

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of SOUTH BROWARD)	DOCKET NO. 890360-WS
UTILITY, INC. for a rate increase in)	ORDER NO. 22432
Broward County)	ISSUED: 1-19-90
)	

Pursuant to notice, a Prehearing Conference was held on January 12, 1990, before Commissioner Betty Easley, as Prehearing Officer, in Tallahassee, Florida.

APPEARANCES: JAMES L. ADE, Esquire and SCOTT G. SCHILDBERG, Esquire, Martin, Ade, Birchfield and Mickler, P.A., 3000 Independent Square, Jacksonville, Florida 32202
On behalf of South Broward Utility, Inc.

STEVE BURGESS, Esquire, and H.F. RICK MANN, Esquire, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens

ROBERT J. PIERSON, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0863
On behalf of Commission Staff

PRENTICE P. PRUITT, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0863
Counsel to the Commission

PREHEARING ORDERCASE BACKGROUND

South Broward Utility, Inc. (South Broward or utility) is a Class C water and sewer utility with approximately 1,018 water customers and 987 sewer customers. On June 5, 1989, the utility filed its application for a rate increase and its Minimum Filing Requirements (MFRs). There were deficiencies in the MFRs and on August 15, 1989, South Broward filed its amended MFRs which corrected the deficiencies. August 15, 1989, was established as the official filing date.

DOCUMENT NUMBER-DATE

00578 JAN 19 1990

FDSC-RECORDS/REPORTING

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In its application, the utility requested final rates which would produce annual operating revenues of \$1,061,083 for water service and \$970,263 for sewer service. Those requested revenues exceed projected 1990 test year revenues by \$662,312 (166.09 percent) and \$411,087 (73.52 percent) for water and sewer, respectively. The utility requested an interim increase based on 1988 actual data. The utility calculated an interim increase based on a fair rate of return, however, the utility limited the requested interim increase to annual revenues of \$203,004 for water and \$284,663 for sewer. The requested interim increase exceeds 1988 annual revenues by \$33,834 (20 percent) for water and \$47,444 (20 percent) for sewer.

South Broward proposed that the permanent rate increase be implemented in three steps. Each step would increase the rates by one-third of the total amount of the increase sought. The utility proposed that the first step of the permanent rate increase would be effective on the date of the final order of the Commission approving the permanent rates and would increase the rates to an amount equal to one-third of the permanent rate increase. The second step of the permanent rate increase would be effective one year after the date that the Commission's order granting the interim rate increase became effective. The third step of the permanent rate increase would be effective two years after the effective date of the interim rates.

The test year for this rate application is the projected twelve-month period ended December 31, 1990, based on a historical base year ended December 31, 1988.

By Order No. 22047, issued October 13, 1989, the Commission suspended South Broward's proposed rates and granted an interim increase in water and sewer rates and plant capacity charges, subject to refund, with interest.

On January 5, 1990, Public Counsel filed his notice of intervention.

This case is scheduled for an administrative hearing in Davie, Florida on January 24 and 25, 1990.

PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by South Broward and the Staff of this Commission (Staff) has been prefiled. All testimony which has been prefiled in this case

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

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

ORDER OF WITNESSES

<u>Witness</u>	<u>Appearing For</u>	<u>Issues</u>
<u>Direct</u>		
Ronald E. Corbitt, Jr.	South Broward	1, 3, 4, 5, 6, 7, 8, 9, 12, 15, 22, 27, 28, 29, 31, 32, 33, 40, 45, 48, 49, 51 and 52
Stephen H. Dunn	South Broward	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 28, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 46, 47, 49, 50 and 52
William H. Brimberry	South Broward	4, 6, 7, 8, 9, 11, 18, 27 and 47
Eugene F. Cassidy	South Broward	2, 5, 10, 13, 14, 15, 16, 19, 20, 21, 31, 32, 36, 37, 40 and 49

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<u>Witness</u>	<u>Appearing For</u>	<u>Issues</u>
<u>Direct</u>		
Don Olsson	Staff	1
Martin Weigand	Staff	1
<u>Rebuttal</u>		
Ronald E. Corbitt, Jr.	South Broward	1

