

1 BEFORE THE  
2 FLORIDA PUBLIC SERVICE COMMISSION

98-713

3 In the Matter of :

: DOCKET NO. 920199-WS

4 Application for rate increase in Brevard:  
Charlotte/Lee, Citrus, Clay, Duval, :  
5 Highlands, Lake, Marion, Martin, Nassau, :  
Orange, Osceola, Pasco, Putnam, Seminole:  
6 Volusia, and Washington Counties by :  
SOUTHERN STATES UTILITIES, INC.; Collier:  
7 County by MARCO SHORES UTILITIES :  
(Deltona); Hernando County by SPRING :  
8 HILL UTILITIES (Deltona); and Volusia :  
County by DELTONA LAKES UTILITIES :  
9 (Deltona) :

FILED  
91 JAN 26 PM 1:30  
CLERK OF THE PUBLIC SERVICE APPEAL

10 FIFTH DAY - EVENING SESSION

11 VOLUME XIV

12 Pages 2112 through 2235

13 PROCEEDINGS:

FINAL HEARING

14 BEFORE:

CHAIRMAN THOMAS M. BEARD  
COMMISSIONER BETTY EASLEY  
COMMISSIONER SUSAN F. CLARK

15 DATE:

Thursday, November 12, 1992

16 TIME:

Reconvened at 12:45 p.m.  
Concluded at 5:45 p.m.

17 PLACE:

FPSC, Hearing Room 106  
101 East Gaines Street  
Tallahassee, Florida 32399

18 REPORTED BY:

JOY KELLY, CSR, RPR  
SYDNEY C. SILVA, CSR, RPR  
PAMELA A. CANELL  
Official Commission Reporters  
and  
LISA GIROD JONES, RPR, CM

19 APPEARANCES:

20 (As heretofore noted.)

21 FLORIDA PUBLIC SERVICE COMMISSION

DOCUMENT NUMBER-DATE

13593 NOV 18 1992

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P R O C E E D I N G S

1  
2 (Transcript Continues in sequence from Volume  
3 XIII.)

4 MR. McLEAN: Mr. Chairman, the Citizens have  
5 advised that there is a customer present who would like  
6 to testify.

7 CHAIRMAN BEARD: Bring him forward.

8 MR. McLEAN: The citizens call Mr. Boyd.

9 CHAIRMAN BEARD: You have not been sworn in,  
10 have you?

11 WITNESS BOYD: No, sir.

12 (Witness sworn.)

13 CHAIRMAN BEARD: Thank you and welcome.

14 - - - - -

15 GERALD BOYD

16 was called as a witness on behalf of the Citizens of  
17 the State of Florida and, having been duly sworn,  
18 testified as follows:

## DIRECT EXAMINATION

19  
20 BY MR. McLEAN:

21 Q Would you state your name, please, sir?

22 A Gerald Boyd.

23 Q What is your address, Mr. Boyd?

24 A 308 West Main Street, Pomona Park, Florida.

25 Q Are you a current customer of Southern States

1 Utilities?

2 A Yes, I am.

3 Q All right, sir. I understand you have a  
4 comment you want to make about this case?

5 A Yes, I do.

6 Q Would you proceed please, sir?

7 A Yes. My complaint or our complaint, as we  
8 have no problem with the Utility Company making a fair  
9 return for their investment. Our problem is the misuse  
10 of monies that they've had, and the way they handle  
11 things in management has really created a vacuum on  
12 what they got and what we got.

13 For instance, in Pomona Park it's been in the  
14 budget now for three years to get a generator. Now  
15 this has all been studied and done three years past.  
16 Now, they come up and do another study, the generator  
17 costs less than 20,000 to do a study that costs 40,000.  
18 Just more wasted money. The same thing with the  
19 interconnect between St. Johns and Hermits Cove. This  
20 job was put together over the last four years with a  
21 total cost that was sent in on a C.A.R. form to be done  
22 at less than 39,000. By the time engineering got  
23 through with the job and they brought their friends in,  
24 and consultants from Orlando and everything, the job  
25 cost over \$120,000. Three times the original figure.

1           Now, this is the kind of waste that we can't  
2 understand the Public Service Commission okaying and  
3 giving to them. And it goes on and on and on.

4           Q     Is that the end of your comment, sir?

5           A     Yes, sir.

6           Q     We tender Mr. Boyd for cross.

7                                CROSS EXAMINATION

8           BY MR. ARMSTRONG:

9           Q     Mr. Boyd, have you ever been an employee of  
10 Southern States?

11          A     Yes, I have.

12          Q     And were you terminated for cause by the  
13 Company?

14          A     Repeat?

15          Q     Were you terminate for cause by the Company?

16          A     I was terminated by the Company, yes.

17          Q     When were you terminated?

18          A     About seven months ago.

19                MR. ARMSTRONG: That's the only questions we  
20 have. Thank you, Commissioners.

21                CHAIRMAN BEARD: Mr. Twomey, did you have any  
22 questions?

23                MR. TWOMEY: No.

24                CHAIRMAN BEARD: Staff, do you have any  
25 questions. Commissioners, do you have any questions?

1 Anything else?

2 MR. McLEAN: No redirect.

3 CHAIRMAN BEARD: Thank you, Mr. Boyd.

4 (Witness Boyd excused.)

5

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6 MR. FEIL: Mr. Chairman, at this time I  
7 believe Staff would call Mr. Todd.

8 CHAIRMAN BEARD: Before you do -- Mr. Todd  
9 can come on down and be getting ready.

10 MR. TWOMEY: This will take a second. Mr.  
11 Chairman, I'd like to do, on behalf of Citrus Cove, as  
12 I informed you, the county attorney wished to return  
13 today. He had a death in his family and cannot return.

14 As requested by Commissioner Clark, I'd like  
15 to indicate to the parties, the Utility and other  
16 parties, Citrus County's wish to adopt one of the  
17 parties' position on Issue No. 92, and that would be to  
18 adopt the -- that's the issue that has to do with  
19 uniform rates -- and to adopt the position taken by  
20 COVA that has already been expressed.

21 Lastly, Mr. Chairman, I'd like to, if I may  
22 please, recognize the existence of a legal issue that  
23 always exists in Commission cases, but which is not  
24 stated here.

25 And that goes to jurisdiction, if I could

1 just briefly state it, I'd like to. And that issue  
2 would be -- and it's related to 92: "Does the  
3 Commission have the statutory authority to impose rates  
4 that are uniform within counties, regions or statewide,  
5 if the resulting rates are designed to recover a return  
6 on utility plant, not used and useful, in providing  
7 utility service to those customers being charged the  
8 rates, or if the resulting rates include expenses not  
9 necessary for the provisioning of the utility service  
10 to those customers being charged the rates." And the  
11 Citrus County position would be no, the Commission does  
12 not have such statutory authority. And that's all.  
13 Thank you very much.

14 CHAIRMAN BEARD: Okay.

15 MR. HOFFMAN: Mr. Chairman, may I just enter  
16 an objection for the record? I think Citrus County has  
17 waived their right to raise any new issues, factual or  
18 legal in nature, and we've been through this discussion  
19 before. That's per the order establishing procedure.  
20 So I just note that for the record.

21 MR. TWOMEY: Mr. Chairman, just briefly, I  
22 believe Mr. Hoffman is incorrect, that is that this  
23 Commission's jurisdiction is what it is, and that  
24 legally it cannot be waived, either the Commission has  
25 the jurisdiction to do it or it does not.

1 CHAIRMAN BEARD: Let me suggest that to the  
2 extent that this Commission does something that someone  
3 thinks we don't have the jurisdiction to do, and I  
4 suspect they know the remedies and will take that  
5 action. And I think it was simply noting for the  
6 record their position on that, and noting it's not  
7 quote/ unquote "an issue" in this case as identified in  
8 the prehearing order. We're all square. I note your  
9 objection to his -- he wasn't trying to raise a new  
10 issue, I don't think for the purposes of issue  
11 identification, if you will, but I understand your  
12 position.

13 MR. TWOMEY: Thank you.

14 CHAIRMAN BEARD: Very good.

15

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16

JAMES R. TODD

17 was called as witness on behalf of the Staff of the  
18 Public Service Commission and, having been duly sworn,  
19 testified as follows:

20

DIRECT EXAMINATION

21 BY MS. KNOWLES:

22 Q Good afternoon, Mr. Todd. Mr. Todd, please  
23 state your name and business address for the record?

24 A James R. Todd. Florida Public Service  
25 Commission, 400 West Robinson Street, Orlando.

1 Q Are you an employee of the Florida Public  
2 Service Commission?

3 A Yes, I am.

4 Q Did you prepare and cause to be filed direct  
5 prefiled testimony in this proceeding?

6 A Yes, I did.

7 Q Do you have any corrections or revisions to  
8 that testimony to offer at this time?

9 A No, I do not.

10 Q If I were to ask you the same questions today  
11 as in your prefiled direct testimony, would your  
12 answers remain the same?

13 A Yes.

14 MS. KNOWLES: Commissioners, I would ask that  
15 Mr. Todd's prefiled direct testimony be inserted into  
16 the record as though read.

17 CHAIRMAN BEARD: It will be inserted into the  
18 record.

19 Q (By Ms. Knowles) Mr. Todd, what was the  
20 purpose of filing your testimony?

21 A Beg your pardon?

22 Q What was the purpose of filing your  
23 testimony?

24 A To sponsor the audit report.

25 Q Did you prepare the Staff audit report?

1 MS. KNOWLES: Yes. Commissioners, I would  
2 ask that an exhibit number be assigned to the audit  
3 report, which consist of 30 pages and is labeled  
4 Exhibit JRT-1 at this time.

5 CHAIRMAN BEARD: JRT-1 will become Exhibit  
6 No. 131.

7 (Exhibit No. 131 marked for identification.)  
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25

## DIRECT TESTIMONY OF JAMES R. TODD

- 1
- 2 Q. Please state your name and business address.
- 3 A. James R. Todd, Suite N512, 400 W. Robinson St., Orlando, FL. 32801.
- 4 Q. By whom are you presently employed and in what capacity?
- 5 A. I am employed by the Florida Public Service Commission as a Regulatory  
6 Analyst II.
- 7 Q. How long have you been employed by the Commission?
- 8 A. 13 years.
- 9 Q. Briefly review your educational and professional background.
- 10 A. I received a Bachelor's Degree in Mathematics in 1955 and a Bachelor's  
11 Degree in Accounting in 1978.
- 12 Q. Please describe your current responsibilities.
- 13 A. I perform and sometimes manage audits of industries regulated by the  
14 Commission.
- 15 Q. Have you presented expert testimony before this Commission or any other  
16 regulatory agency?
- 17 A. No.
- 18 Q. What is the purpose of your testimony today?
- 19 A. To sponsor the staff audit report of Southern States Utilities,  
20 Inc./Deltona Utilities, Inc., Docket No. 920199-WS. The audit report  
21 is filed with my testimony and is identified as JRT-1.
- 22 Q. Was this audit report prepared by you or under your supervision?
- 23 A. Yes.
- 24 Q. Does that conclude your testimony?
- 25 A. Yes, it does.

1 MS. KNOWLES: Commissioners, I tender this  
2 witness for cross.

3 CHAIRMAN BEARD: Company?

4 CROSS EXAMINATION

5 BY MR. ARMSTRONG:

6 Q Good afternoon, Mr. Todd.

7 A Good afternoon.

8 Q Have you been an auditor for the Florida  
9 Public Service Commission for 13 years?

10 A That's correct.

11 Q And your audit report, identified as Exhibit  
12 131, identifies seven exceptions to the Company's  
13 filing; is that correct?

14 A Correct.

15 Q And your audit report provides your opinions  
16 and recommendations for each of these seven exceptions;  
17 is that correct?

18 A Correct.

19 Q And your audit report identifies three  
20 disclosures; is that correct?

21 A Yes.

22 Q And for each disclosure you provide your  
23 opinion and/or conclusion; is that also correct?

24 A I believe so.

25 Q You would agree, Mr. Todd, that your

1 recommendations, opinions and conclusions are addressed  
2 to the Commissioners in this case, correct?

3 A Would you cite that again, please?

4 Q Would you agree that your recommendations,  
5 opinions and conclusions are addressed to the  
6 Commissioners in this proceeding; is that correct?

7 A Yes.

8 Q So by introducing this report into evidence,  
9 you are aware that the Commissioners will consider your  
10 recommendations, opinions and conclusions when deciding  
11 the issues to which they relate; is that correct?

12 A Correct.

13 Q Referring to your Audit Disclosure No. 2. I  
14 believe it's on Page 22 of your audit report, which is  
15 identified as Exhibit 131.

16 A Okay. All right. I have it.

17 Q Okay. This audit disclosure relates to  
18 certain legal costs incurred by Southern States to  
19 participate in a Commission investigation into whether  
20 the Commission should modify its existing acquisition  
21 adjustment policy; is that correct?

22 A Correct.

23 Q And you are aware that Southern States has in  
24 the past been fairly active in the area of  
25 acquisitions; is that also correct?

1 A Correct.

2 Q So you would agree with me when I say it is  
3 logical that Southern States would participate in such  
4 a proceeding? Wouldn't you?

5 A I have no opinion on that.

6 Q You don't know whether it would be logical or  
7 not, that we would want to participate in a rulemaking  
8 that might change an acquisition adjustment policy?

9 A Well, it's logical, yes.

10 Q Thank you. Could you please refer to the  
11 second full paragraph on Page 22 of your audit report,  
12 under the heading "Statement of facts" which begins  
13 with the words "These legal expenses." Do you see  
14 that?

15 A "These legal fees", yes.

16 Q Could you please read that sentence out loud  
17 for us?

18 A "The Southern States O&M expense includes  
19 legal fees relating to researching the acquisition  
20 adjustment policy of the state utility commissions of  
21 all 50 states of the United States. 11,000 of such was  
22 expensed in 1991."

23 Q Okay. I'm sorry, Mr. Todd, I should have the  
24 pages open when I'm referring to them. I'm talking  
25 about the sentence, it's above that, under statement of

1 facts and it's actually the second paragraph there that  
2 begins "These legal expenses were charged." Do you see  
3 that?

4 A Yes.

5 Q Could you read that sentence?

6 A To Account No. So-and-so, which is titled,  
7 "Communications/Miscellaneous Expense-Other."

8 Q Okay. Could you just tell us what that  
9 account number is that you referred to?

10 A 806.390.

11 Q And is that account entitled  
12 "Communications/Miscellaneous Expense-Other," is that  
13 correct?

14 A Yes.

15 Q When did you write this sentence?

16 A I don't recall.

17 Q Why did you write this sentence?

18 A Well, like with any disclosure, we were  
19 bringing up an area which might influence the reader;  
20 it is not necessarily a item that is definitely wrong,  
21 such as a violation of generally accepted accounting  
22 procedures, but just something in the way of a gray  
23 area that we wanted to make the Staff aware of.

24 Q Did you write the original draft of this  
25 audit disclosure, Mr. Todd?

1 A No. But I signed the audit report.

2 Q Okay. Could you tell me who did write the  
3 original draft?

4 A I believe it was Mr. Dodrill.

5 Q And Mr. Dodrill is another Commission auditor  
6 who assisted you in the audit of Southern States' books  
7 and records in this proceeding, isn't that correct?

8 A Under my supervision, yes.

9 Q Just to keep the record clear, neither you nor  
10 Mr. Dodrill intended to suggest by this statement that the  
11 Company was attempting to conceal the fact that it had  
12 incurred these legal expenses, isn't that true?

13 A That is true.

14 Q You were the lead Staff auditor in this  
15 proceeding, you've already testified to that, correct?

16 A Correct.

17 Q How many months approximately did you spend  
18 at Southern States offices in Apopka auditing our books  
19 and records in this proceeding?

20 A About approximately four months.

21 Q Do you recall that you began your audit of  
22 Southern States' books and records even before the MFRs  
23 were accepted by the Commission in this proceeding?

24 A Would you repeat that, please.

25 Q Do you recall you began your audit of

1 Southern States' books and records in this proceeding  
2 even before the Commission had officially accepted the  
3 MFRs?

4 A I don't believe I'd started at the Utility.  
5 If I did, it was only a matter of a week or two ahead.  
6 I had done research on the very time-consuming project  
7 of prior rate bases -- rate bases tying to prior  
8 orders.

