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October 11, 1993

JOHN R. WODRASKA
SPECIAL CONSULTANT
(NOT A MEMBER OF THE FLORIDA BAR)

VIA HAND DELIVERY

Mr. Steve Tribble, Director
Division of Records & Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32301

RE: Turkey Creek Utilities, Inc.
Docket No. [REDACTED]

Dear Mr. Tribble:

Enclosed please find the original and fifteen copies of the
Prefiled Rebuttal Testimony of Norwood Hope which is being filed on
behalf of our client, Turkey Creek Utilities, Inc.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- EG 1
- IN Dept
- JPC _____
- ROH _____
- SEC 1 Encl.
- NAS _____
- OTH _____

Should you have any questions or concerns regarding the
above, please do not hesitate to contact me at your earliest
convenience.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY

John L. Wharton LM
John L. Wharton, Esq.
For The Firm

Dictated by John L. Wharton
but signed in his absence
to avoid delay in mailing.

cc. Catherine Bedell, Esq.
Stephen C. Reilly, Esq.
Peter C.K. Enwall, Esq.

RECEIVED & FILED

M. Reilly
EPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

10870 OCT 11 93

1700 RECORDS/MAIL SERVICES

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Application for certificates)
to provide water and wastewater)
service in Alachua County under)
grandfather rights by TURKEY CREEK,)
INC. & FAMILY DINER, INC. d/b/a)
TURKEY CREEK UTILITIES)
_____)

DOCKET NO. 921098-WS

PREFILED REBUTTAL TESTIMONY OF NORWOOD HOPE

DOCUMENT NUMBER-DATE

10870 OCT 11 8

FILED RECORDS/REGISTRATION

- 1 that the Commission assumed jurisdiction over Turkey
2 Creek Utilities?
- 3 A. Yes, and for several years prior to June 30, 1992.
- 4 Q. Please give a brief history of the connection and discon-
5 nection charges which Turkey Creek assesses.
- 6 A. The connection and disconnection charges that Turkey
7 Creek Utilities has charged have been a matter of record
8 and has been in effect for many previous years. These
9 charges were implemented to defray a portion of our cost
10 for the services rendered.
- 11 Q. Were those connection and disconnection charges in place
12 in June of 1992?
- 13 A. The latest connection and disconnection charges were
14 actually dated 8/27/91 and have been in effect since that
15 date.
- 16 Q. Please give a brief history of Turkey Creek's late pay-
17 ment fee.
- 18 A. The late payment fee has been the same amount for more
19 than 10 years. We have been through several county and
20 circuit court cases in which this late fee was upheld.
21 This is just one of the many issues which would seem to
22 be moot now that the former customers of Turkey Creek
23 Utilities are now all customers of the City of Alachua.
- 24 Q. Please explain the service availability charges assessed
25 by Turkey Creek. Were the service availability charges

REGARDING MARCH 18 47 102
SF-A7-13

1 which you requested be "grandfathered" those which were
2 in place and implemented on the date the Commission
3 assumed jurisdiction over Turkey Creek?
4 A. Turkey Creek Utilities' capital facilities charges have
5 been in effect since its inception more than 17 years
6 ago, with the latest charges being those dated 8/27/91
7 and which were in effect on June 30, 1992.
8 Q. Please comment on the provision of unmetered service
9 within Turkey Creek as discussed at Mr. Cherry's testi-
10 mony.
11 A. TCMOA entered into a verbal agreement with Turkey Creek
12 Utilities in which they were able to receive water under
13 ordinary and reasonable conditions to several locations
14 in the Turkey Creek development. This is a good-faith
15 agreement to the effect that TCMOA would be reasonable in
16 use of the water but that it would be a monthly charge of
17 so many dollars. This flat dollar amount was arrived at
18 by mutual agreement between the utility and the customer.
19 Whether or not the customer used any water, they were
20 still charged that predetermined monthly fee. The bills
21 were sent out by generating enough gallonage on an ordi-
22 nary utility bill to show the amount of the monthly fee
23 due. These bills were paid for several years and even
24 five or six months after TCMOA was turned over to the
25 homeowners, including some late fees on same because the

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PUBLIC/INDY MURKIN IN 47102

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bills were not paid on time.

These locations were eventually disconnected for non-payment and the case is presently in court. It also has no relevance on a going-forward basis since Turkey Creek Utilities no longer provides water or wastewater service to these customers.

Q. Was the provision of this unmetered service in place on the date that the Commission obtained jurisdiction over Turkey Creek?

A. Yes, well before that date.

Q. Would you have been willing to meter these areas in the future assuming the payment of all appropriate rates, fees and charges?

A. We certainly would have been since a metered arrangement is no less preferable to us than the flat fee arrangement which was in place. However, the question is now moot since the utility has been sold.

Q. Mr. Cherry testifies about the installation of 1" meters on certain properties within the utility's territory. Please discuss the installation of 1" meters and how that decision was arrived at. Additionally, please comment on whether the policy for the installation of such meters was in place on the date the Commission assumed jurisdiction over Turkey Creek.

A. The only 1" meters which were ever installed in Turkey

1 Creek were based on a professional judgment that the size
2 of the particular home merited a 1" meter. Five-eighths
3 inch meters were installed on smaller homes, condo units
4 and apartments. This has been Turkey Creek's policy
5 since the inception of the utility.

6 Q. Was the service application form, and the charges dis-
7 cussed by Mr. Cherry in his testimony, in place on the
8 date the Commission assumed jurisdiction over Turkey
9 Creek?

10 A. Yes, the application form has been in effect for several
11 years, since Turkey Creek Utilities' inception, with
12 minor changes to update same, and it was in effect on
13 6/30/92. The form of the application would seem to be
14 one of the many of the issues that is irrelevant now that
15 the utility has been sold.

