

State of Florida

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Public Service Commission

February 26, 1996

Ms. Blanca Bayo, Director  
Florida Public Service Commission  
Division of Records and Reporting  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Confidential Commission Document No. 11719-95 in Docket No. 950495-WS.

Dear Ms. Bayo:

Attached is the Prefiled Testimony of Jeffrey A. Small. Pages 20 and 21 of Jeffrey A. Small's Exhibit JAS-1 are still being held and should be treated as confidential, pending the time for reconsideration and appeal of Order No. PSC-96-0211-CFO-WS to run.

On November 21, 1995, Southern States Utilities, Inc. (SSU) filed its First Request for Confidential Classification of portions of Audit Disclosure No. 16 consisting of two pages (Commission Document No. 11719-95). In that motion, SSU redacted what they considered the confidential portions of those pages. Although Order No. PSC-96-0211-CFO-WS denied the request for confidential treatment, the time for reconsideration and appeal has not run. Therefore, staff has enclosed the original (unredacted) and eight (8) copies of Mr. Small's testimony. For the eight (8) copies, pages 20 and 21 of JAS-1 have been redacted as requested by SSU.

Thank you. Please let me know if you have any questions.

Sincerely,

Ralph R. Jaeger  
Senior Attorney

RRJ/mw

cc: All Parties of Record

DOCUMENT NUMBER-DATE  
02317 FEB 26 96  
FPSC-RECORDS/REPORTING

**DOCKET NO.:** 950495-WS - [Southern States Utilities, Inc.]

**WITNESS:** Direct Testimony of Jeffrey A. Small, Appearing On Behalf of the Staff of the Florida Public Service Commission, Division of Auditing and Financial Analysis

**DATE FILED:** February 26, 1996

DOCUMENT NUMBER-DATE

02317 FEB 26 88

FPSC-RECORDS/REPORTING

DIRECT TESTIMONY OF JEFFERY A. SMALL

1  
2 Q. Please state your name and business address.

3 A. My name is Jeffery A. Small and my business address is Hurston North  
4 Tower, Suite N512, 400 W. Robinson Street, Orlando, Florida.

5 Q. By whom are you presently employed and in what capacity?

6 A. I am employed by the Florida Public Service Commission as a Regulatory  
7 Analyst II in the Division of Auditing and Financial Analysis.

8 Q. How long have you been employed by the Commission?

9 A. I have been employed by the Florida Public Service Commission for two  
10 years.

11 Q. Briefly review your educational and professional background.

12 A. I have a Bachelor of Science degree in Accounting from the University  
13 of South Florida. I was hired as a Regulatory Analyst I by the Florida Public  
14 Service Commission January 1994. I am also a Certified Public Accountant  
15 licensed in the State of Florida.

16 Q. Please describe your current responsibilities.

17 A. Currently, I am a Regulatory Analyst II with the responsibilities of  
18 participating as a staff auditor in a large team effort and working  
19 unaccompanied as an audit manager or team leader directing a small audit  
20 staff. I am also responsible for modifying standard audit work programs to  
21 accomplish stated audit objectives.

22 Q. What is the purpose of your testimony today?

23 A. The purpose of my testimony is to sponsor specific findings in the staff  
24 audit report of Southern States Utilities, Inc., Docket No. 950495-WS. I am  
25 sponsoring Audit Exceptions 4 through 6, and Audit Disclosures 4 through 11.

1 15. and 16. These findings are filed with my testimony and are identified as  
2 JAS-1.

3 Q. Please review the audit exceptions you are sponsoring.

4 A. Audit Exceptions disclose substantial non-compliance with the Uniform  
5 System of Accounts, a Commission rule or order, Staff Advisory Bulletins, and  
6 formal company policy. Audit Exceptions also disclose company exhibits that  
7 do not represent company books and records and company failure to provide  
8 underlying records or documentation to support the general ledger or exhibits.

9 Audit Exception No. 4 recommends two adjustments related to the Marco  
10 Shores system's purchase of water from the Marco Island system. The first  
11 adjustment is to state the projected revenues using projected consumption and  
12 rates, instead of historical consumption and rates. The second adjustment is  
13 to reflect the reduction of reportable revenues for purposes of calculating  
14 the regulatory assessment fees payable to the Commission.

15 Audit Exception No. 5 recommends the removal of shareholder services  
16 expenses allocated from Minnesota Power. In a Tampa Electric Company rate  
17 case, Commission Order No. 11307 states the following:

18 Stockholder relations expenses are incurred for activities related  
19 to image building and good will. This type of expense is not  
20 normally allowed by this Commission if incurred by a utility.  
21 This type of expense should be disallowed if incurred by a parent  
22 and passed through to subsidiary companies.

23 Therefore, based on this past Commission action, I recommend that these  
24 expenses be removed. The audit workpapers supporting this exception are  
25 attached as JAS-2.

1           Audit Exception No. 6 discusses the utility's write-off of \$19,143 for  
2 an abandoned Preliminary Survey and Investigation project. The utility  
3 recorded this amount in Contractual Services - Other. I believe that this is  
4 incorrect. I recommend that this amount be charged to either Miscellaneous  
5 Expense or Miscellaneous Non-utility Expense.

6 Q.     Please review the audit disclosures you are sponsoring.

7 A.     Audit Disclosures disclose material facts that are outside the  
8 definition of an Audit Exception.

9           Audit Disclosure No. 4 discusses the Seaboard system in Hillsborough  
10 county and my concern regarding the utility plant in service included in rate  
11 base. The utility purchases water from the City of Tampa via Hillsborough  
12 County in accordance with a specific water purchase agreement. These  
13 purchases equal approximately 62% of the water sold. The utility includes all  
14 original plant in service as well as all the cost associated with the  
15 construction of the interconnect with Hillsborough County.

16          Audit Disclosure No. 5 discusses the recorded sludge hauling expense for  
17 the Beecher Point and Palm Port systems. This expense should be identified  
18 as a Purchased Sewage Treatment Expense rather than sludge hauling. In  
19 addition the expense should not be treated as a recurring O&M expense because  
20 a more cost effective method should be developed.

21          Audit Disclosure No. 6 discusses an audit request regarding the  
22 elasticity adjustment. The utility stated the information requested would  
23 have to be provided by Dr. Whitcomb. Therefore, I did not review the  
24 elasticity adjustment.

25          Audit Disclosure No. 7 discusses the utility's conservation expenses and

1 makes certain comparisons with the way these expenses are incurred and  
2 recorded and those for the electric and gas industries. Generally, I  
3 recommend that conservation programs should be approved in advance and only  
4 expenses specifically related to those approved programs should be charged to  
5 conservation. The audit workpapers related to this disclosure are attached  
6 as JAS-3.

7         Audit Disclosure No. 8 recommends that the purchased power expense for  
8 the Deltona Lakes system be reduced. The utility has consistently over  
9 budgeted for this expense. Since 1992, the utility has over budgeted an  
10 average of 20.48%. The audit workpapers related to this disclosure are  
11 attached as JAS-4.

12         Audit Disclosure No. 9 recommends that the purchased water expense for  
13 the Volusia/Enterprise system be reduced. The utility operates this system  
14 under a receivership agreement with the Commission. The water sold to this  
15 system from the Deltona Lakes system should not be included in the MFRs for  
16 this rate case.

17         Audit Disclosure No. 10 recommends that the projected expenses for a  
18 Hurricane Preparedness program are non-recurring expenses and should be  
19 amortized over five years.

20         Audit Disclosure No. 11 recommends that the projected expenses for the  
21 Hepatitis Immunization program are non-recurring and should be amortized over  
22 five years. The audit workpapers related to this disclosure are attached as  
23 JAS-5.

24         Audit Disclosure No. 15 recommends that the projected salary expense  
25 should be reduced to correct an error in the attrition adjustment calculation.

1 | The utility stated that the attrition adjustment for 1996 should be 5.75%, not  
2 | the 5.87% included in the MFRs.

3 |         Audit Disclosure No. 16 discusses the salary expense for the Executive  
4 | Division.

5 | Q.     Does this conclude your testimony?

6 | A.     Yes, it does.

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**AUDIT EXCEPTION NO. 4**

**SUBJECT: PURCHASED WATER ADJUSTMENTS  
Marco Shores**

**FACTS:** The Company's filing for Historical 1994, Interim 1995, and Projected 1996 O&M Expenses includes adjustments for purchased water of \$24,378, \$24,378 and \$60,036, respectively, for Marco Shores.

The Company's filing for Historical 1994, Interim 1995, and Projected 1996 revenues include \$24,378, \$34,035 and \$69,291, respectively, for Marco Island's sale of raw water to Marco Shores.

Marco Shores and Marco Island are owned by Southern States.

The Company maintains that the above-mentioned purchase water adjustment is computed only for this filing to account for the water produced by Marco Island. No revenues or expenses for this transaction appear on the Company's books outside of this filing because the transfer of water resources from Marco Island to Marco Shores is considered an intercompany transaction that is eliminated when SSU's books are closed at year end.

Rule 25-30.120, (3) states, "Any utility that purchases water or wastewater treatment from another utility regulated by the FPSC is allowed a credit on the Regulatory Assessment Fee paid to the FPSC."

**OPINION/RECOMMENDATION:** Audit staff has discovered two calculation errors with the Company's filing.

- 1) Interim 1995's purchased water adjustment was calculated using Historical 1994 rates and consumption levels.
- 2) Projected 1996's purchased water adjustment was calculated using Projected 1996 rates and Historical 1994 consumption levels.

The Commission should require the Company to increase Interim 1995 and Projected 1996 purchased water adjustments for Marco Shores by \$9,648 and \$3,742, respectively, as illustrated in the attached Schedule A.

For filing purposes the Company recorded revenues twice for the previously mentioned intercompany water transaction - first, as raw water sold to Marco Shores from Marco Island and second, as finished water sold by Marco Shores to its customers.

When the Company calculated the Regulatory Assessment fees applicable for this filing they did not adjust the RAF fees as required per the Commission rule cited above.



**Audit Exception No. 4, continued**

The Commission should require the Company to reduce Taxes Other Than Income by the following amounts in its Historical 1994, Interim 1995, and Projected 1996 filings for excess Regulatory Assessment Fees of \$1,097, \$1,532 and \$3,118, respectively, as illustrated below.

**RAF Fee Adjustments**

<u>Marco Island</u>	<u>Revenues per Company</u>	<u>RAF percentage</u>	<u>RAF amount</u>
Historical 1994	\$24,387	4.50%	\$1,097
Interim 1995	\$34,035	4.50%	\$1,532
Projected 1996	\$69,291	4.50%	\$3,118

**COMPANY COMMENTS:** The Company may respond at a later date.

**Schedule for Audit Exception No. 4**

**Summary of Purchased Water Adjustments**

	Per Company	Audit Adjustment	Elasticity Adjustment	Per Audit
Historical 1994	24,387	0	0	24,387
Interim 1995	24,387	9,648	0	34,035 <i>a</i>
Projected 1996	65,225	4,066 <i>b</i>		69,291 <i>c</i>
elasticity adjustment	<u>(5,189)</u>		(324) <i>b</i>	<u>(5,513) <i>b</i></u>
	60,036			63,778 <i>c</i>

*a)*

1995 Consumption	36.938 m/gal
1995 Rate X	<u>\$0.87</u>
	\$32,136
Plus base facility	<u>1,899</u>
	\$34,035

*b)*

	Purchased Water	Elasticity Rate	Elasticity Adjustment
Per Audit	\$69,291	-7.9560%	(\$5,513)
Per company	<u>\$65,225</u>	-7.9560%	<u>(\$5,189)</u>
Auditor Adjustments	\$4,066		<u>(\$324)</u>
Net adjustment			\$3,742

*c)*

1996 Consumption	38.072 m/gal
1996 Rate X	<u>\$1.82</u>
	69,291
less elasticity adj.	<u>5,513</u>
	\$63,778

**AUDIT EXCEPTION NO. 5**

**SUBJECT: ALLOCATED COST FROM PARENT COMPANY  
Shareholder Services**

**FACTS:** Southern States filing for this rate case includes the following amounts identified as shareholders services:

NARUC Acc# 6358	Contractual Services - Other (A&G)
Historical 1994	\$232,379
Interim 1995	204,783
Projected 1996	208,776

The above-referenced amounts represent the allocated portion of cost incurred by SSU's parent, Minnesota Power, that are "apportioned to recipient subsidiaries as a function of their equity balance relative to Minnesota Power's consolidated equity."

These cost include charges for the following types of services:

- 1) labor cost for shareholders services department
- 2) proxy and annual meeting notices
- 3) utility investor group assessments
- 4) annual stockholders meetings
- 5) annual and quarterly shareholders reports
- 6) DRIP and stock purchase plans
- 7) NY and AMEX assessments
- 8) rating agency fees
- 9) SEC financial reports
- 10) registrar and transfer agent fees
- 11) meetings with trust officers/institutional investors
- 12) certificate printing
- 13) board fees
- 14) mailings to the financial community

Prior Commission policy has been to disallow any stockholder expenses that are incurred by a parent and passed through to subsidiary companies. TECO, Docket No. 820007-EU, Order No. 11307.

**OPINION/RECOMMENDATION:** Audit staff believes that the above-mentioned expenses should not be allowed for determining test year expenses and be excluded per the Commission policy cited in Order No. 11307.

**COMPANY COMMENTS:** The Company may respond at a later date.

**AUDIT EXCEPTION NO. 6**

**SUBJECT: ABANDONED PRELIMINARY SURVEY AND INVESTIGATION  
Volusia/Deltona Lakes**

**FACTS:** Southern States filing for Historical 1994 included a write-off of an abandoned Preliminary Survey and Investigation, PS&I, project for \$19,143 to Acc# 635 Contractual Services - Other.