9 Q And the Company was providing you information  
10 that you requested over time prior to the MFRs having  
11 been accepted, is that correct?

12 A Right.

13 Q Thank you.

14 A That was dealing with those prior order rate  
15 bases.

16 Q Do you recall that before beginning your  
17 audit and at various times during your audit you were  
18 asked by representatives of Southern States management  
19 whether you were satisfied with the information which  
20 the Company was providing to you during the audit?

21 A Yes.

22 Q Do you recall the instructions which you were  
23 given as to who to speak to if you were not satisfied  
24 with information or if you were experiencing difficulty  
25 in conducting your audit?

1 A Yes.

2 Q Could you tell us what those instructions  
3 were?

4 A Yourself and Mr. Ludsen.

5 Q You were told to speak to either myself or  
6 Mr. Ludsen if there were any problems, is that right?

7 A Yes.

8 Q Do you recall ever once having called  
9 Mr. Ludsen or me to complain about the inadequacy of  
10 our Company's responses to your audit request?

11 A Would you repeat that, please.

12 Q Do you ever recall having taken us up on our  
13 offer and calling us with concerns or problems during  
14 your audit?

15 A I don't recall any.

16 Q Mr. Todd, again -- I mean, this isn't again,  
17 this is the first time. I'm not attacking you in any  
18 way, shape or form. You know, we've spoken many, many  
19 times over the past few months and I have no question  
20 of your honesty and truth and that what you put in here  
21 was simply what your opinions and conclusions were,  
22 okay?

23 A Okay.

24 Q Would you agree that in addition to you there  
25 were at least four other Commission auditors examining

1 our books and records during the audit?

2 A That is correct, four.

3 Q And during your audit you requested in Audit  
4 Request No. 13 and was subsequently provided copies of  
5 all the Company's responses to the interrogatories and  
6 document requests the Company had provided to Staff and  
7 Public Counsel in this proceeding; is that correct?

8 A That's correct.

9 Q Would you agree that the amount of  
10 information provided by the Company to these parties as  
11 well as the Staff auditors in this case was voluminous?

12 A Yes.

13 Q Isn't it true that you and the other auditors  
14 reviewed the Company's discovery responses on various  
15 occasions to assist you in your audit?

16 A Yes.

17 Q And didn't you often find our interrogatory  
18 and document responses helpful in the conduct of your  
19 audit?

20 A Yes.

21 Q Thank you very much, Mr. Todd. Referring  
22 back to Page 22 of your report to the Commission?

23 A Yes.

24 Q Could you tell me when, I guess it's Mr.  
25 Dodrill, obtained the information that -- or actually

1 where Mr. Dodrill obtained the information that the  
2 Company charged these legal costs to a Communications  
3 Expense Account No. 806-390?

4 A Can I tell you where he discovered that? Is  
5 that the question?

6 Q At first I said when; and it was during  
7 discovery. Okay. I'm sorry, I really meant where he  
8 got that information as to the account that we charged  
9 those expenses to.

10 A No, I'm not sure. Must have either gotten  
11 them out of your books or through reviewing work that a  
12 other auditor that was working the expense area had  
13 done. But whichever auditor got it, it would have had  
14 to have been from your books or your MFRs.

15 Q Okay, thank you. Referring again to Page 22,  
16 and this time I do mean the third paragraph under  
17 "Statement of Facts." The sentence begins, "The  
18 following are typical." Do you see that?

19 A Yes.

20 Q Could you please read that for us.

21 A "The following are typical line items from  
22 the above-referenced legal invoice."

23 Q To what invoice are you referring here?

24 (Pause)

25 A I would have to pause and dig into work

1 papers to possibly come up with that answer.

2 Q Okay. But you can confirm for us on the  
3 record that there's no legal invoice referred to on the  
4 top of that page prior to that sentence?

5 A No, it doesn't specify a specific invoice, it  
6 does not.

7 MR. ARMSTRONG: Mr. Hoffman is in the process  
8 of handing you and the Commissioners and the other  
9 parties to this proceeding a copy of a document  
10 consisting of five pages under cover page entitled,  
11 "Messer, Vickers Acquisition Adjustment Policy Bills  
12 and Vouchers."

13 Mr. Chairman, could I have this exhibit  
14 identified with the next available exhibit number,  
15 please.

16 CHAIRMAN BEARD: This will be Exhibit No.  
17 132.

18 (Exhibit No. 132 marked for identification.)

19 WITNESS TODD: May I pause a minute and get  
20 out a work paper?

21 MR. ARMSTRONG: Sure, Mr. Todd.

22 WITNESS TODD: Let's see if we're on the same  
23 sheet of music here.

24 MR. ARMSTRONG: Okay. (Pause)

25 Q (By Mr. Armstrong) Mr. Todd, I think I can

1 save you some time if I ask you the next couple of  
2 questions, but take your time. (Pause)

3 A Okay.

4 Q Do you recognize any of the pages contained  
5 in this exhibit?

6 A Yes.

7 Q These are copies of several pages of Messer,  
8 Vickers invoices to Southern States and Southern States  
9 vouchers reflecting full or partial payments of the  
10 invoices, is that correct?

11 A Yes.

12 Q Please refer to Page 3 of the exhibit as  
13 numbered in the lower right-hand corner of the page.

14 A Okay.

15 Q Do you recognize the highlighted portions of  
16 this page?

17 A Yes. That's what's on the audit report Page  
18 22.

19 Q Please turn to Page 2 of the exhibit.

20 A All right.

21 Q Toward the top right of the page, do you see  
22 the highlighted area indicating our file number,  
23 S213-4529?

24 A Yes.

25 Q And Invoice No. 210890?

1 A Yes.

2 Q And an invoice amount of 10,758.52?

3 A Yes.

4 Q And the title of this invoice, or this  
5 matter, I guess, is "SSU Services - Investigation into  
6 Acquisition Adjustment Policy," is that correct?

7 A Correct.

8 Q Turning to Page 1 of this exhibit, do you  
9 recognize this page as a Southern States voucher?

10 A Yes.

11 Q And looking at the highlighted portion of  
12 this voucher, do you see a reference to Invoice No.  
13 210890? And there's another indication, S213-4529?

14 A Yes.

15 Q And there's a payment amount of 10,758.52?

16 A Yes.

17 Q Does that appear to be consistent with what  
18 is indicated on Page 2, which is the Messer, Vickers  
19 bill?

20 A Yes, it is.

21 Q Under the column in the center of the page,  
22 "G/L #," that would be general ledger number, is that  
23 correct?

24 A Where are we now?

25 Q Page 1 of the exhibit, middle column there,

1 G/L and the number sign?

2 A Yes.

3 Q The reference to the account number is  
4 806.033, is that correct?

5 A Yes.

6 Q And that would conflict with the information  
7 provided on Page 22 of your audit report, which  
8 indicates Account No. 806.390, is that correct?

9 A That's correct.

10 Q If we refer to Page 4 of the exhibit, I don't  
11 want to take any more time than we have to, but under  
12 the general ledger number, do you see the reference to  
13 the Account No. 806.033 again?

14 A Yes.

15 Q And you see the left-hand column, which says  
16 Invoice No. 21197?

17 A Yes.

18 Q On Page 5 of the exhibit, there is another  
19 copy of a Messer, Vickers bill. It indicates Invoice  
20 No. 21197, is that true?

21 A Yes.

22 Q And the bill is labeled, "SSU Services -  
23 Investigation into Acquisition Adjustment Policy," is  
24 that correct?

25 A Correct.

1 MR. ARMSTRONG: Mr. Hoffman is handing out  
2 another exhibit which is a two-page exhibit under title  
3 page entitled, "Southern States Chart of Accounts."  
4 Commissioner, could I have the next available  
5 identification number, please.

6 COMMISSIONER EASLEY: It will be identified  
7 as Exhibit No. 133.

8 MR. ARMSTRONG: Thank you.

9 (Exhibit No. 133 marked for identification.)

10 Q (By Mr. Armstrong) Looking at the  
11 highlighted portion on Page 1 of the exhibit, Mr. Todd,  
12 do you see where it says 806.033?

13 A Yes.

14 Q That account is entitled, "Contractual  
15 Services-Legal"?

16 A Yes.

17 Q And if you look at the second page, you'll  
18 see Account No. 806.390 is highlighted?

19 A Yes.

20 Q And that is indicated,  
21 "Communications/Miscellaneous Expense-Other"?

22 A Right.

23 Q Having seen this information, Mr. Todd, would  
24 you agree there is probably an inadvertent mistake in  
25 your audit report?

1 A Yes, there is, the account number is wrong.

2 Q While we're addressing Exhibit 133, could you  
3 tell me what would be included in the Company's chart  
4 of accounts under an Account No. 426.100? And I didn't  
5 include it in here, but you're familiar with the  
6 Company's chart of accounts, is that right?

7 A I don't have it committed to memory, no.

8 Q Okay. But if an account begins with a digit  
9 4, what would that indicate to you?

10 A Revenue.

11 Q And where would that revenue be booked, above  
12 or below the line? Let me ask this question: Isn't it  
13 true that if the account begins with the number 4, and  
14 it is revenue, that would be booked below the line? Or  
15 actually, is it, it's an expense -- (Laughter). I'm  
16 sorry, you got me going now.

17 It is an expense, isn't it, Mr. Todd?

18 A I'm not sure, I don't have all those numbers  
19 memorized.

20 COMMISSIONER EASLEY: Now that we have the  
21 record cleared up --

22 MR. ARMSTRONG: Ms. Dismukes is shaking her  
23 head yes.

24 COMMISSIONER CLARK: Do you want to take a  
25 minute?

1 MR. ARMSTRONG: Excuse me?

2 COMMISSIONER EASLEY: Do you want to take a  
3 minute and look? You have a lady coming right behind  
4 you who can tell you.

5 COMMISSIONER CLARK: She needs to go over  
6 there and tell him.

7 COMMISSIONER EASLEY: Well, then he at least  
8 knows how to ask the yes-or-no question. (Pause)

9 Q (By Mr. Armstrong) Mr. Todd, to simplify  
10 this, would you agree that Account 476.100 is an  
11 below-the-line expense account, subject to check?

12 A Yes. You all just looked it up and it is,  
13 right?

14 Q Well, no, no, we were unable to find it.  
15 That's why I said to shortcut the problem; but I think  
16 it's standard practice to accept that kind of thing  
17 subject to check.

18 A I'm not sure, I don't have my chart of  
19 accounts with me.

20 Q You do have it?

21 A No, I do not.

22 Q So you won't accept that subject to check?

23 A I'm sorry, I'm not hearing all this. Did you  
24 look it up and that is what the account is?

25 Q No, no, Mr. Todd. We were in the process of

1 looking it up; and I said, "Well, wait a second, maybe  
2 we can do this subject to check."

3 I would ask you if you will you accept  
4 subject to check that Account 426.100 --

5 A Subject to check, yes.

6 Q Thank you very much.

7 Mr. Todd, after your months of auditing this  
8 proceeding, you would agree that you did not have any  
9 reason to believe that the Company would include in its  
10 MFRs expenses which are booked below the line?

11 A I have no reason to think you all  
12 intentionally would, no, none at all.

13 Q Thanks very much.

14 Turning back to your audit report, once again  
15 at Page 22?

16 A Okay.

17 Q Page 22 contains your opinion that legal fees  
18 incurred by Southern States during the Commission's  
19 acquisition adjustment policy proceeding, and I'm  
20 quoting, "may be nonutility and perhaps should not be  
21 borne by the general body of Southern States  
22 ratepayers." Do you see that?

23 A Yes. And I would like to emphasize that "may  
24 be nonutility" and "perhaps should not be" --

25 (Simultaneous conversation)

1           -- would be an audit exception and not a  
2 disclosure.

3           Q     Right. Okay, we're not ignoring that fact.

4           A     Okay.

5           Q     Could you please explain, though, what you  
6 mean by "nonutility"?

7           A     It's below the line.

8           Q     Can you explain why you would think that it  
9 might be a nonutility type of item?

10          A     It is not an ordinary expense in the normal  
11 course of business. I believe we're looking at it that  
12 this was an expense that had nothing to do directly  
13 with normal operations.

14          Q     By that, you don't mean to suggest that if it  
15 is not an operations and maintenance expense that it is  
16 not an expense that is incurred in the --

17          A     Perhaps it is not.

18          Q     The legal fees you were referring to were  
19 incurred by Southern States to participate in a  
20 Commission proceeding to investigate whether the  
21 Commission should modify its existing acquisition  
22 adjustment policy, is that correct?

23          A     Where are you now, still on 22?

24          Q     Well, yeah. I was asking you a general  
25 question but let me state that you are aware from the

1 information provided to you by the Company which is  
2 included at Pages 24 and 25 of your audit?

3 A Yes.

4 Q That the Commission instituted that  
5 proceeding?

6 A Yes.

7 Q Is that correct?

8 A Yes.

9 Q And that proceeding was instituted at the  
10 urging of Public Counsel, is that also correct?

11 A Correct.

12 Q Are you aware that in that proceeding the  
13 Office of Public Counsel requested that the Commission  
14 change its acquisition adjustment policy?

15 A I am aware that your letter says that, yes.

16 Q Are you aware that Southern States  
17 participated in that proceeding to oppose any change to  
18 the Commission policy?

19 A I'm aware that's in your letter, yes.

20 Q Thank you. Are you generally familiar with  
21 the Commission's final order in that proceeding?

22 A No, I'm not.

23 Q So your opinion was based on not a complete  
24 knowledge of the facts then, is that?

25 A That's correct.

1 Q Are you aware --

2 (Simultaneous conversation)

3 A -- to bring up is a possible gray area for  
4 further review by Staff. I did not check this out like  
5 we would an audit exception.

6 Q Okay. So you wouldn't be aware that the  
7 Commission's final order in that proceeding rejected  
8 Public Counsel's request for modification to the  
9 acquisition adjustment policy?

10 A Am I aware of what the order said? Is that  
11 the question?

12 Q Right. Are you aware that that was the  
13 outcome of the order, that the --

14 A No. No, I am not. I have no reason to doubt  
15 it, though.

16 Q On Page 22, you suggest that the legal costs  
17 incurred to determine the acquisition adjustment  
18 policies of other state regulators perhaps should not  
19 be recovered by Southern States from ratepayers, and  
20 you support the suggestion by stating the following:  
21 "Legal fees such as these appear only to benefit the  
22 shareholders and that the effect on the customers would  
23 only be increased pressure towards higher rates." Is  
24 that an accurate quote?

25 A That's what it says, yes.

1 MR. ARMSTRONG: Mr. Hoffman is distributing  
2 another exhibit. It's under cover page entitled,  
3 "Commission Order No. 25729 Reaffirming Acquisition  
4 Adjustment Policy." Mr. Chairman, could I have an  
5 exhibit number, please?

6 CHAIRMAN BEARD: 134.

7 (Exhibit No. 134 marked for identification)

8 COMMISSIONER CLARK: Do you have a lot more  
9 on this point?

10 MR. ARMSTRONG: On this point?

11 COMMISSIONER CLARK: Yes.

12 MR. ARMSTRONG: I could probably -- no, I'm  
13 going to shortcut it with the information we have.

14 COMMISSIONER CLARK: I mean, it's clear to me  
15 it's something that has been put at issue; and the  
16 parties' viewpoints are clear, and I don't think this  
17 witness' opinion one way or the other would be  
18 determinative of it.

19 MR. ARMSTRONG: Actually maybe I could reduce  
20 it to one question on this point.

21 MR. FEIL: Please do.

22 CHAIRMAN BEARD: Nobody said it wasn't  
23 covered.

24 Q (By Mr. Armstrong) Please refer to Page 3 of  
25 the exhibit, Mr. Todd?

1 A Okay.

2 Q Do you see the highlighted portion there?

3 A Yes.

4 Q Could you just read that portion of the

5 exhibit?

6 A Out loud?

7 Q Yes, out loud.

8 A "The customers of the acquired utility are  
9 not harmed by this policy because, generally, on  
10 acquisition, rate base has not been changed, so rates  
11 have not changed. Indeed, we think the customers  
12 receive benefits which amount to a better quality of  
13 service at a reasonable rate."

14 COMMISSIONER EASLEY: And it says  
15 "generally," right? (Pause)

16 MR. ARMSTRONG: Commissioner Clark, I'm  
17 flipping through these pages, because that's how much I  
18 have shortcut it. I'm taking you to heart here.

