

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase  
in water rates in Orange County  
by Wedgefield Utilities, Inc.

DOCKET NO. 991437-WU  
ORDER NO. PSC-01-1502-PHO-WU  
ISSUED: July 19, 2001

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code, a Prehearing Conference was held on July 9, 2001, in Tallahassee, Florida, before Commissioner Lila A. Jaber, as Prehearing Officer.

APPEARANCES:

BEN GIRTMAN, ESQUIRE, 1020 East Lafayette Street, #207  
Tallahassee, Florida 32301-4552  
On behalf of Wedgefiled Utilities, Inc.

CHARLES BECK, ESQUIRE, Office of Public Counsel, c/o The  
Florida Legislature, 111 West Madison Street, Room 812,  
Tallahassee, Florida 32399-1400  
On behalf of the Office of Public Counsel.

PATRICIA A. CHRISTENSEN, ESQUIRE, Florida Public Service  
Commission, 2540 Shumard Oak Boulevard, Tallahassee,  
Florida 32399-0850  
On behalf of the Commission Staff.

PREHEARING ORDER

I. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, Florida Administrative Code, this Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

II. CASE BACKGROUND

Wedgefield Utilities, Inc. (Wedgefield or utility) is a Class B utility which serves approximately 840 water and wastewater customers in Orange County, Florida. Wedgefield is a wholly-owned subsidiary of Utilities, Inc. In its annual report for 1998, the utility reported operating revenues of \$252,903.

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Rate base was last established for Wedgefield's water facilities by Order No. PSC-98-1092-FOF-WS (Transfer Order), issued August 12, 1998, in Dockets Nos. 960235-WS and 960283-WS, pursuant to a transfer of the utility's assets from Econ Utilities Corporation.

On November 12, 1999, Wedgefield filed an application for an increase in water rates. The utility was notified of several deficiencies in its minimum filing requirements (MFRs). Those deficiencies were corrected and the official filing date was established as February 29, 2000, pursuant to Section 367.083, Florida Statutes. The utility's requested test year for final and interim purposes is the historical year ended June 30, 1999. The utility requested that this case be processed using our Proposed Agency Action (PAA) procedure pursuant to Section 367.081(8), Florida Statutes.

By Order No. PSC-00-0910-PCO-WU, issued May 8, 2000, we suspended the rates requested by the utility pending final action and approved interim rates subject to refund and secured by a corporate undertaking. The interim rates were designed to allow the utility the opportunity to generate additional annual operating revenues of \$103,394 for its water operations (an increase of 40.19%).

Wedgefield requested water rates designed to generate annual operating revenues of \$404,098. Those revenues exceed test year revenues by \$144,889 or 55.87 percent. By Proposed Agency Action Order No. PSC-00-1528-PAA-WU, issued August 23, 2000 (PAA Order), we proposed a \$342,157 water revenue requirement for this utility, which represented an annual increase in revenue of \$82,897 or 31.97 percent.

Wedgefield was also ordered to show cause in writing within 21 days, why it should not be fined \$3,000 for its apparent violation of Rule 25-30.115, Florida Administrative Code, and Order No. PSC-97-0531-FOF-WU, issued May 9, 1995, in Docket No. 960444-WU, for its failure to maintain its books and records in conformance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA). Wedgefield filed a timely response to the order to show cause on September 13, 2000. By Order No. PSC-00-2388-AS-WU, issued December 13, 2001, we accepted Wedgefield's settlement offer.

On September 13, 2000, Wedgefield also timely filed a petition protesting the PAA Order. On that same day, the Office of Public Counsel (OPC) timely filed a Notice of Intervention in this matter and a petition protesting the PAA Order. OPC's Notice of Intervention was acknowledged by Order No. PSC-00-1755-PCO-WU, issued September 26, 2000.

### III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapters 367 and 120, Florida Statutes. This prehearing conference was governed by said Chapters 367 and 120, Florida Statutes, and Rules 25-30, 25-22, and 28-106, Florida Administrative Code.

### IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 367.156, Florida Statutes.

B. It is the policy of the Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 367.156, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

1. Any party intending to utilize confidential documents at hearing for which no ruling has been made, must be prepared to present their justifications at hearing, so that a ruling can be made at hearing.

2. In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- a) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 367.156, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- b) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- c) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- d) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- e) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has

been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of the Commission Clerk and Administrative Services' confidential files.

V. POST-HEARING PROCEDURES

Each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, Florida Administrative Code, a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 50 pages, and shall be filed at the same time.

