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STATE OF FLORIDA  
OFFICE OF THE PUBLIC COUNSEL

c/o The Florida Legislature  
111 West Madison St.  
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Tallahassee, Florida 32399-1400  
850-488-9330

ORIGINAL

RECEIVED-FPSC

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RECORDS AND  
REPORTING

May 17, 1999

Ms. Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0870

RE: Docket No. 971065-SU

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of the Citizens' Prehearing Statement for filing in the above referenced file.

Also enclosed is a 3.5 inch diskette containing the Citizens' Prehearing Statement in WordPerfect for Windows 6.1. Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter.

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

Sincerely,

Stephen C. Burgess  
Deputy Public Counsel

AFA	1
APP	_____
CAF	_____
CMU	_____
CTR	SCB/dsb
EAG	Enclosures
LEG	1
MAS	3
OPC	_____
RRR	_____
SEC	CASTEVEB\MID-CO\BAYO7.LTR
WAW	_____
OTH	_____

DOCUMENT NUMBER-DATE

01 MAY 17 99

FPSC-RECORDS/REPORTING

ORIGINAL

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 17, 1999

CITIZENS' PREHEARING STATEMENT

The Citizens of the State of Florida, through their attorney, the Public Counsel, pursuant to Order No. PSC-98-0709-PCO-SU, hereby file this Prehearing Statement for the above-referenced docket.

APPEARANCES:

STEPHEN C. BURGESS, ESQUIRE  
Deputy Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida

A. WITNESSES:

The Citizens intend to call the following witnesses, who will testify the respective subject matter:

Hugh Larkin, Jr. - Used and useful; margin reserve; imputation of CIAC; Curlew Road, US-19 and Belcher Road main relocation; key man life insurance; allocation of common costs; rate case expense and return on common equity.

Ted L. Bidy - Used and useful.

B. EXHIBITS:

The Citizens intend to introduce two exhibits through Mr. Larkin: (1) Page 3 of MFR schedule A-6 and (2) PSC Audit Exception No. 2.

These two exhibits may be identified on a composite basis.

The Citizens intend to introduce ten exhibits through Mr. Bidy: (1) Capacity Analysis

DOCUMENT NUMBER-DATE

06217 MAY 17 99

FPSC-RECORDS/REPORTING

Report, August, 1998; (2) Operation and Maintenance Performance Report, March 1992; (3) Minimal Negative Impact Study of Curlew Creek; (4) Sample Specification TETRA Gravity Deep-Bed Filters; (5) Wastewater Engineering: Treatment/Disposal/Reuse; (6) May 25, 1993 Mid-County Services, Inc. letter to FDEP; (7) April 25, 1993 FDEP letter to Mid-County Services, Inc.; (8) Used and Useful Calculations for WWTP and Effluent Disposal Facilities; (9) Used and Useful Calculation for Wastewater Collection System; (10) 1997 Annual Report, Page S-7.

These ten exhibits can be identified on a composite basis.

### C. STATEMENT OF BASIC POSITION

The Citizens believe that based on the test year chosen by Mid-County, the utility is earning above a reasonable return and its rates should be lowered.

### D. LEGAL ISSUES

#### ISSUE:

What issues are to be considered "in dispute" for the purpose of Section 120.80(13)(b), Florida Statutes.

#### OPC POSITION:

This issue will be relevant to virtually all of the many PAA protests that the PSC entertains. The PSC needs to address this issue definitively for consistent future application. The Citizens believe that any issue put into dispute through the pre-hearing process must be heard by the Commission.

### E. FACTUAL/POLICY/LEGAL ISSUES

The following issues are in dispute. While primarily factual, some of the issues may encompass elements that could be considered as policy or legal in nature.

ISSUE 1:                   What is the used and useful ratio for the wastewater treatment plant and disposal facilities?

OPC POSITION:           65.54%.

ISSUE 2:                   What is the used and useful ratio for the collection system?

OPC POSITION:           90.47%.

ISSUE 3: What is the appropriate margin reserve?

OPC POSITION: Pursuant to Commission rule, eighteen months should be used.

ISSUE 4: Should CIAC be imputed for the margin reserve period?

OPC POSITION: Pursuant to Commission rule, 50% of the CIAC should be imputed to the margin reserve.

ISSUE 5: How should the test year CWIP balance be treated?

OPC POSITION: \$100,768 should be either excluded from rate base or included only as an average test year amount.

ISSUE 6: Should the Commission restore any of the \$3,983 insurance expense?

OPC POSITION: No. The utility has not shown that any of the coverage benefits the ratepayers. Customers should not pay premiums for insurance that does not benefit them.

ISSUE 7: Should common cost allocation be based on an ERC basis?

OPC POSITION: Yes.

ISSUE 8: Did the PAA allow the utility sufficient rate case expense?

OPC POSITION: Yes.

ISSUE 9: What is the proper level of allowed ROE to be applied?

OPC POSITION: 8.91% - Consistent with PSC rule.

G. STIPULATED ISSUES:

The Citizens are not aware of any stipulations.

H. PENDING MOTIONS:

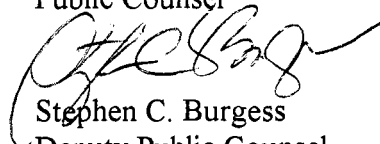
The Citizens have no pending motions.

I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

The Citizens are unaware of any requirement of the order establishing procedure that cannot be complied with.

Respectfully submitted,

Jack Shreve  
Public Counsel



Stephen C. Burgess  
Deputy Public Counsel

Office of the Public Counsel  
c/o The Florida Legislature  
111 West Madison Street  
Tallahassee, Florida 32399-1400  
(850) 488-9330

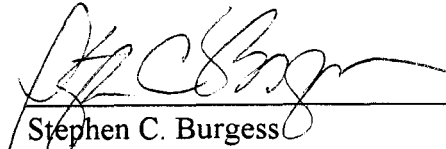
Attorneys for the Citizens  
of the State of Florida

**CERTIFICATE OF SERVICE  
DOCKET NO. 971065-SU**

I HEREBY CERTIFY that a true and correct copy of the foregoing Citizens' Prehearing Statement has been furnished by hand delivery to the following parties, this 17th day of May, 1999.

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

Richard D. Melson, Esquire  
Hopping Green Sams & Smith, P.A.  
Post Office Box 6526  
Tallahassee, Florida 32314

  
\_\_\_\_\_  
Stephen C. Burgess  
Deputy Public Counsel