19 Q (By Mr. Armstrong) Mr. Todd, Audit  
20 Disclosure No. 3?

21 A What?

22 Q Audit Disclosure No. 3?

23 A Okay.

24 Q First, FASB, F-A-S-B, is an acronym for  
25 Financial Accounting Standards Board, is that correct?

1           A     Correct.

2           Q     At Page 23 of your report, you cite FASB  
3     Statement 71, entitled, "Accounting for the Effects of  
4     Certain Types of Regulation."    Could you identify the  
5     "ertain types of regulation" covered under FASB 71?  
6     (Pause)

7           A     I was reading what was in the audit report,  
8     excuse me.  Now, what's your question again?

9           Q     Take your time.  The question was can you  
10    identify the "ertain types of regulation" covered  
11    under FASB 71?

12          A     No.

13          Q     If you don't know what the certain types of  
14    expenses are that are included under FASB 71, how can  
15    you cite FASB 71 in support of your opinion regarding  
16    whether legal fees should be recovered by Southern  
17    States from ratepayers?  (Pause)

18          A     I can't.

19          Q     Okay, thank you.  Can I draw your attention  
20    to Paragraph 2 under FASB 71 on Page 23 of your report?

21          A     Yes.

22          Q     That paragraph reads  "In most cases  
23    allowable costs are used as a means of estimating costs  
24    of the period during which the rates will be in effect.  
25    And there is no intent to permit recovery of specific

1 prior costs." Is that accurate?

2 A Yes.

3 Q I understand that you didn't know what the  
4 certain types of FASB 71 -- I was looking to be  
5 enlightened, I'll tell you that. I don't know what  
6 they are, either. But from citing FASB 71, you would  
7 agree that -- it's your opinion that the Commission  
8 should be guided by FASB statements, is that an  
9 accurate characterization?

10 A Yes. When they're not in conflict with  
11 utility regulation, yes.

12 Q Could you just provide us with your  
13 definition of a nonrecurring expense?

14 A One that doesn't reoccur. (Laughter)

15 Q That's fine.

16 CHAIRMAN BEARD: Could you be more succinct?

17 COMMISSIONER EASLEY: This is an inside joke,  
18 but where were you when we were trying to define  
19 generally?

20 Q (By Mr. Armstrong) You would agree, Mr. Todd,  
21 that the determination of whether an expense is recurring  
22 or nonrecurring is a ratemaking issue as opposed to an  
23 accounting issue; isn't that accurate?

24 A Yes.

25 Q If the level of a particular category of

1 expense, that's the old category now we're talking  
2 about, is consistent from year to year, wouldn't you  
3 agree that would be an indication of recurring  
4 expenses?

5 A Yes.

6 Q And wouldn't you agree -- and this is in your  
7 opinion -- that Southern States should be permitted to  
8 recover that consistent level of expense in rates, even  
9 though the particular items which comprise that level  
10 of expense may change from year to year?

11 MS. ASHER-COHEN: Commissioners, we object.  
12 He's asking for a regulatory opinion on that issue.

13 MR. ARMSTRONG: No, I'm asking for Mr. -- I'm  
14 sorry, Commissioners, I'm just asking for Mr. Todd's  
15 opinion.

16 MS. ASHER-COHEN: That's also beyond the  
17 scope of the witness' testimony.

18 CHAIRMAN BEARD: What was the question again?

19 MR. ARMSTRONG: I can read it verbatim if you  
20 want.

21 CHAIRMAN BEARD: That would be great. Read  
22 it verbatim.

23 MR. ARMSTRONG: "And wouldn't you agree that  
24 Southern States should be permitted to recover that  
25 consistent level of expense in rates, even though the

1 particular items which comprise that level of expense  
2 may change from year to year?"

3 CHAIRMAN BEARD: Can you answer the question?

4 WITNESS TODD: In general, yes. (Laughter)

5 CHAIRMAN BEARD: This is going to open up 30  
6 more questions of cross examination from Public  
7 Counsel, you know that, don't you? (Laughter)

8 MR. MCLEAN: I promise to be nice.

9 MR. ARMSTRONG: You want to tell us tomorrow  
10 that you will be, right?

11 MR. MCLEAN: Yeah. (Laughter)

12 CHAIRMAN BEARD: How can it be late at this  
13 early date?

14 COMMISSIONER EASLEY: That was painful.

15 MR. ARMSTRONG: I apologize. (Laughter)

16 Q (By Mr. Armstrong) Let me give you an  
17 example, Mr. Todd. In Year 1 --

18 CHAIRMAN BEARD: He said in general, yes. Do  
19 you need a specific yes, or will an in-general yes do?

20 (Pause)

21 WITNESS TODD: Could I offer a segment?

22 Q (By Mr. Armstrong) You sure can?

23 A On all three of these disclosures, again,  
24 they're just to bring attention to a gray area and  
25 nothing more. If it had been definite conclusive

1 evidence that that particular legal expense, or legal  
2 expenses, in general, were going to not ever recur  
3 again after that the test year, that's something we  
4 would have put in as an exception and had well  
5 supported, and I wouldn't be sitting here drawing all  
6 these blanks because I skimmed these when they were  
7 written by other members, which is not an excuse. They  
8 were under my supervision.

9 Q And I know you knew it when it was written.  
10 I know all those things, so that's not at issue.

11 A That's all.

12 Q Okay.

13 CHAIRMAN BEARD: You've been out in the  
14 district too long. You're trying to bring common sense  
15 into the hearing room. Knock it off.

16 WITNESS TODD: Treading on thin ice, huh?

17 CHAIRMAN BEARD: Yeah. We ought to bring you  
18 all in more often. This is dangerous. (Laughter)

19 Q (By Mr. Armstrong) The 1991 relocation costs  
20 included in the MFRs were approximately \$58,000; is  
21 that correct?

22 A Relocation?

23 Q Right. Relocation costs included in the  
24 MFRs?

25 A Yes. At another disclosure, yes.

1 Q And you are aware that Southern States has  
2 presented evidence that established -- evidence in this  
3 proceeding that establishes that the Company's  
4 relocation expenses in 1990 were \$85,532 and in 1989  
5 relocation expenses were \$191,402?

6 MS. ASHER-COHEN: We object.

7 COMMISSIONER EASLEY: On what grounds? State  
8 your objection.

9 MS. ASHER-COHEN: He's asking the witness to  
10 state whether or not he knows what the Utility has  
11 proved concerning these expenses.

12 MR. ARMSTRONG: I'm asking if he's aware -- I  
13 mean, it's rebuttal testimony of Witness Ludsen. I  
14 just want to know. If he says he's not aware --

15 COMMISSIONER EASLEY: Was the question are  
16 you aware of the offer of, or are you aware that the  
17 Company has --

18 MR. ARMSTRONG: Presented evidence, I said.

19 COMMISSIONER EASLEY: I beg your pardon?

20 MR. ARMSTRONG: I said "Are you aware that  
21 the Company has presented evidence?"

22 COMMISSIONER EASLEY: That's a little bit  
23 different from proving. I'll allow the question.

24 (Pause)

25 Q (By Mr. Armstrong) Do you have Mr. Ludsen's

1 rebuttal testimony?

2 A I'm sorry, we're on Audit Disclosure No. 3,  
3 Relocation Expenses?

4 Q Right.

5 A And the question concerned -- did you all  
6 present a response?

7 Q No. I'm sorry, Mr. Todd. I just asked if you  
8 were aware that in the rebuttal testimony of Mr. Ludsen  
9 we presented evidence as to the level of 1990 relocation  
10 expenses, which were \$85,532, and in 1989 relocation  
11 expenses were \$191,402. I just asked if you were aware of  
12 that evidence?

13 A I believe I skimmed that a day or two ago.  
14 Was that in the prehearing?

15 Q That was also in the prehearing order, I  
16 believe. I'm not sure if they appear in that order.  
17 We could find that out, but if you'd just tell me  
18 you're generally aware, that's okay.

19 A Yeah. I'm aware of it. I can't remember  
20 where I read it, but I became aware of it in the last  
21 few days.

22 Q Okay, thank you. Now, you note in your audit  
23 report that as of July 1992 the Company's booked 1992  
24 relocation expenses were \$6,795?

25 A Right.

1 Q Do you recall that the figure was updated by  
2 the Company to approximately \$8200 in response to your  
3 Audit Request No. 31?

4 A Yes, I believe I recall that.

5 Q Wouldn't you agree that the discrepancy between  
6 the 1989, 1990 and 1991 figures on the one hand, versus  
7 the 1992 figures to date, indicate that 1992 relocation  
8 expenses to date have been unusually low?

9 A Yes. Now that we have this additional  
10 information, yes.

11 Q Thank you. This is somewhat of a  
12 hypothetical, but it's a very simple one. If you were  
13 the owner of a company and you had negative returns on  
14 equity in the prior year, wouldn't relocation expenses  
15 be one of those discretionary items of expense that you  
16 might try and keep low in the following year?

17 A Yes.

18 Q Thank you. And when you were performing your  
19 audits, isn't it true that you may analyze a particular  
20 category of costs for years prior to the test year to  
21 form an opinion as to whether the level of a certain  
22 type of expense is recurring or nonrecurring?

23 A Yes.

24 Q Thank you. If you were to average Southern  
25 States' 1989, 1990, 1991 and 1992 year-to-date

1 relocation expenses, would you accept, subject to  
2 check, that the average relocation expense for these  
3 four years is approximately \$86,000?

4 MR. McLEAN: I'm going to object to that even  
5 though it's not my witness. You know, this gentleman  
6 is an auditor. He goes down and fishes around in boxes  
7 and finds invoices and either marks them as an  
8 exception or something to which he wants to draw  
9 Staff's attention to up here. Now he's being asked to  
10 do computations and determine averages and so forth,  
11 and I just don't think it's proper.

12 COMMISSIONER EASLEY: You want to respond?

13 MR. ARMSTRONG: My only response is that I think  
14 we clarified that in the first line of questioning that he  
15 has offered his opinions, conclusions and recommendations  
16 and that those opinions, conclusions and recommendations  
17 ought to be considered by the Commissioners in their  
18 consideration of the issues to which they relate.

19 COMMISSIONER EASLEY: I assume, then, there's  
20 a follow-up question to this average question?

21 MR. McLEAN: But that's not what he does. He  
22 goes down there and puts a little tab on one every now  
23 and then. Those words from him are nothing more than a  
24 little red tab so the people up here in Tallahassee can  
25 have a closer look.

1 MR. ARMSTRONG: I don't understand the --

2 MS. ASHER-COHEN: Staff agrees with Public  
3 Counsel on this, too.

4 MR. ARMSTRONG: I have a follow-up question.  
5 And all I asked him was if he would agree, subject to  
6 check, that that is the average. It's a simple  
7 four-year arithmetical average. And I think my next  
8 question will tie it all in, if I'm permitted just to  
9 ask that next question.

10 COMMISSIONER EASLEY: Well, that's the  
11 problem I'm having, Commissioner, unless you need to  
12 get into here. I don't see any problem with asking him  
13 does he agree, subject to check, that something  
14 averages to something. I think the next question is  
15 where any potential --

16 MR. McLEAN: I think it would be a proper  
17 question of to say, "If you had found invoices that said  
18 that, would you still put a tab on it?" Because that's  
19 what the man does, he puts tabs on things. He uses  
20 English words to do that but that's pretty much all it  
21 amounts to.

22 COMMISSIONER EASLEY: If that's where you're  
23 going, Counselor, why don't you try it that way? You  
24 know, I tend to agree that maybe we're overdoing "what  
25 does the red tab say," but I understand you also have

1 to lay the groundwork for the next question.

2 MR. ARMSTRONG: I could probably ask my next  
3 question without --

4 COMMISSIONER EASLEY: Try it. (Pause)

5 Q (By Mr. Armstrong) Wouldn't you agree that  
6 an average level of relocation costs incurred over a  
7 four-year period may be a proper yardstick for making  
8 the estimate of future costs suggested in FASB 71 for  
9 certain types of expenses? And, again, I'm referring  
10 to Page 23, Paragraph 2 under FASB Statement 71.

11 A Yes.

12 Q Thank you. Okay, I'll go to a new area now,  
13 Mr. Todd. (Pause)

14 Turning now to Page 21 of your report, you  
15 express your opinion that it may be appropriate for  
16 Southern States to retain the gain realized from the  
17 condemnation of the St. Augustine Shores system and you  
18 provide several reasons supporting your opinion. Is  
19 that accurate?

20 A Yes.

21 Q Are you aware that Commission Staff's  
22 position in the prehearing order in this case is that  
23 it may be appropriate to spread the gain back to  
24 Southern States' customers over four years?

25 A No. I wasn't personally aware of that. Now,

1 I'd like to bring attention to the last paragraph above  
2 "Company Comments," which says that "Staff defers to  
3 Tallahassee analysts and the Commissioners. Again,  
4 we're just bringing up something that -- of a  
5 Commissioner-to-decide level.

6 Q And I understand that, Mr. Todd, and you are --  
7 as I said, we have spoken a number of times over the last  
8 months. And the reason I'd like your opinion, and you are  
9 presenting the Commissioners with your opinions, is  
10 because I know you to be knowledgeable in this area, and  
11 your 13 years certainly speaks well for you. And if, you  
12 know, your opinion is going before the Commission, I would  
13 just like to explore that opinion.

14 MR. McLEAN: Pardon me, but is he being  
15 offered by Staff as an expert in regulatory accounting  
16 practice, principles, regulatory policies, or is he an  
17 auditor?

18 MR. ARMSTRONG: Is Mr. Todd Mr. McLean's  
19 witness or is he Staff's witness? I think they're the  
20 only ones that can answer that kind of a question. And  
21 then following --

22 (Simultaneous conversation.)

23 COMMISSIONER CLARK: Can you ask your  
24 question again?

25 MR. ARMSTRONG: I said, "Are you aware that

1 Commission Staff's position in the prehearing order in  
2 this case is that it may be appropriate to spread the  
3 gain back to Southern States' customers over four  
4 years?" And he said that he wasn't aware of that. So  
5 he answered the question.

6 COMMISSIONER EASLEY: Go ahead. But with a  
7 little bit of a word of warning that keep in mind he is  
8 an auditor.

9 COMMISSIONER CLARK: But I think it's fair to  
10 explore why he noted it as a disclosure. I think that  
11 is what's being done here.

12 COMMISSIONER EASLEY: That's fine. I wasn't  
13 arguing with that. I just thought I'd mention that.

14 MR. ARMSTRONG: Thank you. Under advisement.

15 COMMISSIONER EASLEY: Thank you.

16 Q (By Mr. Armstrong) Specifically referring  
17 to your Reason No. 3, on Page 21, you state that SSU  
18 has never had a systemwide or consolidated rate in  
19 effect. Do you see that?

20 A At St. Augustine, that's a true statement,  
21 isn't it?

22 Q That's right, it sure is. Thanks.

23 Is it accurate to interpret this sentence as  
24 a recognition that the rates for the condemned St.  
25 Augustine Shores system were always established on a

1 stand-alone basis?

2 A I believe that is correct, yes.

3 Q You are aware that during the 1991 test year,  
4 Southern States had not yet merged with Deltona  
5 Utilities Inc. and United Florida Utilities  
6 Corporation; is that correct?

7 A Correct.

8 Q And you are aware that the St. Augustine  
9 Shores system was own by the United Florida Utilities  
10 Corporation, not Southern States, when it was condemned  
11 by St. Johns County in 1991?

12 A Yes.

13 Q You are also aware that Southern States  
14 parent, Topeka Group, took ownership of United Florida  
15 Utilities Corporation in June of 1989 together with  
16 Deltona Utilities, Inc.; is that correct?

17 A Yes.

18 Q Can you tell me if the rates for the St.  
19 Augustine Shores system were ever changed between the  
20 time of the system's acquisition by Topeka in 1989, and  
21 the condemnation by St. John's County in 1991?

22 A Not to my knowledge.

23 Q Are you aware that Southern States has two  
24 other systems in St. Johns County which were not  
25 condemned?

1           A     I couldn't name them, but I don't doubt it.

2     (Pause)

3           Q     You are aware, aren't you, Mr. Todd, that the  
4     systems acquired by Topeka from Deltona Utilities and  
5     United Florida, including the St. Augustine Shores  
6     system, were standalone operations in all respects  
7     prior to that acquisition, including separate A&G and  
8     customer services; is that correct?

