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July 30, 1999

ORIGINAL

Ms. Blanca Bayo
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. ⁷981220-WS - Application for transfer of Certificates Nos. 592-W and 509-S from Cypress Lakes Associates, Ltd. to Cypress Lakes Utilities, Inc. in Polk County Florida.

Dear Ms. Bayo:

Enclosed for filing are the original and fifteen copies of the following document:

1. Testimony and Exhibit of Carl Wenz in Rebuttal to PSC Staff Witness Small

Rebuttal testimony and exhibits are due July 30, 1999. Therefore, contingent upon the Commission's rulings on the Utility's pending motions, enclosed for filing are the original and fifteen copies of the following documents:

2. Testimony of Carl Wenz in Rebuttal to OPC Witness Larkin
3. Testimony of Frank Seidman in Rebuttal to OPC Witness Larkin

Thank you for your assistance. If there are any questions, please let me know.

Sincerely yours,

Ben E. Girtman

APD _____
 JAG _____
 LSC _____
 CTR _____
 EAC _____
 Encls. _____
 LSC _____
 WGS _____
 CPC _____
 NRP _____
 JAG _____
 CTR _____

cc w/encls: Mr. Carl Wenz
Mr. Frank Seidman
Jennifer Brubaker, Esq.
Harold McLean, Esq.

RECEIVED & FILED

Wenz

Wenz/Small
DOCUMENT NUMBER-DATE

09038 JUL 30 89

FPSC-RECORDS/REPORTING

Wenz/Larkin
DOCUMENT NUMBER-DATE

09039 JUL 30 89

FPSC-RECORDS/REPORTING

Seidman/Larkin
DOCUMENT NUMBER-DATE

09040 JUL 30 89

FPSC-RECORDS/REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer)
of Certificate Nos. 592-W and)
509-S from Cypress Lakes)
Associates, Ltd., to Cypress Lakes)
Utilities, Inc., in Polk County.)
_____)

DOCKET NO. 971220-WS

Filed: July 30, 1999

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the Testimony and Exhibit of Carl Wenz in Rebuttal to PSC Staff Witness Small, Testimony of Carl Wenz in Rebuttal to OPC Witness Larkin, and Testimony of Frank Seidman in Rebuttal to OPC Witness Larkin have been sent to Harold McLean, Esq. Office of Public Counsel, 111 W. Madison St., Tallahassee, FL 32399-1400; Jennifer Brubaker, Esq., Division of Legal Services, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee FL 32399-0850, by hand delivery this 30th day of July, 1999.



Ben E. Girtman
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Tallahassee, FL 32301

Attorney for Utilities, Inc. and
Cypress Lakes Utilities, Inc.

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for transfer)
of Certificate Nos. 592-W and)
509-S from Cypress Lakes)
Associates, Ltd. to Cypress Lakes)
Utilities, Inc., In Polk County)

Docket No. 971220-WS

Filed: July 30, 1999

TESTIMONY AND EXHIBIT

OF

CARL WENZ

IN REBUTTAL TO PSC STAFF WITNESS SMALL

DOCUMENT NUMBER-DATE

09038 JUL 30 89

FPSC-RECORDS/REPORTING

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 TESTIMONY OF CARL WENZ
3 IN REBUTTAL TO PSC STAFF WITNESS SMALL
4 REGARDING THE APPLICATION FOR TRANSFER OF CERTIFICATES
5 FROM CYPRESS LAKES ASSOCIATES, LTD. TO CYPRESS LAKES
6 UTILITIES, INC.
7 IN POLK COUNTY
8 DOCKET NO. 971220-WS
9

10 **Q. Mr. Wenz, please state your business address for**
11 **the record?**

12 A. 2335 Sanders Road, Northbrook, Illinois 60062.
13

14 **Q. Are you the same Carl Wenz that has previously**
15 **filed direct testimony in this proceeding?**

16 A. Yes.
17

18 **Q. What is the purpose of your rebuttal testimony?**

19 A. The purpose of my rebuttal testimony is to respond
20 to the direct testimony of PSC Staff witness
21 Jeffrey A. Small. The Office of Public Counsel
22 filed the direct testimony and exhibit of Hugh
23 Larkin, Jr. on July 15, 1999, some two months after
24 the required filing date of May 21, 1999. As of the
25 filing date of this rebuttal testimony, July 30,

1 DOCUMENT NUMBER-DATE

09038 JUL 30 99

FPSC-RECORDS/REPORTING

1 1999, motions to strike OPC witness Larkin's direct
2 testimony and to dismiss the Office of Public
3 Counsel's protest and petition are pending.
4 However, testimony in rebuttal to that of the OPC
5 witness Larkin is also being filed, contingent upon
6 the rulings on those motions.

