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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 020071-WS
UTILITIES, INC. OF FLORIDA
DIRECT TESTIMONY OF
STEVEN M. LUBERTOZZI
REGARDING THE APPLICATION FOR
INCREASE IN WATER AND WASTEWATER
RATES AND CHARGES
IN
MARION, ORANGE, PASCO, PINELLAS AND SEMINOLE COUNTIES

EXHIBIT 7 * VOL. 1

DOCUMENT NUMBER DATE
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2 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
3 REGARDING THE APPLICATION FOR INCREASE
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5 IN MARION, ORANGE, PASCO, PINELLAS AND SEMINOLE COUNTIES
6 BY UTILITIES, INC. OF FLORIDA
7 DOCKET NO. 020071-WS

8 Q. Please state your name, occupation and business address for the record.

9 A. My name is Steven M. LubertoZZi. I am employed as the Director of
10 Regulatory Accounting at Utilities, Inc., 2335 Sanders Road, Northbrook,
11 Illinois 60062.

12 Q. Please summarize your professional background.

13 A. I have been employed by Utilities, Inc. since June of 2001. Since that time I
14 have been involved in many phases of rate-making in several regulatory
15 jurisdictions. I graduated from Indiana University in 1990, and I am a
16 Certified Public Accountant. I had four years of public accounting/financial
17 analysis experience prior to joining Utilities, Inc. I am a member of the
18 American Institute of Certified Public Accountants, the Illinois CPA Society,
19 and an Associate member of the Association of Certified Fraud Examiners. I
20 have successfully completed the utility regulation seminar sponsored by
21 NARUC, and have testified before the Illinois Commerce Commission and

1 South Carolina Public Service Commission.

2 Q. Please explain your job responsibilities at Utilities, Inc.?

3 A. My responsibilities encompass all aspects of utility Commission regulation in
4 sixteen of the states in which Utilities, Inc. operates (Georgia does not regulate
5 water and sewer utilities). These duties include preparation of rate case
6 applications, coordinating Commission audits, developing and delivering
7 testimony before Utility Commissions, obtaining Commission approval of
8 territory expansions and system transfers and keeping apprised of industry
9 trends and current events.

10 Q. In connection with your responsibilities with Utilities, Inc., were the Financial,
11 Rate and Engineering Minimum Filing Requirements prepared by you or under
12 your supervision?

13 A. Yes. The Minimum Filing Requirements (MFRs) are attached as Exhibit "1"
14 to the Application for Increase in Rates, Exhibit (SNL-1)____. The Financial
15 and Rate sections for the various systems were prepared by me or under my
16 supervision. The Engineering section was prepared by Mr. Frank Seidman of
17 Management and Regulatory Consultants, Inc., at my direction. The used and
18 useful percentages developed by Mr. Seidman in the Engineering section are
19 reflected in the Financial and Rate sections of the MFRs. Those MFRs
20 accurately reflect the financial books and records of Utilities, Inc. of Florida,
21 and the financial condition of Utilities, Inc. of Florida.

1 Q. Did you prepare the Billing Analysis Schedules?

2 A. Yes. The Billing Analysis Schedules attached as Exhibit "2" to the
3 Application for Increase in Rates were prepared by me or under my
4 supervision, and they accurately reflect the books and records of Utilities, Inc.
5 of Florida Exhibit (SNL-2)___.

6 Q. Explain the adjustments that you made in connection with the forced
7 abandonment of the Raven Park/Lincoln Heights system in Seminole County.

8 A. We have estimated that the annual charge for the treatment of wastewater by
9 the City of Sanford will be \$100,296.

10 Q. Please explain generally why the rate increase is necessary.

11 A. A rate increase is necessary to allow the utility to recover the reasonable and
12 prudent costs of providing service and an opportunity to earn a fair and
13 reasonable rate of return on its invested capital. Rates granted in 1994 and
14 1995 do not reflect the 7 to 8 years of rising costs, many of which result from
15 stringent federal environmental regulations, and from increased investment.
16 For these reasons, the utility is not able to achieve a reasonable rate of return
17 on its investment. Rate relief is essential to ensure the continued availability of
18 capital at a reasonable cost and to maintain a high and professional level of
19 service.

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