9           A     Correct.

10          Q     If a new cost of service study and associated  
11     rates were never determined while the St. Augustine  
12     system was part of the Southern States family of  
13     utilities, wouldn't you agree that it would be  
14     impossible for you to state with certainty whether the  
15     customers served by the St. Augustine Shores system  
16     ever had contributed anything to the recovery of  
17     Southern States A&G and other common costs?

18          A     I have no opinion.

19          Q     At Page 21 of your exhibit, which is your  
20     audit report, you give another reason why Southern  
21     States' remaining customers may not be entitled to  
22     share in the gain of the condemnation, and that reason  
23     is as follows: "Ratepayers directly deserving of the  
24     game are no longer able to receive such benefit as the  
25     county now retains full ownership of the system." Is

1 that an accurate quote?

2 A Yes.

3 Q I would like to explore your reasoning  
4 further, Mr. Todd, because I think this reason really  
5 hits the nail on the head. And I want to ask you to  
6 consider the following hypothetical: Mr. Y owns one  
7 water system in Orange County which serves hundred  
8 people. Mr. Y does not own any other utility system.  
9 Orange County decides to condemn Mr. Y's water system,  
10 and pays Mr. Y the amount required to take the system  
11 from Mr. Y. The county takes the system and the  
12 hundred customers are now customers of the county.

13 COMMISSIONER CLARK: Mr. Armstrong, I believe  
14 the statement that you're predicating this answer on is  
15 favorable to the Company, is it not? I mean, it's in  
16 concert with your position on it? Why are we cross  
17 examining this witness on that point? It seems to me  
18 that you're engaging in further direct testimony for  
19 the Company on this point. And I only bring it up  
20 because we would like to move on.

21 MR. ARMSTRONG: Okay. Commissioner, I do  
22 appreciate that and I guess -- let me just point out  
23 why it is, and then maybe I can leave it at that. And  
24 that is that, yes, we have the opinion of this auditor,  
25 and that opinion of this auditor is inconsistent with

1 the Staff's position in their prehearing statement.  
2 And I find that we're at quite a difficult position  
3 when the evidence they are presenting is favorable;  
4 however, the position they are taking in their  
5 Prehearing Order is not quite so favorable, and I think  
6 that was my dilemma.

7 COMMISSIONER CLARK: Well, presumably they  
8 have the burden of putting on evidence that will  
9 support their position.

10 MR. ARMSTRONG: With that I will limit this  
11 thing considerably again. Thank you. (Pause)

12 Q (By Mr. Armstrong) Mr. Todd, now this is in  
13 your opinion once again: Should the past financial  
14 performance of a condemned utility or utility system,  
15 be considered as a factor in determining whether a  
16 condemnation gain should be shared with customers?

17 MR. McLEAN: Objection on the basis of  
18 relevance.

19 MR. ARMSTRONG: Well, I'll address it now if  
20 you'd like, Commissioners. I think the relevance has  
21 certainly been established by the fact that the  
22 Commission Staff has asked for a late-filed exhibit  
23 from the Company, in reference to the financial history  
24 of the University Shores system from 1988 through 1991,  
25 which happens to be the four years prior to the

1 condemnation of certain utility assets, that  
2 condemnation occurring in 1991. And I certainly think  
3 there's a strong inference that Staff is intending to  
4 perform that same kind of analysis to determine whether  
5 the Company, during that period, had been earning its  
6 authorized rate of return. I can see no other reason  
7 why they would ask for that information, because the  
8 only issues in this prehearing order relate to how do  
9 you treat -- that applies specifically to University  
10 Shores, relates to that condemnation question.

11 MS. SUMMERLIN: Commissioners, could the  
12 Staff say one thing? The entire text to this Audit  
13 Disclosure No. 1 that deals with St. Augustine Shores  
14 is one page. This witness' opinion and conclusion make  
15 up about five lines. The substance of this cross  
16 examination has gone on way beyond the scope of what  
17 this witness is testifying to.

18 CHAIRMAN BEARD: Is that an additional  
19 objection or are you joining on the relevancy  
20 objection?

21 MS. SUMMERLIN: It's a separate and  
22 independent objection.

23 COMMISSIONER EASLEY: Would you speak to the  
24 relevancy objection first, if you wish to. No, I'm  
25 talking to Staff. Did you wish to comment on the

1 relevancy objection?

2 MS. SUMMERLIN: Well, I would join in that  
3 one, too, but I'm also making a different objection.

4 MR. McLEAN: The point is, Commissioner, the  
5 only thing that this witness' opinion leads to is  
6 whether he makes an audit exception or an audit  
7 disclosure.

8 COMMISSIONER EASLEY: I understand. Would  
9 you respond, however, to the late-filed requested by  
10 Staff, as to relevancy, please? You heard the Company  
11 say the reason they think it's relevant is because of  
12 the late-filed requested by Staff.

13 MR. McLEAN: I don't have any idea what at  
14 late-filed was, but I do know that the only thing that  
15 this witness does, is to either accept or disclose.

16 MR. ARMSTRONG: I will make one proposal and  
17 then I will renew my response. But I can make a  
18 proposal, and that would be that the Company would be  
19 willing -- if we were permitted to introduce into  
20 evidence the 1991 audited financial statements of  
21 Southern States, United Florida and Deltona Utilities,  
22 which were provided, I believe, to all the parties in  
23 this case and to the auditors in a audit request, I  
24 think if we were allowed to do that, I think we would  
25 leave this area of the testimony.

1                   COMMISSIONER EASLEY: Is there any objection  
2 to the Company doing that?

3                   MR. McLEAN: The question is relevance but if  
4 it puts an end to this line of questioning, it sounds  
5 attractive.

6                   COMMISSIONER EASLEY: Staff.

7                   MS. KNOWLES: That would be fine with us.

8                   COMMISSIONER EASLEY: All right. And while  
9 he's distributing that, if you'd check your further  
10 questioning, Mr. Armstrong, maybe we could -- thank  
11 you.

12                   MR. ARMSTRONG: Well, I appreciate the  
13 assistance of the parties and the Commissioners in that  
14 regard.

15                   COMMISSIONER EASLEY: Generally.

16                   MR. ARMSTRONG: Generally. No, specifically  
17 really.

18                   COMMISSIONER CLARK: Now, just what did you  
19 mean by that? (Laughter)

20                   COMMISSIONER EASLEY: What did I mean by  
21 that? All right. Consolidated Financial Statements,  
22 December 31, 1991 and '90 for SSU, Inc., will be  
23 Exhibit 135.

24                   (Exhibit No. 135 marked for identification.)

25                   MR. ARMSTRONG: I'm sorry, you can hear me

1 scratching these --

2 COMMISSIONER EASLEY: That's all right. You can  
3 have time, scratch away. Always allowed. All right.

4 Q (By Mr. Armstrong) Audit Exception No. 7.

5 A Okay.

6 Q It appears on Page 20 of your audit report.

7 A Yes.

8 Q And you recommend removal of \$8,875 of O&M  
9 expenses; is that accurate?

10 A Yes. Not that much applies to the docket  
11 systems which should have been brought out on this  
12 exception. The normal whatever it is, 65% applies to  
13 this docket. \$5,654 to be exact.

14 Q Thank you. Subsequent to filing your draft  
15 audit report, do you recall faxing to Southern States,  
16 at the Company's request, a list of the contributions  
17 which comprised the \$8,875 figure in your exception?

18 A That's correct.

19 Q Mr. Hoffman is handing out a two-page  
20 exhibit, on the cover page entitled "Breakdown of Audit  
21 Exception No. 7 Expenses."

22 COMMISSIONER EASLEY: Which will be  
23 identified as Exhibit 136.

24 (Exhibit No. 136 marked for identification.)

25 Q You would agree, Mr. Todd, that Page 2 of

1 the exhibit is a copy of your fax transmittal, which  
2 refers to, quote, "Detail Requested on Audit Exception  
3 No. 7." Do you see that?

4 A Yes.

5 Q On Page 1 of the exhibit, you identify a  
6 \$5,000 payment to the Florida 4-H Foundation in 1991,  
7 and \$1,350 to Small Change Original Theater. Is that  
8 correct?

9 A Yes.

10 Q So that's a total \$5,350 of the \$8,875  
11 proposed exception?

12 A \$6,350, right.

13 Q Whoops, sorry. Thank you.

14 "And the Small Change Original Theater  
15 referred to in this exhibit, is a small theater group  
16 in Minneapolis," and I say that in quote, I'm quoting  
17 your audit report, which you refer to in your audit  
18 exception No. 7, is that correct?

19 A Yes.

20 Q Thank you. Do you have a copy of the  
21 Company's response to your Audit Request No. 24 with  
22 you?

23 A Not with me, no.

24 MR. ARMSTRONG: Commissioners, I don't know  
25 that I have to have this in as an exhibit. I could ask

1 him to read the two specific portions of the response  
2 to their Audit Request No. 24. I could have it put  
3 into evidence. Why don't we move it into evidence.

4 CHAIRMAN BEARD: That just tickles us to  
5 death.

6 MR. ARMSTRONG: I didn't hear you.

7 COMMISSIONER EASLEY: He said fine.

8 CHAIRMAN BEARD: Thank you, Commissioner.

9 COMMISSIONER EASLEY: You're welcome.

10 CHAIRMAN BEARD: Exhibit No. 137. Short  
11 title?

12 MR. ARMSTRONG: Response to Staff Audit  
13 Request No. 24.

14 CHAIRMAN BEARD: Okay.

15 (Exhibit No. 137 marked for identification.)

16 Q (By Mr. Armstrong) Could you please refer to  
17 Item No. 1 on the first page of this exhibit?

18 A Yes, sir.

19 Q Now, this is in evidence so I'm just going to  
20 summarize. Is the Company's response indicate that the  
21 4-H contribution of \$5,000 related to the Company's  
22 participation in zero scaping and conservation  
23 education program, which was conducted in connection  
24 with 4-H?

25 A Right.

1 Q And the response also indicates that the  
2 Florida Water Management Districts also have begun to  
3 require water utilities to provide consumer education  
4 in the water conservation area? Do you see that?

5 A Yes, sir.

6 Q And on the second page, and carrying over  
7 onto the third page of the exhibit, it indicates the  
8 \$1,350 contribution to Small Change Original Theater.

9 A Yes.

10 Q And it is indicated, and I'll summarize  
11 again, this is in evidence, that the money paid to the  
12 Small Change Theater was to secure their services in  
13 educating grammar school children across the state of  
14 Florida in the need for water conservation in Florida?

15 A Yes, sir.

16 COMMISSIONER CLARK: Mr. Todd, let me ask you  
17 a question: The account numbers that are listed for  
18 these expenses, are they -- what is the title of them?  
19 What are you generally supposed to put in those  
20 accounts? It's 806.390 and 306, I think.

21 WITNESS TODD: Well, it should not include  
22 charity or --

23 COMMISSIONER CLARK: What is it, though?

24 WITNESS TODD: I believe it's miscellaneous  
25 expenses. And when they are 806, they count for

1 ratemaking.

2 COMMISSIONER CLARK: Is there a particular  
3 account for advertising and promotional expenses?

4 WITNESS TODD: I believe there is.

5 COMMISSIONER CLARK: Okay. What I'm asking  
6 is --

7 WITNESS TODD: I'm lost without my cheat  
8 book.

9 COMMISSIONER CLARK: Well, what I'm asking is  
10 suppose the Small Change Original Theater appeared in  
11 an advertising or promotional account, do you think  
12 that would be an improper characterization of this  
13 expense?

14 WITNESS TODD: That it's advertising?

15 COMMISSIONER CLARK: Yeah.

16 WITNESS TODD: I guess it would, being  
17 conservation program related, that doesn't sound like  
18 it should be advertising.

19 COMMISSIONER CLARK: Well, but it says to  
20 "educate Florida's youth on the importance of water and  
21 being water-wise." Now, let's suppose that they had  
22 done a TV program instead, and bought time on  
23 commercial TV and put it on there through an  
24 advertising agent, would it be correct to categorize it  
25 as an advertising expense?

1 WITNESS TODD: Yes.

2 COMMISSIONER CLARK: All right. And then,  
3 would you have -- if they had done the TV advertising,  
4 would you have either raised an exception or disclosure  
5 to admit that?

6 WITNESS TODD: If the advertising did not in  
7 any way benefit the customers, yes.

8 COMMISSIONER CLARK: Are you aware of whether  
9 or not this Company has done any advertising with  
10 respect to conservation of water?

11 WITNESS TODD: No, I'm not aware of it.

12 COMMISSIONER CLARK: Okay. Have you ever  
13 audited any water utility that has, and have you either  
14 filed an exception or disclosure when they have done  
15 that?

16 WITNESS TODD: No, I don't recall auditing a  
17 utility that's done something of this nature, no.

18 COMMISSIONER CLARK: Okay.

19 WITNESS TODD: And I'd like to point out  
20 something, if I may?

21 COMMISSIONER EASLEY: Go ahead.

22 WITNESS TODD: This response on what these  
23 expenses were about -- the Company's response to the  
24 exhibits they just gave us.

25 COMMISSIONER EASLEY: Yeah.

1           WITNESS TODD: That letter is dated September  
2 10th. And the last day of field work, which is on the  
3 front of the audit reports, September 11, and I wasn't  
4 aware of this response, and it came up in the exit  
5 conference, which is --

6           COMMISSIONER CLARK: Good, does your opinion  
7 change as to whether or not it should be included for  
8 ratemaking purposes, either one of them.

9           WITNESS TODD: Yes. Now, we had not gotten  
10 in because we were closing up shop, getting out the  
11 audit report, and on this exception I think we suggest  
12 yes, that the -- what does it say here -- it should  
13 read "the Utility should review its O&M expenses and  
14 schedule any such contributions for removal." And the  
15 guy brought up at the exit conference, you know, what  
16 -- the Utility asked, "What did this 8,000 consist of?"  
17 And I told him when I got back to the office, you know,  
18 that I'd get the work paper behind it and mail it to  
19 them, so they could have the chance to refute any of  
20 these as being something that should be below the line.  
21 And so that was kind of the end of it.

22           COMMISSIONER CLARK: That's fine. Having  
23 looked at it now, do you feel comfortable drawing an  
24 opinion on whether it should be included or not? And  
25 to say "no" is fine.

1 WITNESS TODD: Yeah.

2 COMMISSIONER CLARK: Okay.

3 Q (By Mr. Armstrong) Was that a no, that it  
4 should not be included in the MFRs, or that it should  
5 be included as a recoverable expense?

6 A The two items you brought up in this exhibit,  
7 the 5,000 and the 1,350, at a quick glance do look like  
8 reasonable above-the-line expenses.

9 Q Thank you.

10 COMMISSIONER EASLEY: I need a further  
11 clarification, though, Mr. Todd. I may have  
12 misunderstood something you said in response to  
13 Commissioner Clark.

14 In the hypothetical that she posed to you  
15 that had that little theater production thing, had that  
16 shown up in an advertising account, would you have put  
17 that little red tab on it? And I thought your answer  
18 was, "Probably so, because it looks like a conservation  
19 program." That you probably would have noted that as  
20 not belonging in an advertising account. Did I  
21 understand you correctly?

22 WITNESS TODD: No.

23 COMMISSIONER CLARK: Okay. What did you say?

24 WITNESS TODD: That any advertising expense,  
25 whether or not it should be above or below the line,

1 depends on the nature of whom it benefits.

2 COMMISSIONER EASLEY: Okay. So just the fact  
3 that it was conservation doesn't take it out of  
4 advertising but would make a difference as to whether  
5 it was above or below.

6 A Right.

7 COMMISSIONER EASLEY: All right. Then that  
8 may make more sense. Because the follow-up was, What  
9 if it were on television? And you said that you didn't  
10 think that was an allowable expense.

11 WITNESS TODD: Right. Depending on what the  
12 expenditure, who it benefited, whether it be through a  
13 theater group or television or --

14 COMMISSIONER EASLEY: Oh, I see the benefit  
15 you're talking about. All right. I'm glad I asked,  
16 thank you, that helped. Thank you.

17 MR. ARMSTRONG: With Mr. Todd's withdrawal  
18 with the exception that relates to those two expenses,  
19 we're done with the cross examination. I appreciate  
20 everybody's time and patience.