VI. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties and staff has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

VII. ORDER OF WITNESSES

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u> <sup>1</sup>		
Erin Nicholas <sup>2</sup>	Wedgefield	10,11,12,13,14,15, 16,17,18,19,20,21,22
Frank Seidman	Wedgefield	1,2,3,4,5,7,8,9
David Orr <sup>3</sup>	Wedgefield	3,4,5,6,8
Ted L. Bidy	OPC	1,2,3,4,5,6,7,9
Hugh Larkin, Jr.	OPC	8,9,10,11,12,13,14, 16,17,18
Robert J. Crouch	Staff	1,2,3,4,5,6,7
Dwight T. Jenkins <sup>3</sup>	Staff	19
Frances J. Lingo <sup>3</sup>	Staff	19
<u>Rebuttal</u> <sup>1</sup>		
Frank Seidman	Wedgefield	1,2,3,4,5,7,8,9
David Orr	Wedgefield	3,4,5,6,8
Ted L. Bidy	OPC	1,2,3,4,5,6,7,9

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<sup>1</sup>Direct and Rebuttal testimony will be taken up together.

<sup>2</sup>The prefiled testimony of Erin Nicholas was adopted by Carl Wenz.

<sup>3</sup>The prefiled testimony of Witnesses Orr, Jenkins and Lingo will be stipulated into the record.

VIII. BASIC POSITIONS

WEDGEFIELD:

For the Wedgefield system, it is appropriate to determine used and useful individually for the source of supply and pumping accounts component, the water treatment plant accounts component, and the distribution reservoir and standpipes account component. The appropriate customer demand is the single maximum day for the test year, without anomalies. The property needed to serve after the test year is determined in accordance with Rule 25-30.431, F.A.C. The allowable unaccounted for water level is 13% of water pumped. The land purchased June 18, 1999 is 100% used and useful. The proper increase in revenues is the \$144,838 requested in the petition. NAA has been fully litigated and is not an issue in this case.

OPC:

The Commission should adopt a sharing approach to the acquisition adjustment in this case if, and only if, the company can show that customers are better off as a result of the acquisition. Otherwise, the full acquisition adjustment should be recognized.

The sharing of benefits approach shares the benefits of the acquisition adjustment 50/50 between customers and the company, with the caveat that the utility's return on equity should not exceed .150% of the Commission's leverage-graph authorized return on equity.

Without this approach, the Commission's proposed agency action order provides the utility an unthinkable return on equity of 69% on its actual investment. The utility has done nothing to deserve this lavish return. The company made virtually no additional investments in the company since the purchase (rate base has actually declined since then); quality of service complaints are high; the company has no construction projections or budgets; and it has no formal preventative maintenance program. It is completely unreasonable to expect utility

customers to pay rates designed to give a monopoly a 69% return on equity on its actual investment.

In addition, an original cost study presented by Citizens shows gross plant at about \$1,000,000 less than amount of plant in service shown in the company's MFR's. This buttresses the argument for using the company's actual investment instead of the amount contained in its predecessor's books.

Used and useful adjustments should be made as outlined in the testimony of Ted Biddy.

**STAFF:**

Non-testifying staff's positions are preliminary, are based upon materials filed by the utility or obtained through discovery and are intended to inform the parties of staff's preliminary positions. The information gathered through discovery and prefiled testimony indicates, at this point, that the utility is entitled to some level of increase. The specific level cannot be determined until the evidence presented at hearing is analyzed. Non-testifying staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions. Testifying staff's positions are set forth in issues one through seven and nineteen.

**IX. ISSUES AND POSITIONS**

**ISSUE 1:** What is the appropriate method for determining used and useful for source of supply and pumping, for water treatment, and for storage plant for the Wedgefield System?

**POSITIONS**

**WEDGEFIELD:**

The appropriate approach is to calculate used and useful by component instead of as a single entity. (Seidman)



OPC:

The appropriate method is to compute an individual used and useful percentage for each water plant component consisting of (1) source of supply and pumping; (2) treatment facilities; and (3) storage facilities. These individual used and useful percentages should be computed by comparing the FDEP required sizing of component to the actual sizing of the component by the utility. The FDEP required size of component (demand) in the comparison should be appropriately adjusted to add 5 years growth, to add fire flow requirement and to subtract excess unaccounted for water. The rationale for these individual component used and useful calculations should be as follows:

Source of supply and pumping

The FDEP mandatory guidelines for sizing as contained in the "Recommended Standards for Water Works" (Ten States Standards) should be used to compare the required size to the actual size installed by the utility. The standards require that the source of supply and pumping meet two comparisons: total maximum day demand to total capacity, and average day demand to firm reliable capacity. All demands should be adjusted as discussed above before making the comparisons.

