

PUBLIC SERVICE COMMISSION

JULY 31, 2012

INFORMAL MEETING

Telephone 2:00 P.M.

Re: Docket # 120158-SU

COMMISSION
CLERK

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1PUBLIC SERVICE COMMISSION

JULY 31, 2012

INFORMAL MEETING

Telephone 2:00 P.M.

August 1, 2012

Re: Docket # 120158-SU

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

In as much as I have withdrawn my PETITION FOR FORMAL HEARING, with the understanding that Staff will establish a Proposed Agency Action (PAA) and that pursuant thereto, that all of the interested parties will be free to share their issues and concerns with Staff relating to the establishment of initial rates and charges, and that those issues and concerns will be considered when Staff issues its recommendation to the Commission concerning the establishment of initial rates and charges. Further, I understand that if I disagree with the Commission's PAA Order concerning the initial rates and charges, that I will have an opportunity to protest the PAA Order and seek a formal evidentiary hearing to present evidence concerning the establishment of just and reasonable initial rates and charges; therefore:

A recitation of issues and suggested settlement thereof follows for consideration by Staff in establishing a Proposed Agency Action (PAA)

Pertinent paragraphs of my "withdrawn" PETITION FOR FORMAL HEARING incorporated in this document by reference thereto.

Reference Paragraphs "3" of the PETITION FOR FORMAL HEARING:

Petitioner acknowledges Harbor Water Works as reputable and most desirable candidate for acquisition of the subject Waste Water facility. Petitioner desires an equitable resolution of the issue so that the acquisition by HWW can proceed with an equitable revenue stream.

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A condition of the granting the certificate should provide as part of the rate base an appropriate credit to affected homeowner/consumers for loss of a property benefit. Suggested methods of accomplishing this are set forth in following paragraphs.

The application for an original wastewater certificate cannot provide sufficient and accurate information as to when 80% of the design capacity of the system will be utilized. There have been no additions to the consumer base in the past several years, and current and anticipated economic conditions, and the geographic area currently served and potentially served do not indicate optimism for expansion of the consumer base. The probability of commercial property becoming part of the consumer base is not likely as the Developer has testified that he has no intention of developing the commercial parcel.

A condition of the granting the certificate should provide that any petition by HHW for an increase in rates preclude as a basis thereof, that the projection of 80% of capacity and expenses were underestimated. This preclusion of rate increase to be in effect for a period of seven years.

Reference Paragraphs "4 & 5" of the PETITION FOR FORMAL HEARING: Petitioner withdraws his objection upon information and premise that the PSC has been provided or obtained from other sources and means, the requisite information.

Reference Paragraphs "6, 7, 8, & 9 of the PETITION FOR FORMAL HEARING: An equitable resolution of these issues would be that the Original Waste Water certificate include as part of the rate base that residential consumers be credited with prepaid usage charges for a period of years. The period of years for such credit to be equal to the estimated remaining useful life of the Waste Water Utility Plant and Distribution Facilities. The estimated useful life can be calculated by reference to a composite rate of depreciation.

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**A weighted composite rate based on HWW application Schedule B is as follows:
Schedule B
Depreciation**

Line No	NARUC Acct No	Description	Yrs. in Svc	Est. Orig. Cost	PSC Deprec %	Accum Deprec.	Ann. ERC' S	Annual Gallons
1	352	Organization	0	\$ 5,000	2.5%	\$	912	73,233,600
2	354	Structures and Improvements	2	\$32,500	3.13%	\$2,034.50	912	73,233,500
3	354	Structures and Improvements	0	\$41,500	3.13%	\$	912	73,233,500
4	380	Treatment and Disposal Equipment	0	\$ 3,000	5.56%	\$	912	73,233,500
5		Total						

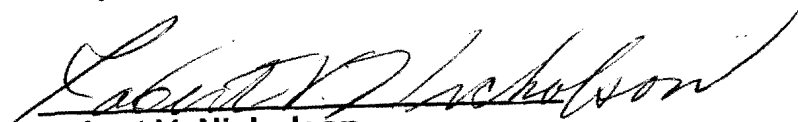
Useful Life	32 years
Years since placed in service	<u>23</u>
Remaining Useful life	<u>09</u>

The indicated remaining useful life is nine years. Hence the period of years for such credit would be nine years.

Petitioner recognizes that the condition of the plant may be such that the remaining useful life may be less than nine years.

As to value of the property-right now being voided, as property owners will now be charged for a service that was part of the realty upon acquisition, reference is made to HWW Schedule F wherein the charge (value) of connection to new consumers of the facility will be \$5,098.50. This information is cited as evidence of the value of the property right now being voided by the proposed acquisition of the Waste Water utility.

Respectfully submitted,



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