21 MR. McLEAN: I didn't hear a withdrawal. I  
22 don't think Mr. Todd said withdrawal.

23 COMMISSIONER EASLEY: I'll let Mr. Todd.  
24 Mr. Todd, do you want to tell him what you said  
25 concerning those two audit exceptions?

1           WITNESS TODD: Based on the answers you gave  
2 on those September 10th letters, they do appear to be a  
3 legitimate, above-the-line expense.

4           MR. ARMSTRONG: Commissioners, if I can,  
5 then, if Public Counsel is going to persist in their  
6 position here, there would be just two more questions.  
7 If they're going to persist --

8           MR. McLEAN: I may persist in that I might  
9 want to voir dire him on his expertise. But aside from  
10 that, no.

11          CHAIRMAN BEARD: Either you have questions or  
12 you don't.

13          MR. ARMSTRONG: Okay. I have a few  
14 questions, then.

15          CHAIRMAN BEARD: Ask them.

16          Q        (By Mr. Armstrong) Mr. Todd, are you aware  
17 that the St. Johns Water Management District requires  
18 utilities to have a water conservation plan and that  
19 these two items are included in the plan submitted to  
20 the St. Johns Water Management District?

21          MR. McLEAN: Commissioner -- pardon me, Mr.  
22 Todd, that question presumes that they do have such a  
23 plan.

24          CHAIRMAN BEARD: He asked him, "Are you  
25 aware?"

1 MR. ARMSTRONG: I'm asking if he's aware.

2 MR. McLEAN: Are you aware that they have  
3 one? And my question is are you aware if they have  
4 one?

5 CHAIRMAN BEARD: Well, if they have one and  
6 he's aware of it, he can be aware of it. If they don't  
7 have one and he's not aware of it, then he's not aware  
8 of it.

9 COMMISSIONER EASLEY: What did you have for  
10 lunch, Mr. McLean? (Laughter)

11 CHAIRMAN BEARD: First try to answer the  
12 question, I assume, because he may be aware that they  
13 don't have one. I mean, I don't know.

14 WITNESS TODD: I'm aware that the Commission  
15 encourages conservation but I'm not an expert in this  
16 area, by any means.

17 MR. ARMSTRONG: That's sufficient. Thank  
18 you, Commissioners.

19 CHAIRMAN BEARD: Public Counsel?

20 CROSS EXAMINATION

21 BY MR. McLEAN:

22 Q Mr. Todd, what is your exact position at the  
23 Commission?

24 A Utility Analyst II.

25 Q Are you a regulatory analyst?

1 A Yes.

2 Q Okay. Let me move on to another area.

3 A They used to call it something different and  
4 I have never adjusted. (Pause)

5 MR. McLEAN: No further questions.

6 CHAIRMAN BEARD: Commissioners? Redirect?

7 REDIRECT EXAMINATION

8 BY MS. ASHER-COHEN:

9 Q Mr. Todd, in order to clarify an issue  
10 concerning the relocation expenses, doesn't this  
11 four-year trend indicate that the costs, the relocation  
12 costs, are declining?

13 A And what is the question? I got the subject,  
14 now what is the question?

15 Q Doesn't the four-year trend that we spoke of  
16 earlier indicate that the relocation costs are  
17 declining?

18 A Yes.

19 MS. ASHER-COHEN: I have nothing further,  
20 thank you.

21 CHAIRMAN BEARD: The witness may step down.  
22 Next witness?

23 MR. ARMSTRONG: We have to move exhibits, I  
24 believe?

25 CHAIRMAN BEARD: We're going to do, that but

1 I am going to have the witness coming on. There's a  
2 clue in all this, we're moving along.

3 COMMISSIONER EASLEY: Thank you, Mr. Todd.

4 CHAIRMAN BEARD: Thank you. Judy Kimball,  
5 come on down. Exhibits?

6 MS. ASHER-COHEN: We'd like to move Exhibit  
7 131 into the record.

8 CHAIRMAN BEARD: Without objection.

9 MR. ARMSTRONG: The Company moves Exhibits  
10 132 through 136.

11 CHAIRMAN BEARD: What about 137?

12 MR. ARMSTRONG: Okay, if it's 137 is the  
13 number, I'll accept that.

14 CHAIRMAN BEARD: 137, subject to check,  
15 right. 132 without objection.

16 (Exhibit Nos 131 through 137 received in  
17 evidence.)

18 (Witness Todd excused.)

19 - - - - -

20 CHAIRMAN BEARD: Ms. Kimball, you were  
21 previously sworn?

22 WITNESS KIMBALL: Yes.

23 CHAIRMAN BEARD: For my own planning  
24 purposes, while she's unpacking, do you have any idea  
25 how much time you have?

1 MR. McLEAN: Two minutes max, maybe three.

2 CHAIRMAN BEARD: Staff?

3 MR. FEIL: Commissioner, anywhere from a half  
4 hour to an hour.

5 CHAIRMAN BEARD: Okay.

6 COMMISSIONER EASLEY: I've got a few minutes,  
7 too.

8 CHAIRMAN BEARD: How about on Wood?

9 MR. McLEAN: We waive. We have no questions  
10 for Mr. Wood.

11 MR. GOLDEN: About five minutes.

12 CHAIRMAN BEARD: Well, gang, I'm going to  
13 tell you. If we can finish in about an hour, with  
14 everybody's cooperation, we could finish today. You  
15 all got a --

16 COMMISSIONER EASLEY: Who is doing the jungle  
17 drums?

18 CHAIRMAN BEARD: Let's keep trucking.

19 COMMISSIONER CLARK: I just want everyone to  
20 be on notice, if it goes much beyond 5:20 I'm not  
21 staying.

22 CHAIRMAN BEARD: If we can move along as  
23 indicated, we ought to finish about 5:25.

24 COMMISSIONER CLARK: I just want them to  
25 know.

1 CHAIRMAN BEARD: Sure.

2 MR. FEIL: Mr. Chairman, I have no objection  
3 to taking Ms. Kimball right now, but I just wanted you  
4 to be aware that I may have to take a five-minute break  
5 about a quarter to 5:00, if that's acceptable.

6 CHAIRMAN BEARD: Sure. We'll probably be due  
7 for a five-minute break about then anyway. Maybe even  
8 ten.

9 MR. HOFFMAN: Mr. Chairman, a quick point of  
10 clarification. There was some discussion this morning  
11 on Public Counsel's Exhibit 125, which was the rainfall  
12 exhibit. I had some objections to that exhibit; and I  
13 think Mr. McLean made a statement which I do not think  
14 I responded to that my objections did not include a  
15 hearsay objection. I wanted to make sure that the  
16 record was clear that my intention was then and is now  
17 to include a hearsay objection to that exhibit.

18 CHAIRMAN BEARD: Let's go ahead and I'll take  
19 it back out and start all over -- no, just kidding.

20 MR. MCLEAN: I do want to respond very  
21 briefly that it is probably the best textbook example  
22 of a hearsay exception that I know of, and that's a  
23 government record where a guy goes out and reads the  
24 rain gauge every day. He doesn't have all that much  
25 incentive to falsify, at least not on behalf of SSU.

1 MR. HOFFMAN: That wasn't part of the  
2 discussion.

3 CHAIRMAN BEARD: Exhibit 125 is in the  
4 record. My response to how it is in the record, I  
5 think, if it is not hearsay, it certainly stood on the  
6 weight upon which it weighs and we'll move right along.

7 MR. McLEAN: Thank you.

8 CHAIRMAN BEARD: Your statement is noted.

9 MR. HOFFMAN: Thank you, Mr. Chairman.

10 Mr. Chairman, as you know, yesterday we put  
11 Ms. Kimball on for the purposes of cross examination by  
12 Mr. Jones. We identified her composite exhibits.

13 Throughout the course of the hearing there  
14 have been a number of issues which have been deferred  
15 to Ms. Kimball. I have discussed this with the  
16 parties; and with your permission, we would like to  
17 have her address those first before cross examination  
18 is undertaken so the parties can have an opportunity to  
19 get into that.

20 CHAIRMAN BEARD: Go ahead.

21 - - - - -

22 JUDITH J. KIMBALL

23 resumed the stand as a rebuttal witness on behalf of  
24 Southern States Utilities, Inc., and, having been  
25 previously duly sworn, testified as follows:

## 1 DIRECT EXAMINATION CONTINUED

2 BY MR. HOFFMAN:

3 Q If you would, Ms. Kimball?

4 A Yes. One of the issues that I had noted was  
5 the contractual services exhibit that was passed out, I  
6 don't know what the exhibit number was, it was  
7 Interrogatory No. 85. There was a reference to a  
8 Parcel 137 condemnation expense. I believe the legal  
9 firm, the law firm, was Gray Harris on that.

10 We checked back into what had happened at  
11 that item that was referenced on that and it was  
12 basically just a mechanical spreadsheet error. The  
13 exhibit had been prepared for the year 1990 as well;  
14 and that was basically a pretty generic description, it  
15 was just copied over into the '91 spreadsheet.

16 There is no condemnation expense related to  
17 Parcel 137 in the test year.

18 Q Any others, Ms. Kimball?

19 A Yes. A question came up about rate case  
20 expense when the rate case expense exhibit was offered,  
21 there was a \$9,000 double entry reference that the  
22 Commissioners asked about.

23 We checked into that and what happened is  
24 that when the filing fee was paid -- we sent a check  
25 for the filing fee up here Federal Express preceding

1 sending the MFRs themselves, and then another check for  
2 \$9,000 was cut that went with the MFRs.

3           The Commission cashed both checks and  
4 subsequently reimbursed the Company for one of those  
5 payments. That exhibit is just showing all that was  
6 was the accounts payable vouchers for the major  
7 consultants and filing fees. If that exhibit tied to  
8 the general ledger, when all the information is  
9 presented, you would see the credit for that other  
10 \$9,000 coming out of that total.

11           Q     Anything further, Ms. Kimball?

12           A     Yes. Advertising expense. There has been a  
13 lot of questions about advertising expense. I believe  
14 that, if I understood the Commissioners, they wanted to  
15 know of that exhibit, which was PSC's Audit Request 16,  
16 how much of that total amount in the test year was for  
17 gas advertising specifically. I ran through the  
18 numbers on that exhibit and the gas totalled \$5,468 of  
19 that total expense in advertising.

20           COMMISSIONER EASLEY: May I ask a question?  
21 Let me ask you a question on that. That exhibit  
22 represented, as I recall, the total for the test year,  
23 didn't it?

24           WITNESS KIMBALL: It did.

25           COMMISSIONER EASLEY: So running the total on

1 that exhibit represents running the total on a test  
2 year?

3 WITNESS KIMBALL: That's correct.

4 COMMISSIONER EASLEY: Okay.

5 A There was also a question about how much in  
6 that exhibit related to condemnation. There were a  
7 couple of items that referenced condemnation efforts  
8 and that total was rounded \$1,384. Those costs related  
9 to work done on the Collier County possible  
10 condemnation and really should have been deferred on to  
11 the balance sheet where we accumulate those costs until  
12 we have a final outcome on the situation.

13 And just for -- this wasn't an issue, but  
14 just further clarification, there is a \$500 promotional  
15 expense item in there for Florida Blue Key which,  
16 through the course of this, has already been suggested  
17 to be removed as a charitable contribution. But that  
18 happens to be in the advertising account.

19 Then, there was a question on the Price  
20 Waterhouse bill for, I believe it was, approximately  
21 \$5,000 that was in rate case expense, and a question as  
22 to what was done to incur \$5,000 of charges.

23 In this rate case, I believe almost for the  
24 first time in the rate cases I have been involved in,  
25 both FPSC and Office of Public Counsel have asked to

1 review the audit work paper files from our outside  
2 accountants. They asked to review 1989, 1990, and 1991  
3 work papers.

4 Price Waterhouse had to get ready for that  
5 review. They go through and they remove all  
6 proprietary information that is not made available to  
7 outside third parties; they had to be available during  
8 the course of the review; and then subsequent, I think  
9 OPC spent two days in their offices and FPSC I think  
10 spent one day. Subsequent to that review, they then  
11 had to make copies that had been requested and run them  
12 over to the office.

13 So that's basically what expense was incurred  
14 there or what they did to incur that expense.

15 That's all I have on my list.

16 MR. HOFFMAN: Thank you very much, Ms.

17 Kimball. She's available.

18 MR. McLEAN: Mr. Chairman, I have a four-part  
19 proposal. The first is I take two exhibits over to Mr.  
20 Hoffman. The second part is Staff goes ahead with  
21 their cross. Third, if Mr. Hoffman can agree, that we  
22 simply submit our two exhibits into the record. Four  
23 will be we don't cross Ms. Kimball.

24 CHAIRMAN BEARD: Let's give this the old  
25 college try and you pass them on.

1           COMMISSIONER EASLEY: Tell you what, while  
2 they're doing that, to also help speed up, could I ask  
3 my tax questions which are not totally at issue here  
4 but came up as a result?

5           CHAIRMAN BEARD: Commissioner, I think what  
6 we ought to do next is you ask your tax questions.

7           COMMISSIONER EASLEY: Thank you so much.

8           Ms. Kimball, this also got referred to you  
9 but there was no reason for you to make a note because  
10 you wouldn't have the foggiest idea what I was getting  
11 ready to ask you.

12           One of the things that we have learned is  
13 that apparently property appraisers around the state  
14 are assessing utility property in evidently different  
15 ways, creating used and useful and CIAC and I don't  
16 know what all in ways that are not exactly uniform. Is  
17 that the case?

18           WITNESS KIMBALL: That's absolutely correct.

19           COMMISSIONER EASLEY: I see. I would like to  
20 request from you a late-filed exhibit --

21           WITNESS KIMBALL: I can run down the list and  
22 tell you what each one does, if you would like.

23           COMMISSIONER EASLEY: Rather than doing it  
24 that way, would I rather have it in written form a  
25 little separate from this record, because it really

1 isn't at issue directly -- although the results could  
2 be at issue, depending upon what happens to the tax  
3 rolls.

4 So, Mr. Chairman, if I could have a number  
5 and I'll tell her what I want on it.

6 CHAIRMAN BEARD: Your very own personal  
7 number is 138.

8 COMMISSIONER EASLEY: Just my age.

9 CHAIRMAN BEARD: One, or 38?

10 COMMISSIONER EASLEY: The whole shooting  
11 match. (Laughter)

12 (Late-Filed Exhibit No.138 identified.)

13 COMMISSIONER EASLEY: What I would like to  
14 have is those variations in the methods of appraisal,  
15 how they treat used and useful, the treatment of CIAC,  
16 and any other specific, different assessment practice  
17 that I haven't heard about yet that you want to tell us  
18 about.

19 In addition, on Exhibit 112, there is a  
20 late-filed coming, which I believe is Late-Filed 121,  
21 that is going to reconcile the Schedule 70-B, Appendix  
22 70-B, with the MFRs on the land values. I have also  
23 been trying to figure out the assessed-for-tax-purposes  
24 assessed value of the land in those systems. If you  
25 can give me that either on the exhibit I've just asked

1 for or on Late-Filed 121, I don't really care where, I  
2 would like to have that as well.

3 WITNESS KIMBALL: That's no problem.

4 COMMISSIONER EASLEY: And then I've got one  
5 question for you. Do you have this Exhibit 112 that  
6 has the Appendix 70-B with you, by any chance?

7 WITNESS KIMBALL: I'm not sure, let me check.

8 COMMISSIONER EASLEY: If somebody could hand  
9 her one real quick? Here, I'll give you her a page of  
10 mine because I don't really care what page we look at.

11 (Witness provided document)

12 COMMISSIONER EASLEY: Just so I can be  
13 thinking about this while you're doing all this, look  
14 at the column marked "Value on Books."

15 WITNESS KIMBALL: Yes.

16 COMMISSIONER EASLEY: Go to Page 2 where  
17 Marion Oaks is, because that's where I have it turned  
18 to.

19 WITNESS KIMBALL: Yes.

20 COMMISSIONER EASLEY: Do any of those  
21 properties look like, or the total in that column for  
22 Marion Oaks look like, anything close to the assessed  
23 value for tax purposes in that column?

24 And if not, is there a column on there that's  
25 close?

1                   WITNESS KIMBALL: I couldn't tell you on  
2 Marion Oaks because I haven't looked those tax bills up  
3 on those parcels to see the assessed values. However,  
4 I can sure tell you on the Marco Island if you want to  
5 go to Marco Island.