7

8 **Q. To what part of Mr. Small's testimony are you**
9 **responding?**

10 A. I am responding to the statement on page 2 of his
11 prefiled direct statement that says, "In summary,
12 the audit report indicates a water rate base of
13 \$582,805 and a wastewater rate base of \$891,277."

14

15 **Q. Is that statement factually incorrect?**

16 A. No. The audit report does indicate a water rate
17 base of \$582,805 and a wastewater rate base of
18 \$891,277.

19

20 **Q. Then what is your concern?**

21 A. My concern is, that although the audit report
22 indicates a water rate base of \$582,805 and a
23 wastewater rate base of \$891,277, those should not
24 be the values approved for rate base at time of
25 transfer. The values to be approved for rate base

1 at time of transfer should be \$617,609 for the
2 water system and \$921,439 for the wastewater
3 system. These amounts, to which I testified in my
4 direct testimony, are the amounts approved by the
5 Commission in PAA Order No. 98-0993-FOF-WS based
6 upon the recommendation of its Staff in the Staff
7 Memorandum dated June 18, 1998.

8

9 **Q. Why did the Staff recommend an amount different**
10 **than that presented in the Staff audit?**

11 A. The Audit report was filed April 16, 1998. On May
12 18, 1998 the utility filed comments on the audit
13 report which included corrections to certain
14 findings. On June 18, 1998, the staff filed its
15 Recommendation for the June 30, 1998 agenda
16 conference. That Recommendation differed in two
17 ways from the audit report, with regard to the
18 determination of rate base at the time of transfer.
19 First, it included in Plant in Service, \$10,991 in
20 water mains and \$6,868 in sewer mains that had been
21 left out of the audit report. These were amounts
22 for which invoices had been provided to the auditor
23 but were apparently overlooked. Second, in
24 accordance with Commission policy, the Staff
25 Recommendation determined the balances for

1 accumulated depreciation and accumulated
2 amortization of CIAC based on the service lives in
3 effect at time of transfer as opposed to
4 recalculating those balances, as the audit report
5 did, based on the service lives stated in the
6 Commission rules. Commission Order PSC-98-0993-FOF-
7 WS adopted both of these adjustments.

8

9 **Q. What is the net effect of the two adjustments to**
10 **the audit report recommended by Staff and adopted**
11 **by the Commission in its PAA?**

12 A. The net effect is an increase in water rate base of
13 \$34,804 and wastewater rate base of \$30,162, as
14 compared to the amounts testified to by Mr. Small,
15 which did not take these proper and necessary
16 adjustments into account. Exhibit (CW-1) _____
17 summarizes the differences between the June 18
18 Staff Recommendation and the audit report for each
19 rate base component.

20

21 **Q. To summarize, what should the rate base amounts be,**
22 **for purposes of the transfer?**

23 A. \$617,609 for the water system and \$921,439 for the
24 wastewater system.

25

1 Q. Does that conclude your rebuttal of Mr. Small's
2 testimony?

3 A. Yes.

CYPRESS LAKES UTILITIES INC.
 COMPARISON OF STAFF AUDIT AND STAFF RECOMMENDATION
 FOR RATE BASE COMPONENTS

	Water	Diff. fr. Staff Rec.	Wastewater	Diff. fr. Staff Rec.
Plant in Service, incl Land				
Audit	898,093	(10,991)	1,379,611	(6,868)
Staff Rec	909,084		1,386,479	
Plant Held for Future Use				
Audit	0	0	2,500	0
Staff Rec	0		2,500	
Accum Depr				
Audit	213,523	27,966	410,931	24,968
Staff Rec	185,557		385,963	
CIAC				
Audit	116,719	0	96,929	0
Staff Rec	116,719		96,929	
Amort CIAC				
Audit	14,954	4,153	17,026	1,674
Staff Rec	10,801		15,352	
Rate Base				
Audit	582,805	(34,804)	891,277	(30,162)
Staff Rec	617,609		921,439	
PSC Order	617,609		921,439	