Treatment Facilities

The FDEP mandatory guideline for sizing as contained in the Ten States Standards should be used to calculate the required size of treatment plant which is that the facilities be sized for Maximum Day Flow. This Maximum Day Flow (demand), adjusted as described above should then be compared to the actual size as installed by the utility to obtain the U/U percentage.

Storage Facilities

The FDEP mandatory guidelines for sizing as contained in both the Ten States Standards and the AWWA Manual of Water Supply Practices - M32 should be used to calculate

the required size of storage facilities (demand). A demand of one-half day Average Day Flow adjusted for fire flow and growth as discussed above meets the required sizing in both guidelines for demand. This demand should then be compared to the actual size of storage facilities to obtain the used and useful percentage. (Bidddy)

**STAFF:**

The appropriate method is to consider the source of supply and pumping, treatment, and storage as a single entity or system with a single used and useful percentage assigned to the system. Used and Useful should be calculated on the water supply and treatment system as a whole and not on individual components. (Crouch)

**ISSUE 2:** What is the appropriate period to consider customer demand (peak day or 5 peak day average)?

**POSITIONS**

**WEDGEFIELD:**

The appropriate period is the single maximum day for the test year which does not contain any anomalies. (Seidman)

**OPC:**

Maximum day flow should be calculated using the five maximum days of the maximum month, to avoid unusual flows. (Bidddy)

**STAFF:**

The normal procedure is to consider customer demand based on the average of the five peak days for a continuous thirty day period. (Crouch)

**ISSUE 3:** What is the test year percentage of unaccounted for water?

**POSITIONS**

**WEDGEFIELD:**

The actual percentage of unaccounted for water for the test year ended June 30, 1999 is 27.1%. However, for rate making purposes, the actual percentage of 13%, for the post test year period ended September, 2000, should be used because it reflects the utility's forward going experience after leak detection and diligent metering programs became effective. (Seidman, Orr)

**OPC:**

Test year unaccounted for water is 27%. (Bidly)

**STAFF:**

Test year unaccounted for water is 27%. (Crouch)

**ISSUE 4:** What is the appropriate allowance for unaccounted for water for the Wedgefield system?

**POSITIONS**

**WEDGEFIELD:**

The appropriate allowance is 13%, which is the known amount experienced after the end of the test year, after leak detection and diligent metering programs, and reflects the practical and economic considerations of the Wedgefield system. (Seidman, Orr)

**OPC:**

A maximum allowance of 10% of ADF is reasonable. (Bidly)

**STAFF:**

The Commission normally allows 10% as reasonable unaccounted for water. Any unaccounted for water over 10% should be deemed excessive. (Crouch)

**ISSUE 5: What adjustments should be made for excessive unaccounted for water?**

**POSITIONS**

**WEDGEFIELD:**

Based upon the data provided in its prefiled testimony, Wedgefield has 14.1%, or 40,429 GPD, "excess" unaccounted for water. The costs of test year chemicals and electricity used for pumping and treatment, should be adjusted, for that amount. (Seidman, Orr)

**OPC:**

Wedgefield had 17.1% excessive unaccounted for water. The costs of chemicals and electricity used to pump and treat that excessive amount should be disallowed. (Biddy)

**STAFF:**

Based upon the data provided in its Minimum Filing Requirements, Wedgefield had 17.1% excessive unaccounted for water. The costs of chemicals and electricity used to pump and treat that excessive amount should be disallowed. (Crouch)

**ISSUE 6: Based on the methodologies determined in issue one, what is the appropriate used and useful percentage for these components of the Wedgefield system?**

**POSITIONS**

**WEDGEFIELD:**

The appropriate used and useful percentage for each of the components in Issue 1 is 100%. (Orr)

**OPC:**

The appropriate used and useful percentages are shown in exhibit TLB-8. (Biddy)

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**STAFF:**

The water treatment system is 76% used and useful.  
(Crouch)

**ISSUE 7:** What is the appropriate used and useful percentage for the land purchased on June 18, 1999, that should be included in rate base?

