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May 7, 1998

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BY HAND DELIVERY

Ms. Blanca S. Bayó  
Director, Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Mid-County Services, Inc. - Docket No. 971065-SU

Dear Ms. Bayó:

Enclosed for filing, on behalf of Mid-County Services, Inc., are the original and 15 copies of its Petition on Proposed Agency Action, to be filed in the above referenced docket.

If you have any questions regarding this filing, please call.

Very truly yours,

Richard D. Melson

- ACK
- AFA
- APP
- CAF
- CMU
- CTR
- EAG
- LEG
- LIN
- OPC
- RCH
- SEC
- WAS  *Willis*
- OTH

RDM/clp  
Enclosures

cc: Ms. Brubaker  
Mr. Kramer  
Mr. Rasmussen

103021.1

RECEIVED & FILED  
*[Signature]*  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

05178 MAY-7 98

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for rate increase in Pinellas County by Mid-County Services, Inc. ) Docket No. 971065-SU )  
 ) Filed: May 7, 1998 )  
 )

MID-COUNTY SERVICES, INC.'S  
PETITION ON PROPOSED AGENCY ACTION

Mid-County Services, Inc. (Mid-County) hereby files its Petition on Proposed Agency Action to protest portions of Order No. PSC-98-0524-FOF-SU (PAA Order) entered in this docket on April 16, 1998 and to request a hearing on those portions of that Order. As grounds for its protest and request for hearing, Mid-County states:

1. Mid-County is the applicant in this proceeding and a party to this docket. Mid-County's substantial interests are affected by the PAA Order, because that order proposes to establish rates for Mid-County's wastewater system in Pinellas County, Florida. Mid-County submits that the rates proposed in the PAA Order are insufficient to provide the utility with an opportunity to earn a fair rate of return on its investment in property used and useful in the public service.

2. Counsel for Mid-County received a copy of the PAA Order from the Commission on or about April 20, 1998.

3. The portions of the PAA Order which Mid-County protests are:

(a) the proposed determination of the portion of the wastewater treatment plant that should be classified as used and useful and therefore included in rate base;

(b) the proposed determination of the appropriate margin reserve which should be included in the used and useful calculation for wastewater treatment plant;

(c) the proposed determination to impute contributions-in-aid-of-construction (CIAC) with respect to margin reserve for the wastewater treatment plant;

(d) the proposed determination of the amount of pro forma addition to rate base to be allowed with respect to the Curlew Road, US 19 and Belcher Road extension project;

(e) the proposed allocation to Mid-County of common costs from Water Service Corporation;

(f) the amount of the proposed reclassification of key man life insurance as nonutility expense;

(g) the proposed determination of rate case expense, which assumed that there was no protest to the PAA Order; and

(h) the proposed determination of fall-out issues, including depreciation, accumulated depreciation, revenue requirement, monthly rates, and rate structure to the extent they are affected by each of the items identified in subparagraphs (a) through (g).

4. The following are the issues of material fact which Mid-County believes are in dispute, and the ultimate facts alleged:

(a) What is the appropriate used and useful methodology for wastewater treatment plant? The appropriate used and useful methodology for wastewater treatment plant is to divide the average daily flow during the maximum month (plus

margin reserve) by the permitted capacity of the plant. No methodology should be used which results in a lower used and useful percentage than in the last rate case. There have been no plant additions since that time and the number of customers and amount of wastewater have continued to grow.

(b) What is the appropriate methodology for determining margin reserve for wastewater treatment plant? Margin reserve should be calculated either as 20% of used and useful plant or using five years of projected customer growth.

(c) Should CIAC be imputed with respect to margin reserve plant? No. There should be no imputation of CIAC with respect to margin reserve plant.

(d) What is the appropriate amount of plant to be included in rate base with respect to the Curlew Road, US 19 and Belcher Road Extension Project? One hundred percent of the cost of the project, or \$292,159, should be included in rate base and there should not be a negative balance in the CWIP account after the inclusion of this project in utility plant in service.

(e) What is the appropriate method to allocate common costs to Mid-County from Water Service Corporation? The appropriate allocation methodology is one based on customer equivalents as calculated in accordance with the MFRs.

(f) What is the appropriate adjustment to operating expenses to exclude the cost of key-man life insurance? The appropriate adjustment is \$1,876, instead of the \$3,983 proposed in the PAA Order. The PAA Order excludes a greater amount than had been allocated to Mid-County in the first instance.

(g) What is the appropriate amount of rate case expense? The appropriate amount of rate case expense will include all amounts reasonably incurred through the entry of a final order in this proceeding.

(h) What are the appropriate depreciation, accumulated depreciation, amortization, accumulated amortization, revenue requirement and monthly rates? The appropriate values for these items will be a fall-out from the determination of the previous issues, together with the portions of the PAA Order which have not been protested. Depending on the method of allocation adopted for common expenses, the base facility charges for different meter sizes might appropriately be calculated on some basis other than AWWA meter equivalents.

5. Mid-County is entitled to relief under Chapters 120 and 367, Florida Statutes and Chapters 25-22 and 25-30, Florida Administrative Code.

WHEREFORE, Mid-County requests that the Commission:

(a) hold a formal hearing pursuant to Section 120.57 and Chapter 367, Florida Statutes, on the portions of the PAA order which are the subject of this protest;

(b) based on the record of such proceeding, set monthly rates which will allow the utility the opportunity to earn a fair rate of return on its investment in property used and useful in the public service; and

(c) grant such other and further relief as the Commission deems appropriate.

RESPECTFULLY SUBMITTED this 7th day of May, 1998.

HOPPING GREEN SAMS & SMITH, P.A.

By: Richard D. Melson  
Richard D. Melson  
P.O. Box 6526  
Tallahassee, FL 32314

Attorney for Mid-County Services,  
Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following by hand delivery this 7th day of May, 1998.

Jennifer Brubaker  
Division of Legal Services  
Florida Public Service Commission  
Room 370  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

*Tim D. Mc*

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Attorney