Per NARUC, Class A, Water O&M Expense Accounts, Acc# 635, Contractual Services - Other, "This account shall include those operations and cost contracted for which are not included in accounts 631, 632, 633, 634."

The four NARUC accounts cited above are used to record expenses for "outside" engineering, accounting, and legal services as well as management fees.

Per NARUC, Class A, Income Accounts, Acc# 426 Miscellaneous Nonutility Expenses, "This account shall include all expenses other than expenses of utility operations and interest expense. Items included . . . (13) Preliminary Survey and Investigation expenses related to abandoned projects, when not written-off to the appropriate operating expense account."

Per NARUC, Class A, Balance Sheet Accounts, Acc# 183 Preliminary Survey and Investigation Charges, ". . ., if the work is abandoned, the charge shall be to account 426 - Miscellaneous Nonutility Expenses, or to the appropriate operating expense account unless otherwise ordered by the Commission (See account 675 - Miscellaneous Expenses)."

**OPINION/RECOMMENDATION:** The Company's write-off of the abandoned PS&I project to Acc# 635 is not an "appropriate operating expense account."

The Commission should require the Company to reduce Acc# 635 Contractual Services - Other by \$19,143.

The Company should be required to write off the PS&I project to either Acc# 426 Miscellaneous Nonutility Expense or Acc# 675 Miscellaneous Expenses as determined by the Commission.

**COMPANY COMMENTS:** The Company may respond at a later date.

**AUDIT DISCLOSURE NO. 4**

**SUBJECT: RATE BASE  
Hillsborough/Seaboard**

**FACTS:** The Hillsborough/Seaboard system purchases water from the City of Tampa via Hillsborough County in accordance with a specific water purchase agreement.

In 1994 Hillsborough/Seaboard purchased approximately 62% of its water supply from the City of Tampa. The remaining 38% was produced by the system's four wells.

SSU's filing states the following,

Seaboard is located in a salt-water intrusion area which means there is only a limited amount of quality water that can be pumped. Each year, less quality water can be pumped from the wells, therefore it is necessary to increase the budget to purchase more from the city.

Section VI, Items A, B, and C in the water purchase agreement addresses the effects of the agreement on Seaboard's Rate Base before the Hillsborough County Commission.

The agreement allowed Seaboard to maintain in rate base all of the company's previously existing plant as well as all cost associated with constructing the interconnect with the city of Tampa.

SSU incorporated into this filing the Hillsborough/Seaboard rate base at the levels set by the Hillsborough County Commission.

**OPINION/RECOMMENDATION:** Audit staff believes that the current balance for Hillsborough/Seaboard rate base may be overstated because of the effects of the water purchase agreement. The company's rate base includes all original plant in service as well as all the cost associated with the construction of the interconnect with Hillsborough County.

The water purchase agreement has become Seaboard's primary source for water, 62.0%, as illustrated in the above facts. The company is therefore recovering the cost of the purchased water as well as earning a return on the original source of supply plant that provides only 38.0% of its water supply.

Audit staff defers this issue to the staff analyst and engineers in Tallahassee for further review.

**COMPANY COMMENTS:** The Company may respond at a later date.

**AUDIT DISCLOSURE NO. 5**

**SUBJECT: SLUDGE HAULING EXPENSE**  
**Beechers Point/Palm Port**

**FACTS:** Southern States, Inc. filing indicates the following amounts for sludge hauling expense.

<u>System</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Beechers Point	\$12,179	\$44,200	\$45,062
Palm Port	3,540	44,200	45,062

SSU maintains that, ". . . the percolation ponds at Beechers Point and Palm Port are not properly percolating. Therefore, in order to dispose of the treated effluent, the company has hauled effluent to a sludge facility." and ". . . the effluent is being hauled in lieu of adequate percolation. Therefore, the disposal is considered sludge hauling."

The effect is an increase in sludge hauling expense in 1995 for Beechers Point and Palm Port of \$32,021 or 362.9% and \$40,660 or 1,248.6%, respectively. In 1996 the expense is determined by increasing 1995 expense by a 1.95% attrition factor.

Per the NARUC System of Uniform Accounts, Account 711 - Sludge Removal Expense, "This account shall include the cost of removal of sludge if such work is performed . . . ."

The revenues for Beechers Point and Palm Harbor for 1994 as filed are \$13,854 and \$30,030 with O&M expenses of \$42,532 and \$49,313, respectively. This results in a net deficit of (\$28,678) and (\$19,283) for each system before other non-O&M expenses are considered. The additional sludge hauling expense in 1995 will further increase this net deficit.

**OPINION/RECOMMENDATION:** The percolation ponds began to fail in early 1994. Southern States at that time decided to haul the treated effluent, with in-house personnel, to the Town of Welaka's wastewater facility. There was no evidence in the Company's response to audit staff's inquiry that Southern States explored any other cost effective alternatives.

Audit staff believes that, (1) The hauling of "treated effluent" should be identified as a Purchased Sewage Treatment Expense rather than sludge hauling expense because of the NARUC classifications cited above. (2) SSU's current solution to the percolation ponds problems at Beechers Point and Palm Port should not be treated as a recurring O&M expense item because a more cost effective method should be developed.

Audit staff defers this issue to the Commission staff analyst.

**COMPANY COMMENTS:** The Company may respond at a later date.

**AUDIT DISCLOSURE NO. 6**

**SUBJECT: ADJUSTMENT TO PROJECTED 1996 O&M EXPENSE  
Conservation Elasticity Adjustment**

**FACTS:** Southern States initial filing for Projected 1996 O&M expenses includes a conservation elasticity adjustment of (\$287,585). In SSU's subsequent supplemental filing the conservation elasticity adjustment was reduced by \$90,450 to (\$197,135).

**OPINION/RECOMMENDATION:** Audit staff requested additional information about the above-mentioned adjustments from Company representatives. Their response was as follows:

The 11.0% elasticity adjustment and the correlating 7.956% O&M expense reduction were derived through Dr. Whitcomb's WaterRate model. A detailed explanation of the relationship between elasticity of demand and the correlating decrease in variable cost should be submitted as an interrogatory request rather than an audit request. Dr. Whitcomb will have to address this question.

Auditor defers this issue to the analyst and engineers in Tallahassee because of an inability to evaluate the company's representations on this adjustment due to the lack of supporting documentation.

**COMPANY COMMENTS:** The Company may respond at a later date.

**AUDIT DISCLOSURE NO. 7**

**SUBJECT: ADJUSTMENT TO PROJECTED 1996 O&M EXPENSE  
Conservation Expenses**

**FACTS:** Chapter 366.81, F.S., states that, "The legislature finds and declares that it is critical to utilize the most efficient and cost-effective energy conservation systems in order to protect the health, prosperity, and general welfare of the state and its citizens."

Chapter 366.82 (2), F.S., assigns the authority to establish and monitor conservation programs for the electric and natural gas industry within the state of Florida to the Florida Public Service Commission. The Commission asserts its authority over conservation programs by means of Rule 25-17, F.A.C.

Southern States filing for Interim 1995 O&M expense budget includes conservation program expenses of \$199,250.

Southern States Projected 1996 O&M expense budget includes conservation expenses of \$524,425. This amount is the sum of the following two elements: (1) \$203,135, which is the interim 1995 budget escalated by a factor of 1.95%. (2) \$321,290, which is an adjustment to the projected 1996 budget for conservation program expenses. Please see attached schedule for details.

The Company has not requested Commission approval for its conservation program as of this filing.

**OPINION/RECOMMENDATION:** The Commission, through its actions with other state agencies, has expressed an on-going desire to promote the conservation of Florida's water resources.

Audit staff believes that the Commission should assert an implied authority to extend its responsibility over conservation programs to include the water and wastewater industries.

The Company's conservation program, as illustrated in the attachment provided, contains several expenses that are not considered recoverable under current Commission rules.

The Commission should determine that it does have the authority to administer a conservation program over the water and wastewater industry and develop the necessary guidelines to administer such a program.

Audit staff defers to the analyst and engineering staff in Tallahassee for additional recommendations on the conservation program established by Southern States in this rate proceeding.

**COMPANY COMMENTS:** The Company may respond at a later date.



**SOUTHERN STATES UTILITIES, INC.**  
**ANALYSIS OF CONSERVATION COSTS**

ACCOUNT DESCRIPTION	ACCOUNT NUMBER	CEC	1995 BUDGET	ESCALATION FACTOR	BUDGETED 1996	PROFORMA 1996* ADJUSTMENT	TOTAL 1996	
M&S-Office Printing	6208.0000	135	\$ 34,150	1.95%	\$ 34,816	\$ 19,991	\$ 54,807	
M&S-Office Supplies	6208.0000	140	\$ 2,350	1.95%	\$ 2,396	\$ 4,880	\$ 7,276	
Contract Services-Other*	6358.0000	150	\$ 16,200	1.95%	\$ 16,516	\$ 83,550	\$ 100,066	
Rental Equipment	6428.0000	155	\$ 1,000	1.95%	\$ 1,020	\$ 640	\$ 1,660	
Transportation	6508.0000	160	\$ 600	1.95%	\$ 612	\$ -	\$ 612	
Advertising	6608.0000	166	\$ 14,500	1.95%	\$ 14,783	\$ 24,600	\$ 39,383	
Misc Exp-Telephone	6758.0000	175	\$ 1,500	1.95%	\$ 1,529	\$ 1,512	\$ 3,041	
Misc Exp-Postage	6758.0000	185	\$ 3,500	1.95%	\$ 3,568	\$ 7,349	\$ 10,917	
Misc Exp-Dues & Subscription	6758.0000	190	\$ 800	1.95%	\$ 816	\$ -	\$ 816	
Misc Exp-Travel	6758.0000	195	\$ 400	1.95%	\$ 408	\$ 2,736	\$ 3,144	
Misc Exp-Food	6758.0000	200	\$ 1,800	1.95%	\$ 1,835	\$ 3,300	\$ 5,135	
Misc Exp-Employee Training	6758.0000	205	\$ 200	1.95%	\$ 204	\$ -	\$ 204	
Misc Exp-Office Cleaning	6758.0000	210	\$ 150	1.95%	\$ 153	\$ -	\$ 153	
Misc Exp-Employee Recognition	6758.0000	235	\$ 6,600	1.95%	\$ 6,729	\$ -	\$ 6,729	
Misc Exp-Temporary Help	6758.0000	245	\$ 3,000	1.95%	\$ 3,059	\$ -	\$ 3,059	
Misc Exp-Other	6758.0000	250	\$ 112,500	1.95%	\$ 114,694	\$ 77,163	\$ 191,857	
Labor			\$ -		\$ -	\$ 76,461	\$ 76,461	
Fringe Benefits**			\$ -		\$ -	\$ 19,108	\$ 19,108	
<b>Total</b>			<b>\$ 199,250</b>		<b>\$ 203,135</b>	<b>\$ 321,290</b>	<b>\$ 524,425</b>	

\* The proforma 1996 adjustment for contract services includes a reclassification of \$35,683 for contract services for the Marco Island Water Conservation Program which was classified as Misc Exp-Other (CEO 250) in the 1995 budget (\$35,000 in 1995 budget).  
The proforma adjustment for printing, supplies, advertising, postage, and food also include a reclassification of \$43,839 for public education and special events for the Marco Island Water Conservation Program which was classified as Misc Exp-Other (CEO 250) in the 1995 budget (\$43,000 in 1995 budget).

\*\* 1996 fringe benefit rate @ 24.99%.

**AUDIT DISCLOSURE NO. 8**

**SUBJECT: PURCHASED POWER  
Deltona Lakes**

**FACTS:** Southern States filing indicates the following amounts for purchased power expense:

<u>System</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Deltona Lakes	\$308,998	\$417,300	\$417,300

SSU maintains that they, "used a 1994 budget rather than 1994 actual to calculated a normalized expected power cost for 1995 due to the wet weather during the second half of 1994."

The budget figures provided by SSU are illustrated in the attached Schedule A.

**OPINION/RECOMMENDATION:** Audit staff believes that SSU's calculation of "normalized expected power cost" for the Deltona Lakes purchased power is flawed and overstates the actual amount that should be budgeted.

The Company has consistently over budgeted for purchased power at Deltona Lakes since 1992 as illustrated in the attached Schedule B.

Audit staff believes that the Interim 1995 and Projected 1996 purchased power expense for Deltona Lakes should be \$353,491 and \$360,384. These amounts were determined by using a simple average calculation for 1995 and an attrition factor of 1.95% for 1996 as illustrated in attached Schedule C.

The Commission should require the utility to reduce Interim 1995 and Projected 1996 purchased power expenses for Deltona Lakes by \$63,809 and \$56,916 as illustrated in attached Schedule D.