**POSITIONS**

**WEDGEFIELD:**

The appropriate used and useful for land purchased on June 18, 1999 is 100%. The appropriate amount to which this percentage applies is \$8,632, which is the test year average balance of that purchase. (Seidman)

**OPC:**

The land has a used and useful percentage of 25%.  
(Bidly)

**STAFF:**

The land was purchased for future, additional wells. Therefore, the land has a used and useful percentage of 25%. (Crouch)

**ISSUE 8:** What adjustments are appropriate to reflect non-used and useful plant?

**POSITIONS**

**WEDGEFIELD:**

No adjustments are necessary for source of supply and pumping, treatment, and storage plant. (Seidman, Orr)

**OPC:**

The appropriate amount is subject to the resolution of other issues. (Larkin)

**STAFF:**

The appropriate amount is subject to the resolution of other issues.

**ISSUE 9:** Should the utility's rate base include a negative acquisition adjustment?

**POSITIONS**

**WEDGEFIELD:**

No. (Seidman)

**OPC:**

Yes. The Commission should adopt a sharing approach to the acquisition adjustment in this case if, and only if, the company can show that customers are better off as a result of the acquisition. Otherwise, the full acquisition adjustment should be recognized.

The sharing of benefits approach shares the benefits of the acquisition adjustment 50/50 between customers and the company, with the caveat that the utility's return on equity should not exceed 150% of the Commission's leverage-graph authorized return on equity.

Without this approach, the Commission's proposed agency action order provides the utility an unthinkable return on equity of 69% on its actual investment. The utility has done nothing to deserve this lavish return. The company made virtually no additional investments in the company since the purchase (rate base has actually declined since then); quality of service complaints are high; the company has no construction projections or budgets; and it has no formal preventative maintenance program. It is completely unreasonable to expect utility customers to pay rates designed to give a monopoly a 69% return on equity on its actual investment.

In addition, an original cost study presented by Citizens shows gross plant at about \$1,000,000 less than amount of

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plant in service shown in the company's MFR's. This buttresses the argument for using the company's actual investment instead of the amount contained in its predecessor's books. (Larkin, Bidy)

**STAFF:**

No position pending further development of the record.

**ISSUE 10:** Stricken.

**ISSUE 11:** What is the appropriate working capital allowance?

**POSITIONS**

**WEDGEFIELD:**

Working capital should be calculated, pursuant to Rule 25-30.433(2), Florida Administrative Code, using the formula method or one-eighth of the allowed operating and maintenance expense. (Nicholas/Wenz)

**OPC:**

Adjustments to working capital consistent with the preceding issues should be made. (Larkin)

**STAFF:**

Working capital should be calculated pursuant to Rule 25-30.433(2), Florida Administrative Code, using the formula method or one-eighth of operation and maintenance expenses. The appropriate amount is subject to the resolution of other issues.

**ISSUE 12:** What is the appropriate rate base?

**POSITIONS**

**WEDGEFIELD:**

Fallout issue. No position at this time.  
(Nicholas/Wenz)

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**OPC:**

Adjustments to rate base consistent with the preceding issues should be made. (Larkin)

**STAFF:**

The appropriate amount is subject to the resolution of other issues.

**ISSUE 13:** What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure for the test year ended June 30, 1999?

**POSITIONS**

**WEDGEFIELD:**

Fallout issue. No position at this time.  
(Nicholas/Wenz)

**OPC:**

Adjustments consistent with the preceding issues should be made. (Larkin)

**STAFF:**

The appropriate amount is subject to the resolution of other issues.

**ISSUE 14:** What is the appropriate allowance for funds used during construction (AFUDC) rate?

**POSITIONS**

**WEDGEFIELD:**

Fallout issue. No position at this time.  
(Nicholas/Wenz)



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**OPC:**

Adjustments consistent with the preceding issues should be made. (Larkin)

**STAFF:**

The appropriate AFUDC rate should reflect any changes to the overall cost of capital.

**ISSUE 15: What is the appropriate amount of additional rate case expense that should be allowed?**

**POSITIONS**

**WEDGEFIELD:**

The appropriate amount of rate case expense includes all amounts reasonably incurred through the entry of the final order setting rates in this proceeding. Exhibit CJW-2 (previously ELN-2) was updated by Exhibit CJW-5, showing actual expenses to the date of its filing and an estimate of expenses through the entry of the final order. (Nicholas/Wenz)

**OPC:**

The company's requested expense is wholly unreasonable. For example, the company's interlocutory appeal to the First District Court of Appeal did not qualify for an interlocutory appeal, yet the company imprudently pursued the appeal anyhow. Another example of imprudent rate case expense relates to the company's 37 page pleading filed March 8, 2001, most of which dealt with discovery to which Wedgefield had no right to object. Citizens will provide a detailed recommendation regarding rate case expense in the brief following cross examination at hearing.