BASIC POSITIONS

South Broward: The Application, the testimony, and the exhibits introduced in this matter clearly establish (i) that South Broward Utility should be allowed to charge and collect the utility service rates that it proposes in the Application as permanent rates; (ii) that South Broward Utility should be allowed to charge and collect from its new customers the plant capacity charges that it proposes in the Application as permanent charges; (iii) that South Broward Utility should be allowed to charge and collect from its new customers an appropriate amount as an allowance for funds prudently invested; (iv) that South Broward Utility should be allowed to charge and collect an amount equal to the tax impact of transfers to contributions to aid in construction, including plant capacity charges and allowances for funds prudently invested; and (v) that the increase in permanent rates should be implemented in three steps as set forth in the Application.

OPC: The application, the MFRs, the information gathered through discovery and the prefiled testimony of South Broward overstates the utility's need for a revenue increase.

Staff: The information gathered through discovery and prefiled testimony indicates at this point, that the utility is entitled to some level of increase. The final level cannot be ascertained until the evidence presented at hearing is analyzed.

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ISSUES AND POSITIONS

1. ISSUE: Is the quality of service satisfactory?

Positions

South Broward: The quality of service should be found to be satisfactory. (Corbitt)

OPC: See the numerous customer protests and petitions filed with the Commission in 1989 and 1990.

Staff: No position, pending receipt of customer testimony. (Olsson, Weigand)

2. ISSUE: Are the utility's books and records in compliance with the Commission's Rules?

Positions

South Broward: Historically, the utility's books and records were not in compliance with NARUC. However, the utility has substantially complied with the Commission's Rules and in 1990 will complete its conversion to be in total compliance. (Cassidy, Dunn)

OPC: Historically, the utility's books and records were not in compliance with NARUC.

Staff: Historically, the utility's books and records were not in compliance with NARUC. However, the utility has substantially complied with the Commission's Rules and in 1990 will complete its conversion to be in total compliance.

Rate Base

3. ISSUE: The utility has used a projected December 31, 1990 rate base. Is this appropriate?

Positions

South Broward: Yes. Because of the high level of development in the certificated service area of South

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Broward, the use of an historic test year would be inappropriate. It is anticipated that the additions to both the water and wastewater treatment plants will be substantially completed in 1990. Therefore, it is appropriate to use a test year ending December 31, 1990. (Corbitt, Dunn)

OPC: No. the utility has failed to demonstrate extraordinary growth that would justify a projected test year.

Staff: Yes.

4. ISSUE: Should the projected plant additions be included in utility plant-in-service?

Positions

South Broward: Yes. (Brimberry, Corbitt, Dunn)

OPC: The water plant additions should be included. The utility has no substantiation, such as a contract, for the sewer plant additions; therefore, these additions should not be included.

Staff: The water plant additions should be included. The utility has no substantiation, such as a contract, for the sewer plant additions; therefore, these additions should not be included.

5. ISSUE: Should an adjustment be made to reclassify a portion of land costs to utility plant-in-service?

Positions

South Broward: The landscaping and overhead allocated to land should be reclassified from land to utility plant-in-service. This is not reflected in the final numbers. (Cassidy, Corbitt, Dunn)

OPC: No.

Staff: The landscaping and overhead allocated to land should be reclassified from land to utility plant-in-service.

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6. ISSUE: What is the design capacity of the water treatment plant?

Positions

South Broward: Hydraulic rated capacity is 2.0 million gallons per day (mgd). The Environmental Engineering Section of the Broward County Public Health Unit requires that a limiting capacity be imposed on the plant so that it will meet peak hour and peak day flows. Therefore, the operational capacity does not exceed 1.5 mgd. (Brimberry, Corbitt, Dunn)

OPC: 2.0 mgd.

Staff: The DER permit indicates the design capacity is 2.0 mgd.