**COMPANY COMMENTS:** The Company may respond at a later date.

**Schedule for Audit Disclosure No. 8**

**Schedule A**

Purchased power per 1994 budget	\$385,200
divided by number of wells in 1994	<u>24</u>
Average cost per well	\$16,050
times number of wells in 1995	<u>26</u>
Per company 1995 budget	\$417,300

**Schedule B**

Per company records	1992	1993	1994	Simple Average
Purchased power per budget	\$422,760	\$423,000	\$385,200	\$410,320
Purchased power actual	<u>\$317,409</u>	<u>\$352,490</u>	<u>\$308,998</u>	<u>\$326,299</u>
Difference - over/(under)	\$105,351	\$70,510	\$76,202	\$84,021
Percentage	24.92%	16.67%	19.78%	20.48%

**Schedule C**

	Interim 1995		Projected 1996
Simple Average (see B above)	\$326,299		
divided by number of wells in 1994	<u>24</u>	Budget 1995	\$353,491
Avg. cost per well	\$13,596	attrition factor	<u>1.0195%</u>
times number of wells in 1995	<u>26</u>		
Per audit purchased power budget for Deltona Lakes	\$353,491		\$360,384

**Schedule D**

	Interim 1995	Projected 1996
Per audit purchased power budget for Deltona Lakes	\$353,491	\$360,384
Per company purchased power budget for Deltona Lakes	<u>\$417,300</u>	<u>\$417,300</u>
Auditor determined adjustment	(\$63,809)	(\$56,916)

**AUDIT DISCLOSURE NO. 9**

**SUBJECT: PURCHASED WATER**  
**Volusia/Enterprise**

**FACTS:** The Company's filing for Interim 1995 and Projected 1996 O&M Expenses includes expenses for purchased water of \$24,720 and \$22,753, respectively, for Volusia/Enterprise system.

The Volusia/Enterprise is currently being operated by SSU under a receivership agreement with the FPSC.

The Volusia/Enterprise system receives water from Deltona Lakes by means of an "intercompany transfer."

The Company maintains that the above-mentioned transaction should only appear in the billing system as a "memo entry" to account for the water produced by Deltona Lakes.

**OPINION/RECOMMENDATION:** Audit staff has determined that there are no water purchase agreements between Volusia/Enterprise and Deltona Lakes.

The Company's response to audit staff's inquiry indicates that the purchased water amounts were erroneously included in the Interim 1995 and Projected 1996 filings.

The Commission should require the Company to reduce the Interim 1995 and Projected 1996 purchased water expense for Volusia/Enterprise \$24,720 and \$22,753, respectively.

**COMPANY COMMENTS:** The Company may respond at a later date.

**AUDIT DISCLOSURE NO. 10**

**SUBJECT: ADJUSTMENT TO PROJECTED 1996 O&M EXPENSE  
Hurricane Preparedness Program**

**FACTS:** The Company's filing for Projected 1996 O&M expenses includes an adjustment of \$9,670 for additional materials and supplies for its Hurricane Preparedness Program.

The following items requested include: concrete saws, chain saws, flood lights, traffic cones, and other miscellaneous mechanical repair items.

Rule 25-30.433 (8), F.A.C., states that, "Non-recurring expenses shall be amortized over a 5-year period unless a shorter or longer period of time can be justified."

**OPINION/RECOMMENDATION:** Audit staff believes that the items requested for the "Hurricane Preparedness Program" represent non-recurring O&M expense projections and are subject to the Commission rule cited above.

The amortization amount, as determined by audit staff, should be the following:

\$9,670 divided by 5 years equals \$1,934 per year

The Commission should require the Company to reduce its adjustment to Projected 1996 O&M expenses, Acc# 620, by \$7,736 as illustrated below.

\$9,670	Original company adjustment
<u>1,934</u>	less one year amortization per audit
\$7,736	audit adjustment/deferred debit

**COMPANY COMMENTS:** The Company may respond at a later date.

**AUDIT DISCLOSURE NO. 11**

**SUBJECT: HEPATITIS IMMUNIZATION PROGRAM**  
**Interim 1996 and Projected 1996 O&M Expense**

**FACTS:** Southern States' filing for Interim 1995 and Projected 1996 includes \$16,000 and \$16,312 for a newly implemented Hepatitis immunization program they started in 1995 for selected "at risk" employees.

The above amounts were budgeted to the Safety Department Responsibility Center (#592) for NARUC Acc# 6758, Miscellaneous Expenses - A&G.

The Company maintains that approximately 200 employees will receive a series of three inoculations for Hepatitis B as part of the Company's Bloodborn Pathogens' program.

The budgeted cost of the program divided by the number of employees immunized results in an average cost of \$80.00 per employee for the Hepatitis Immunization program in Interim 1995.

The Company's employee turnover rate for 1995 is estimated to be approximately 11% on an annualized basis per D.G. Lock's testimony for this filing.

Documentation provided to the general public by the State Health Office-Immunization Program, Department of Health and Rehabilitative Services for Florida states, "The vaccine is given in a 3-dose series over a period of six months. About 95% of healthy persons are immune after receiving the vaccine, and protection appears to last at least five years."

Rule 25-30.433 (8), F.A.C., states that, "Non-recurring expenses shall be amortized over a 5-year period unless a shorter or longer period of time can be justified."

**Audit Disclosure No. 11, continued**

**OPINION/RECOMMENDATION:** Audit staff believes that the amount budgeted for the Company's Hepatitis Immunization program represents non-recurring O&M expense projection and that it should be subject to the Commission rule cited above.

The Commission should require the Company to reduce Acc# 6758 - Miscellaneous Expenses for Interim 1995 and Projected 1996 by \$12,800 and \$14,508, respectively, as illustrated in the attached schedules.

**COMPANY COMMENTS:** The Company may respond at a later date.

**Schedule for Audit Disclosure No. 11****1995 Interim**

Interim 1995 expense amount	\$16,000
Divided by estimated life of vaccine	<u>5 years</u>
Equals yearly amortization amount	\$ 3,200
<hr/>	
Interim 1995 per Company	\$16,000
less Interim 1995 per Audit	<u>3,200</u>
Equals Audit adjustment	\$12,800

**Projected 1996**

Projected 1996 per Company	\$16,312 a
less Projected 1996 per Audit	<u>1,804 b</u>
Equals audit adjustment	\$14,508

a) Per company 1995 \$16,000  
times 1.95% attrition 312  
equals 1996 projected \$16,312

b) Initial number of employees 200  
to be vaccinated in 1995  
times employee turnover rate 11%

equals the number new employees  
to be vaccinated in 1996 22

times the \$80 cost per employee  
for each vaccination increased by  
the 1.95% attrition factor \$ 82

equals Projected 1996 per  
audit \$ 1,804

(numbers were rounded to the nearest dollar)



**AUDIT DISCLOSURE NO. 15**

**SUBJECT: PROJECTED 1996 SALARY & WAGE EXPENSE  
Attrition Adjustments**

**FACTS:** The Company's filing for Projected 1996 O&M Expenses includes an attrition adjustment of 5.87% to the Company's 1995 labor budget of \$10,965,564.

Per Company representative the above-mentioned attrition adjustment was calculated in error and should have been 5.75%.

The Company representative maintains that its total labor budget for Projected 1996 is overstated by .12% or \$16,764.

**OPINION/RECOMMENDATION:** Audit staff concurs with the Company's newly disclosed facts concerning the attrition adjustment. However, the \$16,764 overstatement calculated by the Company is based on the total labor budget which includes the Company's capitalized labor projections. The capitalized labor portion should not be included in the Projected 1996 O&M expense reduction.

Audit staff has recalculated the Projected 1996 labor attrition adjustments for O&M expenses and capitalized labor based on the correct percentage as stated above and recommends the following adjustments:

<u>WATER O&amp;M EXPENSES ACC# 601</u>	
Conventional Treatment	( \$ 7,504 )*
Reverse Osmosis Treatment	( 982 )*
<u>WASTEWATER O&amp;M EXPENSES ACC# 701</u>	
All systems	( 5,478 )*
Total O&M Expense reduction	( \$13,964 )*
<u>CAPITALIZED LABOR</u>	
Total Capitalized Labor	( \$ 2,800 )
Total Labor adjustment	( \$16,764 )

(\* See attached schedule \*)

The difference between audit staff's calculated adjustment and the Company's adjustment is a reduction to capitalized labor of \$2,800. (\$16,764 - \$13,964)

The Commission should require the Company to reduce its Projected 1996 O&M Salary Expenses and Projected 1996 Capitalized Salary Expenses by the amounts illustrated above to correct for the error in the Company's attrition adjustment calculation.

**COMPANY COMMENTS:** The Company may respond at a later date.

Schedule for Audit Disclosure No. 15

Water			A	B	C	D	E	F	G	H	I
			Budget 1995	Attrition Adjustment 5.87%/5.75%	Reallocation	Adjusted 1996	Add OOU	Add Conservation	Hewitt Study 4.765%	Net Adjustments	Final Adjusted 1996
				See note 1		A+B+C		See note 2	D X 4.765%	E+F+G	D+H
Per Company	601	Salaries & Wages	<u>6,750,292</u>	<u>396,242</u>	<u>5,345</u>	<u>7,151,879</u>	<u>101,756</u>	<u>52,636</u>	<u>340,767</u>	<u>495,179</u>	<u>7,647,056</u>
		Conventional Reverse Osmosis	5,968,878 781,414	350,373 45,869	29,302 (23,957)	6,348,553 803,326	96,124 5,632	49,723 2,913	302,509 38,278	448,356 46,823	6,796,909 850,149
Per Audit	601	Salaries & Wages	<u>6,750,292</u>	<u>388,142</u>	<u>5,345</u>	<u>7,143,779</u>	<u>101,756</u>	<u>52,636</u>	<u>340,401</u>	<u>494,793</u>	<u>7,638,572</u>
		Conventional Reverse Osmosis	5,968,878 781,414	343,210 44,931	29,302 (23,957)	6,341,360 802,388	96,124 5,632	49,723 2,913	302,167 38,234	448,014 46,779	6,789,405 849,167
Audit Adjustments	601	Salaries & Wages		<u>8,100</u>		<u>8,100</u>			<u>388</u>	<u>398</u>	<u>8,488</u>
		Conventional Reverse Osmosis		7,163 938		7,163 938			341 45	341 45	7,504 962
Wastewater			A	B	C	D	E	F	G	H	I
			Budget 1995	Attrition Adjustment 5.87%/5.75%	Reallocation	Adjusted 1996	Add OOU	Add Conservation	Hewitt Study 4.765%	Net Adjustments	Final Adjusted 1996
				See note 1		A+B+C		See note 2	D X 4.765%	E+F+G	D+H
Per Company	701	Salaries & Wages	4,120,416	241,868	440,720	4,803,004	46,058	23,528	228,863	296,746	5,101,751
		Salaries & Wages	4,120,416	236,924	440,720	4,798,060	46,058	23,528	228,628	296,214	5,096,273
Audit Adjustments	701	Salaries & Wages		<u>4,944</u>		<u>4,944</u>			<u>236</u>	<u>532</u>	<u>5,478</u>

Note 1

Per Company - Column A x 5.87%

Per Audit - Column A X 5.75%

Note 2

The per audit amount is subject to change based on the Commission's decision concerning Audit Disclosure #7.

AUDIT DISCLOSURE NO. 16

SUBJECT: INTERIM 1995 AND PROJECTED 1996 SALARY & WAGE EXPENSE  
Executive Division

FACTS: The Company's Interim 1995 and Projected 1996 budget for A&G accounts includes an estimated salary expenses of [REDACTED] and [REDACTED] respectively for the new company president to Acc# 601. The Company used an estimated amount because it had not completed the hiring process for the new president at the time of this filing

In July 1995 the hiring process was completed and the new company presidents salary was established at [REDACTED]

The new presidents position includes responsibilities to two non-regulated operations, Heater Utilities and Topeka Group, which are subsidiaries of the parent corporation Minnesota Power.

The Company has established the following allocations of the presidents salary based on historical direct labor hours of past company presidents.

Southern States Utilities, President	70%
Heater Utilities, Chief Executive Officer	15%
Minnesota Power, Executive Vice President and member Board of Directors Topeka Group	15%

The Company will record 100% of the salary expense for the presidents position and then be reimbursed by the non-regulated operations for their respective labor cost based on the percentages listed above.

The new presidents base annual compensation for Interim 1995 and Projected 1996 is [REDACTED] and [REDACTED] respectively after considering the adjustments discussed above.

The Company allocates Employee Pension & Benefits Expense to Acc# 604 as a percentage of total salary expense using the following company determined percentages:

1995 at 24.83% and 1996 at 24.99%

The Company allocates Workman Compensation Expense to Acc# 658 as a percentage of total salary expense using the following company determined percentages:

1995 at 1.79% and 1996 at 1.71%

Audit Disclosure Number 16, continued

OPINION/RECOMMENDATION: The Company's budgeted amounts to A&G Acc# 601 for Interim 1995 and Projected 1996 O&M Salary expenses is overstated by the following amounts:

1995 Per Company Budget estimate	[REDACTED]
1995 Per Company Budget actual	[REDACTED]
Total audit reduction	[REDACTED]
1996 Per Company Budget estimate	[REDACTED]
1996 Per Company Budget actual	[REDACTED]
Total audit reduction	[REDACTED]

The Company's budgeted amounts to A&G Acc# 604 for Interim 1995 and Projected 1996 O&M Employee Pension & Benefits expense is overstated by the following amounts:

Audit Adjustment to 1995 salary times 1995 Pen/Benefit Percentage	[REDACTED] <u>24.83%</u>
Total audit reduction	[REDACTED]
Audit Adjustment to 1996 salary times 1996 Pen/Benefit Percentage	[REDACTED] <u>24.99%</u>
Total audit reduction	[REDACTED]

The Company's budgeted amounts to A&G Acc# 658 for Interim 1995 and Projected 1996 O&M Insurance - Workman Compensation is overstated by the following amounts:

Audit Adjustment to 1995 salary times 1995 Work/Comp Percentage	[REDACTED] <u>1.79%</u>
Total audit reduction	[REDACTED]
Audit Adjustment to 1996 salary times 1996 Work/Comp Percentage	[REDACTED] <u>1.71%</u>
Total audit reduction	[REDACTED]

The Commission should require the Company to reduce Acc#'s 601, 604, and 658 for Salary expense, Employee Pension & Benefits expense, and Workman Compensation expense respectively by the amounts indicated above for Interim 1995 and Projected 1996 O&M expenses.