**STAFF:**

The appropriate amount is subject to further development of the record. However, only prudently incurred rate

case expense should be allowed and amortized over four years.

**ISSUE 16:** Stricken.

**ISSUE 17:** What is the test year operating income before any revenue increase?

**POSITIONS**

**WEDGEFIELD:**

Fallout issue. No position at this time.  
(Nicholas/Wenz)

**OPC:**

Adjustments consistent with the preceding issues should be made. (Larkin)

**STAFF:**

The appropriate amount is subject to the resolution of other issues.

**ISSUE 18:** What is the appropriate revenue requirement?

**POSITIONS**

**WEDGEFIELD:**

Fallout issue. No position at this time.  
(Nicholas/Wenz)

**OPC:**

Adopting the Citizens' proposed sharing of the benefits from the acquisition adjustment and Mr. Bidy's used and useful recommendations, rates prior to the interim rate increase should be reduced by \$41,805. Since the interim order implemented a rate increase of \$103,394, a reduction of \$145,199 to the current interim rates is necessary. (Larkin)

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**STAFF:**

The appropriate amount is subject to the resolution of other issues.

**ISSUE 19:** What is the appropriate percentage of revenue requirement to be recovered through the base facility charge and gallonage charge, respectively?

**POSITIONS**

**WEDGEFIELD:**

The appropriate percentage of revenue requirement to be recovered through the base facility charge and gallonage charge, is 44% and 56%, respectively. (Nicholas/Wenz)

**OPC:**

Citizens do not object to the percentages contained in the proposed agency action order.

**STAFF:**

The appropriate revenue requirement allocation is 36% allocated to the base facility charge and 64% allocated to the gallonage charge. These allocations are based on a revenue requirement within the range of \$325,000 to \$404,000. (Jenkins, Lingo)

**ISSUE 20:** Is repression of consumption likely to occur, and, if so, what is the appropriate adjustment and the resulting consumption to be used to calculate consumption charges?

**POSITIONS**

**WEDGEFIELD:**

Fallout issue. No position at this time.  
(Nicholas/Wenz)

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**OPC:**

Since the Commission should reduce rates, there should be no repression.

**STAFF:**

The appropriate amount is subject to the resolution of other issues.

**ISSUE 21: What are the appropriate monthly rates for water service for this utility?**

**POSITIONS**

**WEDGEFIELD:**

Fallout issue. No position at this time.  
(Nicholas/Wenz)

**OPC:**

Rates will result from the Commission's decision on the other issues in the case.

**STAFF:**

The appropriate amount is subject to the resolution of other issues.

**ISSUE 22: What is the appropriate amount of the interim refund, if any?**

**POSITIONS**

**WEDGEFIELD:**

None. (Nicholas/Wenz)

**OPC:**

Since rates should be reduced from the level in existence prior to the interim rate increase, the entire amount of the interim rate increase should be refunded.

**STAFF:**

The appropriate amount is subject to the resolution of other issues.

X. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
			<u>Direct</u>
Erin Nicholas <sup>4</sup>	Wedgfield	ELN-1	MFR
		ELN-2	Rate Case Expense
		ELN-3	PSC letter dated 10/23/2000
		ELN-4	Nicholas letter dated 10/23/2000
Carl J. Wenz	Wedgfield	CJW-5	Revised Rate Case Expense
Frank Seidman	Wedgfield	FS-1	Water Plant Site
David Orr	Wedgfield	DLO-1	Restated U&U Calculations
David Orr		DLO-2	Unaccounted for water Calculation

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<sup>4</sup> Carl J. Wenz will be adopting testimony and exhibits.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Ted L. Biddy	OPC	TLB-1	Summary tabulation of econ permits for water plant
		TLB-1.1	Econ permit of 1/16/63 for water plant
		TLB-1.2	Econ permit of 2/27/64 for distribution system expansion
		TLB-1.3	Econ permit of 3/7/75 for new 12" well
		TLB-1.4	Econ permit of 6/24/77 for Expansion of distribution system
		TLB-1.5	Econ permit of 10/18/78 for major expansion of distribution system
		TLB-1.6	Econ permit of 4/14/80 for Well No.2
		TLB-1.7	Econ permit of 11/19/84 for ion exchange softener & lime

