

**Eric Fryson**

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**From:** Dana Rudolf [drudolf@sfflaw.com]  
**Sent:** Monday, June 18, 2012 12:45 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Martin Friedman  
**Subject:** Docket No. 110200-WU; Application for increase in water rates in Franklin County by Water Management Services, Inc.

**Attachments:** Objection to Staff's 1st RFP.pdf

- a) Martin S. Friedman, Esquire  
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- b) Docket No. 110200-WU  
Application for increase in water rates in Franklin County by Water Management Services, Inc.
- c) Water Management Services, Inc.
- d) 4 pages
- e) Objection to Staff's First Request for Production.

6/18/2012

DOCUMENT NUMBER-DATE  
03942 JUN 18 2012  
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in  
Water Rates in Franklin County by  
Water Management Services, Inc.

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Docket No. 110200-WU

**WATER MANAGEMENT SERVICES, INC.'S OBJECTION  
TO STAFF'S FIRST REQUEST FOR PRODUCTION**

WATER MANAGEMENT SERVICES, INC. (the "Utility"), by and through its undersigned attorneys and pursuant to Fla. R. Civ. P. 1.350, files this Objection to Staff's First Request for Production of Documents and states:

1. It is unfortunate that at least some Staff members have been drinking OPC's Kool-Aid in carrying forward OPC's myth that Mr. Brown misappropriated \$1.2 million as reflected in Account 123. It is a great issue for OPC to use to rile up the customers, but the Staff should certainly know better.

2. All of the documents requested relate to Account 123 and are irrelevant, immaterial and not likely to lead to the discovery of admissible evidence. In WMSI's last rate case, this was the central issue in OPC's attack on Mr. Brown and WMSI. After hearing testimony and considering arguments, this Commission concluded, "We note that there was no evidence presented that documented Mr. Brown or BMG having misappropriated funds from the Utility." Order No. PSC-11-0010-SC-WU, page 55. This Commission at p. 56 concluded that, "We do not believe that the customers are being charged higher rates due to Mr. Brown's actions." and "The amounts in question are not

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included in rate base and are not considered in the determination of the appropriate rates.” If Account 123 is not considered in the determination of rates, how can it be relevant?

3. OPC’s attempts to micromanage WMSI were correctly rejected by this Commission in Order No. PSC-11-0010-SC-WU. OPC, not to take that rejection lightly, filed for reconsideration of that Order. In its Order on Reconsideration, Order No. PSC-11-0156-FOF-WU, in addressing OPC’s Motion, this Commission reminded OPC that since capital structure was reconciled to rate base, customers are not paying any additional interest. The Commission pointed out that if the \$1.2 million was converted to equity, it would earn almost three times the current debt cost. Since rates would increase if the \$1.2 million was converted to equity, one would wonder why OPC, and now some Staff members, continue to raise this issue. One might suggest that is because it has more to do with perception than reality.

4. This Commission in Order No. PSC-11-0010-SC-WU, page 56, correctly concluded that this Commission does not micromanage the business decisions of regulated companies and has no authority to preclude a utility from investing in associated companies. Importantly, the Commission noted that “despite the difficult financial condition of WMSI .... the customers continue to receive quality service and are satisfied with the responsiveness of Utility employees.”

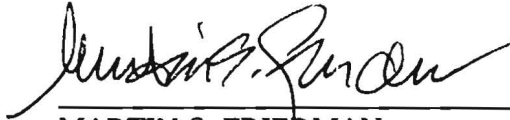
5. It is clear from the careful consideration given by this Commission of Account 123 in Order Nos. PSC-11-0010-SC-WU and PSC-11-0156-FOF-WU, that any

documents related to Account 123 are irrelevant, immaterial and not calculated to lead to the discovery of admissible evidence.

6. Further, for the reasons set forth in WMSI's Response to OPC's Motion to Establish Discovery Procedures, formal discovery is not authorized or contemplated in a PAA proceeding.

Respectfully submitted on this 18th day of  
June, 2012 by:

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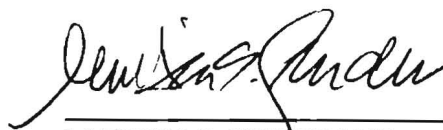
MARTIN S. FRIEDMAN  
For the Firm

**CERTIFICATE OF SERVICE**  
**DOCKET NO. 110200-WU**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been sent to  
furnished by U.S. Mail and E-Mail to the following parties this 18<sup>th</sup> day of June, 2012:

Erik Sayler, Associate Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
111 W. Madison Street, Room 812  
Tallahassee, FL 32399-1400

Ralph Jaeger, Esquire  
Office of General Counsel  
Florida Public Service Commission  
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