COMPANY COMMENTS: The Company may respond at a later date.

10/6/94

1994-1996 Shareholder Services  
12/31/96

PARENT COMPANY CHARGES - Summary

Company: Southern States Utilities, Inc.

Docket No.: 950495-WS  
Test Years Ended: 1994, 1995, 1996



Explanation: In addition to costs reported on Schedule B-12, provide information on costs allocated or charged to the Company from a parent, affiliate, or related party.

FPSC

Supplemental Schedule PC-1  
Page 1 of 2  
Preparer: Scott W. Vierima

4/12/95  
251

4/6/95

Line No.	Account No.	Description	Charging Entity	Direct or Apportioned	Apportionment Method	Total Cost or Apport. (1995)	> 1% of Revenues	Actual 1994	Budgeted 1995	Projected 1996
1	1620-2000	Prepaid Insurance	TG (2)	Apportioned	Broker Assigned	962,774	No	120,408	108,956	109,042 (1)
2	6328-0000	Contractual Services - Acctg	TG (2)	Direct	///////	///////	No	47,237	77,940	79,460 (1)
3	6358-0000	Contractual Services - Other	TG (2)	Direct	///////	///////	No	313,124	33,871	34,328 (1)
4	6358-0000	Shareholder Services	TG (2)	Apportioned	Invested Equity	995,892	No	232,379	205,783	288,776 (1)
5		Subtotal (6358)						545,503	238,454	243,104
6	1861-0000	Deferred Rate Case Costs	TG (2)	Direct	///////	///////	No	16,224	30,000	30,000 (3)
7	4280-0000	Credit Support Fees	TG (2)	Direct	///////	///////	No	92,753	136,450	121,931
								<u>822,125</u>	<u>589,800</u>	<u>583,536</u>
One percent ( 1% ) of audited/budgeted total Company revenues :								546,619	557,642	///////

4:5

- ( 1 ) All affiliate charges for 1996 indexed from 1995 budget at the rate of 1.95%, the general index rate approved by the FPSC in Order No. PSC-95-0202-FOF-WS ( issued 2-10-95 ).
- ( 2 ) TG = Topoka Group Incorporated, owner of 100% of Southern States Utilities, Inc. common stock.
- ( 3 ) Estimate for instant docket spread between 1995 and 1996.

- Attachments per FAC 25-30.436 (4)(h):
- h4) apportionment method workpapers
  - h5) direct charge workpapers
  - h6) organizational chart
  - h7) copies of existing interaffiliate agreements



SOURCES: PBC and W. Vierima

1994-1996 Shareholder Services  
12/31/96

10/95  
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FPSC AUDIT REQUEST #74

SHAREHOLDER SERVICES



1. The sources of SSU's equity capital are twofold: 1) retained earnings and 2) paid-in capital from its first tier parent Minnesota Power (MP). In order for MP to attract and retain equity capital for reinvestment in subsidiary corporations, it must incur continuing expenses associated with the issuance of securities, payment of dividends, compliance with SEC regulations, payment of registration and rating agency fees and shareholder communications. These costs are apportioned to recipient subsidiaries as a function of their equity balance relative to MP's consolidated equity.

2. The following types of services are included:

- 1) Labor and payroll overheads for operation of a shareholder services department, 2) proxy and annual meeting noticing, 3) utility investor group assessment, 4) annual stockholder meetings, 5) annual and quarterly shareholder reports, 6) DRIP and stock purchase plans, 7) NY and AMEX assessments, 8) rating agency fees, 9) SEC financial reports (10-K, 8-K, etc.), 10) registrar and transfer agent services, 11) meetings with trust officers and institutional investors, 12) certificate printing, 13) board fees and 14) mailings to the financial community.

3. All privately held utilities endeavor to maintain a balanced capital structure which typically includes some form of equity capital. In addition to directly funding a utilities operations and capital improvements, the presence of equity capital promotes the attraction of debt capital at lower rates and under reasonable covenants.

4. See attached Schedule PE-1.

5. See attached Schedule PE-1.



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Source:  and as indicated

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1994-1996 Shareholder Services  
12/31/96

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FLORIDA PUBLIC SERVICE COMMISSION  
AUDIT DOCUMENT/RECORD REQUEST  
NOTICE OF INTENT

TO: Judy Kimball  
UTILITY: Southern States Utilities, Inc.  
FROM: Charleston Winston  
(AUDIT MANAGER)

Jeff Small  
(AUDITOR PREPARING REQUEST)

REQUEST NUMBER: 74  
AUDIT PURPOSE: Rate Case, Dkt# 950495

DATE OF REQUEST: Sep 19, 1995

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: September 25, 1995

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE:  INCIDENT TO AN INQUIRY

MFR's Vol 2a Bk 3 of 4, pgs. 37 and 298

ITEM DESCRIPTION:

These pages refer to the following amounts associated with "Shareholders Services". \$209,000 and \$168,468.

Please provide the following information concerning these cost:

- 1) Describe the nature of these cost.
- 2) Identify all the types of services provided.
- 3) How do these services benefit SSU's customers ?
- 4) Provide an itemized schedule for Historical 1994, Interim 1995, and Projected 1996 that identify all the types of cost past down from the parent in total.
- 5) List all NARUC accounts in SSU's filing that are effected by the above transactions.

TO: AUDIT MANAGER Charleston Winston

DATE: 9/26/95

THE REQUESTED RECORD OR DOCUMENTATION:

- (1)  HAS BEEN PROVIDED TODAY
- (2)  CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_
- (3)  AND IN MY OPINION, ITEM(S) \_\_\_\_\_ IS(ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Judith J. Kimball, ASST VP, Finance  
(SIGNATURE AND TITLE OF RESPONDENT)

Distribution: Original: Utility (for completion and return Auditor)  
Copy: Audit File and FPSC Analyst

Source: (PSC) and as indicated

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**SSU Services, Inc.**

1994-1996 Shareholder Services  
 PTFE 12/31/96

10/95  
 (11)

**1995 A&G EXPENSE: \$167,455 Increase over 1994 - 2.11%**

PBC

601/604 Labor and Fringe Benefits \$357,778 Increase - 7.30%

Note: See discussion of Labor and Fringe Benefits in Part III. above.

631.8 Contractual Services - Eng. \$33,523 Increase - 100%

Amortization expense for the new computerized system mapping project #94EA008.

675.8 Miscellaneous Expenses (\$74,432) Decrease - 5.69%

The primary reason for the decrease is the reclassification of postage from A&G to Customer Accounts in 1995.

**1994 A&G EXPENSE: \$1,801,731 Above Benchmark Guideline - 26.90%**

601/604 Labor and Fringe Benefits \$715,895 Above Guideline - 17.13%

Note: See discussion of Labor and Fringe Benefits in Part III. above.

620.8 Materials & Supplies (\$80,549) Below Guideline - (28.14%)

The majority of the decrease in 1994 is for printing costs of utility bills, notices and envelopes. These items were included in A&G in 1991, but were classified in Customer Accounts in 1994.

632.8 Contractual Services - Acctg (\$103,381) Below Guideline - (37.70%)

This reduction is the result of reduced audit fees from Price Waterhouse due to in-house expertise and efficiencies developed since 1991. SSU was able to decrease the fees paid because of SSU's increased internal work relating to preparation of the audited financial statements and supporting schedules, consolidation of SSU into one company, and no audit adjustments or internal control weaknesses being noted in 1994.

635.8 Contractual Services - Other \$382,256 Above Guideline - 427.39%

\$209,000 of the increase is due to SSU's portion of Shareholder Services charges from Minnesota Power for 1994 (11.8% based on average equity) which were not charged to SSU in 1991. The unamortized balance of the cost of an IS Strategic Plan prepared in 1992 was written off in 1994 totaling \$34,273.

641.8 Rental of Building \$56,899 Above Guideline - 74.58%

The rental of the Engineering building in 1994 increased building rental expense by \$58,000. In addition, the Marco Island office building was rented since 1991 resulting in an additional \$24,000.

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**SSU Services, Inc.**

*1994 PSC Shareholder Services  
12/21/96*

*12/18/96*

Southern States Utilities, Inc.  
Review of Shareholder Services  
Historical 1994, Interim 1995 and Projected 1996  
Docket# 950495  
Auditor: Jeff Small

Southern States filing includes the following amounts for Acc# 6358  
Contractual Services - Other:

Historical 1994	<i>1165 3 218</i>	\$232,379
Interim 1995		\$204,783
Projected 1996		\$208,776

Auditor initially requested the company to provide documentation and additional information for variance amounts described the company's filing concerning comparisons of current and prior year FPSC O&M expenses. See W/P's *(1165)* for details.

From the information provided by the company audit staff has determined that the above amounts represent charges passed down from the parent company, Minnesota Power, to SSU.

A review of Commission policies revealed that the Commission does not normally allow cost such as shareholder services to be passed down to the rate payers. See Order# *11307*

Auditor recommends that these cost be removed from the company's filing.

No further audit work deemed necessary in this area.

Source *as indicated*

*4/2/97*

**CSU Services, Inc.**  
*Conservation Program*  
*PTAC 12/31/86*

*9/15/87*  
*CSU*

SOUTHERN STATES UTILITIES, INC.										
ANALYSIS OF CONSERVATION COSTS										
ACCOUNT DESCRIPTION	ACCOUNT NUMBER	CRC	1995		Revised	ESCALATION FACTOR	BUDGETED	PROPORMA 1996	TOTAL	
			BUDGET	Reserve	1995		1996	ADJUSTMENT	1996	
<b>M&amp;S-Office Printing</b>	<b>6208.0000</b>	<b>135</b>								
State-wide Communications			34,150		34,150	1.95%	34,816	-		34,816
Marco Program			-	8,000	8,000	1.95%	8,156	(156)		8,000
Six Pilot Programs			-	-	-	1.95%	-	11,991		11,991
<b>Total</b>			<b>34,150</b>	<b>8,000</b>	<b>42,150</b>		<b>42,972</b>	<b>11,835</b>		<b>54,807</b>
<b>M&amp;S-Office Supplies</b>	<b>6208.0000</b>	<b>140</b>								
State-wide Communications			2,350		2,350	1.95%	2,396	-		2,396
Marco Program			-	2,000	2,000	1.95%	2,039	(39)		2,000
Six Pilot Programs			-	-	-	1.95%	-	2,880		2,880
<b>Total</b>			<b>2,350</b>	<b>2,000</b>	<b>4,350</b>		<b>2,396</b>	<b>2,841</b>		<b>7,276</b>
<b>Contract Services-Other</b>	<b>6358.0000</b>	<b>150</b>								
State-wide Communications										
clippings			100		100	1.95%	102	-		102
PR News			100		100	1.95%	102	-		102
FL Bus. Net			1,000		1,000	1.95%	1,020	-		1,020
surveys			5,000		5,000	1.95%	5,098	-		5,098
PR counsel & research			10,000		10,000	1.95%	10,195	-		10,195
Marco Program			-	8,000	8,000	1.95%	8,156	3,844		12,000
public relations			-	35,000	35,000	1.95%	35,683	(15,683)		20,000
water audits			-	5,000	5,000	1.95%	5,098	4,903		10,000
surveys			-	-	-	-	-	-		-
Six Pilot Programs			-	-	-	1.95%	-	12,000		12,000
literature search			-	-	-	1.95%	-	19,500		19,500
outside services			-	-	-	1.95%	-	10,050		10,050
surveys of control group			-	-	-	1.95%	-	-		-
<b>Total</b>			<b>16,200</b>	<b>48,000</b>	<b>64,200</b>		<b>65,452</b>	<b>34,614</b>		<b>100,065</b>
<b>Rental Equipment</b>	<b>6428.0000</b>	<b>155</b>								
State-wide Communications			1,000		1,000	1.95%	1,020	-		1,020
Marco Program			-	-	-	1.95%	-	640		640
Six Pilot Programs			-	-	-	1.95%	-	640		1,660
<b>Total</b>			<b>1,000</b>		<b>1,000</b>		<b>1,020</b>	<b>640</b>		<b>1,660</b>
<b>Transportation</b>	<b>6508.0000</b>	<b>160</b>								
State-wide Communications			600		600	1.95%	612	-		612
<b>Advertising</b>	<b>6608.0000</b>	<b>166</b>								
State-wide Communications			14,500		14,500	1.95%	14,783	-		14,783
Marco Program			-	17,000	17,000	1.95%	17,332	(332)		17,000
Six Pilot Programs			-	-	-	1.95%	-	7,600		7,600
<b>Total</b>			<b>14,500</b>	<b>17,000</b>	<b>31,500</b>		<b>32,114</b>	<b>7,269</b>		<b>39,383</b>
<b>Misc Exp-Telephone</b>	<b>6758.0000</b>	<b>175</b>								

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SSU Services, Inc.

