



JACK SHREVE  
PUBLIC COUNSEL

STATE OF FLORIDA  
OFFICE OF THE PUBLIC COUNSEL

c/o The Florida Legislature  
111 West Madison St.  
Room 812  
Tallahassee, Florida 32399-1400  
850-488-9330

ORIGINAL

September 9, 2002

RECEIVED - FPSC  
02 SEP - 9 AM 7:57  
COMMISSION  
CLERK

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

Re: Docket No. 992015-WU

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket are the original and 15 copies of Citizens' Prehearing Statement.

Also enclosed is a diskette containing Citizens' Prehearing Statement in Word Format. Please indicate the time and date of receipt on the enclosed duplicate of this letter and return it to our office.

Sincerely,

Stephen C. Reilly  
Associate Public Counsel

AUS \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM 3 \_\_\_\_\_  
CTR \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL \_\_\_\_\_  
OPC \_\_\_\_\_  
MMS \_\_\_\_\_  
SEC 1 \_\_\_\_\_  
OTH \_\_\_\_\_

SCR/dsb

Enclosures

RECEIVED & FILED

Man  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

09470 SEP-98

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Application for Limited )  
Proceeding to Recover Costs of )  
Water System Improvements in )  
Marion County by Sunshine )  
Utilities of Central Florida, Inc. )  
\_\_\_\_\_ )

Docket No. 992015-WU

Filed: September 9, 2002

**CITIZENS' PREHEARING STATEMENT**

The Citizens of the State of Florida ("Citizens"), by and through their undersigned attorney, file this Prehearing Statement:

A. All Known Witnesses

The names of all known witnesses that may be called by the Citizens and the subject matter of their testimony are as follows.

1. Ted L. Bidby, P.E./P.L.S., will testify concerning the prudence and necessity of constructing the proposed new water plant and interconnection of five of 21 water systems of Sunshine Utilities of Central Florida, Inc. ("Sunshine", "Utility" or "Company"). If the Commission desires to provide a more permanent solution to the contamination problem, Mr. Bidby offers testimony endorsing a more reasonable and less expensive solution to the problem. If for any reason the Commission desires to authorize the proposed interconnection of the five systems, Mr. Bidby offers testimony concerning more appropriate used and useful percentages to be applied to the new water system components.

2. Kimberly H. Dismukes, will testify concerning the prudence of the proposed water plant improvements. Ms. Dismukes testimony will address the background of these proceedings, what adjustments if any are necessary to revenues, expenses, and rate

DOCUMENT NUMBER-DATE  
09470 SEP-98  
FPSC-COMMISSION CLERK

base if the Commission grants the Utility's request concerning the water plant improvements. Ms. Dismukes will also implement the recommendations of Mr. Bidy and testify concerning rate case expense. Ms. Dismukes testimony also addresses the issue of when any rate increase should be effective.

B. All Known Exhibits.

The only known exhibits which will be sponsored by Ted L. Bidy are as follows:

- EXHIBIT TLB-1      Resume detailing Ted L. Bidy's background and experience
- EXHIBIT TLB-2      June 23, 1999 letter from FDEP to Sunshine
- EXHIBIT TLB-3      Sizing of Elevated Storage Tank
- EXHIBIT TLB-4      Used and Useful calculations
- EXHIBIT TLB-5      Growth of ERC's for 21 systems and for the 5 systems

C. Basic Position.

The Commission should reject Sunshine's request to increase rates to allow Sunshine to recover the costs of the proposed water system improvements. The Citizens do not believe the plan as currently proposed by Sunshine and endorsed by the Commission in its Order No. PSC-02-0656-PAA-WU provides a benefit for Sunshine's existing customers in the five systems to be interconnected. Likewise, the plan does not provide any benefit to the other sixteen Sunshine Water systems. The proposed plan is not prudent or justified and should be completely rejected. No increase in rates should be adopted by the Commission.

To the extent the Commission finds that the project should proceed, then the Citizens recommend a much more limited scope project which would also require no rate increase for customers.

Finally, to the extent the Commission rejects the Citizens' primary and secondary positions and allows Sunshine to proceed with the project, then it may be necessary to actually reduce rates on a going forward basis.

D.-F. Issues of Fact, Law and Policy

The following are questions of fact, law and policy which the Citizens believe are at issue in this docket. Additional discovery may warrant the further division of some broad issues into one or more sub issues. Included with each issue is a statement of the Citizens' position and the identification of the witness to advance that position.

ISSUE 1: Should the Commission approve Sunshine's request to build the new water plant and interconnect the five systems?

POSITION: No. The proposed project is neither prudent nor necessary. (Bidly, Dismukes)

ISSUE 2: What change should be made to the revenue requirement as a result of this proceeding?

POSITION: At this time Citizens recommend no change in Sunshine's revenue requirement. (Dismukes, Bidly)

ISSUE 3: Should any adjustments be made to revenue?

