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May 24, 1999

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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

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RECORDS AND REPORTING

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 fifteen copies of:

- 1) Mid-County's Prehearing Statement
2) Rebuttal Testimony of Carl J. Wenz
3) Rebuttal Testimony of Frank Seidman

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

Very truly yours,

[Handwritten signature]

Richard D. Melson

AFA [] RDM/clp
APP [] Enclosures
CAF []
CMU [] cc: Ms. Brubaker
CTR [] Mr. Wenz
EAG [] Mr. Rasmussen
LEG [] Mr. Seidman
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following by hand delivery this 24th day of May, 1999.

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

Steve Burgess
Office of Public Counsel
111 W. Madison Street
Tallahassee, Fl 32399-1400

Richard O. [Signature]

Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for rate)	Docket No. 971065-SU
increase in Pinellas County by)	
Mid-County Services, Inc.)	Filed: May 24, 1999
_____)	

MID-COUNTY SERVICES, INC.'s
PREHEARING STATEMENT

Mid-County Services, Inc. (Mid-County), pursuant to Order No. PSC-98-0709-PCO-SU, hereby files its prehearing statement.

APPEARANCES:

Richard D. Melson
Hopping Green Sams & Smith, P.A.
P.O. Box 6526
Tallahassee, FL 32314

On behalf of Mid-County Services, Inc.

A. Witnesses. Mid-County intends to present the testimony of the following witnesses:

Carl J. Wenz	Direct/Rebuttal	Issues 4-8
Donald Rasmussen	Direct	
Frank Seidman	Direct/Rebuttal	Issues 1-3

B. Exhibits. Mid-County intends to introduce the following exhibits:

Wenz	_____	Accounting MFRs
	_____	Billing Data MFRs
	CJW-1	Rate Base

	CJW-2	Statement of Wastewater Operations
	CJW-3	Wastewater Bi-Monthly Rates
	CJW-4	CWIP Final Balances
	CJW-5	Rate Case Expense Summary
Rasmussen	_____	Engineering MFRs
	_____	System Maps
Seidman	FS-1	Wastewater Treatment Plant Flows, Comparison of 1996 and 1994 Test Years
	FS-2	Wastewater Treatment Plant Used & Useful Calculation (Average Daily Flow Maximum Month)
	FS-3	Wastewater Treatment Plant Used & Useful Calculation (Average Daily Flow Three Maximum Months)

Mid-County reserves the right to use additional exhibits for purposes of cross-examination.

C. Basic Position: Mid-County's current rates are insufficient to allow the utility to recover operating expenses and provide a fair return on investment. The Commission should set rates designed to produce revenues of \$1,224,059 based on the usage of the utility's services during the 1996 test year.

D. Legal Issues: Mid-County has identified the following legal issue:

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

Company: The only issues "in dispute" for purposes of Section 120.80(13)(b) are those issues raised by a timely protest of a PAA Order. All matters in a PAA Order which are not specifically protested are "deemed stipulated" and are not the proper subject of a hearing on the protest.

E-F. Factual/Policy Issues: The following issues were raised by Mid-County's timely protest to the PAA Order in this proceeding, are therefore remain for resolution by the Commission.

Issue 1: What is the appropriate used and useful methodology for the wastewater treatment plant?

Company: The appropriate used and useful methodology is to divide the permitted capacity of the wastewater treatment plant by either the maximum month average daily flow or the three maximum month average daily flow. In this case, either methodology results in 100% used and useful, after taking into account an appropriate margin reserve.

Issue 2: What is the appropriate methodology for determining margin reserve for the wastewater treatment plant?

Company: The appropriate margin reserve period is that sufficient to install the next economically feasible increment of plant capacity. For Mid-County, that period is five years and represents capacity equal to 13.6% of test year flows.

Issue 3: Should CIAC be imputed with respect to margin reserve plant?

Company: No.

Issue 4: What is the appropriate amount of plant to be included in rate base with respect to projects shown as CWIP in the MFRs?

Company: The entire cost of the main relocation project should be included in rate base, as should the entire cost of the remaining projects shown as CWIP in the MFRs. There should not be a negative balance in the CWIP account after the inclusion of these projects in plant in service.

Issue 5: What is the appropriate method to allocate common costs to Mid-County from Water Services Corporation?

Company: The appropriate method is one based on customer equivalents as presented in the MFRs and in the company's testimony.

Issue 6: What is the appropriate adjustment to operating expenses to exclude the cost of key-man life insurance?

Company: The appropriate adjustment is \$1,876.

Issue 7: What is the appropriate amount of rate case expense?

Company: The appropriate rate case expense is \$158,252, consisting of \$113,499 of current rate case expense and \$44,753 from the prior rate case.

Issue 8: What are the appropriate depreciation, accumulated depreciation, amortization, accumulated amortization, revenue requirement and monthly rates?

Company: The appropriate amounts are a fall-out of the resolution of the above issues, coupled with the rulings in the PAA Order that were not protested and therefore are deemed to be stipulated. These amounts are shown on the exhibits to Mr. Wenz' testimony.

G. Stipulated Issues: By operation of law, all portions of the PAA Order in this case which were not protested are deemed stipulated. Mid-County is not aware of any other stipulations.

H. Pending Motions: Mid-County has no pending motions.

I. Requirements of Order on Procedure: Mid-County is not aware of any requirements of the Order on Procedure that cannot be complied with.

RESPECTFULLY SUBMITTED this 24th day of May, 1999.

HOPPING GREEN SAMS & SMITH, P.A.

By: Richard D. Melson
Richard D. Melson
P.O. Box 6526
Tallahassee, FL 32314
(850) 425-2313

Attorney for Mid-County Services,
Inc.

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