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June 13, 1997

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32301

Re: Docket No. 960235-WS, Application for Transfer of Certificate
Nos. 404-W and 341-S in Orange County from Econ Utilities
Corporation to Wedgefield Utilities, Inc.

Docket No. 960283-WS, Application for Amendment of Certificate
Nos. 404-W and 341-S in Orange County by Wedgefield Utilities,
Inc.

Dear Ms. Bayo:

Enclosed for filing on behalf of Wedgefield Utilities are the
original and fifteen copies of the following documents:

Wedgefield's Positions on Issues Submitted by Commission
Staff and by OPC.

Wedgefield's First Request for Admissions to Commission
Staff

Thank you for your assistance.

Sincerely yours,

Ben E. Girtman
Ben E. Girtman

- ACK
- AFA
- APP
- CAF
- CMU
- CTR
- EAG
- LEG 2 Encls.
- LIN 3 cc w/encl. Mr. Carl Wenz
Mr. Frank Seidman
- OPC
- RCH
- SEC
- WAS
- YTH

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

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FPSC-RECORDS/REPORTING FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In Re: Application for Transfer)
of Certificate Nos. 404-W and)
341-S in Orange County from Econ)
Utilities Corporation to)
Wedgefield Utilities, Inc.)

DOCKET NO. 960235-WS

In Re: Application for)
Amendment of Certificate Nos.)
404-W and 341-S in Orange County)
by Wedgefield Utilities, Inc.)

DOCKET NO. 960283-WS

Submitted for Filing:
June 13, 1997

WEDGEFIELD'S POSITIONS
ON ISSUES SUBMITTED BY
COMMISSION STAFF AND BY OPC

COMES NOW Utilities, Inc. and its wholly owned subsidiary, Wedgefield Utilities, Inc., (hereinafter collectively referred to as "Wedgefield") and file this statement of its positions on issues submitted by Commission Staff and by the Office of Public Counsel (OPC) in their Prehearing Statements.

I. Issues listed by Commission Staff

Staff Issue No. 1.

What is the net book value of Econ Utilities Corporation at the date of transfer?

Wedgefield's Position:

The net book value for the purposes of this transfer is \$1,462,487 and \$1,382,904, for the water and wastewater systems, respectively. [See Wedgefield's Issue No. 2.]

Staff Issue No. 2.

Should a negative acquisition adjustment be included in the rate base determination?

Wedgefield's Position:

No. There is no extraordinary circumstance which would warrant an acquisition adjustment [See Wedgefield Issue Nos. 4 and 5.]

Staff Issue No. 3.

If a negative acquisition adjustment is an appropriate element in the rate base determination, what is the

appropriate amount?

Wedgefield's Position:
Zero. A negative acquisition adjustment is not appropriate.

II. Issues listed by OPC

OPC Issue No. 1.
What was the net book value of the assets carried on the books of Econ Utilities Corporation, the company previously providing water and wastewater service?

Wedgefield's Position:
The net book value was \$1,462,487 and \$1,382,904, for the water and wastewater systems, respectively. [See Wedgefield's Issue No. 2. All parties agree, and this issue can be stipulated.]

OPC Issue No. 2.
What was the amount paid by Wedgefield Utilities, Inc. for the assets of Econ Utilities Corporation?

Wedgefield's Position:
Wedgefield Utilities, Inc. paid cash in the amount of \$545,000. In addition, Wedgefield agreed to payments equal to every other service availability charge in the area known as The Commons.

OPC Issue No. 3.
What is the condition of the assets sold to Wedgefield Utilities, Inc.?

Wedgefield's Position:
The assets were all functioning and not in violation of any state regulations. They were not in the best of condition, but were not in extremely poor condition, either.

OPC Issue No. 4.
Was Econ Utilities Corporation a "troubled" utility?

Wedgefield's Position:
Yes. it was financially troubled, having sustained cumulative net losses in excess of \$4 million over the most recent eight year period and lacked either the means or commitment to invest in future capital needs or future

maintenance.

OPC Issue No. 5.

Should Wedgefield Utilities, Inc. carry the burden of justifying why actual purchase price should not be utilized to establish rate base?

Wedgefield's Position:

No. The burden of proof is on the proponent of an acquisition adjustment, and in this case the proponent of an adjustment is OPC. Shifting the burden to the utility to prove why an acquisition adjustment should not be utilized would be an amendment to Commission policy. The Commission disapproved such an amendment in Order No. 23376 at page 3. Such a change in Commission policy cannot be made on a case-by-case basis, and to attempt to do so would violate the Administrative Procedure Act, Chapter 120, F.S. The existing Commission policy was reaffirmed in Order No. 25729 at page 4. Wedgefield has not requested an acquisition adjustment and has accepted the rate base of the previous owner at the time of transfer.

OPC Issue No. 6.

What is the amount of the negative acquisition adjustment from the sale of assets to Wedgefield Utilities, Inc.?

Wedgefield's Position:

Wedgefield believes that the issue can be more accurately stated: "What is the amount of the negative acquisition adjustment to rate base from the sale of assets to Wedgefield Utilities, Inc.?"

Wedgefield's position to the reworded issue:

Zero. No acquisition adjustment was requested, and there are no extraordinary circumstances to warrant an adjustment.

OPC Issue No. 7.

How should the Commission treat the contingent portion of the purchase price in computing the negative acquisition adjustment?

Wedgefield's Position:

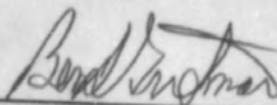
NOTE: The OPC issue, as worded, begs the question. The matter of future payments is not relevant to this proceeding. The purpose of this proceeding is to determine whether an acquisition adjustment should be used to reduce rate base.

If the issue is retained, it should be reworded to read:
How should the Commission treat the contingent portion of
the purchase price? Then the parties can take a position
as to how it is treated without being misled.

Wedgefield's position to the issue as reworded:
The Commission has already approved the transfer of this
utility based on the Agreement for Purchase and Sale,
including future payments, which, when made under the
Agreement, are a part of the purchase price and should be
treated as such.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and fifteen copies of the
foregoing has been filed with the Clerk, Division of Records and
Reporting, Florida Public Service Commission, 2540 Shumard Oak
Blvd., Tallahassee, FL 32399-0850 by hand delivery and that a true
and correct copy has been sent to Charles Beck, Esq., Office of
Public Counsel, 111 W. Madison St., Tallahassee, FL 32399-1400; to
Mr. John Forrer, Econ Utilities, Inc., 1714 Hoban Rd. NW,
Washington, D.C. 20007; and to Donna Cyrus-Williams Esq., Division
of Legal Services, Florida Public Service Commission, 2540 Shumard
Oak Blvd., Tallahassee, FL 32399-0850, by U.S. Mail this 13th day
of June, 1997.



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Attorney for Utilities, Inc.
and Wedgefield Utilities, Inc.