

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **APPLICATION OF FARMTON WATER RESOURCES, LLC**

3 **Docket Number 021256-WU**

4 **Prefiled Direct Testimony of Henry Thomas**

5 **On Behalf of The City of Titusville**

6
7 Q: Please state your full name and business address for the record.

8 A: My name is Henry L. Thomas and my business address is 341 North Maitland Avenue, Suite
9 300, Maitland, Florida 32751.

10 Q: By whom are you employed and in what capacity?

11 A: I am employed by Public Resources Management Group, Inc., a management-consulting firm
12 serving the utility industry. I am a Vice President and Principal in that company. I have
13 twenty-five years of experience in the areas of utility economics, planning, financing and
14 pricing.

15 Q: In what capacity are you retained by the City of Titusville?

16 A: I am retained by the City as its water and wastewater rate consultant.

17 Q: Have you ever been qualified as an expert?

18 A: Yes. I have previously submitted testimony before Public Service Commissions and in court
19 proceedings on a variety of utility related matters. A resume outlining my work experience,
20 including a list of regulatory dockets and court cases where I have previously filed testimony,
21 is included as Exhibit "Thomas 1." In addition, during my career I have submitted numerous
22 municipal electric rate studies for review by the staff of the Florida Public Service
23 Commission.

24 Q: How efficient is the City's water system in meeting the water supply needs of its customers?

25 A: The City operates a very efficient public water system. As the City's rate consultant, I
26 prepare studies of the City's water rates and as part of these studies we compare the rates with
27 other water utilities in the region. Based on my experience in working with the City I can
28 conclude that it operates a very efficient utility. The utility's management and staff
29 consistently implement cost savings measures, plan prudently to meet the utility's financial
30 and customer service obligations and its water rates are fair and equitable, discourage
31 wasteful irrigation practices and are competitive with other utilities in the region.

32 Q: In your opinion, is the new water utility proposed by Farmton Water Resources, LLC. in the
33 public interest?

34 A: No. If Farmton is successful, and the City purchases bulk water from Farmton rather than
35 own and operate its own wellfield in the area, based on Farmton's proposed rates as provided
36 to the City, it will result in higher water rates for the customers of the City's public water
37 system. This result would be contrary to the public interest.

38 Q: In addition to your direct testimony, do you anticipate offering testimony for impeachment or
39 rebuttal?

40 A: Yes, to the extent needed.

Exhibit Thomas 1.

Resume of Henry Thomas

HENRY L. THOMAS
VICE PRESIDENT AND PRINCIPAL

Education

B.S., B.A., Economics, University of Florida

Qualifications and Experience Summary

Mr. Thomas has twenty-five years of experience in the areas of utility rates, economics, planning, and finance. He is responsible for providing a wide-range of economic, financial, and business management services including rate studies, financial planning, resource planning and customer demand forecasting, capital funding analyses, economic feasibility studies, valuations, contract negotiations, expert testimony, and preparation of feasibility studies in support of tax exempt revenue bond financing.

Cost of Service and Utility Rate Studies

Mr. Thomas has directed utility rate studies for electric, gas, water, wastewater and solid waste utility systems. These studies include evaluation of revenue requirements, cost of service analyses, retail and wholesale rate design, impact fees and miscellaneous service charges, and development of rate administrative policies. Representative project experience for water and wastewater rate studies includes:

- Directed water and wastewater rate studies for the cities of Casselberry, Crystal River, Fort Pierce, Gulf Breeze, Homestead, Jacksonville Beach, Largo, Leesburg, Mount Dora, Ocala, Oldsmar, Orlando Utilities Commission, Oviedo, Plant City, Sanford, St. Cloud, Titusville, Vero Beach and West Melbourne in addition to the counties of Charlotte, Citrus, and Volusia.
- Directed water and wastewater rate studies for non-profit cooperatives including Destin Water Users, Inc., South Walton Utility Corporation and Pine Island Water Association, as well as, the Reedy Creek Improvement District, Laurens, South Carolina Commission of Public Works and the Virginia Islands Water and Power Authority.

HENRY L. THOMAS
VICE PRESIDENT AND PRINCIPAL

Expert Testimony

Mr. Thomas presented testimony as an expert witness before the following regulatory jurisdictions:

- State of Indiana Public Service Commission - IURC Case No. 41118, Wholesale Transmission Rates
- State of Indiana Public Service Commission - Docket No. 40115, Wholesale Rates
- Virgin Islands Public Service Commission - Docket No. 345, Tax Exempt Bond Issue
- Virgin Islands Public Service Commission - Docket No. 481, Water Rates
- Circuit of Cass County, State of Michigan - Case No. 97-879-CK, Capital Credit Allocation
- State of Florida, Division of Administrative Hearings - Case No. 98-0449, Charlotte County Comprehensive Plan

Financial and Economic Feasibility Studies

Mr. Thomas has directed economic and financial feasibility studies associated with the issuance of long-term indebtedness and project feasibility.

Representative project experience includes:

- Development of financial projections, official statements, certificates of compliance, additional bonds test certificates and other services associated with issuance of long-term debt for Charlotte County, Florida, Virgin Islands Water and Power Authority, the cities of Grand Island and Kearney, Nebraska, and Shelby, North Carolina.
- Development of project feasibility analyses to evaluate customer and territory swaps, wastewater treatment facilities, water supply resources, reclaimed water systems and regional irrigation projects. Clients included: Volusia County, City of Titusville, Orlando Utilities Commission, Miami-Dade Water and Sewer Department and the South Florida Water Management District.



Other Utility Services

- Mr. Thomas was involved in strategic business plans and financial forecasts in support of comprehensive planning initiatives, utility valuation studies, contract negotiations, and utility-resource planning studies. The studies included the preparation of customer demand forecasts using econometric forecasting models including issues such as the estimation of price elasticity to measure consumer response to changing utility price structures. Clients include Charlotte County, Florida Keys Aqueduct Authority, and the cities of Largo, Ocala and Tallahassee, Florida.
- He directed numerous utility-resource planning studies that included the preparation of forecasts of customers and usage requirements for electric, water, wastewater, and gas utilities. He developed econometric and end-use forecasting models and forecasts for numerous municipal clients as well as municipal joint-action agencies and generation and transmission cooperatives. The development of these forecasting models included issues such as the estimation of price elasticity to measure the consumer's reaction to changing utility prices, as well as economic and demographic factors, appliance ownership choices, and efficiency issues.
- Mr. Thomas co-authored a paper on integrated resources planning for water and wastewater utilities that was presented before the Florida section of the American Water Works Association (AWWA), and he was a guest speaker at the National Rural Electric Cooperative Association's 1995 Annual Managers Conference and the 1995 Marketing Member Services and Communications Conference.