7. ISSUE: What is the appropriate used and useful percentage for the water treatment plant?

Positions

South Broward: The water treatment plant is 100 percent used and useful, both now and with the additional capacity. (Brimberry, Corbitt, Dunn)

OPC: No position at this time pending review of further information.

Staff: No position at this time pending review of further information.

8. ISSUE: What is the appropriate used and useful percentage for the wastewater treatment plant?

Positions

South Broward: 43.39 percent, including the plant expansion. (Brimberry, Corbitt, Dunn)

OPC: No position at this time.

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Staff: Using the average daily flow and margin reserve, the used and useful percentage should be 92.1 percent, excluding the plant expansion.

9. ISSUE: Should a margin reserve be included in the used and useful calculation?

Positions

South Broward: Yes, should the plant be found not to be 100 percent used and useful, a margin reserve should be included. (Brimberry, Corbitt, Dunn)

OPC: No.

Staff: Yes. A 20 percent margin reserve should be included.

10. ISSUE: Should accumulated depreciation be recalculated using the depreciation rates prescribed by Rule 25-30.140, Florida Administrative Code?

Positions

South Broward: Yes, using the Class B rates. This adjustment is not reflected in the final numbers. (Cassidy, Dunn)

OPC: Yes.

Staff: Yes. The accumulated depreciation should be reduced by \$222,798 and \$185,860 in the water and wastewater systems, respectively.

11. ISSUE: Should CIAC be imputed on the margin reserve?

Positions

South Broward: No. (Brimberry, Dunn)

OPC: If margin reserve is included in rate base, CIAC should be imputed on the number of equivalent residential

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connections (ERCs) in the margin reserve, as well as additional revenues.

Staff: If margin reserve is included in rate base, CIAC should be imputed on the number of ERCs in the margin reserve.

12. ISSUE: Is the imputation of future CIAC related to future connections correct?

Positions

South Broward: Yes. (Corbitt, Dunn)

OPC: No. The imputation is based on 362 ERCs instead of 654 ERCs.

Staff: No. The imputation is based on 362 ERCs instead of 654 ERCs.

13. ISSUE: Should accumulated amortization be recalculated using the depreciation rates prescribed by Rule 25-30.140, Florida Administrative Code?

Positions

South Broward: Yes. This adjustment is not reflected in the final numbers. (Cassidy, Dunn)

OPC: Yes.

Staff: Yes. Accumulated amortization should be reduced by \$194,211 and \$199,208 in the water and wastewater systems, respectively.

14. ISSUE: Should prepaid loan costs be removed from the working capital allowance?

Positions

South Broward: Yes. This adjustment is not reflected in the final numbers. (Cassidy, Dunn)

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OPC: Yes. \$52,574 should be reclassified as an offset to the average debt outstanding.

Staff: Yes. \$52,574 should be reclassified as an offset to the average debt outstanding.

15. ISSUE: Is the projected cash balance included in the working capital allowance appropriate?

Positions

South Broward: Yes. (Cassidy, Corbitt, Dunn)

OPC: No.

Staff: No. The cash balance appears too high and should be reduced by approximately \$475,000.

16. ISSUE: Should deferred rate case expense be included in the working capital allowance?

Positions

South Broward: Yes. The average deferred rate case expense over the term of this rate case should be included in the working capital allowance. (Cassidy, Dunn)

OPC: No.

Staff: Yes. The average deferred rate case expense over the term of this rate case should be included in the working capital allowance.

17. ISSUE: What is the appropriate working capital allowance?

Positions

South Broward: The appropriate working capital allowance is \$477,873. (Dunn)

OPC: The working capital allowance should be zero.

Staff: The working capital allowance should be zero.

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18. ISSUE: What is the test year rate base?

Positions

South Broward: Test year rate base is \$2,883,692 for water and \$2,698,604 for wastewater, as shown in Schedules A-1 and A-2, respectively, of the Application. (Brimberry, Dunn)

OPC: This is a fall-out number.

Staff: This is a fall-out number.

