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**REBUTTAL TESTIMONY OF JAMES P. ELLIOTT  
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
ON BEHALF OF  
SOUTHERN STATES UTILITIES, INC.  
DOCKET NO. 950495-WS**

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. James P. Elliott, 1334 Lafayette Street, Cape  
3 Coral, Florida 33904.

4 Q. ARE YOU THE SAME JAMES P. ELLIOTT WHO PROVIDED  
5 DIRECT TESTIMONY IN THIS PROCEEDING?

6 A. Yes.

7 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

8 A. The purpose of my testimony is to rebut certain  
9 portions of the direct testimony of Office of  
10 Public Counsel ("OPC") witness Mr. Ted L. Bidy and  
11 Sugar Mill Woods Civic Association ("SMWCA")  
12 witness Mr. Buddy L. Hansen. Specifically, I will  
13 rebut some of the arguments made by these witnesses  
14 on the subject of SSU's hydraulic modeling  
15 analysis.

16 Q. DO YOU AGREE WITH MR. BIDY'S ARGUMENT THAT  
17 HYDRAULIC MODELING SHOULD BE REJECTED BECAUSE IT IS  
18 "UNDULY COMPLICATED" AND AN "UNNECESSARY BURDEN"?

19 A. No, I do not. Today, hydraulic modeling is an  
20 everyday tool used by engineers for design purposes  
21 as well as other purposes. The computer software  
22 necessary for modeling is standard office equipment  
23 for most engineering firms. I would assume Mr.  
24 Bidy has hydraulic modeling capability in his  
25 office, as I do, and it is my understanding that

1 the Commission staff also has Cybernet software  
2 available for its use. To effectively regulate  
3 water and wastewater utilities, the Commission must  
4 refer to and rely on sound engineering principles  
5 and practices. It therefore makes little sense for  
6 the Commission to reject out-of-hand an accepted  
7 engineering tool of commonly available technology  
8 as Mr. Bidy recommends.

9 Mr. Bidy supports his opinion that hydraulic  
10 modeling is too complicated by arguing that used  
11 and useful should be a cost allocation technique,  
12 not related to utility engineering. This rationale  
13 should be rejected on its own merit for the reasons  
14 Mr. Hartman has already enumerated at length and  
15 because Mr. Bidy is inexplicably inconsistent in  
16 his views. The Commission should note that  
17 throughout his testimony, Mr. Bidy makes a number  
18 of recommendations whereby used and useful  
19 evaluations parallel his perception of proper  
20 engineering considerations. Yet, he recommends  
21 that engineering considerations be ignored for  
22 transmission and distribution facilities. Mr.  
23 Bidy states that hydraulic modeling will  
24 unnecessarily complicate used and useful, yet he  
25 advocates a very detailed used and useful

1 partitioning of every water well, every treatment  
2 unit, every pump, every hydropneumatic tank, every  
3 storage facility, every auxiliary power generator,  
4 every square foot of land -- every nut and bolt the  
5 utility invested in -- all according to his  
6 perception of which fragments are needed to provide  
7 service. I do not think the hydraulic models filed  
8 in this case are more complicated than the other  
9 used and useful evaluations the Commission will be  
10 asked to make in this case.

11 In addition, contrary Mr. Bidy's assertion, I  
12 do not believe the economic feasibility for other  
13 utilities to use a hydraulic model to evaluate used  
14 and useful is relevant in this case. This case  
15 involves SSU and its hydraulic models, not other  
16 utilities. Besides, for the reasons I have already  
17 indicated, I think it very advisable for investor-  
18 owned utilities of suitable size to make use of  
19 hydraulic models for designing and evaluating  
20 facilities, as well as for used and useful  
21 analyses. By accepting SSU's hydraulic used and  
22 useful analyses, the Commission does not force  
23 every last one of the utilities it regulates to use  
24 hydraulic models to evaluate used and useful for  
25 transmission and distribution facilities, as Mr.

1 Biddy seems to believe. Each situation must be  
2 evaluated on its own merits. And regardless of Mr.  
3 Biddy's unfounded concern for other cases, the  
4 simple fact of the matter is that the hydraulic  
5 method SSU has proposed in this case is vastly  
6 superior to the illogical and inherently flawed  
7 lot-count method, as a number of SSU witnesses have  
8 already explained.