6                   COMMISSIONER EASLEY: Great. I just happened  
7 to have it; mine has been permanently turned to this  
8 page. Go to Marco Island. Got it, it's on Page 1 of  
9 5.

10                   As a matter of fact, that would be an  
11 interesting one. The only trouble is that doesn't have  
12 future use in it, but it is still an interesting one to  
13 talk about.

14                   WITNESS KIMBALL: Right. This is my Exhibit  
15 5 in my rebuttal testimony, but it does present  
16 basically the same information that you are seeing in  
17 this Appendix 70-B and it provides the tax bills for  
18 those parcels.

19                   And, for example, if you look at Marco Island  
20 and is you see Unit 4, Tracts D and F, and you see the  
21 value on books, 48,206, Tract D on the tax bill, Page 2  
22 of 7 of my Exhibit 5, the assessed value is \$1,640,375.

23                   COMMISSIONER EASLEY: Okay.

24                   WITNESS KIMBALL: The assessed value of Tract  
25 F is \$262,975. That just gives you a glimmer --

1           COMMISSIONER EASLEY: It does kind of go in  
2 the opposite direction, doesn't it?

3           WITNESS KIMBALL: Yes. I read something out  
4 of a Price Waterhouse national newsletter that just  
5 came out, it's their October 1992 issue, and they're  
6 addressing these property tax concerns. And if I could  
7 read some of this, it --

8           COMMISSIONER EASLEY: Well, how about  
9 furnishing it to me? I really don't want to take up  
10 the time on this record because I'm about to ask --

11           COMMISSIONER CLARK: No, go ahead, I'm  
12 interested.

13           COMMISSIONER EASLEY: You're interested in  
14 hearing it? Go right ahead.

15           WITNESS KIMBALL: It just starts to say that,  
16 "Property taxes are usually imposed on two types of  
17 property, real property, which is land and improvements  
18 such as buildings and structures," and it has a little  
19 other verbiage. Then it goes into details about the  
20 real property taxes, which is what we're talking about  
21 here on the land.

22                   And it says, "Real property is assessed by  
23 local assessors based on an assumed true or fair market  
24 value. It can be difficult for the owner of the  
25 property to determine the factors used by the taxing

1 jurisdiction in arriving at the taxable value or base  
2 on which the tax is levied. The problem is compounded  
3 by the fact that various valuation concepts may be used  
4 in combination or alone to determine the true or fair  
5 market value of the property." They go into talking  
6 about the cost approach, the market approach, which I  
7 can read all that if you would like.

8 COMMISSIONER EASLEY: No. See, all of a  
9 sudden you're in an area that I know something about.

10 CHAIRMAN BEARD: Get away from that.

11 COMMISSIONER EASLEY: Yeah, I know, it's  
12 dangerous.

13 WITNESS KIMBALL: It just kind of confirms,  
14 though, what we're faced with here.

15 COMMISSIONER EASLEY: Okay. The other thing,  
16 in reading that, I'm glad you did because you reminded  
17 me of something. Be sure when you give me this that  
18 what you're giving me is on the real estate, not on  
19 tangible personal or anything like that. Or separate  
20 them out to the extent you can.

21 WITNESS KIMBALL: Oh, you mean on the  
22 late-filed exhibit?

23 COMMISSIONER EASLEY: Yes.

24 WITNESS KIMBALL: Well, the late-filed  
25 exhibit, the big issue, like in Citrus County with

1 Sugar Mill Woods, was the property tax.

2 COMMISSIONER EASLEY: That's what I'm talking  
3 about, the property tax as opposed to --

4 WITNESS KIMBALL: Okay, what I'm reading here  
5 is the real estate tax.

6 COMMISSIONER EASLEY: Same thing. Should be.  
7 I'm not talking about tangible personal.

8 WITNESS KIMBALL: But that's why our taxes  
9 are what they are in Sugar Mill Woods.

10 COMMISSIONER EASLEY: What I'm trying to get  
11 you to do is separate them for me. I'm not ignoring  
12 them, I want them separate.

13 WITNESS KIMBALL: I see.

14 COMMISSIONER EASLEY: Because your land use,  
15 now, let me be sure of that. The land, based on  
16 Exhibit 112, the values on the land, including that one  
17 that we just talked about in Marco Island, that's  
18 strictly the real property, isn't it?

19 WITNESS KIMBALL: Right.

20 COMMISSIONER EASLEY: Okay. That's one  
21 reason I want the separation. Okay, that's all I have.  
22 Thank you, Mr. Chairman. Appreciate you all's  
23 patience.

24 CHAIRMAN BEARD: Were you all able to come to  
25 grips on the two exhibits?

1 MR. HOFFMAN: Yes. As I understood Mr.  
2 McLean's proposal, it was that these two exhibits be  
3 entered into the record and we have no objection.

4 CHAIRMAN BEARD: Those will be Exhibits Nos.  
5 139 and 140. On Exhibit 139, I need a short title.

6 MR. HOFFMAN: Sure.

7 CHAIRMAN BEARD: Oh, this is bad, the Company  
8 is going to give short titles to OPC's exhibits. I  
9 can't wait.

10 MR. HOFFMAN: "Late-Filed Bad Debt Exhibit  
11 Which Was Done Extremely Well by the Company."

12 (Laughter)

13 COMMISSIONER EASLEY: That's a short title?

14 CHAIRMAN BEARD: I think we'll just call it  
15 "Bad Debt Exhibit" and not go with the propaganda.

16 MR. HOFFMAN: The other one are the Company's  
17 responses to OPC Interrogatories 337 and 333.

18 CHAIRMAN BEARD: Okay. That puts them at  
19 rest for this witness.

20 (Exhibits Nos. 139 and 140 marked for  
21 identification and received in evidence.)

22 CHAIRMAN BEARD: Staff?

23 MR. FEIL: Ms. Kimball, in reference --

24 CHAIRMAN BEARD: Do we need to take a break?

25 MR. FEIL: I think I can get in about five

1 minutes if that's all right.

2 CHAIRMAN BEARD: Suits me.

3 CROSS EXAMINATION

4 BY MR. FEIL:

5 Q Ms. Kimball, in reference to what you were  
6 discussing with Commissioner Easley, does the Utility  
7 receive a separate property tax bill for each land  
8 parcel it owns?

9 A Yes, it does.

10 Q To the extent the Commission considered  
11 certain future use parcels nonused and useful  
12 properties, would the Utility be able to identify the  
13 corresponding property tax bill for the parcels?

14 A I believe it could.

15 Q Could you provide as a late-filed exhibit the  
16 appropriate amount of property taxes for the future use  
17 sites listed on that response labeled Interrogatory 70b?

18 MR. FEIL: Mr. Chairman, may I have a --

19 CHAIRMAN BEARD: In a minute you can.

20 MR. FEIL: I suppose we could make a part of  
21 Commissioner Easley's Late-Filed --

22 COMMISSIONER EASLEY: That would be all right.  
23 Would it be easier to put it onto my late-filed or does it  
24 make any difference?

25 WITNESS KIMBALL: We could.

1 COMMISSIONER EASLEY: That's fine with me if  
2 you want to put it on there.

3 CHAIRMAN BEARD: We just did.

4 COMMISSIONER EASLEY: Thank you.

5 Q (By Mr. Feil) Ms. Kimball, you prepared the  
6 schedules in the CIAC refund docket, did you not?

7 A Those schedules were basically prepared by  
8 Minnesota Power Tax Department personnel.

9 Q All right. Could you -- I believe Mr. Gangnon  
10 referred some subject matter to you. Could you identify  
11 the amount of CIAC not subject to gross-up by system?

12 A Could I?

13 Q Yes, could you? Mr. Gangnon said you could.

14 A I think we could.

15 Q Could you provide that as a late-filed exhibit?

16 A You want the CIAC not subject to gross-up,  
17 meaning the pre-1987 CIAC?

18 Q One moment please. (Pause) Yes.

19 CHAIRMAN BEARD: Exhibit 141 late-filed,  
20 short title?

21 MR. FEIL: "CIAC Gross-up by System" -- or  
22 "CIAC Not Subject to Gross-up by System."

23 CHAIRMAN BEARD: Okay.

24 (Late-filed Exhibit No. 141 identified.)

25 Q (By Mr. Feil) Ms. Kimball, if I could have

1 you give me, rather than just for all the pre-'87  
2 systems, I'd also like the post-'87 for those systems  
3 without gross-up authority. So in other words, I don't  
4 want to know -- let me back up. Pre-1987, and also  
5 post-1987 for those systems without gross-up authority  
6 after 1987. Do you understand?

7 A Well, I guess I'm a little confused because I  
8 thought the Company had gross-up authority on all of  
9 the systems.

10 Q If that's true, then just so state in the  
11 late-filed exhibit.

12 Ms. Kimball, do you have in front of you  
13 something we passed out, Response to Staff Interrogatory  
14 149, and also in relative proximity to that some A  
15 Schedules, one is for Rolling Greene A-5, Water Schedule,  
16 and the other is Rosemont A-5, Water Schedule.

17 A Yes.

18 Q And you prepared the Response to Interrogatory  
19 149, did you not?

20 A Yes, I did.

21 Q And that shows the amount of the retirements  
22 for the Rosemont system, is that correct?

23 A Yes, that's correct.

24 Q If you could look at the A Schedules, isn't it  
25 correct that the cost of completing the interconnection

1 between Rolling Green and Rosemont were included in  
2 Rosemont's rate base?

3 A Well, I'm not sure I can determine that from  
4 looking at this A Schedule.

5 Q Wouldn't it appear if you'd look at -- if you  
6 compare the two A Schedules, the one for Rolling Green  
7 and the one for Rosemont, that the 1991 plant additions  
8 for Rosemont are significant, whereas the 1991 plant  
9 additions for Rolling Green are relatively  
10 insignificant?

11 A That's true. I was looking at the wrong  
12 page. When I look at the Rosemont page, I do see  
13 significant 1991 additions.

14 Q Wouldn't it be safe to assume that the plant  
15 additions were the result of the interconnection  
16 between Rosemont and Rolling Green?

17 A I think there was other plant construction  
18 going on related to the interconnect, but not  
19 specifically the interconnect. I'm -- you know, I'm  
20 not familiar with these.

21 Q Well, assuming that all of those costs are  
22 attributable to the interconnection and if the Rolling  
23 Green system was a principal beneficiary, do you  
24 believe that the costs should be shared between the two  
25 systems? (Pause)

1           A     I really think that's out of the realm of my  
2 testimony whether -- that's a ratemaking question.

3           Q     Do you believe Mr. Wood would be a little  
4 more familiar with the situation regarding the  
5 interconnect?

6           A     He would be more familiar with the  
7 construction that went on there, certainly.

8           Q     All right. A short time ago -- excuse me,  
9 earlier this afternoon we stipulated to amortize the  
10 cost for the re-use feasibility study at Lailani  
11 Heights; were you present when that was announced?

12          A     Yes, I heard that.

13          Q     The -- I'm not sure whether it was clarified  
14 what the dollar amount for the re-use feasibility study  
15 was. In OPC's position, the amount was \$10,500; and in  
16 the MFRs, it's listed at \$10,150. Could you tell me  
17 which number is correct?

18          A     I've heard \$10,500. That doesn't mean that's  
19 correct. That's the number I've heard. I think there  
20 was an interrogatory on it that gave that number,  
21 which, you know, we should have --

22          Q     Well, since I wasn't in the room at the time  
23 it was stipulated, I don't think, maybe OPC could  
24 clarify whether not we -- did we stipulate to OPC's  
25 position?

1 MR. HOFFMAN: We stipulated to amortizing the  
2 cost over the four years, but I don't know that we  
3 agreed to OPC's number. I think whatever the number is  
4 is the number that's subject to stipulation.

5 (Laughter)

6 COMMISSIONER EASLEY: Didn't you want to take  
7 a break?

8 MR. FEIL: This may be an appropriate time  
9 for a break.

10 COMMISSIONER EASLEY: I think it might be, yes.

11 CHAIRMAN BEARD: What's the answer?

12 MR. HOFFMAN: Mr. Wood has the number.

13 COMMISSIONER EASLEY: Why don't we take a  
14 break and he'll find out.

15 CHAIRMAN BEARD: Be back here in about ten  
16 minutes.

17 (Brief recess.)

18 - - - - -

19 CHAIRMAN BEARD: I just want to know if your  
20 two new co-counsel have taken the bar exam yet.

21 MR. FEIL: No, no. They haven't, although  
22 they do negotiate fairly well. (Laughter)

23 Q (By Mr. Feil) Ms. Kimball, I believe you have  
24 in front of you the Response to Interrogatory No. 75 and  
25 also the Response to Interrogatory -- or to Record Request

1 No. 18. Do you have those in front of you? They weren't  
2 passed out just now but some time ago.

3 A I have them.

4 CHAIRMAN BEARD: Which ones?

5 MR. FEIL: Interrogatory 75 and Document  
6 Request No. 18.

7 CHAIRMAN BEARD: I've got FPSC Record Request  
8 No. 18. I've got Staff Interrogatory 149.

9 Q (By Mr. Feil) Ms. Kimball, you said you had  
10 No. 75?

11 A Yes.

12 Q All right.

13 CHAIRMAN BEARD: Can you hold it up and let  
14 me look at it so I can see what it looks like? Never  
15 mind. Do we need to label these? Number them?

16 MR. FEIL: Yes, please. For Document Request  
17 No. 18 if we could have an Exhibit No. 142 for that?

18 CHAIRMAN BEARD: That will 142, Document  
19 Request No. 18 and Staff Interrogatory No. 75 will be  
20 Exhibit No. 143.

21 (Exhibit Nos. 142 and 143 marked for  
22 identification.)

23 Q (By Mr. Feil) Ms. Kimball, I don't have any  
24 specific questions I'd like to ask you about those two  
25 other than that you prepared the responses to those

1 interrogatories, is that correct?

2 A 75 is an interrogatory and I did prepare the  
3 response to that.

4 Q What about in regards to Document Request 18?

5 A That's an audit request, not a document  
6 request, but I did -- you know, I was involved in that  
7 as well.

8 Q But you prepared that, did you not?

9 A Well, it was prepared under my supervision.  
10 I wrote the summary memorandum. (Pause)

11 Q We've also passed out the Response to  
12 Interrogatory No. 178. It says, "Description" there,  
13 Plant Additions of Fox Run Water System." Do you have  
14 that?

15 CHAIRMAN BEARD: Again, what number?

16 MR. FEIL: It says, "Description, Plant  
17 Addition to Fox Run Water System."

18 CHAIRMAN BEARD: Okay, I've got it.

19 MR. FEIL: It's actually Interrogatory No. 178.

20 CHAIRMAN BEARD: Need a number?

21 MR. FEIL: Yes, please.

22 CHAIRMAN BEARD: 144.

23 (Exhibit No. 144 marked for identification.)

24 Q (By Mr. Feil) And in a nutshell, Ms. Kimball,  
25 if you could compare the response to that interrogatory

1 with A Schedule, the A-4 Schedule there for Fox Run, which  
2 I believe we've handed out to you?

3 A Yes.

4 Q Isn't it correct that on the A Schedule there  
5 are shown plant additions for the years 1989 in the  
6 amount of \$5,935 and 1990 in the amount of it \$126,483?

7 A That's what the A Schedule says.

8 Q In a nutshell, Ms. Kimball, what our problem  
9 is is that the Response to the Interrogatory 178, did  
10 not provide a complete response to the interrogatory.  
11 There were only a few plant items listed there and the  
12 additions for 1989 and 1990 are not itemized in the  
13 response. Could you provide us with a late-filed  
14 exhibit which would itemize those plant additions?

15 A Sure.

16 MR. FEIL: Mr. Chairman, if I may have a  
17 late-filed exhibit?

18 CHAIRMAN BEARD: Late-filed No. 145.

19 MR. FEIL: Short title, "'89 and '90 Fox Run  
20 Additions."

21 (Late-filed Exhibit No. 145 identified.)

22 Q (By Mr. Feil) Ms. Kimball, if you could look  
23 in front of you, I believe you have something that has  
24 the description, "Accounting Instruction No. 27,  
25 Uniform System of Accounts"?