Cost of Capital

19. ISSUE: Should the hypothetical capital structure, using a 60/40 mix of debt and equity, be used?

Positions

South Broward: Yes, as shown in Exhibit D-1 of the Application. (Cassidy, Dunn)

OPC: No. The historic test year with actual debt/equity amounts should be projected through 1990 and these amounts should be used.

Staff: No. The historic test year with actual debt/equity amounts should be projected through 1990 and these amounts should be used.

20. ISSUE: What is the appropriate amount and cost of long-term debt?

Positions

South Broward: Long-term debt is \$1,924,870 at 10.42 percent, as set forth on Schedule D-1. (Cassidy, Dunn)

OPC: The average projected amount of debt for 1990 should be \$3,329,800 reduced by the average debt issue costs of \$44,744 for a net cost of \$3,285,056. The debt cost should be 10.64 percent.

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Staff: The average projected amount of debt for 1990 should be \$3,329,800 reduced by the average debt issue costs of \$44,744 for a net cost of \$3,285,056. The debt cost should be 10.64 percent.

21. ISSUE: What is the appropriate amount and cost of the shareholder advance?

Positions

South Broward: The appropriate amount and cost of the shareholder advance is \$1,403,732 at 8.54 percent, as set forth on Schedule D-1. (Cassidy, Dunn)

OPC: The average projected amount of shareholder advance should be \$4,234,830, with a projected cost of 8.54 percent.

Staff: The average projected amount of shareholder advance should be \$4,234,830, with a projected cost of 8.54 percent.

22. ISSUE: What is the appropriate amount and cost rate of customer deposits?

Positions

South Broward: The average amount of customer deposits should be increased due to the requested increase in the amount of customer deposits. The projected cost should be 8 percent. (Corbitt, Dunn)

OPC: The average amount of customer deposits should be increased due to the requested increase in the amount of customer deposits. The cost rate should be the historical effective cost rate.

Staff: The average amount of customer deposits should be increased due to the requested increase in the amount of customer deposits. The projected cost should be 8 percent.

23. ISSUE: What is the appropriate return on common equity?

Positions

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South Broward: The appropriate return on equity is 14.35 percent. (Dunn)

OPC: There is no equity in the capital structure, therefore, no return on equity should be established.

Staff: There is no equity in the capital structure, therefore, no return on equity should be established.

24. ISSUE: What is the appropriate overall rate of return?

Positions

South Broward: The appropriate overall rate of return is 11.4921 percent as shown in Schedule D-1 of the Application. (Dunn)

OPC: The overall rate of return should be 9.24 percent, adjusted for the effective cost rate for customer deposits.

Staff: The overall rate of return should be 9.24 percent.

Net Operating Income

25. ISSUE: What are the appropriate projected test year revenues before the revenue increase?

Positions

South Broward: Test year revenues are \$398,771 for water and \$559,176 for wastewater, as shown on Schedules B-1 and B-2, respectively, of the Application. (Dunn)

OPC: No position at this time.

Staff: The appropriate projected test year revenues for water are \$385,736 and for wastewater are \$552,096.

26. ISSUE: Are the projected adjustments to arrive at the 1990 expense levels appropriate?

Positions:

South Broward: Yes. (Dunn)

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OPC: No. They are overstated and unsubstantiated or unsupported.

Staff: Yes, except for depreciation expense.

27. ISSUE: What is the level of unaccounted-for water?

Positions

South Broward: Zero. (Brimberry, Corbitt)

OPC: The Commission should apply its policy of not allowing any more than ten percent of water pumped and treated.

Staff: No position at this time due to insufficient data.

28. ISSUE: What adjustments are necessary to remove costs associated with excessive water losses?

Positions

South Broward: None. There are no excessive water losses. The water utility system of South Broward Utility is undergoing constant construction because of the rapid development of the certificated service area of South Broward Utility. The unmeasured water was attributable to hydrant flushing, distribution line construction, construction breaks by Southern Bell, Florida Power and Light, and numerous subcontractors, theft by contractors, lawn companies, and pool companies, maintenance of water plant, and emergency donation of drinking water to certain residents of Broward County whose wells were contaminated pursuant to a request by Broward County. (Corbitt, Dunn)

OPC: A level of no more than 10 percent unaccounted for water should be allowed. Chemicals, purchased power and any other operating costs associated with unaccounted for water which is in excess of the 10 percent level should be removed.