16 Q. Have you reviewed the Prefiled Direct Testimony of Ms.
17 Joann Chase?

18 A. Yes, I have.

19 Q. Ms. Chase has now taken a position that the Staff's
20 Recommendation and the Commission's Proposed Agency
21 Action do not grandfather to Turkey Creek all of the
22 territory to which it was entitled. However, it is still
23 her opinion that all of the requested territory which was
24 not part of the DRI should not be approved within this
25 grandfather proceeding. Please comment on why Turkey

1 Creek requested the territory it did.

2 A. We requested the territory that was originally and con-
3 sistently contemplated for the utility and which the
4 utility was sized and constructed for. Documents provid-
5 ed to the Commission and my prior testimony touch on this
6 fact. However, the question now seems moot since Turkey
7 Creek is no longer in the utility business.

8 Q. At Page 7, Line 20 of Ms. Chase's testimony, she testi-
9 fies that there is no documentation which clearly shows
10 that the fire protection charge has ever been paid.
11 Please comment on whether the charge has ever been paid?

12 A. Ms. Chase is incorrect. There is clear documentation in
13 the financial records of TCMOA.

14 Q. Ms. Chase testifies on Page 8 of her testimony that it is
15 the Commission's practice to include the cost of public
16 fire protection in the rates for service rather than
17 allowing a separate charge. If the public fire protec-
18 tion charges are disallowed within this proceeding, but
19 there is no commensurate increase in Turkey Creek's
20 rates, how will Turkey Creek be compensated for the
21 public fire protection which it provides?

22 A. Obviously, Turkey Creek will not be compensated for
23 public fire protection under the staff's position. To
24 cut the charges on the one hand under a policy that those
25 charges should be included within separate rates but not

1 to increase those separate rates is inconsistent at best.

2 Q. Do you agree that the Facility Charges set forth on

3 Exhibit No. JC-7 are the plant capacity charges which the

4 utility was assessing on June 30, 1992?

5 A. No, we disagree with the charges. Our capital facilities

6 charges and installation charges should be the same as

7 they were as of August 27, 1991. The figures Ms. Chase

8 has presented are from a much earlier rate schedule and

9 are typical of the charges which the staff is attempting

10 to impose on the utility.

11 Q. On Page 14 of Ms. Chase's testimony, she states that

12 Turkey Creek's meter installation charges are "signifi-

13 cantly higher" than "normal" and that it is the staff's

14 position that the utility is including the cost of the

15 customer connection to the main in this fee. Please

16 comment on this and also on whether Turkey Creek would

17 have objected to having the cost of meter installation,

18 and customer connection to the main, broken out of the

19 utility's charges and shown separately assuming that

20 these separate charges still totaled Turkey Creek's meter

21 connection fee.

22 A. I don't know what Ms. Chase considers "normal" but I do

23 know that these rates were set to compensate Turkey Creek

24 for its actual cost and that they were the rates which

25 were in effect on June 30, 1992. Reconfiguring the

1 charges is now moot due to the utility's sale.

2 Q. Regarding Ms. Chase's testimony on Page 14 thereof, why
3 were there two meter boxes included within the components
4 for meter installation at Turkey Creek?

5 A. Turkey Creek Utilities has always installed a lockable
6 curb stop, a meter, a plastic ball shut-off valve, and a
7 back-flow preventer and this policy was in effect much
8 earlier than June 30, 1992.

9 Q. Would the staff's recommended meter installation charge
10 for a 5/8" x 3/4" of \$125.00 have compensated the utility
11 for its out-of-pocket costs?

12 A. Definitely not.

13 Q. Please comment on the Memorandum of Intent which Turkey
14 Creek has executed with the City of Alachua and explain
15 to the panel the practical effect of that Memorandum of
16 Intent, and the transfer contemplated therein, on a
17 going-forward basis.

18 A. The Memorandum of Intent dated September 23, 1993, is a
19 legally binding instrument between the City of Alachua
20 and Turkey Creek Utilities. Turkey Creek Utilities has
21 turned over all of the operation and responsibilities of
22 the system to the City of Alachua effective September 24,
23 1993. As of that date, Turkey Creek no longer provides,
24 nor proposes to provide, water or wastewater service to
25 its former customers or the public. The City of Alachua

1 has accepted these customers and is now receiving the
2 monies from customers for connection charges, usage, etc.
3 Please see attached Exhibit NH-1 in that regard.

4 Q. To your knowledge, what rates, fees and charges does the
5 City intend to implement at the Turkey Creek development?

6 A. To my knowledge, the City of Alachua intends to maintain
7 all of the rates, fees, charges, etc. which Turkey Creek
8 requested be grandfathered.

9 Q. Was it ever explained to you, or were you ever given any
10 notices or documents which notified you, that you would
11 need to "justify" or "substantiate" every rate, fee,
12 charge, condition of service, application form, and the
13 territorial limits of your utility during this grandfath-
14 ering process?

15 A. Absolutely not. If I would have known that I was going
16 to have to put on a rate case with the Public Service
17 Commission, with whom at that time I was completely
18 unfamiliar, I would have hired the appropriate experts to
19 guide me. Rather, I was consistently told that my exist-
20 ing rates, fees, and charges would be "grandfathered." I
21 understood that to mean that, at least initially, under
22 the jurisdiction of the PSC my rates, fees, charges,
23 conditions of service and territory would be as it had
24 been on the date the Commission assumed jurisdiction over
25 my utility. However, that didn't turn out to be the

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case.

Q. Does this conclude your Prefiled Rebuttal Testimony?

A. Yes, it does.