1           A     Yes.

2                   MR. FEIL:  Mr. Chairman, may I have an exhibit  
3 number for that item?

4                   CHAIRMAN BEARD:  146.

5                   (Exhibit No. 146 marked for identification.)

6           Q     (By Mr. Feil)  Ms. Kimball, are you familiar  
7 with what this is?

8           A     Yes, I am.

9           Q     Referring to Paragraph B, Section 2, do you  
10 agree that this instruction specifies that "The equal  
11 and offsetting entries to plant and accumulated  
12 depreciation shall be recorded when the plant is  
13 retired"?

14          A     It does say that.  I'd have to say that's if  
15 there's a normal retirement.

16          Q     So the Utility would not recognize a loss  
17 under ordinary conditions or ordinary retirement, is  
18 that correct?

19          A     Under an ordinary retirement, there'd be a  
20 reserve sufficient to handle that, that write-off.  And  
21 that's what that paragraph is addressing.

22          Q     Do you agree that Paragraph H provides an  
23 exception to Paragraph B when the reduction to  
24 accumulated depreciation seriously depletes or  
25 eliminates the depreciation reserve?

1           A     Yes, I do.

2           Q     And that this exception allows a recognition  
3 of an extraordinary loss upon retirement of plant?

4           A     Yes.

5           Q     Do you interpret the comment regarding  
6 "serious depletion of accumulated depreciation" to  
7 apply to a system's reserve account in total or to a  
8 subcategory thereof?

9           A     In the case of Southern States, it really  
10 applies to a subcategory thereof. We keep our reserves  
11 by plant, by asset account. It's not a pool for the  
12 total Company. So we get into a situation where when  
13 we have an unexpected extraordinary retirement or  
14 abandonment, if you will, whatever you want to call it,  
15 because we aren't looking at the whole Company pool,  
16 that reserve isn't sufficient at the plant level.

17           (Pause)

18           Q     Ms. Lewis, do you have -- excuse me,  
19 Ms. Kimball. You look nothing like Chuck Lewis by the  
20 way.

21           A     Thank you. (Laughter)

22           Q     Do you have the Response to Staff Interrogatory  
23 No. 32?

24           A     Yes.

25           Q     You prepared that response, correct?

1           A     Yes.

2           Q     Basically, what the response says, correct me  
3 if I'm wrong, is that Minnesota Power has charged  
4 organizational development costs to the Company and  
5 that the Company, in the first year that they were  
6 charged, decided to amortize it; and then when it was  
7 charged by Minnesota Power a second time, decided that  
8 it was an annually recurring expense and desired to  
9 expense the entire amount. Is that correct?

10          A     Yes. Let me explain a little bit what  
11 happened. When organizational development first was  
12 introduced at Southern States, we really didn't know  
13 what the program would encompass and how long these  
14 charges would be going on. And our initial thought was  
15 that we should just defer them and amortize them. But  
16 as they became routine -- they seemed to become routine  
17 in nature, we just decided we should expense them  
18 immediately because they are, in fact, a recurring  
19 expense for the Company.

20          Q     Were you charged an amount for 1992?

21          A     What was the question?

22          Q     Were you charged an amount by Minnesota Power  
23 for 1992?

24          A     Yes. Through August of 1992, we've been  
25 charged \$8,912, which annualized would be \$13,368,

1 which compares to 14,000 rounded for 1991 and 12,000  
2 rounded for 1990, which is an indication to me that  
3 these are recurring costs each year.

4 Q If the organizational training costs will  
5 benefit future periods, why shouldn't the costs be  
6 matched with future revenues and amortized over an  
7 extended period, as was done in 1990?

8 A Well, what was done in 1990 was just to -- we  
9 had set up a period -- let me see. We were going to go  
10 originally with between a 12- to 18-month amortization  
11 period.

12 Organizational development is a pretty tough  
13 item to fix a useful life to. You know, generally you  
14 try to get a reasonable period that you would amortize  
15 costs over, and that's kind of a program that's hard to  
16 say what is the future benefit life of that particular  
17 item.

18 Q Shouldn't the 1990 dollar amount charged to  
19 1991 be eliminated? And I'm referring to the  
20 interrogatory, the last sentence at the bottom. You  
21 state there that 1990 dollars were written off, but  
22 \$8,397 were charged to expenses. Isn't that 1990  
23 dollar amount from a prior period?

24 A Yes, it is.

25 Q Isn't it correct that if the Commission were

1 to allow this expense on an annual basis, that it  
2 should be the 1991 dollar amount and not a combination  
3 of the 1991 and 1990 dollar amounts?

4 A That's true.

5 Q Do you have the Response to Staff  
6 Interrogatory No. -- excuse me, Mr. Chairman, I believe  
7 I forgot to have interrogatory --

8 CHAIRMAN BEARD: You want a number for  
9 Interrogatory 32?

10 MR. FEIL: Yes, sir.

11 CHAIRMAN BEARD: We can do that. 147.

12 MR. FEIL: If I could have an exhibit number,  
13 while I'm at it, for the Response to Staff Interrogatory  
14 No. 41.

15 CHAIRMAN BEARD: 148.

16 (Exhibit Nos. 147 and 148 marked for  
17 identification.)

18 Q (By Mr. Feil) Ms. Kimball, do you have that  
19 in front of you?

20 A I'm sorry, which one?

21 Q The Response to Staff Interrogatory No. 41.

22 A Yes.

23 Q Do you have any changes to that, or is that  
24 substantially correct?

25 A It was correct when I wrote it; as far as I

1 know, it was correct. I don't know what kind of  
2 changes you might be looking for. I know that -- I  
3 believe that Staff, after Ms. Dismukes' testimony  
4 that's proposing removing this cost from the test year,  
5 and I really disagree with the removal of that cost  
6 from the test year.

7 Q Could you tell me whether or not a similar  
8 survey as the one described here has been conducted in  
9 1992?

10 A No, but it's going to be in 1993. And this  
11 survey was done in late 1990; so you had half of that  
12 cost in 1991 and the other half is in 1992, and a  
13 similar survey will be conducted in 1993.

14 Q Do you have a contract for that?

15 A I wouldn't know that.

16 Q So it's your position that this type of  
17 survey benefits the shareholders by -- strike that.

18 Are the shareholders at all sharing the cost  
19 of this expense?

20 A I'm pretty certain that this whole expense is  
21 above the line, and I believe it should be above the  
22 line. It was a very important thing that the Company  
23 did, and it definitely benefits the customers.

24 I'd like to read a little bit of this  
25 interrogatory, if I could. It tells exactly what went

1 on here, and how it led into the key result areas that  
2 the Company established, to get some of the things  
3 implemented that needed to be done so our Company was  
4 providing quality service to the customers and  
5 addressing what it was was that the customers were  
6 unhappy about or thought that we could improve upon.

7 Q All right. Do you have the response to Staff  
8 Interrogatory No. 46 before you?

9 A Are we off the Cambridge survey?

10 Q Yes, ma'am.

11 A So, I'm not going to get read any of this?

12 Q Well, ma'am, it's in the record already. You  
13 may understand that I'm in a situation over here.

14 (Laughter)

15 A Okay.

16 COMMISSIONER EASLEY: We may have just found  
17 a way to cut back.

18 MR. FEIL: I think I'll do this more often.  
19 Should have had it when Mr. Sweat was here.

20 CHAIRMAN BEARD: We're thinking of having the  
21 witnesses bring theirs, too.

22 MR. FEIL: I think that would be a good idea.

23 CHAIRMAN BEARD: I've got one loaner I'll  
24 give you.

25 WITNESS KIMBALL: No, thanks.

1                   COMMISSIONER EASLEY: You're going to need a  
2 number for 46.

3                   MR. FEIL: Staff Interrogatory No. 46, Mr.  
4 Chairman, if I may?

5                   CHAIRMAN BEARD: That will be Exhibit No. 149.  
6 (Exhibit No. 149 marked for identification.)

7           Q       Ms. Kimball, if you could refer to the last  
8 page, Page 4 of 4, isn't it correct that customers  
9 can't pay their bills at the Sunny Hills office  
10 anymore?

11           A       I don't really know if I can answer that  
12 question. I know the Sunny Hills office was one of  
13 those destined to be discontinued.

14           Q       So, wouldn't it stand to reason that  
15 customers can't pay their bills there anymore?

16           A       But I don't know that that's totally true. I  
17 really don't know. (Pause)

18           Q       Ms. Kimball, doesn't the Utility have  
19 dedicated data lines?

20           A       I could say yes. And I could also say that  
21 you're going to get into something I just have totally  
22 no background on.

23           Q       All right. Ms. Kimball, if you could refer  
24 to another response to an interrogatory we have in  
25 front of you, I believe 48?

1 A Yes.

2 Q If I could have you go through the pages, it  
3 has an appendix or two appendixes attached to it, one  
4 marked DR-2A, the other marked 48-A. Do you have that  
5 in front of you?

6 A Yes.

7 Q If I also could have you refer to Page 16 of  
8 your rebuttal testimony, were you --

9 CHAIRMAN BEARD: Do we need a number for this?

10 MR. FEIL: Yes, sir, please.

11 CHAIRMAN BEARD: 150.

12 MR. FEIL: Response to Interrogatory 48.

13 (Exhibit No. 150 marked for identification.)

14 Q (By Mr. Feil) On Page 16 and 17 of your  
15 rebuttal testimony, you address the issue of in-house  
16 remittance processing; is that correct?

17 A Yes.

18 Q If I could have you refer to an appendix  
19 that's labeled DR-2A --

20 A Yes.

21 Q -- on the first page there in the third full  
22 paragraph?

23 A Yes.

24 Q Doesn't it say that this option will save  
25 approximately \$4,500 per month?

1 A That's what it says.

2 Q Would you agree, subject to check, that that  
3 amounts to \$54,000 per year?

4 A That's what the memo says; but this memo was  
5 part of a cost/benefit analysis, that doesn't mean  
6 that's what's actually happened.

7 Q All right. Could I have you refer to the  
8 next page, which is laying sideways. It has several  
9 columns on it, several monthly amounts.

10 A Yes.

11 Q Is the number there in the bottom left-hand  
12 corner \$85,278?

13 A Very hard to read, but I think that's what it  
14 is.

15 Q Isn't that the amount charged by Sun Bank?

16 A That is the amount charged by Sun Bank during  
17 1991 for lock box service. Sun Bank charges for other  
18 things, this is just lock box service.

19 Q And isn't it correct that the dollar amount  
20 near the top has a double underline under it, it says  
21 \$14,480. Isn't that your estimate of the annual cost  
22 to do the remittance processing in-house?

23 A That was the operating cost for doing  
24 remittance processing in-house. But there again, this  
25 stuff was all taken from a cost/benefit study. When

1 these were provided, as I said in my rebuttal  
2 testimony, there were other things that are not in this  
3 rate case. If you're going to reduce our expenses,  
4 then you have to recognize the capital asset we  
5 acquired is not in this rate case, we haven't got a  
6 rate of return on it, we don't have depreciation and  
7 taxes on it. There's a series of things that have not  
8 been brought into this, and I don't --

9 Q You itemize those things in your rebuttal  
10 testimony, do you not?

11 A Yes, I do.

12 Q Would you agree, subject to check, that those  
13 items detail a savings of \$25,000?

14 A From what?

15 Q From the total amount charged by Sun Bank.

16 A I'm sorry, I'm not following.

17 Q You're not following? Okay. Let's just say  
18 you take the amount that Sun Bank charges, and you  
19 subtract from that the dollar amounts you have listed  
20 as expenses the Company is going to incur as a result  
21 of doing it in-house, i.e., depreciation, return on  
22 investment, labor, temporary help. Would you agree,  
23 subject to check, that the amount of the savings still  
24 is \$25,000?

25 A No. I went through the costs. The costs as

1 I listed them, including the operating costs, totaled  
2 almost 75,000. And that's not taking into  
3 consideration some of the things that I couldn't  
4 measure, such as the credits we're getting from the  
5 bank, the reduced credits we're getting because we  
6 aren't keeping as high balances there. And also  
7 potential increased costs due to switching, if the  
8 Commission grants monthly billings, we're going to have  
9 more costs related to this.

10 I really believe it's improper to be removing  
11 expenses from a historical test year, that -- it's just  
12 not substantiated. We've got a lot of expenses that  
13 are not in here, and this is just picking one piece and  
14 looking at it very narrowly.

15 Q Ma'am, if I understand your position, you're  
16 saying that the change is not known and measurable.  
17 Yet, your numbers listed here in your rebuttal  
18 testimony are rather exact, are they not?

19 A Yes. What I'm saying is what I couldn't  
20 quantify is the credits that we get from Sun Bank, for  
21 maintaining higher balances, that was a difficult  
22 number to quantify. And also that outside of the test  
23 year there could be additional expenses that may not be  
24 showing up here, due to converting to a monthly billing  
25 cycle.

1 Q On the subject of moving towards monthly  
2 billing, in the response to Interrogatory No. 226, the  
3 Company stated that it would save two cents per item  
4 over the cost incurred, utilizing a presort company for  
5 mail service. Does the Company plan on changing the  
6 billing cycle to monthly increments for the entire  
7 Company; and if so, will this increase the number of  
8 bills sent annually?

9 A I don't know the answer to that.

10 MR. FEIL: May I have a moment, Mr. Chairman?

11 CHAIRMAN BEARD: Sure. (Pause)

12 MR. FEIL: Staff has nothing further of this  
13 witness.

14 CHAIRMAN BEARD: Commissioner?

15 COMMISSIONER EASLEY: Nothing.

16 CHAIRMAN BEARD: Redirect?

17 MR. HOFFMAN: No questions.

18 CHAIRMAN BEARD: You may step down. You may  
19 call the one we have been looking for.

20 MR. HOFFMAN: Mr. Chairman, we would move  
21 Composite Exhibit 123.

22 CHAIRMAN BEARD: Without objection.

23 MR. McLEAN: Citizens move 139 and 140.

24 CHAIRMAN BEARD: Without objection.

25 MR. FEIL: Staff would move 141 through 150.

1 CHAIRMAN BEARD: How about if we move 142  
2 through 144 and 146 through 150?

3 MR. FEIL: Pardon me?

4 CHAIRMAN BEARD: Not move 141 and not move  
5 145, since they are late-fileds.

6 MR. FEIL: Oh, I'm sorry.

7 CHAIRMAN BEARD: Without objection. So be it.

8 (Exhibit No.s 123, 139, 140, 142 through 144,  
9 146 through 150 received into evidence.)

10 (Witness Kimball excused.)

11

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12 MR. HOFFMAN: We call Mr. Wood.

13 CHAIRMAN BEARD: Come on down. Have you been  
14 sworn?

15 WITNESS WOOD: Yes, sir.

16 CHAIRMAN BEARD: Good.

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1 CHARLES E. WOOD

2 was called as a rebuttal witness on behalf of Southern  
3 States Utilities, Inc. and, after being duly sworn,  
4 testified as follows:

5 DIRECT EXAMINATION

6 BY MR. HOFFMAN:

7 Q Please state your name and business address.

8 A Charles E. Wood. My address is Southern  
9 States Utilities, 1000 Color Place, Apopka, Florida.

10 Q Mr. Wood, did you prepare and cause to be  
11 filed prefiled rebuttal testimony on behalf of Southern  
12 States Utilities in this proceeding?

13 A Yes, I did.

14 Q Do you have any changes or revisions to your  
15 testimony?

16 A No, I don't.

17 Q If I asked you the same questions contained  
18 in your prefiled rebuttal testimony today, would your  
19 answers be the same?

20 A Yes.

21 MR. HOFFMAN: Mr. Chairman, I would ask that  
22 Mr. Wood's rebuttal testimony be inserted in the record  
23 as though read.

24 CHAIRMAN BEARD: It will be so inserted.

25 A (By Mr. Hoffman) Mr. Wood, you have no

1 exhibits appended to your testimony, is that correct?

2 A That's correct.

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1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Charles E. Wood and my business address  
3 is 1000 Color Place, Apopka, Florida 32703.

4 Q. WHAT IS YOUR POSITION WITH SOUTHERN STATES  
5 UTILITIES, INC.?

6 A. I am Vice President - Planning and Engineering for  
7 Southern States Utilities, Inc. ("Southern States"  
8 or the "Company").

9 Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE IN REGULATED  
10 INDUSTRIES.