Staff: No position at this time.

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29. ISSUE: What adjustments are necessary to remove costs associated with excessive infiltration?

Positions

South Broward: None. The wastewater utility system of South Broward Utility does not have excessive infiltration. (Corbitt)

OPC: A level of no more than 10 percent excessive infiltration should be allowed. Chemicals, purchased power and any other operating costs associated with excessive infiltration which is in excess of the 10 percent level should be removed.

Staff: No position at this time.

30. ISSUE: What adjustments should be made to remove operating costs associated with nonused and useful plant?

Positions

South Broward: None. All such adjustments have been made. (Dunn)

OPC: Chemicals, purchased power and any other operating costs associated with nonused and useful should be removed.

Staff: Property Taxes and Depreciation Expense should be adjusted.

31. ISSUE: Should an adjustment be made to remove a non-utility expense?

Positions

South Broward: No. (Cassidy, Corbitt, Dunn)

OPC: Yes, \$869 should be removed from both the water and the wastewater expenses.

Staff: Yes, \$869 should be removed from both the water and the wastewater expenses.

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32. ISSUE: Should an adjustment be made to remove the expense for settlement of violation?

Positions

South Broward: No. (Cassidy, Corbitt, Dunn)

OPC: Yes. The \$170 should be removed from wastewater expenses for payment regarding the utility's violation of phosphorous levels.

Staff: Yes. The \$170 should be removed from wastewater expenses for payment regarding the utility's violation of phosphorous levels.

33. ISSUE: What is the appropriate level of rate case expense?

Positions

South Broward: All rate case expense reasonably and prudently expended should be allowed. The level cannot be determined at this time. (Corbitt, Dunn)

OPC: All rate case expense reasonably and prudently expended should be allowed. The level cannot be determined at this time.

Staff: All rate case expense reasonably and prudently expended should be allowed. The level cannot be determined at this time.

34. ISSUE: What is the appropriate amortization period for rate case expense?

Positions

South Broward: Three years. (Dunn)

OPC: Four years.

Staff: Rate case expense should be amortized over four years.

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35. ISSUE: Have the operating expenses been totally substantiated?

Positions

South Broward: Yes. (Dunn)

OPC: No. Because the utility did not follow NARUC guidelines, the utility's base year figures are unreliable and the test year figures, projected from the base year, are also unreliable.

Staff: No position at this time.

36. ISSUE: What is the appropriate level of depreciation expense?

Positions

South Broward: Using Class B rates, \$126,849 for water and \$114,992 for wastewater. (Cassidy, Dunn)

OPC: The amount calculated pursuant to Rule 25-30.140, Florida Administrative Code, using the Class B rates.

Staff: Using the depreciation rates for a Class B utility, the depreciation expense for water should be \$128,994 and for wastewater should be \$88,814.

37. ISSUE: What is the appropriate test year level of property taxes?

Positions

South Broward: The amount of the tax bill, if paid in November. (Cassidy, Dunn)

OPC: Assuming that a used and useful adjustment is made, the amount of the tax bill as of November of the appropriate test year.

Staff: The amount of the tax bill, if paid in November.

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38. ISSUE: What rate should be used to calculate regulatory assessment fees?

Positions

South Broward: Regulatory assessment fees should be calculated using the 4.5 percent rate. (Dunn)

OPC: Whatever rate is effective at the final Agenda Conference.

Staff: Regulatory assessment fees should be calculated using the 4.5 percent rate.

39. ISSUE: What is the appropriate level of regulatory assessment fees for the test year?

Positions

South Broward: No position at this time. These numbers depend upon the determination of other issues. (Dunn)

OPC: No position at this time.