9 **Q. DO YOU AGREE WITH MR. BIDDY'S AND MR. HANSEN'S**  
10 **ARGUMENTS THAT THE HYDRAULIC ANALYSIS METHOD IS AN**  
11 **UNREASONABLE WAY TO ALLOCATE COSTS TO CURRENT**  
12 **CONNECTIONS?**

13 A. No. As a starting point for my comments, I think  
14 one of Mr. Hansen's statements may serve to bring  
15 the issue more into focus. Beginning at line 24 of  
16 page 28 of his testimony, Mr. Hansen asks how SSU  
17 could serve more customers at Pine Ridge if the  
18 Pine Ridge transmission and distribution facilities  
19 are 100% used and useful according to the hydraulic  
20 analysis. Mr. Hansen's statement illustrates the  
21 distorted perception the lot-count method, or any  
22 other used and useful method, produces when viewed  
23 exclusively as a crude point-in-time measuring  
24 stick instead of being viewed as an evaluation of  
25 needs and uses. To illustrate what a crooked

1 measuring stick the lot-count method is, one need  
2 only consider that in a service area where the  
3 distribution piping is sized just large enough to  
4 meet the needs of the current connections, and  
5 where additional connections may impair service to  
6 current connections, the distribution facilities  
7 would still not be 100% used and useful because not  
8 all lots are receiving service. In such a  
9 situation, the utility might even be penalized for  
10 not being able to provide service to additional  
11 connections. SSU would therefore like to know how  
12 properly-sized lines cannot be 100% used and useful  
13 when those lines are used and needed to provide  
14 service to customers notwithstanding any ability to  
15 serve additional connections.

16 In the way of analogy, I would point out that  
17 auxiliary power generators are not put to their  
18 full use at all times, yet by the Commission's  
19 order in SSU's last case and by staff's May 1995  
20 draft used and useful rules, auxiliary power  
21 generators, as well as hydropneumatic tanks and  
22 disinfection facilities among others, are properly  
23 be considered 100% used and useful. Again, a  
24 properly-sized facility which is needed and used to  
25 provide service should be 100% used and useful. I

1 don't use my car to its fullest by driving it 24  
2 hours a day. But I still need the whole car to get  
3 me around -- a fraction of a car would not do me  
4 much good. I could use the car more often if I  
5 needed to. And, of course, I still have to make my  
6 entire car payment no matter how much I use the  
7 car.

8 Current connections should pay at least for  
9 that portion of the transmission and distribution  
10 facilities which those connections utilize. SSU  
11 used a hydraulic analysis to assess what current  
12 connections utilize, including what is needed to  
13 provide current connections fireflow. Mr. Bidy  
14 states that the lot-count method allocates to  
15 current connections a portion of the costs  
16 associated with sizing lines to provide fireflow.  
17 However, the lot-count method allocates to current  
18 connections only a fraction of the actual capacity  
19 which the existing lines must have available to  
20 provide fireflow to those connections. Under the  
21 lot-count method, current connections would not  
22 have to pay the cost of sizing lines to provide  
23 them with fireflow unless and until the service  
24 area was completely built-out, despite the fact  
25 that the utility's lines, just like its wells,

1 pumps, and storage facilities, must be capable of  
2 providing current connections with the same amount  
3 of fireflow it must provide all connections at  
4 build-out. Thus, Mr. Biddy's proposal is not only  
5 incorrect because current connections would not pay  
6 the costs of providing them fireflow under the lot-  
7 count method, but Mr. Biddy is inconsistent because  
8 he recommends that if a utility can provide  
9 fireflow, current connections should pay the full  
10 cost of sizing wells, pumps, and storage to meet  
11 fireflow for a built-out service area, but not  
12 distribution facilities for a built-out service  
13 area.

14 Any relationship between potable demand and  
15 fireflow is site specific and will vary to some  
16 degree between current and build-out conditions for  
17 those components needed to provide fireflow. Total  
18 fireflow requirements, however, must be met with  
19 the first building even though the total potable  
20 demand capacity is not realized until the last  
21 building is occupied. It is simply unreasonable to  
22 put SSU in a position where it has been required by  
23 local codes and ordinances to follow minimum line  
24 size, looping, and fireflow criteria based on  
25 building classifications without providing a



1 mechanism for recovering the costs for compliance.

2 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

3 A. Yes, it does.