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Ted L. Biddy	OPC	TLB-1.8	Econ permit of 9/28/87 for 350,000 gal. storage tank and 2,000 gpm roof mounted aerator
		TLB-1.9	Econ permit of 7/15/88 for three new ion exchange softeners and high service pumps
		TLB-1.10	Econ permit of 9/12/90 for new 10" Well No. 3
		TLB-2	Correspondence between FDEP and Econ relating to permits, sanitary surveys, etc.
		TLB-3	Tabulation entitled "comparison of annual reports for water plant in service"
		TLB-3.1	Econ's annual report sheets of water plant in service

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Ted L. Bidy	OPC	TLB-4	Transmission & distribution system inventory from Econ's 1981 annual report to PSC
		TLB-4.1	Transmission & distribution system inventory from Econ's 1995 annual report to PSC
		TLB-4.2	Transmission & distribution System inventory from Wedgefield's 1996 annual Report to PSC
		TLB-4.3	Transmission & distribution System inventory from June, 1995 Orange Co. acquisition feasibility analysis
		TLB-5	Original cost estimate for plant in service items for permitted facilities



<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Ted L. Bidy	OPC	TLB-5.1	Original cost study of water plant in service for Wedgefield Utilities as of January 6, 1996
		TLB-6	Analysis of replaced distribution system lines
		TLB-7	Photographs of treatment plant facilities made during inspection of 4/25/01
		TLB-8	Used and useful calculations
Hugh Larkin, Jr.	OPC	HL-1	Revenue requirement adjusted for negative acquisition adjustment
		HL-2	Revenue requirement adjusted for used and useful revisions

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Hugh Larkin, Jr.	OPC	HL-3	Revenue requirement adjusted for negative acquisition adjustment and used and useful recommendation
Frances J. Lingo	Staff	FJL-1	Cost Recovery Trade-off
		FJL-2	Coverage of Fixed Costs

Parties and staff reserve the right to identify additional exhibits for the purpose of cross-examination.

XI. PROPOSED STIPULATIONS

Those stipulations where the utility, OPC and staff agree are set forth below:

1. Dwight T. Jenkins' prefiled testimony shall be inserted into the record as though read, and he will be excused from attending the hearing and being subject to cross-examination.

2. Frances J. Lingo's prefiled testimony shall be inserted into the record as though read, and she will be excused from attending the hearing and being subject to cross-examination.

3. Wedgefield Utilities, Inc.'s Responses to Staff's Third Set of Discovery Including (1) Interrogatory Nos. 13-18 and Requests for Production Nos. 11-12, dated May 23, 2001 (2) Supplemental Responses to Interrogatory Nos. 13-18, dated May 29, 2001; and (3) Supplemental Response to Requests for Production Nos. 11-15, dated May 29, 2001, shall be entered as a composite exhibit at the hearing.

4. Carl J. Wenz's prefiled testimony on the sole issue of the appropriate percentage of revenue requirement to be recovered through the base facility charge and gallonage charge, shall be inserted into the record as though read, and he will be excused from being subject to cross-examination on that issue.

5. David L. Orr's prefiled and rebuttal testimony shall be inserted into the record as though read, and he will be excused from attending the hearing. The parties have agreed that in lieu of cross-examination, the parties will conduct a deposition and the deposition shall be entered as an exhibit at the hearing.

6. The deposition of staff auditor Kathy Welch shall be entered as an exhibit at the hearing.

XII. PENDING MOTIONS

OPC's Motion to Require Production of Documents in One Week filed on July 2, 2001.

XIII. PENDING CONFIDENTIALITY MATTERS

None.

XIV. RULINGS

1. Opening statements, if any, shall not exceed ten minutes per party.

2. On June 25, 2001, Wedgefield filed its Motion to Allow Substitution of Witness Carl Wenz for Erin Nicholas. Noting no objection, Wedgefield's Motion is granted.

3. On July 3, 2001, Wedgefield filed its Motion to Require Production of Documents in One Week and Motion to Compel Record Keeping. On July 6, 2001, OPC filed its Response in Opposition to the Motions. After hearing arguments by the parties, the Motion to Require Production of Documents in One Week and Motion to Compel Record Keeping are hereby denied.

4. The brief page limit shall be fifty (50) pages.

Based on the foregoing, it is

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ORDERED by Commissioner Lila A. Jaber, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Lila A. Jaber, as Prehearing Officer, this 19th day of July, 2001.



LILA A. JABER  
Commissioner and Prehearing Officer

( S E A L )

JKF

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for

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reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.