POSITION: If the Commission does not adopt the Citizen's primary position to reject construction of the project or its secondary position to construct a limited scope project, then adjustments to revenue are necessary. These adjustments include, but are not limited to:

- 1) The Commission should impute test year revenues of \$3,739 to reflect the addition of 38 ERCs. (Dismukes)
- 2) Additional adjustments may be necessary once the Citizens have completed their discovery in this proceeding. (Dismukes)

ISSUE 4: Should any adjustments be made to expenses?

POSITION: If the Commission does not adopt the Citizens' primary position to reject construction of the project or its secondary position to construct a limited scope project, then adjustments to expenses are necessary. These adjustments include, but are not limited to:

- 1) The President's salary should be adjusted downward. The Citizens are still in the discovery phase of this proceeding and have not formalized the final amount of the adjustment that should be made to the President's salary. (Dismukes)
- 2) Adjustments may be necessary to other salaries as well, however, the Citizen's have not completed their discovery. (Dismukes)
- 3) Retained earnings and depreciation expense should be reduced by \$2,506 to remove test year depreciation expense associated with the retirement of the Utility's van. (Dismukes)
- 4) Amortization of CIAC expense should be increased by \$479 for the transfer of inactive advances for construction. (Dismukes)
- 5) Additional adjustments may be necessary once the Citizens have completed their discovery in this proceeding. (Dismukes)

ISSUE 5: Should any adjustments be made to rate base?

POSITION: If the Commission does not adopt the Citizen's primary position to reject construction of the project or its secondary position to construct a limited scope project, then adjustments to rate base are necessary. These adjustments include, but are not limited to:

- 1) The plant in service amounts are depicted in the PAA Order No. PSC-02-0656-PAA-WU. Adjustments should be made to these amounts to reflect the appropriate used and useful adjustments as recommended by Mr. Bidy, of 51.43% for the wells, 32.0% for the storage tank, and 48.9% for the distribution system. (Bidy and Dismukes)
- 2) Plant in service and accumulated depreciation should both be reduced by \$15,036 to reflect the retirement of the Utility's van. (Dismukes)
- 3) CIAC should be increased by \$15,453 to transfer inactive advances for construction. Accumulated Amortization of CIAC should be increased by \$479. (Dismukes)
- 4) CIAC should be increased by \$175,000 for the proposed contribution by Marion County toward serving the customers with the 38 contaminated wells. (Dismukes)
- 5) Additional adjustments may be necessary once the Citizens have completed their

discovery in this proceeding. (Dismukes)

ISSUE 6: What is the appropriate amount of rate case expense for this proceeding?

POSITION: No rate case expense should be allowed. (Dismukes)

ISSUE 7: What is the appropriate overall cost of capital?

POSITION: If the Commission does not adopt the Citizen's primary position to reject construction of the project or its secondary position to construct a limited scope project, then cost of capital should be 5.31%. However, the Citizens have not completed their discovery process in this proceeding and this cost of capital may change once discovery is complete. (Dismukes)

G. Stipulated Issues.

The parties have not stipulated to any issues at this time. However, there is an apparent agreement between the parties that any rate increase associated with water plant construction shall not be effective until the new plant is completed and in service.

H. Pending Motions.

The only pending motion that has not been resolved is Sunshine's Motion for Temporary Protective Order Seeking Confidential Treatment of Tax Returns. The Citizens did not file a response in opposition to this motion and is proceeding with the intention of treating information taken from the tax returns as confidential information.

I. Claims for Confidentiality

See H.

J. Requirements that cannot be complied with.

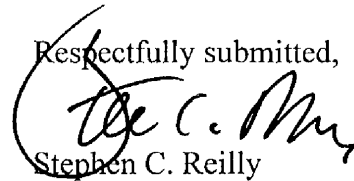
Misapprehension of the Commission's First Order Revising Order Establishing Procedure caused the Citizens to file this Prehearing Statement at 8:00 AM, Monday, September 9, 2002, rather than on or before 5:00 p.m., Friday, September 6, 2002. Other

than this one minute working day delay in filing this Prehearing Statement the Citizens are not aware of any other requirements imposed by Commission Order No. PSC-02-0852-PCO-WU that cannot be complied with at this time.

K. Objections to Witnesses Qualifications

The Citizens have no objections to the qualifications of any of Sunshine's witnesses at this time.

Respectfully submitted,

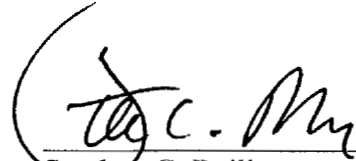


Stephen C. Reilly  
Associate Public Counsel  
Office of the Public Counsel  
111 West Madison Street, Room 812  
Tallahassee, FL 32399-1400

Attorney for the Citizens  
of the State of Florida

**CERTIFICATE OF SERVICE  
DOCKET NO. 992015-WU**

**I HEREBY CERTIFY** that a copy of the foregoing Citizens' Prehearing Statement has been furnished by hand-delivery to the following parties on this 9<sup>th</sup> day of September, 2002.

  
\_\_\_\_\_  
Stephen C. Reilly

Ralph Jaeger, Esquire  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

D. Bruce May, Esquire  
Holland & Knight, LLP  
315 South Calhoun Street  
Suite 600  
Tallahassee, FL 32301