Conservation Program  
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SOUTHERN STATES UTILITIES, INC.									
ANALYSIS OF CONSERVATION COSTS									
ACCOUNT DESCRIPTION	ACCOUNT		1995		Revised	ESCALATION	BUDGETED	PROFORMA 1996	TOTAL
	NUMBER	CFC	BUDGET	Return	1995	FACTOR	1996	ADJUSTMENT	1996
State-wide Communications			1,500		1,500	1.95%	1,529	-	1,529
Marco Program			-	-	-	1.95%	-	252	252
Six Pilot Programs			-	-	-	1.95%	-	1,260	1,260
Total			1,500		1,500		1,529	1,512	3,041
Misc Exp-Postage	6758.0000	185							
State-wide Communications			3,500		3,500	1.95%	3,568	-	3,568
Marco Program			-	1,500	1,500	1.95%	1,529	1,971	3,500
Six Pilot Programs			-	-	-	1.95%	-	3,849	3,849
Total			3,500	1,500	5,000		5,098	5,820	10,917
Misc Exp-Dues & Subscription	6758.0000	190							
State-wide Communications			800	-	800	1.95%	816	-	816
Misc Exp-Travel	6758.0000	195							
State-wide Communications			400	-	400	1.95%	408	-	408
Marco Program			-	-	-	1.95%	-	1,728	1,728
Six Pilot Programs			-	-	-	1.95%	-	1,008	1,008
Total			400	-	400		408	2,736	3,144
Misc Exp-Food	6758.0000	200							
State-wide Communications			1,800	-	1,800	1.95%	1,835	-	1,835
Marco Program			-	500	500	1.95%	510	470	980
Six Pilot Programs			-	-	-	1.95%	-	2,320	2,320
Total			1,800	500	2,300		2,345	2,790	5,135
Misc Exp-Employee Training	6758.0000	205							
State-wide Communications			200	-	200	1.95%	204	-	204
Misc Exp-Office Cleaning	6758.0000	210							
State-wide Communications			150	-	150	1.95%	153	-	153
Misc Exp-Employee Recognition	6758.0000	235							
State-wide Communications			6,600	-	6,600	1.95%	6,729	-	6,729
Misc Exp-Temporary Help	6758.0000	245							
State-wide Communications			3,000	-	3,000	1.95%	3,059	-	3,059
Misc Exp-Other	6758.0000	250							
State-wide Communications									
regulatory meetings			1,000	-	1,000	1.95%	1,020	-	1,020
environmental organizations			8,000	-	8,000	1.95%	8,156	-	8,156
conserv education/Conserv 96 sponsor			18,000	-	18,000	1.95%	18,351	20,000	38,351
Marco Program			42,000	(42,000)	-	1.95%	-	-	-
public education			35,000	(35,000)	-	1.95%	-	-	-
contract services			5,000	-	5,000	1.95%	5,098	4,903	10,001
toilet rebates			2,500	-	2,500	1.95%	2,549	(49)	2,500
gift certificates			1,000	-	1,000	1.95%	1,020	981	2,001
special events									

4/17/96  
2/22

4/17

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Source:

**SSU Services, Inc.**

*Conservation Program  
FIVE 12/21/96*

*9/15/96*

**PBC**

SOUTHERN STATES UTILITIES, INC.									
ANALYSIS OF CONSERVATION COSTS									
ACCOUNT DESCRIPTION	ACCOUNT		1995		Revised	ESCALATION	BUDGETED	PROPORMA 1996	TOTAL
	NUMBER	CEC	BUDGET	Reclaim	1995	FACTOR	1996	ADJUSTMENT	1996
<i>Six Pilot Programs</i>									
			-		-	1.95%	-	60,180	60,180
			-		-	1.95%	-	40,300	40,300
			-		-	1.95%	-	18,350	18,350
			-		-	1.95%	-	11,000	11,000
<b>Total</b>			<b>112,500</b>	<b>(77,000)</b>	<b>35,500</b>		<b>36,192</b>	<b>155,665</b>	<b>191,857</b>
Labor								76,461	76,461
Fringe Benefits*								19,108	19,108
<b>Total</b>			<b>199,250</b>		<b>199,250</b>		<b>201,096</b>	<b>321,290</b>	<b>524,425</b>

\* 1996 fringe benefit rate @ 24.95%

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6-11-96*

*4-11-96*

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**PBC**

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SSU Services, Inc.

Conservation Program  
PTYE 12/21/96

9/15/96

SOUTHERN STATES UTILITIES, INC. ANALYSIS OF CONSERVATION COSTS							
ACCOUNT DESCRIPTION	ACCOUNT NUMBER	CEC	1995 BUDGET	ESCALATION FACTOR	BUDGETED 1996	PROFORMA 1996* ADJUSTMENT	TOTAL 1996
M&S-Office Printing	6208.0000	135	\$ 34,150	1.95%	\$ 34,816	\$ 19,991	\$ 54,807
M&S-Office Supplies	6208.0000	140	\$ 2,350	1.95%	\$ 2,396	\$ 4,880	\$ 7,276
Contract Services-Other*	6358.0000	150	\$ 16,200	1.95%	\$ 16,516	\$ 83,550	\$ 100,066
Rental Equipment	6428.0000	155	\$ 1,000	1.95%	\$ 1,020	\$ 640	\$ 1,660
Transportation	6508.0000	160	\$ 600	1.95%	\$ 612	\$ -	\$ 612
Advertising	6608.0000	166	\$ 14,500	1.95%	\$ 14,783	\$ 24,600	\$ 39,383
Misc Exp-Telephone	6758.0000	175	\$ 1,500	1.95%	\$ 1,529	\$ 1,512	\$ 3,041
Misc Exp-Postage	6758.0000	185	\$ 3,500	1.95%	\$ 3,568	\$ 7,349	\$ 10,917
Misc Exp-Dues & Subscription	6758.0000	190	\$ 800	1.95%	\$ 816	\$ -	\$ 816
Misc Exp-Travel	6758.0000	195	\$ 400	1.95%	\$ 408	\$ 2,736	\$ 3,144
Misc Exp-Food	6758.0000	200	\$ 1,800	1.95%	\$ 1,835	\$ 3,300	\$ 5,135
Misc Exp-Employee Training	6758.0000	205	\$ 200	1.95%	\$ 204	\$ -	\$ 204
Misc Exp-Office Cleaning	6758.0000	210	\$ 150	1.95%	\$ 153	\$ -	\$ 153
Misc Exp-Employee Recognition	6758.0000	235	\$ 6,600	1.95%	\$ 6,729	\$ -	\$ 6,729
Misc Exp-Temporary Help	6758.0000	245	\$ 3,000	1.95%	\$ 3,059	\$ -	\$ 3,059
Misc Exp-Other	6758.0000	250	\$ 112,500	1.95%	\$ 114,694	\$ 77,163	\$ 191,857
Labor			\$ -		\$ -	\$ 76,461	\$ 76,461
Fringe Benefits**			\$ -		\$ -	\$ 19,108	\$ 19,108
<b>Total</b>			<b>\$ 199,250</b>		<b>\$ 203,135</b>	<b>\$ 321,290</b>	<b>\$ 524,425</b>

\* The proforma 1996 adjustment for contract services includes a reclassification of \$35,683 for contract services for the Marco Island Water Conservation Program which was classified as Misc Exp-Other (CEO 250) in the 1995 budget (\$35,000 in 1995 budget).  
The proforma adjustment for printing, supplies, advertising, postage, and food also include a reclassification of \$43,839 for public education and special events for the Marco Island Water Conservation Program which was classified as Misc Exp-Other (CEO 250) in the 1995 budget (\$43,000 in 1995 budget).

\*\* 1996 fringe benefit rate @ 24.99%.

F. J. H. / J. H. H.

PAGE 74 OF 74

EXHIBIT (CHK-3)

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Source:

**SSU Services, Inc.**

*Conservation Program*  
*PTYE 12/31/96*

*9/95*  
*OW*

**FLORIDA PUBLIC SERVICE COMMISSION  
AUDIT DOCUMENT/RECORD REQUEST  
NOTICE OF INTENT**

TO: Judy Kimball  
UTILITY: Southern States Utilities, Inc.  
FROM: Charleston Winston  
(AUDIT MANAGER)

Jeff Small  
(AUDITOR PREPARING REQUEST)

REQUEST NUMBER: 48  
AUDIT PURPOSE: Rate Case, Dkt# 950495

DATE OF REQUEST: August 29, 1995

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: September 1, 1995  
REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE:  INCIDENT TO AN INQUIRY  
 OUTSIDE OF AN INQUIRY

**ITEM DESCRIPTION:**

Please provide the following information related to SSU's Conservation Program for Interim 1995 and Projected 1996.

Detailed schedules for both periods that reconcile all anticipated cost and related savings resulting from the conservation program as stated in C.H. Kowalsky's testimony.

**Specifically:**

- 1) Written detailed explanation of all proforma adjustments to Exhibit CHK3 pg 74 of 74.
- 2) Written detailed reconciliation of Exhibit CHK3 pg 60 of 74 to the dollar savings illustrated in MFR's Vol IIA bk 3 of 4 for the Conservation Elasticity Adjustment.
- 3) Written explanation of the difference in cost for retro fit kits discussed in Exhibits CHK3 pg 58 of 74 and CHK3 pg 41 of 47.

TO: AUDIT MANAGER Charleston Winston

DATE: 9/6/95  
9/7/95

**THE REQUESTED RECORD OR DOCUMENTATION:**

- (1)  HAS BEEN PROVIDED TODAY
- (2)  CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_
- (3)  AND IN MY OPINION, ITEM(S) \_\_\_\_\_ IS(ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

*Judith J. Kimball, Audit VP, Finance*  
(SIGNATURE AND TITLE OF RESPONDENT)

Distribution: Original: Utility (for completion and return to Auditor)  
Copy: Audit File and FPSC Analyst

PER AUDITOR:  
COMPANY RESPONSE LOCATED IN  
DOCUMENT REQUEST BLINDER OF  
THESE AUDIT WIP'S

SOURCE: AS 12/12/96

*44-7*  
*2*

~~SSU Services, Inc.~~  
~~Conservation Program~~  
~~HTFE 12/11/91~~

10/15/95  
[Signature]

FLORIDA PUBLIC SERVICE COMMISSION  
AUDIT DOCUMENT/RECORD REQUEST  
NOTICE OF INTENT

O: Judy Kimball  
UTILITY: Southern States Utilities, Inc.  
FROM: Charleston Winston  
(AUDIT MANAGER)

Jeff Small  
(AUDITOR PREPARING REQUEST)  
DATE OF REQUEST: Sep. 29, 1995

REQUEST NUMBER: 101  
AUDIT PURPOSE: Rate Case, Dkt# 950495

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: October 3, 1995  
REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE:  INCIDENT TO AN INQUIRY  
 OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION:

Please provide the following information:

- 1) Does Southern States have written approval from the Commission for its conservation program(s) ? If so, please provide all supporting documentation.
- 2) Is Southern States under any mandate, order, and(or) directive from another regulatory body(s) to implement a conservation program(s) ? If so, please provide all supporting documentation.

TO: AUDIT MANAGER Charleston Winston

DATE: 10/15/95

THE REQUESTED RECORD OR DOCUMENTATION:

- (1)  HAS BEEN PROVIDED TODAY
- (2)  CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_
- (3)  AND IN MY OPINION, ITEM(S) \_\_\_\_\_ IS(ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Judith J. Kimball, Asst VP, Finance  
(SIGNATURE AND TITLE OF RESPONDENT)

Distribution: Original: Utility (for completion and return to Auditor)  
Copy: Audit File and FPSC Analyst

44-7  
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Source: PBC

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SSU Services, Inc.

Conservation Program

RTTE 12/31/96

10/31/95  
CW

FPSC  
AUDIT DOCUMENT/RECORD REQUEST  
NOTICE OF INTENT



TO: Judy Kimball  
UTILITY: SSU, Inc.  
FROM: Charleston Winston / Jeff Small  
REQUEST NUMBER: 101  
AUDIT PURPOSE: Rate Case, Docket # 950495  
DATE OF REQUEST: 9/29/95  
REQUEST DUE DATE: 10/3/95

ITEM DESCRIPTION:

Please provide the following information:

- 1) Does Southern States have written approval from the Commission for its conservation program(s)? If so, please provide all supporting documentation.
- 2) Is Southern States under any mandate, order, and (or) directive from another regulatory body(s) to implement a conservation program(s)? If so, please provide all supporting documentation.

RESPONSE:

- 1) Southern States Utilities (SSU) has not been previously required to obtain written approval from the Commission for its conservation program. However, the Commission has approved the costs of SSU's conservation program in previous rate cases.
- 2) The following information describes existing water management district requirements for utilities to implement a water conservation program. Copies of these regulations and guidelines are attached as Appendices FPSC 101-A through C. The reader should also refer to SSU's response to FPSC Interrogatory #11 for further information regarding water management district requirements for implementation of water conservation rates.

NFWMD

Although the Northwest Florida Water Management District (NFWMD) has established conservation plan requirements for facilities located within designated Water Resource Caution Area's (WRCA), SSU has no facilities within those areas.

SRWMD

The Suwannee River Water Management District (SRWMD) has no conservation plan requirements.



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Source:



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SSU Services, Inc.  
Conservation Program  
PTTF 12/31/96

10/15/96  
ewj

**SJRWMD**

The Saint John's River Water Management District (SJRWMD) requires Consumptive Use Permit applicants to submit a water conservation plan with their Consumptive Use Permit Applications. The water conservation plan requirements for public supply use are defined in Chapter 40C-2, Florida Administrative Code, (F.A.C.) within the publication entitled *Applicants Handbook: Consumptive Uses of Water*, 12.4.5 and Appendix K, Water Saving Measures for Water Conservation Plans (July, 1995) and Rule 40C-2.301(4)(e), F.A.C. These regulations and guidelines are attached as Appendix FPSC 101-A.

PBC

**SWFWMD**

Southwest Florida Water Management District (SWFWMD) Rule 40D-2.301(k), F.A.C. and the publication entitled *Basis of Review for Water Use Permit Applications*, p.B4-9 require that to obtain a water use permit, applicants must provide reasonable assurances that the permitted use will incorporate water conservation measures. Standard permit conditions set forth in Rule 40D-2.381(3)(j), F.A.C. require that permittees practice water conservation measures. Further, pp.B6-16 - B6-19 of the *Basis of Review for Water Use Permit Applications*, sets forth water conservation permit conditions for various classes of permits according to their size and use. SWFWMD requires that Public Supply permittees shall carry out the provisions of their District-approved Water Conservation Plan and requires permittees to submit periodic progress reports on the implementation of their plan. These regulations and guidelines are attached as Appendix FPSC 101-B.