Staff: The projected test year expense for regulatory assessment fees should be \$17,945 for the water system and \$25,163 for the wastewater system.

40. ISSUE: Should income tax expense be allowed?

Positions

South Broward: Yes, since income taxes are being paid. \$92,791² should be allowed for water and \$121,942 for wastewater, as shown on Schedules B-1 and B-2, respectively, of the Application. (Cassidy, Corbitt, Dunn)

OPC: No. The utility is a Sub-S Corporation and, as such, income tax expense should not be included.

Staff: No. The utility is a Sub-S Corporation and, as such, income tax expense should not be included.

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41. ISSUE: What is the proper level of expenses to be included for recovery?

Positions

South Broward: The proper level of expenses to be included for recovery are \$729,686 for the water utility system, as set forth on Schedule B-1, and \$660,136 for the wastewater utility system, as set forth on Schedule B-2. (Dunn)

OPC: This is a fall-out figure.

Staff: This is a fall-out number.

42. ISSUE: What is the test year operating income?

Positions

South Broward: Test year operating income is (\$221,566) for water and \$24,422 for wastewater. (Dunn)

OPC: This is a fall-out number.

Staff: This is a fall-out number.

43. ISSUE: What is the total revenue requirement?

Positions

South Broward: The total revenue requirement is \$1,061,083 for water and \$970,263 for wastewater. (Dunn)

OPC: This is a fall-out number.

Staff: This is a fall-out number.

Rates

44. ISSUE: Should the billing analysis presented in the MFRs be adjusted?

Positions

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South Broward: Yes, the 1988 billing analysis should be adjusted by 500 gallons per bill. (Dunn)

OPC: No.

Staff: Yes, it should be adjusted.

- 45. ISSUE: Should the utility's proposed three step increase be approved?

Positions

South Broward: Yes, if the amount of the increase justifies such an approach. (Corbitt)

OPC: OPC does not object to any legitimate rate increase being implemented in a three step process.

Staff: No position at this time.

- 46. ISSUE: What are the appropriate water and sewer rates?

Positions

South Broward: Those rates set forth in Schedule E-1 of the Application. (Dunn)

OPC: These are fall-out numbers.

Staff: These are fall-out numbers.

- 47. ISSUE: What service availability charges should be approved?

Positions

South Broward: The appropriate service availability charges are \$753 for water plant connections and \$602 for wastewater plant connections, as shown on Schedule X of the Application. (Brimberry, Dunn)

OPC: Some level of service availability charges is appropriate.

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Staff: Some level of service availability charges is appropriate.

48. ISSUE: Should the customer deposit be increased?

Positions

South Broward: Customer deposits should be increased to \$50 for residential water customers having a 5/8 inch x 3/4 inch water meter and \$50.00 for residential wastewater customers. The deposits for other classes of customers should be increased proportionately. (Corbitt)

OPC: No position at this time.

Staff: Yes, it should be increased to be consistent with Rule 25-30.311, Florida Administrative Code.

49. ISSUE: Should the utility be allowed to collect the income tax gross-up on service availability charges?

Positions

South Broward: Yes. Since taxes are being paid, the gross-up should be allowed. (Cassidy, Corbitt, Dunn)

OPC: No. The gross-up should not be allowed since the utility is a Sub-S Corporation. See Commission Order No. 18266.

Staff: No. The gross-up should not be allowed since the utility is a Sub-S Corporation. See Commission Order No. 18266.

50. ISSUE: What are the appropriate allowance for funds prudently invested (AFPI) charges?

Positions

South Broward: The AFPI charges set forth in Exhibit 2-A attached to the prefiled testimony of Stephen H. Dunn. If the Commission utilizes percentages of used and useful water and wastewater plants in service other than those

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utilized by South Broward Utility, the amounts of the AFPI charges should be revised. (Dunn)

OPC: AFPI charges must be theoretically consistent with guaranteed revenue charges, used and useful allowance and margin reserve.

Staff: AFPI charges are appropriate. The amount is a fall-out calculation.

