIESLING: Second.

13 CHAIRMAN JOHNSON: All those in favor signify by  
14 saying aye.

15 COMMISSIONER CLARK: Aye.

16 COMMISSIONER GARCIA: Aye.

17 COMMISSIONER KIESLING: Aye.

18 CHAIRMAN JOHNSON: Aye. Opposed?

19 COMMISSIONER DEASON: Well, I can vote on Issue 1.  
20 I would vote to grant SSU's motion on Issue 2.

21 COMMISSIONER CLARK: To do the higher charges?

22 COMMISSIONER DEASON: I would prefer the  
23 methodology where there would be absolutely no  
24 possibility of any surcharge on any customers dealing  
25 with AFPI. I know it causes difficulties, but I just

1 think that that is the appropriate policy way to  
2 proceed on this matter. So, yes, I would --

3 COMMISSIONER CLARK: Let me ask you this. Can you  
4 sort of -- here is my concern. That if we do that on  
5 this issue, then where do you draw the line? And let's  
6 go back to the GTE case, for example, where you have  
7 determined --

8 COMMISSIONER DEASON: Let me say by doing that I'm  
9 not conceding anything that deals with GTE, because one  
10 thing GTE dealt with revenues, we are dealing with  
11 rates. So there is a distinction there. I mean, I'm  
12 not conceding anything whatsoever on GTE. But I think  
13 that my overriding concern is that it is a possibility  
14 and if we can just eliminate the possibility of  
15 surcharges by granting their motion, well, then I'm  
16 willing to do that.

17 COMMISSIONER CLARK: Well, let me ask a question  
18 and maybe you can help me with it. I understand the  
19 distinction between rates and expenses with respect to  
20 the GTE case. But if your objective was to avoid any  
21 surcharge, then to some extent you wouldn't limit this  
22 kind of request for a stay to rates. And let me just  
23 be more specific. Suppose they asked for a -- well,  
24 even different than that. Suppose in their previous  
25 case you had allowed an expense, an O&M expense for say

1 chlorine of \$100, and then in this case you find that  
2 it is only appropriate for \$50. Would they have the --  
3 would we then grant a stay with respect to that issue  
4 and say you can continue to collect the \$100 pending  
5 the outcome of the appeal?

6 COMMISSIONER DEASON: If they thought it was  
7 significant enough to request a stay, and it would  
8 eliminate the possibility of surcharges, I would be  
9 willing to go that route.

10 COMMISSIONER CLARK: Commissioner Deason, my only  
11 concern is then I think what you will have is a lot of  
12 requests for stays of particular parts of our decision,  
13 and, you know, I just have concerns about going that  
14 route.

15 COMMISSIONER DEASON: And I share those concerns.  
16 I am that concerned about imposing surcharges on  
17 customers. I think we are just going down a street  
18 that is going to cause all kinds of problems, and if we  
19 can prevent that up front when the company requests it,  
20 you know, I'm willing to do that. Here again, I'm not  
21 conceding anything on GTE, but I know the possibility  
22 is there.

23 COMMISSIONER CLARK: So your view is this -- your  
24 recommendation --

25 COMMISSIONER DEASON: One thing, we don't have the

1 defense anymore that you didn't request a stay. The  
2 company requested it and we are denying it.

3 COMMISSIONER CLARK: Yes. So your view would be  
4 that when it has to do with rates and it's your view  
5 that AFPI because it is included in service  
6 availability is a rate, that it should be treated  
7 differently, and that's where we can draw the line?

8 COMMISSIONER DEASON: Yes. But I understand the  
9 difficulties involved.

10 COMMISSIONER CLARK: Well, I'm willing -- if  
11 you're comfortable with it, I'm willing to -- have we  
12 already considered it? I would move to reconsider,  
13 then. Are we limiting my motion to 1?

14 CHAIRMAN JOHNSON: Well, I think Issue 1 was --

15 COMMISSIONER DEASON: I think the motion was for  
16 Issue 1 and 2. I didn't have a problem with Issue 1.

17 COMMISSIONER CLARK: I will move Issue 1. Shall  
18 we do just Issue 1?

19 COMMISSIONER KIESLING: I think we should do it  
20 issue-by-issue.

21 CHAIRMAN JOHNSON: And it was then seconded, Issue  
22 1? All those in favor signify by saying aye.

23 (Unanimous affirmative vote.)

24 CHAIRMAN JOHNSON: Show it approved without  
25 objection.

1 Issue 2.

2 MS. O'SULLIVAN: Commissioners, if I may point out  
3 a couple of quick things on Issue 2. Part of our  
4 concern in the utility's filing is that they have  
5 included things that the Commission has not considered  
6 in the record during the hearing. They proposed a few  
7 separate charges that were not considered at all by the  
8 Commission and are not in the record, and we had  
9 serious concerns about that. That if you do permit the  
10 utility to implement its Alternate 1, you will have  
11 rates that were not considered by the Commission.

12 COMMISSIONER DEASON: That is a problem. And  
13 obviously I don't want to go outside the record. If  
14 the company has a legitimate question that they are  
15 going to raise on appeal that they may prevail upon,  
16 and they want to stay our decision in order to prevent  
17 surcharges from being collected at a later date, that's  
18 what I want to do. Now, if their specific proposal  
19 goes beyond that, well, then perhaps we have to deny it  
20 for that reason. I guess what I'm staying then, if  
21 they had structured their proposal correctly perhaps I  
22 could have, but the concept I agree with. If you're  
23 telling me that their proposal as structured does not  
24 accomplish that, goes beyond that, well, then perhaps I  
25 don't have any alternative but then to vote with the

1 majority. But as far as the policy question, I would  
2 want it clear that I agree with the concept of trying  
3 to avoid surcharges.

4 MS. O'SULLIVAN: And staff, I believe, would agree  
5 with that concept whenever we can do it in a fair way,  
6 and in a way that appears to be consistent with the  
7 record. We certainly agree with those concerns.

8 CHAIRMAN JOHNSON: Issue 2.

9 COMMISSIONER CLARK: I move staff.

10 CHAIRMAN JOHNSON: Is there a second?

11 COMMISSIONER KIESLING: Second.

12 CHAIRMAN JOHNSON: All those in favor signify by  
13 saying aye.

14 (Unanimous affirmative vote.)

15 CHAIRMAN JOHNSON: Show it approved without  
16 objection.

17 CHAIRMAN JOHNSON: Issue 3.

18 COMMISSIONER KIESLING: I move it.

19 COMMISSIONER CLARK: Second.

20 CHAIRMAN JOHNSON: Show it approved without  
21 objection.

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CERTIFICATE OF REPORTER

STATE OF FLORIDA )

COUNTY OF LEON )

I, JANE FAUROT, Court Reporter, do hereby certify that the foregoing proceedings was transcribed from cassette tape, and the foregoing pages numbered 1 through 11 are a true and correct record of the proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor relative or employee of such attorney or counsel, or financially interested in the foregoing action.

DATED THIS 21st day of January, 1997.

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