**SFWMD**

The South Florida Water Management District (SFWMD) requires Water Use Permit applicants to submit a water conservation plan with their Water Use Permit Applications. The requirements of a water conservation plan are defined in Chapter 40E-2, F.A.C., within the publication entitled *Basis of Review for Water Use Permit Applications within the South Florida Water Management District*, pp.A-24-26, (March 1994). These regulations and guidelines are attached as Appendix FPSC 101-C.

Per Auditor  
Appendices FPSC 101-A B C  
are located in the WPPS  
Document Request binder  
for this site case investigation

PBC

44-7  
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3562

Source:

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CGU Services, Inc.

Analytical Review - Deltona Purchased Power  
PTYE 12/31/96

10/17/95  
CW

**PER AUDITOR:**

The company's response to auditors Document Request #34 referenced Volume II, Book 3 of 4, page 125. See W/P 45-3/5 P2  
Auditor requested further information about Deltona Lakes purchased power via Document Request #62. (see below)

Auditor believes that the company's budgeted amounts for purchased power at Deltona Lakes is overly optimistic and proposes adjustments to 1995 and 1996 purchased power as illustrated in W/P's

45-3/5 P3

**FPSC Audit Request 62:**

PBC

1.a. Attached please find a copy of the budget documentation to support the "normalized" power consumption for 1995. The plant manager for Deltona Lakes budgeted the 1995 power usage based upon the average power per well included in the 1994 budget. In 1994, there were 24 wells budgeted for power usage totaling \$385,200, or \$16,050 per well. Since the 1994 budget, the Company added two new wells (nos. 34 and 35) which resulted in an additional \$32,100 of budgeted power cost.

45-3/5 P3

Note that the plant manager used the 1994 budget rather than 1994 actual to calculate the "normalized" expected power cost for 1995 due to the wet weather during the second half of 1994. Therefore, the \$108,000 increase from actual is actually only a \$32,100 increase from the prior year budget because of the new wells. Note that the actual power cost in 1993 totaled \$353,000. When this total is compounded for the average 3% growth that Deltona has sustained since 1993 plus the addition of two new wells, the 1995 budget totaling \$417,300 is considered reasonable.

Note that during a dry year, the Company will use power in excess of budget and not be allowed to recover these costs. The Company is requesting that "normalized" power usage be allowed for the projected 1995 and 1996 test years in order to compensate for the budget distortion created by the wet weather noted in 1994.

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(PBC) and  
Source: as indicated

45-3/5 P1  
10/17/95

**SSU Services, Inc.**

*Analytical Review - 1995 Budget - Delta Lakes - Purchased power - PTYPE 12/3/96*

*9/8/96*

**DETAIL COMPARISON OF CURRENT AND PRIOR YEAR FPSC O & M EXPENSE - DIRECT EXPENSE (1-6) - 1995 WATER**

Company: SSU / FPSC Jurisdiction - Uniform Plants  
 Order No.: 98049-145  
 Schedule Year End: 12/31/95  
 Historical  Proposed   
 FPSC Uniform  Non-uniform  Non FPSC

Explanation: Complete the following comparison of the applicant's current and prior test year O & M expenses before the Commission. Provide an explanation of all differences which are not attributable to the change in customer growth and the CP-U. If the applicant has not had a previous rate case, use the last 5 years prior to the test year for comparison. Provide an additional schedule, if necessary to explain the differences.

FPSC  
 Schedule: 9/15/96  
 Page 2 of 8  
 Preparer: [Signature]

Line No.	Plant Name	Plant Number	Historic Year Ended 12/31/94	Historic Test Year Ended 12/31/95	Difference		Pct
					Amt	%	
1	<b>Explanation of Changes - Purchased Power (\$15.1-6)</b>						
2	Total Purchased Power Change		788,172	880,382	101,180	28.0%	
4	<b>Summary of Significant Variances by Plant</b>						
5	Basson Hills	888	81,734	87,864	6,100	3.8%	(7)
6	Burnt Store	2302	27,881	27,200	6,870	24.7%	(2)
7	Delta Lakes	1888	308,888	417,300	108,501	35.1%	(2)
8	Kayenta Heights	1084	14,832	28,600	13,768	92.8%	(4)
9	University Shores	108	33,817	44,000	10,200	30.2%	(8)
14	<b>Reconciliation of Plant Variances to Total</b>						
15	Total Plant Variances > \$10,000				141,186	77.8%	
16	Total Plant Variances < \$10,000				39,894	21.2%	
17	Total Variances-FPSC Uniform Systems				181,130	100.0%	

- Variance Explanations**
- (1) Budgeted additional power expense due to new high service pump and well to be installed in 1995.
  - (2) Budgeted additional power expense due to plant expansion planned for November, 1995.
  - (3) Decreased demand for power in 1994 was caused by approximately 1.1 billion less gallons pumped in 1994 versus 1995, (from MCFs). 1995 budgeted was normalized to reflect increased power usage.
  - (4) Well #2 was taken off-line in 1994 due to pumping excessive air. Testing was done on the well which then caused it to be off-line the remainder of the year. The 1995 budget assumes the well to be back on-line, therefore, additional power expense was budgeted.
  - (5) Decreased demand for power in 1994 was caused by heavy rainfalls. 1995 budgeted as a normal weather year with additional money budgeted for increased power usage.

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Source: PBC

*45-3  
58  
280*

**GSU Services, Inc.**  
 Audit Review - 1995 Budget - Deltona Lakes Pw. Proc.  
 DTYE 12/31/96

2/95  
 [Signature]

**Schedule for Audit Disclosure No. 8**

**Schedule A**

Purchased power per 1994 budget	\$385,200
divided by number of wells in 1994	24
Average cost per well	\$16,050
times number of wells in 1995	26
Per company 1995 budget	\$417,300

$\frac{45-3}{SP1}$

**Schedule B**

Per company records	1992	1993	1994	Simple Average
Purchased power per budget	\$422,780	\$423,000	\$385,200	\$410,320
Purchased power actual	\$317,409	\$352,490	\$308,998	\$326,299 (B)
Difference - over/(under)	\$105,351	\$70,510	\$76,202	\$84,021
Percentage	24.92%	16.67%	19.75%	20.46%

$\frac{45-3}{SP4}$

**Schedule C**

	Interim 1995	Budget 1995	Projected 1996
Simple Average (see B above)	\$326,299		
divided by number of wells in 1994	24		
Avg. cost per well	\$13,596		
times number of wells in 1995	26		
Per audit purchased power budget for Deltona Lakes	\$353,491	\$353,491	\$360,364
		attrition factor	1.0195%

**Schedule D**

	Interim 1995	Projected 1996
Per audit purchased power budget for Deltona Lakes	\$353,491	\$360,364
Per company purchased power budget for Deltona Lakes	\$417,300	\$417,300
Auditor determined adjustment	(\$63,809)	(\$56,916)

$\frac{45-3}{SP2}$

Source: as indicated

$\frac{45-3}{SP5}$   
 350

CSU Services, Inc.  
 Analytical Review - 1995 Budget - Delta - Lakes - Pac. Shore  
 9/15/96  
 DATE 12/8/96

8/08/1996  
BUDREPORT



SOUTHERN STATES UTILITIES, INC.  
 BUDGET VARIANCE REPORTS  
 FOR THE PERIOD ENDING 12/31/1992  
 AREA B-1 - WTR AND WTR OPERATIONS

45-2/8/95  
 45-3/5/95  
 BUDH  
 BUDVCONSO  
 PAGE 1

GL DESCRIPTION		CURRENT MONTH				CURRENT YEAR-TO-DATE				TTL YEAR BUDGET
ACCOUNT NUMBER	ACCOUNT DESCRIPTION	ACTUAL	BUDGET	VARIANCE	% VAR	ACTUAL	BUDGET	VARIANCE	% VAR	
<b>-DEFERRED ASSETS-</b>										
90001.111.99.1059.1000.100	CAPITAL OVERHEAD	44	478 (	434) (	90.69)	147	5,444 (	5,297) (	97.30)	5,444
90001.111.99.1059.1000.105	CAPITAL OVERHEAD-FRINGS BENEFIT	12	134 (	122) (	91.04)	40	1,523 (	1,483) (	97.39)	1,523
90001.111.99.1059.1000.100	CAPITAL OVERHEAD-TRANSPORTATIO	0	0	0	.00	2,946	0	2,946	.00	0
90001.111.99.1059.1000.999	Capital Overhead	0	0	0	.00	3,829	0	3,829	.00	0
	<b>Total Overhead</b>	<b>56</b>	<b>612 (</b>	<b>564) (</b>	<b>90.84)</b>	<b>6,962</b>	<b>6,967 (</b>	<b>0) (</b>	<b>.07)</b>	<b>6,967</b>
	<b>Total Prepays</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>.00</b>	<b>0</b>
00001.111.99.1740.0000.999	Possible Acquisition Costs	4,654	0	4,654	.00	0	0	0	.00	0
	<b>Total Possible Acquisitions</b>	<b>4,654</b>	<b>0</b>	<b>4,654</b>	<b>.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>.00</b>	<b>0</b>
	<b>Total Deferred Rate Case Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>.00</b>	<b>0</b>
00001.111.99.1062.0000.150	Other Deferred Assets	( 2,775)	0 (	2,775) .00		2,100	0	2,100	.00	0
00001.111.99.1062.0000.999	Other Deferred Assets	( 16)	0 (	16) .00		294,309	0	294,309	.00	0
	<b>Total Other Deferred Assets</b>	<b>( 2,790)</b>	<b>0 (</b>	<b>2,790) .00</b>		<b>296,409</b>	<b>0</b>	<b>296,409</b>	<b>.00</b>	<b>0</b>
	<b>Total Deferred Assets</b>	<b>1,920</b>	<b>612</b>	<b>1,308</b>	<b>213.72</b>	<b>303,371</b>	<b>6,967</b>	<b>296,404</b>	<b>4254.39</b>	<b>6,967</b>
<b>-WATER-</b>										
<b>SALARIES &amp; WAGES</b>										
	<b>Total Salaries &amp; Wages</b>	<b>16,606</b>	<b>19,004 (</b>	<b>3,198) (</b>	<b>16.00)</b>	<b>127,765</b>	<b>226,513 (</b>	<b>90,748) (</b>	<b>43.59)</b>	<b>226,513</b>
<b>PENSIONS &amp; BENEFITS</b>										
<b>PURCHASED WATER</b>										
01007.111.01.6101.0000.999	PURCHASED WATER-SOURCE OF SUPP	1,743	2,020 (	277) (	13.71)	21,190	24,240 (	3,042) (	12.55)	24,240
	<b>Total Purchased Water</b>	<b>1,743</b>	<b>2,020 (</b>	<b>277) (</b>	<b>13.71)</b>	<b>21,190</b>	<b>24,240 (</b>	<b>3,042) (</b>	<b>12.54)</b>	<b>24,240</b>
<b>PURCHASED POWER</b>										
01006.111.01.6161.0000.110	PURCHASED POWER	21,920	37,230 (	15,310) (	41.12)	317,409	422,760 (	105,351) (	24.91)	422,760
	<b>Total Purchased Power</b>	<b>21,920</b>	<b>37,230 (</b>	<b>15,310) (</b>	<b>41.12)</b>	<b>317,409</b>	<b>422,760 (</b>	<b>105,351) (</b>	<b>24.91)</b>	<b>422,760</b>
<b>FUEL FOR POWER PRODUCTION</b>										
01006.111.01.6161.0000.116	FUEL FOR POWER PRODUCTION	0	100 (	100) (100.00)		255	1,200 (	945) (	78.77)	1,200
	<b>Total Fuel/Power Production</b>	<b>0</b>	<b>100 (</b>	<b>100) (</b>	<b>78.75)</b>	<b>255</b>	<b>1,200 (</b>	<b>945) (</b>	<b>78.75)</b>	<b>1,200</b>
<b>CHEMICALS</b>										

45-3 P  
 45-3  
 4/1/95



Source



CSU Services, Inc.