51. ISSUE: Should the utility be required to refund the unauthorized guaranteed revenue charges it has collected??

Positions

South Broward: No. (Corbitt)

OPC: Yes.

Staff: No position at this time.

52. ISSUE: Should the utility be authorized to collect a guaranteed revenue charge for those ERCs with reserve capacity? If so, what is the appropriate charge?

Positions

South Broward: Yes, there should be a guaranteed revenue charge. The appropriate level will be determined after the evidence has been reviewed. (Corbitt, Dunn)

OPC: Yes, there should be a guaranteed revenue charge. The appropriate level will be determined after the evidence has been reviewed.

Staff: Yes, there should be a guaranteed revenue charge. The appropriate level will be determined after the evidence has been reviewed.

PROPOSED STIPULATIONS

1. Franchise costs of \$75,460 should be reclassified from working capital to utility plant-in-service.

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2. Postage and telephone expense should be reallocated so that \$933 is moved from water expenses to wastewater expenses.
3. Out-of-period transportation rental expenses of \$625 should be removed from both water and wastewater expenses.

EXHIBITS

<u>Witness</u>	<u>Appearing For</u>	<u>Identification #</u>	<u>Description</u>
Corbitt	South Broward	REC-1	Map of existing certificated service area of SBU.
Corbitt	South Broward	REC-2 (Composite)	MFR Schedules G-Q, T, U and V
Corbitt	South Broward	REC-3 (Composite)	Responses to Staff's 1st Set of Interrogs. #s 13, 19 and 20
Corbitt	South Broward	REC-4	Response to Staff's Request for Production of Documents #5
Dunn	South Broward	SHD-1	Schedule showing calculation of AFPI and determination of carrying costs for each ERC.
Dunn	South Broward	SHD-2 (Composite)	MFR Schedules A1-A23, B1- B11a, C, C5- C8, D1-D7, E1-E6, F1- F10, R, S, X and Y1-Y3

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<u>Witness</u>	<u>Appearing For</u>	<u>Identification #</u>	<u>Description</u>
Dunn	South Broward	SHD-3 (Composite)	Responses to Staff's 1st Set of Interrogs #s 4e-j (Ex.E), 5 (Ex.G), 6, 8, 21.
Brimberry	South Broward	WHB-1	MFR Schedule W
Brimberry	South Broward	WHB-2	Broward County Land Development Code - 12/9/86.
Brimberry	South Broward	WHB-3 (Composite)	Responses to Staff's 1st Set of Interrog: 14, 15.
Cassidy	South Broward	EFC-1 (Composite)	Responses to Staff's 1st Set of Interrog: 2, 4, 5, (Ex.F), 7, 10, 11, 12.
Cassidy	South Broward	EFC-2 (Composite)	Responses to Staff's Request for Production of Documents: 3, 4, 6.
Olsson	Staff	DO-1	Notice of Violation - 10/27/89.

In addition to the above, Staff requests that administrative notice be taken of the following orders, rule and ordinance:

Rate Case Expense Amortization - Order No. 13366, Docket No. 830281-WS
Order No. 20464, Docket No. 870249-WS
Order No. 20434, Docket No. 871134-WS

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Imputation of CIAC -

Order No. 20434, Docket
No. 871134-WS
Order No. 21415, Docket
No. 880654-SU
Order No. 17532, Docket
No. 850941-WS

No Gross-up for S Corp. -

Order No. 18266 Docket
No. 870274-WS

No Income Tax Exp. for S Corp. -

Order No. 10465, Docket
No. 800641-W

Rule 25-30.140, Florida Administrative Code - Depreciation
Broward County Ordinance No. 86-91.

Based upon the foregoing, it is

ORDERED by Commissioner Betty Easley, as Prehearing
Officer, that this Prehearing Order shall govern the conduct of
these proceedings unless modified by the Commission.

By ORDER of Commissioner Betty Easley, this 18th day
of JANUARY, 1990.



BETTY EASLEY, Commissioner and
Prehearing Officer

(S E A L)

NSD/RJP

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

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