11 A. I have been employed by Southern States for the past  
12 three years. Prior to working for Southern States,  
13 I worked in the electric industry for Minnesota  
14 Power & Light Company for 14 years and Pacific Gas  
15 and Electric Company for 5 years.

16 Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL EXPERIENCE.

17 A. I hold a Bachelor of Science degree in Electrical  
18 Engineering. I currently am a professional engineer  
19 in California, Minnesota and Florida.

20 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

21 A. I will address the adjustment proposed by Public  
22 Counsel's witness Kimberly H. Dismukes regarding  
23 costs associated with the 1991 Leilani Heights  
24 effluent reuse study.

25 Q. DO YOU AGREE WITH MS. DISMUKES PROPOSED ADJUSTMENT?

1       A.    No. Ms. Dismukes' proposed disallowance is premised  
2            on the fact that the \$10,150 was expended for a  
3            reuse study for the Leilani Heights system.    In  
4            fact, the \$10,150 was spent for engineering fees  
5            incurred to perform certain studies which DER  
6            required the Company to submit with our request for  
7            a renewal of the Leilani Heights wastewater plant  
8            operating permit.    The studies actually performed  
9            in 1991 were required by DER in part, to confirm  
10           Southern States' compliance with the Indian River  
11           Lagoon System SWIM Act, and did not include a reuse  
12           study.    The complete reuse study was completed in  
13           June 1992 at an additional cost of approximately  
14           \$3640.    In any event, the sole justification  
15           provided by Ms. Dismukes for the adjustment is that  
16           the study was non-recurring.    The Company incurs  
17           expenses associated with these types of studies each  
18           year for many of its systems.    These expenses are  
19           ordinary costs of doing business which the Company  
20           should be permitted to recover unless a party  
21           demonstrates on the record that the cost of the  
22           studies were unreasonably high or that the decision  
23           to perform the study was imprudent.    No such showing  
24           has been made in this proceeding regarding the  
25           studies at issue.    Therefore, Ms. Dismukes' proposed

1            adjustment should be rejected and the Company should  
2            be permitted to recover these costs from our  
3            customers.

4            Q.    DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?

5            A.    Yes, it does.

1 MR. HOFFMAN: He's available for cross.

2 MR. McLEAN: We waive. (Pause)

3 MR. GOLDEN: Passing out Staff's

4 Interrogatory 148, and can we have the exhibit marked  
5 for identification?

6 CHAIRMAN BEARD: Exhibit 151.

7 (Exhibit No. 151 marked for identification.)

8 CROSS EXAMINATION

9 BY MR. GOLDEN:

10 Q Mr. Wood, most of my questions will be  
11 concerning the interconnection with Rosemont and  
12 Rolling Green.

13 A Okay.

14 Q Mr. Wood, do the 1991 additions for the  
15 Rosemont systems reflect the cost to interconnect the  
16 Rosemont and Rolling Green systems?

17 A To the best of my knowledge, they did.

18 Q Do these 1990 additions include the cost of  
19 installing a new well and other equipment to provide  
20 service for the Rosemont-Rolling Green interconnection?

21 A Again, to the best of my knowledge, I did not  
22 prepare those schedules, but to the best of my  
23 knowledge, they did.

24 Q Do you believe the costs should be shared  
25 between the Rolling Green and the Rosemont systems?

1           A     That is a rate design question, I'm not the  
2 rate witness on it.

3           Q     Okay. In your response to Interrogatory No.  
4 148, you stated that, "The interconnection between the  
5 Rosemont and Rolling Green systems improves system  
6 reliability and the treatment process, as well as  
7 allowing the systems to be better able to meet the peak  
8 demands." Could you tell us how the combined systems  
9 are now better able to meet peak demands?

10          A     Yes, I can. What the interconnect did was to  
11 provide service for both systems. The Rolling Green  
12 system had two four-inch wells which have now been  
13 taken out of service and basically the water is being  
14 supplied to Rolling Green by Rosemont.

15          Q     Also in your response to Interrogatory 148  
16 you stated that the Rolling Green plant was unreliable  
17 and unable to meet these peak demands as well as losing  
18 prime on the well several times a year and pumping  
19 sand. Is this correct?

20          A     That is correct.

21          Q     Can we assume that the primary reason for the  
22 interconnect is to provide a different source of supply  
23 for Rolling Green?

24          A     Yes, that's correct.

25          Q     All right. Mr. Wood, if the interconnection

1 had not been made, what other alternatives for supply  
2 were available for Rolling Green?

3 A To either put in new wells at or adjacent to  
4 that location, or to interconnect with the City of  
5 Inverness.

6 Q Did the Company consider these other  
7 alternatives, that you're aware of?

8 A What I'm aware of is that we did consider an  
9 interconnect with the Town of Inverness, yes.

10 Q Why did the Company decide not to  
11 interconnect with the City?

12 A To my knowledge, at that time, the City would  
13 only consider serving us on a temporary basis; and that  
14 for us to have a permanent, long-term supply, we had to  
15 either go to a well or, again, tie into the Rosemont  
16 system.

17 Q Were there some costs quoted in this  
18 interconnect?

19 A On the City?

20 Q Yes, I'm sorry.

21 A On the City? We did receive a letter from  
22 the City back in 1989, I believe. (Pause) This was a  
23 a letter to Mr. Frank Sanderson in September of 1989  
24 which did quote rates. And in that letter, they were  
25 proposing a demand charge plus a meter charge for the

1 interconnect.

2 Q Does it address temporary service in that  
3 letter?

4 A This letter, it does not. However, there  
5 were, if I may go on, there were further discussions  
6 with the City; and at that point, it was strictly a  
7 temporary interconnect until the Southern States  
8 Utilities could make its interconnect with its own  
9 well.

10 Q Is there anything in writing that  
11 demonstrates a temporary interconnect?

12 A There is a letter from Mr. Perlowich to the  
13 City confirming a temporary interconnect. There is  
14 also a very rough draft agreement that was provided by  
15 the City to us which, again, addresses the temporary  
16 interconnect.

17 MR. GOLDEN: Commissioners, could we have a  
18 late-filed exhibit of those letters that he's referring  
19 to?

20 CHAIRMAN BEARD: 152. Short title?

21 MR. GOLDEN: "Letters of Temporary  
22 Interconnect."

23 CHAIRMAN BEARD: Okay.

24 (Late-filed Exhibit No. 152 identified.)

25 Q (By Mr. Golden) Mr. Wood, why did the

1 Company decide to go with the upgrade and  
2 interconnection instead of one of the other  
3 alternatives?

4 A On the basis of the temporary interconnect,  
5 we needed a long-term solution for the water supply  
6 situation at Rolling Green. We were faced with the  
7 situation where we were roughly 1900 feet between the  
8 two plants. At the Rolling Green water treatment  
9 plant, we had a four-inch well and a 12-inch well. The  
10 12-inch well, which was not in service at that time, it  
11 was available to serve both subdivisions.

12 Q Was the upgrade of Rosemont the most feasible  
13 cost alternative?

14 A In our opinion, it was.

15 Q Are the costs of other alternatives available  
16 for review? I know we've already mentioned the City of  
17 Inverness.

18 A Yes. I have the costs for the City of  
19 Inverness. I do not have a cost/benefit analysis of  
20 the detailed comparisons at that time.

21 Q Can you include those costs for Inverness in  
22 that late-filed exhibit?

23 A Yes.

24 Q How close are the City of Inverness' water  
25 lines to Rolling Green, do you know?

1           A     I'm aware that the City has, I believe, a  
2 12-inch water line that runs down Sandpiper Road which  
3 is adjacent to both developments. (Pause)

4           MR. GOLDEN: If we can have a second,  
5 Commissioners? (Pause)

6           Q     (By Mr. Golden) Mr. Wood, do you know the  
7 cost of the interconnection and upgrade of the Rosemont  
8 system?

9           A     Of just the interconnect?

10          Q     And the upgrade.

11          A     The overall contract price for the entire  
12 project?

13          Q     Yes.

14          A     Is that your question?

15          Q     Yes.

16          A     Yes, I do.

17          Q     And what is that? (Pause)

18          A     The total contract, including the change  
19 orders, was \$205,916.

20          Q     Mr. Wood, are you aware in Schedule A-5 the  
21 schedules say it's 240,000? What is the discrepancy  
22 here?

23          A     The difference, I believe -- I'm not the  
24 person who prepared those schedules -- but what I've  
25 just given is you the contract price. It is the price

1 paid to the contractor. In addition to that, there's  
2 various other charges -- overheads, AFUDC, the  
3 engineering charges, labor, et cetera, which would be  
4 added to that. So that's the reason for the  
5 difference.

6 Q Has the Company spent additional funds in  
7 1992 on the Rosemont upgrade?

8 A Yes. But let me qualify that. Part of this  
9 money that I -- or this contract, I believe part of  
10 that was paid in 1992.

11 Q So the work was completed in 1991, is that  
12 correct?

13 A The work was substantially completed in 1991.  
14 There were some follow-up charges into 1992, to the  
15 best of my knowledge. (Pause)

16 Q I'd like to turn to the Point O'Woods area  
17 system.

18 A Okay.

19 Q Mr. Sweat testified that the Company had  
20 received extensions of time to complete improvements in  
21 this system until this month. Are you aware of this?

22 A Yes, I am.

23 Q What is the cost of these improvements,  
24 subject to check?

25 A I believe we answered an interrogatory on

1 that that was in the neighborhood of 211, 220,  
2 somewhere in that neighborhood. I believe there was an  
3 interrogatory on that. I have checked those figures  
4 since that was stated and we believe those figures  
5 still to be accurate.

6 Q Is that amount just for the filters and  
7 installation, or does that amount include some other  
8 improvements also?

9 A That includes, if I may, it does include  
10 other improvements. Maybe to help you, what the  
11 improvements are is we are in the process of putting in  
12 a new well, that well collapsed. We had to replace  
13 that new well with another new well. We also lost the  
14 one good well that we had as a process of the well that  
15 was being drilled with the sink hole, so we ended up  
16 with two new wells, which is an eight-inch well and a  
17 ten-inch well. We also have the filters included in  
18 that price and the line that connects the filters into  
19 the wastewater treatment plant for the backwash out of  
20 the iron filters.

21 Q Are you aware of any more improvements needed  
22 or planned at Point O'Woods?

23 A I should have brought my '93 budget with me.  
24 Offhand, I am not. (Pause)

25 Q Will these improvements bring this plant in

1 compliance with the DER standards?

2 A Yes.

3 MR. GOLDEN: I have no further questions.

4 WITNESS WOOD: Thank you.

5 MR. HOFFMAN: No redirect. (Laughter)

6 COMMISSIONER EASLEY: Did you forget  
7 something?

8 WITNESS WOOD: I was just going to offer,  
9 there was a question earlier about what was the cost  
10 for the Leilani Heights situation? I did check the  
11 invoices, it was \$10,150, that was the actual price  
12 paid for the firm.

13 MR. GOLDEN: Thank you for doing that.

14 COMMISSIONER EASLEY: Thank you.

15 WITNESS WOOD: You're welcome.

16 CHAIRMAN BEARD: Anything else? Anything  
17 else? Anything else?

18 MR. McLEAN: No.

19 MR. GOLDEN: No.

20 MR. HOFFMAN: Is Staff moving Exhibit 151?

21 MR. GOLDEN: Yes, Staff moves Exhibit 151.

22 CHAIRMAN BEARD: Without objection.

23 (Exhibit No. 151 received in evidence.)

24 (Witness Wood excused.)

25

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1 CHAIRMAN BEARD: And the transcripts are due?

2 MS. BEDELL: November 20.

3 CHAIRMAN BEARD: Briefs are due?

4 MS. BEDELL: December 9.

5 CHAIRMAN BEARD: The late-filed exhibits, 25  
6 or 27, I forget what I counted.

7 MS. BEDELL: I think the 27th is the  
8 Thanksgiving Holiday.

9 CHAIRMAN BEARD: No, I mean that's the number  
10 of late-fileds --

11 MS. BEDELL: Yes, that's correct.

12 CHAIRMAN BEARD: When are we expecting  
13 late-filed exhibits? Today is what?

14 COMMISSIONER EASLEY: Today is the 12th,  
15 tomorrow is Friday the 13th with a full moon.

16 CHAIRMAN BEARD: The transcripts are due  
17 November 20th?

18 MS. BEDELL: Yes.

19 CHAIRMAN BEARD: That's a week from Friday?

20 MS. BEDELL: Yes.

21 CHAIRMAN BEARD: Give me a little insight on  
22 late-fileds. (Pause)

23 MR. HOFFMAN: Mr. Chairman, could we have  
24 until December 1?

25 CHAIRMAN BEARD: When are the briefs due?

1 MS. BEDELL: The briefs are due on the 9th of  
2 December. That would be a week.

3 COMMISSIONER EASLEY: That's a little bit  
4 close.

5 MR. HOFFMAN: How about November 28th? We've  
6 got the late-fileds due in Lehigh on the 21st, if my  
7 memory serves me correctly. That would give us a week.

8 COMMISSIONER EASLEY: We have only a couple  
9 out of this 27 or 28 that are really complicated.

10 CHAIRMAN BEARD: How about we give you to the  
11 28th; but as you get them done, don't hold them to the  
12 end, shoot them on in. Some of them will be quick and  
13 dirty.

14 MS. BEDELL: For the record, the 28th is a  
15 Saturday.

16 COMMISSIONER EASLEY: Close of business on  
17 the 27th.

18 MS. BEDELL: and the 27th is a holiday and  
19 the 26th is a holiday, so --

20 COMMISSIONER EASLEY: Monday, whatever Monday  
21 is.

22 MS. BEDELL: The 30th of November.

23 CHAIRMAN BEARD: The 30th of November. But  
24 if you would go ahead and get those in as you get them  
25 done so we can be processing and dealing with them.

1 MR. HOFFMAN: We will. Thank you.

2 CHAIRMAN BEARD: What else do we have?

3 MS. BEDELL: We don't have anything that I  
4 know of.

5 CHAIRMAN BEARD: I appreciate the effort,  
6 you're an excellent prognosticator.

7 COMMISSIONER EASLEY: Yeah, but everybody was  
8 going to kill everybody else just to make it come --  
9 that's the only reason he agreed to all this stuff.

10 CHAIRMAN BEARD: Okay. Again, thank you very  
11 much for your cooperation.

12 (Thereupon, hearing concluded at 5:45 p.m.)

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1 F L O R I D A )  
2 :  
3 COUNTY OF LEON)

CERTIFICATE OF REPORTERS

4 We, JOY KELLY, CSR, RPR, SYDNEY C. SILVA,  
5 CSR, RPR, and PAMELA A. CANELL, Official Commission  
6 Reporters, and LISA GIROD JONES, RPR, CM,

7  
8 DO HEREBY CERTIFY that the foregoing  
9 proceeding in Docket No. 920199-WS was heard by the  
10 Florida Public Service Commission at the time and place  
11 herein stated; it is further

12  
13 CERTIFIED that we reported in shorthand the  
14 proceedings; that the same has been transcribed under  
15 our direct supervision, and that this transcript,  
16 consisting of 2,233 pages, Volumes I through XIV,  
17 inclusive, constitutes a true and accurate  
18 transcription of our notes of said proceedings; it is  
19 further

20  
21 CERTIFIED that neither of us is of counsel  
22 nor related to the parties in said cause and have no  
23 interest, financial or otherwise, in the outcome of  
24 this docket.

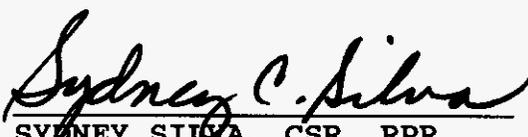
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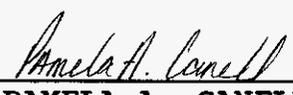
FLORIDA PUBLIC SERVICE COMMISSION

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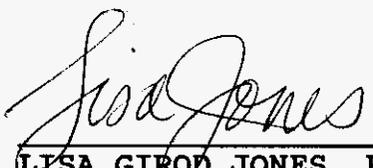
IN WITNESS WHEREOF, we have hereunto set our  
hands at Tallahassee, Leon County, Florida, this 19th  
day of November, A.D., 1992.

  
JOY KELLY, CSR, RPR

  
SYDNEY SILVA, CSR, RPR

  
PAMELA A. CANELL

OFFICIAL COMMISSION REPORTERS  
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