Analysis Review - 1/15/96 Budget - 1/15/96 - Lakes Pwr Plant

9/15/95  
JWS

DATE 12/31/96

0/01/1996  
BUDGET

PBC

SOUTHERN STATES UTILITIES, INC.  
BUDGET VARIANCE REPORTS  
FOR THE PERIOD ENDING 12/31/1995  
AREA N-1 - MTR AND MTR OPERATIONS

45/3/96  
45/3/96  
45/3/96

BUDGET PAGE 1

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	CURRENT MONTH				CURRENT YEAR-TO-DATE				YTL YEAR BUDGET
		ACTUAL	BUDGET	VARIANCE	% VAR	ACTUAL	BUDGET	VARIANCE	% VAR	
<b>-DEFERRED ASSETS-</b>										
90001.111.00.1000.100	CAPITAL OVERHEAD	0	74	(	74) (100.00)	1,148	842	298	35.41	842
90001.111.00.1000.100	CAPITAL OVERHEAD-OFFICE SUPPL	0	0		0 .00	15	0	15	.00	0
	Total Overhead	0	74	(	74) (100.00)	1,163	842	323	37.17	842
	Total Prepaids	0	0		0 .00	0	0	0	.00	0
	Total Possible Acquisitions	0	0		0 .00	0	0	0	.00	0
	Total Deferred Rate Case Costs	0	0		0 .00	0	0	0	.00	0
00001.111.00.1062.0000.150	Other Deferred Assets	0	0		0 .00	2,100	0	2,100	.00	0
00001.111.00.1062.0000.999	Other Deferred Assets	0	0		0 .00	294,489	0	294,489	.00	0
	Total Other Deferred Assets	0	0		0 .00	296,589	0	296,489	.00	0
	Total Deferred Assets	0	74	(	74) (100.00)	297,544	842	296,702	35240.14	842
<b>-WATER-</b>										
<b>SALARIES &amp; WAGES</b>										
	Total Salaries & Wages	26,643	12,531	14,112	116.66	104,146	139,930	44,200	31.59	139,930
<b>PENSIONS &amp; BENEFITS</b>										
	PURCHASED WATER									
01007.111.01.6101.0000.999	PURCHASED WATER-SOURCE OF SUPP	2,618	1,030	785	42.09	33,990	21,960	12,000	54.61	21,960
	Total Purchased Water	2,618	1,030	785	42.09	33,990	21,960	12,000	54.61	21,960
	PURCHASED POWER									
01006.111.01.6101.0000.110	PURCHASED POWER	33,922	37,250	3,328	( 8.93)	352,499	423,990	( 70,510)	( 16.46)	423,990
	Total Purchased Power	33,922	37,250	3,328	( 8.93)	352,499	423,990	( 70,510)	( 16.46)	423,990
	FUEL FOR POWER PRODUCTION									
01006.111.01.6101.0000.115	FUEL FOR POWER PRODUCTION	0	300	(	300) (100.00)	605	1,200	(	517) ( 43.09)	1,200
	Total Fuel/Power Production	0	300	(	300) ( 43.00)	605	1,200	(	517) ( 43.00)	1,200
<b>CHEMICALS</b>										
01006.111.01.6105.0400.120	Charisma	2,001	1,290	1,511	117.11	25,037	15,400	10,367	66.98	15,400
01006.111.01.6105.0700.120	High Test Hypochlorite	546	0	546	.00	546	0	546	.00	0
01006.111.01.6105.1000.120	Polysphosphate	0	0	0	.00	13,347	13,000	347	2.64	13,000

45/3/96

PBC

SOURCE

PBC

45/3/96  
45/3/96

*CSU services, Inc.*  
*Anal. Dept. - 1/15 Budget - 1/15 - Lots Per Year*  
*9/15/94*  
*2/18/96*

8/22/1995  
 SUBREPORT

**PBC**

SOUTHERN STATES UTILITIES, INC.  
 BUDGET VARIANCE REPORTS  
 FOR THE PERIOD ENDING 12/31/1994  
 AREA N-1 - NTR AND MTR OPERATIONS

BUDWCON00

*45/3 P*  
*4/6/95*  
*1/10/95*

GL DESCRIPTION		CURRENT MONTH				CURRENT YEAR-TO-DATE				YTL YEAR BUDGET
ACCOUNT NUMBER	ACCOUNT DESCRIPTION	ACTUAL	BUDGET	VARIANCE	% VAR	ACTUAL	BUDGET	VARIANCE	% VAR	
-DEFERRED ASSETS-										
	Total Overhead	0	0	0	.00	0	0	0	.00	0
	Total Prepaids	0	0	0	.00	0	0	0	.00	0
	Total Possible Acquisitions	0	0	0	.00	0	0	0	.00	0
	Total Deferred Rate Case Costs	0	0	0	.00	0	0	0	.00	0
00001.111.99.1062.0000.150	Other Deferred Assets	0	0	0	.00	2,100	0	2,100	.00	0
00001.111.99.1062.0000.999	Other Deferred Assets	0	0	0	.00	294,309	0	294,309	.00	0
	Total Other Deferred Assets	0	0	0	.00	296,409	0	296,409	.00	0
	Total Deferred Assets	0	0	0	.00	296,409	0	296,409	.00	0
-WATER-										
SALARIES & WAGES										
	Total Salaries & Wages	( 27,962)	10,279	( 46,241)	(252.97)	149,849	214,250	( 64,401)	( 30.06)	214,250
PENSIONS & BENEFITS										
PURCHASED WATER										
01007.111.01.0101.0000.999	PURCHASED WATER-SOURCE OF SUPP	0	2,060	( 2,060)	(100.00)	0	24,720	( 24,720)	( 100.00)	24,720
	Total Purchased Water	0	2,060	( 2,060)	(100.00)	0	24,720	( 24,720)	( 100.00)	24,720
PURCHASED POWER										
01006.111.01.0151.0000.110	PURCHASED POWER	19,193	36,100	( 16,907)	( 46.83)	200,795	305,200	( 104,405)	( 34.23)	305,200
01006.111.01.0150.0000.110	PURCHASED POWER	5,647	0	5,647	.00	29,239	0	29,239	.00	0
	Total Purchased Power	24,840	36,100	( 11,260)	( 31.19)	230,034	305,200	( 75,166)	( 24.63)	305,200
FUEL FOR POWER PRODUCTION										
01006.111.01.0161.0000.115	FUEL FOR POWER PRODUCTION	0	0	0	.00	0	2,260	( 2,260)	( 100.00)	2,260
	Total Fuel/Power Production	0	0	0	(100.00)	0	2,260	( 2,260)	( 100.00)	2,260
CHEMICALS										
01006.111.01.0105.0000.120	Chlorine	5,990	1,700	4,290	252.00	32,400	20,400	12,000	50.00	20,400
01006.111.01.0105.0700.120	High Test Hypochlorite	0	0	0	.00	44	0	44	.00	0
01006.111.01.0105.1000.120	Polyphosphate	0	0	0	.00	6,750	13,400	( 6,650)	( 49.63)	13,400

*45/3 P*  
*4/6/95*

**PBC**

SOURCE

**PBC**



*SSU Services, Inc. Analytical Review - 1/19/87 Budget - Delta - Lake Park Station 9/30/86*

*JTPE 11/8/196*

10/10/1995  
BUDGET REPORT



SOUTHERN STATES UTILITIES, INC.  
BUDGET VARIANCE REPORTS  
FOR THE PERIOD ENDING 9/30/1995  
AREA M-1 - MTR AND MTR OPERATIONS

*45-3 P  
45-5  
40-4*

BUDGETING  
PAGE 1

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	CURRENT MONTH				CURRENT YEAR-TO-DATE				YTD YEAR BUDGET
		ACTUAL	BUDGET	VARIANCE	% VAR	ACTUAL	BUDGET	VARIANCE	% VAR	
<b>-DEFERRED ASSETS-</b>										
	Total Overhead	0	0	0	.00	0	0	0	.00	0
	Total Prepaids	0	0	0	.00	0	0	0	.00	0
	Total Possible Acquisitions	0	0	0	.00	0	0	0	.00	0
	Total Deferred Rate Case Costs	0	0	0	.00	0	0	0	.00	0
	Total Other Deferred Assets	0	0	0	.00	0	0	0	.00	0
	Total Deferred Laboratory Cost	0	0	0	.00	0	0	0	.00	0
	Total Deferred Assets	0	0	0	.00	0	0	0	.00	0
<b>-WATER-</b>										
<b>SALARIES &amp; WAGES</b>										
	Total Salaries & Wages	19,561	19,375	0	.04	149,221	174,310	( 25,089)	( 14.39)	239,721
<b>PENSIONS &amp; BENEFITS</b>										
<b>PURCHASED WATER</b>										
01007.111.01.0101.0000.999	PURCHASED WATER-SOURCE OF SUPP	0	2,040	( 2,040)	(100.00)	0	10,540	( 10,540)	( 100.00)	24,720
	Total Purchased Water	0	2,040	( 2,040)	(100.00)	0	10,540	( 10,540)	( 100.00)	24,720
<b>PURCHASED POWER</b>										
01006.111.01.0101.0000.110	PURCHASED POWER	26,332	24,775	( 1,557)	( 6.29)	240,781	212,975	( 27,806)	( 13.06)	417,500
01006.111.01.0105.0000.110	PURCHASED POWER	1,245	0	1,245	.00	0,026	0	6,026	.00	0
	Total Purchased Power	27,577	24,775	( 2,802)	( 10.16)	240,807	212,975	( 27,832)	( 13.14)	417,500
<b>FUEL FOR POWER PRODUCTION</b>										
01004.111.01.0101.0000.115	FUEL FOR POWER PRODUCTION	0	0	0	.00	1,359	1,692	( 333)	( 19.67)	2,250
	Total Fuel/Power Production	0	0	0	( 19.68)	1,359	1,692	( 333)	( 19.68)	2,250
<b>CHEMICALS</b>										
01006.111.01.0105.0000.120	CHEMICALS-WATER TREATMENT EXPE	0	0	0	.00	7,200	0	7,200	.00	0
01006.111.01.0105.0400.120	Chlorine	2,200	2,044	156	7.64	29,720	25,704	4,016	15.60	84,376
01006.111.01.0105.1000.120	Polysphosphate	0	9,226	( 9,226)	(100.00)	0	83,642	( 83,642)	( 100.00)	110,720

*45-3 P  
45-5  
40-4*



Source



SSU Services, Inc.  
 Analytical Review - 1995 Budget - Wilson Lakes - Archival Review  
 PWE 12/21/96

**SCHEDULE OF WATER OPERATING AND MAINTENANCE EXPENSES - 1996**  
**SUMMARY OF TOTAL O & M EXPENSES**

Company: SSU / Volume / **PBC**  
 Docket No.: 89485-W5  
 Schedule Year End: 12/31/96  
 Intake  Final   
 Material  Proposed   
 Single Acc.  12 Month Acc.   
 Conventional  Reverse Osmosis

Explanation: Provide a schedule that summarizes the total direct and allocated O & M expenses for the last year.

FPBC  
 Schedule: B-4(W)  
 Page 1 of 8  
 Preparer: Kambel  
 Receipt Schedule: B-1(W)

Line No.	Account No. and Name	(1) 1995 TOTAL O & M (1 - 5)		(2) 1995 DIRECT O & M (1 - 5)		(3) 1995 ALLOCATED CUST ACCTS (7)		(4) 1995 ALLOCATED A & B (8)		Adjusted O & M			
		Per Booth O & M	Adjustments	Per Booth O & M	Adjustments	Per Booth O & M	Adjustments	Per Booth O & M	Adjustments				
1	001 Salaries & Wages - Employees	1,204,160	93,210	1,297,370	441,237	21,825	462,362	236,269	24,347	260,616	917,002	47,947	869,055
2	002 Salaries & Wages - Officers, Etc.	0	0	0	119,265	0	119,265	68,716	3,380	72,096	164,286	4,668	168,954
3	004 Employee Pensions & Benefits (1)	323,280	7,288	330,568	0	0	0	0	0	0	0	0	0
4	010 Purchased Water	0	0	0	417,280	(33,200)	384,080	771	0	771	16,266	1,405	17,671
5	015 Purchased Power	436,457	(91,795)	344,662	2,299	0	2,299	0	0	2,299	0	0	2,299
6	016 Fuel for Power Production	2,299	0	2,299	0	0	0	0	0	0	0	0	0
7	018 Chemicals	149,828	(11,916)	137,912	149,828	(11,916)	137,912	12,512	1,260	13,772	28,239	6,673	34,912
8	020 Materials & Supplies	167,897	7,274	175,171	127,885	0	127,885	0	0	127,885	4,737	0	132,622
9	031 Contractual Services - Eng.	4,737	0	4,737	0	0	0	0	0	0	25,169	0	25,169
10	032 Contractual Services - Asst.	25,169	0	25,169	0	0	0	0	0	0	16,168	0	16,168
11	033 Contractual Services - Legal	16,168	0	16,168	0	0	0	0	0	0	0	0	0
12	034 Contractual Services - Night Fees	0	0	0	0	0	0	0	0	0	20,000	10,228	30,228
13	035 Contractual Services - Other	90,894	22,813	113,707	51,416	4,265	55,681	0	0	55,681	22,499	3,622	58,111
14	041 Rental of Real Building/Real Property	22,499	3,622	26,121	1,104	0	1,104	0	0	1,104	1,820	612	2,496
15	042 Rental of Equipment	2,213	812	3,025	1,104	0	1,104	0	0	1,104	10,000	642	11,646
16	050 Transportation Expenses	48,888	1,848	50,736	28,188	0	28,188	8,832	1,107	9,939	17,242	0	17,242
17	066 Insurance - Vehicle	17,242	0	17,242	0	0	0	0	0	0	17,242	0	17,242
18	067 Insurance - General Liability	26,442	7,264	33,706	0	0	0	0	0	0	26,442	7,264	33,706
19	068 Insurance - Workman's Comp (2)	22,128	284	22,412	7,646	0	7,646	4,823	285	4,908	10,601	191	10,792
20	069 Insurance - Other	3,510	0	3,510	0	0	0	0	0	0	3,510	0	3,510
21	080 Advertising Expenses	3,630	2,481	6,111	0	0	0	0	0	0	3,630	2,481	6,111
22	086 Reg. Comm. Exp. - Photo Case Assmt.	164,167	0	164,167	0	0	0	0	0	0	164,167	0	164,167
23	087 Reg. Comm. Exp. - Other	6,260	0	6,260	0	0	0	0	0	0	6,260	0	6,260
24	076 Bad Debt Expense	20,710	2,320	23,030	0	0	0	31,750	2,320	34,070	0	0	34,070
25	075 Miscellaneous Expenses	299,265	24,640	323,905	37,668	0	37,668	77,225	4,400	81,625	174,400	28,086	202,486
26	<b>TOTAL WATER O &amp; M EXPENSES</b>	<b>3,087,241</b>	<b>132,215</b>	<b>3,219,456</b>	<b>1,372,865</b>	<b>(19,008)</b>	<b>1,353,857</b>	<b>428,264</b>	<b>28,000</b>	<b>456,264</b>	<b>1,286,622</b>	<b>115,279</b>	<b>1,401,901</b>

Note:  
 (1) Employee Pensions & Benefits is calculated as 34.89% of monthly Salaries & Wages - Employees.  
 (2) Workman's Comp Insurance is calculated as 1.71% of monthly Salaries & Wages - Employees.

**PBC**

**PBC**

Source:

12/15/96  
 [Signature]

**SSU Services, Inc.**

Analytical Review - A95 - Hepatitis Program

DTYE 12/31/96

10/55  
JW

Southern States Utilities, Inc.  
Hepatitis Program  
Docket# 950495  
Auditor: Jeff Small

X

1995 Interim

Interim 1995 expense amount	$\frac{45-3}{6-2} P2$	\$16,000
Divided by estimated life of vaccine	$\frac{45-3}{6-3}$	5 years
Equals yearly amortization amount		\$ 3,200
<hr/>		
Interim 1995 per Company		\$16,000
less Interim 1995 per Audit		3,200
Equals Audit adjustment		\$12,800

Projected 1996

Projected 1996 per Company	\$16,312 a
less Projected 1996 per Audit	1,804 b
Equals audit adjustment	\$14,508

a) Per company 1995 \$16,000  
times 1.95% attrition 312  
equals 1996 projected \$16,312

(A)

b) Initial number of employees 200  
to be vaccinated in 1995  
times employee turnover rate 11%

$\frac{45-3}{6-1} P1$   
 $\frac{45-3}{6-4}$

(B)

equals the number new employees to be vaccinated in 1996 22

times the \$80 cost per employee for each vaccination increased by the 1.95% attrition factor \$ 82

equals Projected 1996 per audit \$ 1,804

(numbers were rounded to the nearest dollar)

$\frac{(A) - (B)}{(B)} = \frac{16000 - 1804}{1804} = 80$

$\frac{45-3}{6-1}$

Source: AS indicated

SSU Services, Inc.

Analytical Review - 1995 Budget - Hepatitis Program

10/15  
JW



FPSC Audit  
Request #62 (3)

PBC

Safety Department  
Intra-Company Correspondence

DATE: September 8, 1995  
 TO: Judy Kimball  
 FROM: Jim Barratt JB  
 RE: FPSC Audit Document/Record Request - of September 5, 1995

Answers to the subparts of question 3 of subject request regarding Hepatitis Immunization Program is hereby provided:

How many employees will be immunized? Approximately 200. This represents all SSU employees who are considered "occupationally exposed" to bloodborne pathogens as defined by the Federal OSHA standard 29 CFR 1910.1030, *Bloodborne Pathogens* (attached). Please also see the SSU *Bloodborne Pathogens Safe Operating Procedure* (also attached).

CATEGORY	NUMBER
Wastewater Plant Operators	94
Maintenance Technicians	93
Welder	1
Electricians	3
Environmental Services	5
Engineering	4
TOTAL	200

To 45-3/4

Which employees will be immunized? Those SSU employees considered "occupationally exposed" to bloodborne pathogens. Specifically, those who come in direct contact with wastewater or wastewater processing byproducts or who frequently operate or maintain wastewater treatment facilities or equipment. Also other employees, not normally considered occupationally exposed, will be provided immunization in those cases where, due to unforeseen circumstances, they become exposed while at work performing their normal duties. An example would be an employee who renders first aid to an injured coworker and comes into contact with that persons blood. Hepatitis B immunization can be effective up to two weeks following an exposure incident.

PBC

45-3  
6-1 P  
10/2

Source:

PBC as indicated

45-3  
6-1

**CSU Services, Inc.**

Analytical Review - 1995 Budget - Hospital Program

10/95  
CW

To: Judy Kimball  
Subj: FPSC Audit Documentation/Record Request - of September 5, 1995  
Page: 2

PBC

The following categories of employees are currently considered "occupationally exposed":

1. Those Plant Operators, Maintenance Technicians, Electricians and Welders assigned to wastewater treatment plants;
2. The Engineering Project Construction Inspectors and their supervisor (memorandum attached); and
3. The employees in the Environmental Services Department who regularly inspect/monitor wastewater plant operations (memorandum attached).

This listing is subject to annual review and revision as required by OSHA.

Will this be a recurring program? Yes. All employees who are identified as "occupationally exposed" will be offered immunization if they have not previously been immunized. This would also include newly hired employees filling positions where they are considered "occupationally exposed."

There is also the possibility that booster shots will eventually be needed to maintain an adequate level of immunization. This determination is yet to be made by the Center for Disease Control.

JTB  
F:\USERS\JBARRATT\MEMOS\FINANCE.1

Attachments

c: Ray Gagnon

PBC

45-3  
6-18  
282

Source: (PBC) as indicated

45-3  
6-1

SSU Services, Inc.

*Annuity Review - 1995 Budget - Hepatitis Immunization - PTYE 12/31/96*

*10/95 JF*

FLORIDA PUBLIC SERVICE COMMISSION  
AUDIT DOCUMENT/RECORD REQUEST  
NOTICE OF INTENT

TO: Judy Kimball  
UTILITY: Southern States Utilities, Inc.  
FROM: Charleston Winston  
(AUDIT MANAGER)

Jeff Small  
(AUDITOR PREPARING REQUEST)

REQUEST NUMBER: 90  
AUDIT PURPOSE: Rate Case, Dkt# 950495

DATE OF REQUEST: Sep. 26, 1995

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: October 2, 1995  
REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE:  INCIDENT TO AN INQUIRY  
 OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION:

Follow up to FPSC Document Request 62A. Item #3.

Please provide a detailed schedule that illustrates all 1995 budgeted cost for the Hepatitis Immunization Program.

Indicate all NARUC accounts and associated responsibility centers where the cost will be distributed.

Additionally identify how much of the cost is associated with;

- 1) The initial immunization program.
- 2) Employee awareness and training.
- 3) Testing and follow up care for incident events.
- 4) Anticipated subsequent immunizations. (new employees)

Identify any other associated cost not included in above items.

TO: AUDIT MANAGER Charleston Winston  
THE REQUESTED RECORD OR DOCUMENTATION:


DATE: 10/3/95

- (1)  HAS BEEN PROVIDED TODAY
- (2)  CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_
- (3)  AND IN MY OPINION, ITEM(S) \_\_\_\_\_ IS(ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Judith J. Kimball  
(SIGNATURE AND TITLE OF RESPONDENT)

Distribution: Original: Utility (for completion and return to Auditor)  
Copy: Audit File and FPSC Analyst

*45-3  
6-28  
183*

source: AS indicated  
and 

*45-3  
6-28*

SSU Services, Inc.

Analytical Review - 1995 Budget - Hepatitis Immunization  
PTYE 12/8/96

10/95  
JW



Safety Department  
Intra-Company Correspondence

PBC

DATE: October 2, 1995  
TO: Judy Kimball  
FROM: Jim Barratt  
RE: FPSC Audit Document/Record Request - of September 26, 1995

Answers are hereby provided to the follow up to FPSC Document Request 62A. Item #3 regarding the Hepatitis Immunization Program:

Please provide a detailed schedule that illustrates all 1995 budgeted cost for the Hepatitis Immunization Program.

Number of first inoculations provided to date in 1995: 137  
Number of second inoculations provided to date in 1995: 157  
Number of third inoculations provided to date in 1995: 107

Indicate all NARUC accounts and associated responsibility centers where the cost will be distributed.

In 1995, \$16,000.00 were budgeted for the Hepatitis Immunization Program. All HBV inoculations are being charged to the Safety Department Responsibility Center, account number: 001.90001.592.99.6758.0000.250

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Additionally identify how much of the cost is associated with:

- 1) The initial immunization program. Virtually 100%.
- 2) Employee awareness and training. There was a nominal cost for copying training handouts. These were used for a class conducted for employees on the subject of Bloodborne Pathogens. The curriculum was developed in house, based on the SSU Safe Operating Procedure. Additionally, a video on the subject was shown. The video was purchased in 1994 for \$495.00.
- 3) Testing and follow up care is associated with: The only testing or follow up that might occur would be associated with a report by an employee of an

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Source: as indicated and PBC

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**GSU Services, Inc.**

*Analytical Review - 1995 Budget - Hepatitis Immunizations - PTYE 12/8/96*

*10/95 JF  
JW*

To: Judy Kimball  
Subj: FPSC Audit Documentation/Record Request - of September 26, 1995  
Page: 2

PBC

exposure incident or an employee report of an injury where exposure has or may have occurred. No reports of incidents have been received to date in 1995. Such an incident would generally be handled by insurance under the Florida Workers' Compensation laws.

4) Anticipated subsequent immunizations. (new employees)

**CURRENT EMPLOYEES:**

Number of first inoculations anticipated in the remainder of 1995: 32

Number of second inoculations anticipated in the remainder of 1995: 38

Number of third inoculations anticipated in the remainder of 1995: 65

**NEW EMPLOYEES:**

Number of first inoculations anticipated in the remainder of 1995: 20

Number of second inoculations anticipated in the remainder of 1995: 20

Number of third inoculations anticipated in the remainder of 1995: None.  
(The third inoculation occurs approximately five months following the second inoculation.)

Identify any other associated cost not included in above items. No other costs are anticipated.

**PLEASE NOTE:** It would appear that someone on the Commission questions the necessity of our Bloodborne Pathogen Program. It should be noted - the State of Florida does not. I have enclosed an advertisement from the University of Florida - Center for Training, Research & Education for Environmental Occupations (TREEO) regarding a course they currently offer titled: *Train-the-Trainer for Exposure to Waterborne & Bloodborne Pathogens*. I hope this information will be useful to you.

PBC

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Attachment

c: Ray Gagnon

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*source as indicated and*

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SSU Services, Inc.

Analytical Review - 1985 Subject - Hepatitis A/B/C

### Hepatitis B Immunization

A very safe, effective vaccine protects against hepatitis B infection. This vaccine is especially valuable because there is no cure for the disease.

The vaccine is given in a 3-dose series over a period of six months. About 95% of healthy persons are immune after receiving the vaccine, and protection appears to last at least five years.

Sometimes people feel a little soreness in the area where the injection was given or have a mild fever. These are normal effects and should last only a couple of days. As with any drug or vaccine, there is a rare chance that allergic or more serious reactions could occur, but so far no serious side effects have been seen with hepatitis B vaccine.

### More Ways To Protect Yourself

- Avoid direct sexual contact (use a condom).
- If you inject drugs, do not use needles that others have used. Sharing needles even once can expose you to hepatitis B, AIDS, and other infectious diseases. If you are addicted to drugs, please seek professional help.
- Don't share needles for tattooing, acupuncture, or ear piercing.
- Avoid sharing razors or toothbrushes.

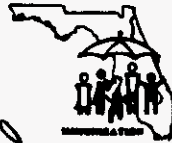
### Who Needs The Vaccine?

The vaccine should be considered for the following groups of persons:

- Babies born to hepatitis B carrier mothers
- I. V. drug users
- Heterosexuals who have more than one sex partner
- Homosexually or bisexually active men
- Household or sexual contacts of known carriers
- Health care workers exposed to blood or needle sticks
- Staff or clients in facilities for the developmentally disabled
- Hemodialysis patients
- Persons of Southeast Asian or sub-Saharan African descent
- Persons who receive certain blood products, such as hemophiliacs
- International travelers to certain areas of the world

Please talk to your doctor or a nurse if you think you might need hepatitis B vaccine.

STATE HEALTH OFFICE • IMMUNIZATION PROGRAM



to 45-3/10

King  
The  
Vaccine...

Hepatitis B  
Immunization

45-3/10

Source: Alachua County Health Dept.

1788-245-577

**SSU Services, Inc.**

*Analytical Review - 1995 Budget - Hospital & Insurance Program*

*10/11/96*

*DTYE 12/31/96*

1 scale, SSU also has experienced high rates of turnover, as well as  
 2 difficulty recruiting. The percentage of turnover in 1992 was 13.2%, with  
 3 62 out of 469.5 employees separating from SSU's service. The percentage  
 4 of turnover in 1993, was 13.5 %, with 66 of 489 employees separating  
 5 from SSU's service. Excluding the Venice Gardens sale and customer  
 6 service office consolidation which took place in 1994, the percentage of  
 7 turnover was 11.54% with 58 out of 502.5 employees separating from  
 8 SSU's service in that year. SSU turnover to date in 1995 has been 11%  
 9 on an annualized basis, with 13 employees separating from service in the  
 10 first quarter.

*11% to 45-3/6*

11 These turnover rates are substantially higher than the national and  
 12 southern United States averages. According to data published by the  
 13 Bureau of National Affairs ("BNA"), which tracks monthly turnover and  
 14 reports the national average for all companies nationwide, all U.S.  
 15 companies averaged 10.8% turnover in 1994. The significance of this  
 16 statistic is that it includes turnover experienced by retailers and the fast  
 17 food industry which have turnover rates which can exceed 100%.  
 18 Approximately 65% of SSU's preventable turnovers in 1993 and in 1994  
 19 were employees who had less than 3 years of service. In fact, in 1993,  
 20 nearly 31% of the personnel who separated had less than 1 year of service.  
 21 In 1993, we compared our average annual turnover to that of other  
 22 utilities: Orlando Utilities Commission 4.8%, Florida Cities 3.96%, Collier

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*Testimony of D.G. Koch*

*45-3/4*