REBUTTAL TESTIMONY OF DAVID L. ORR

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REGARDING THE APPLICATION FOR INCREASE

IN WATER RATES IN ORANGE COUNTY

BY WEDGEFIELD UTILITIES, INC.

DOCKET NO. 991437-WU

Q. Please state your name and business address.

A. My name is David L. Orr and my business address is 200 Weathersfield Avenue, Altamonte Springs, FL 32714.

Q. Have you previously filed direct testimony on behalf of the Applicant, Wedgefield Utilities, Inc. (Wedgefield), in this case?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to portions of the direct, prefiled testimony of Office of Public Counsel (OPC) witnesses Larkin and Biddy. In addition, I will respond to portions of the direct, prefiled testimony of Commission Staff witness Crouch.

REBUTTAL TO MR. LARKIN

Q. Mr. Larkin has apparently examined the copies of customer complaints provided to him by Wedgefield. He reported, without comment, a brief description of some of the complaints, and the number of complaints for each year since Wedgefield assumed operations. What are your observations from reviewing the complaints?

A. A review of the complaint journal reflects Wedgefield's policy to aggressively respond to all customer service complaints. Personal visits are made in virtually all cases, and action is taken to attempt to satisfy the customer. When the company is at fault, the journal so notes. Most complaints regarding water quality, such as color or taste, are resolved by liberal flushing. Complaints regarding low pressure are resolved by checking pressure at the meter and at the residence. If the pressure problem is the utility's, it is corrected. Often, the problem is on the customer's end and the utility personnel attempt to help the customer identify its cause. Frequently, it is associated with the customer's own home treatment device, such as a water softener, and can be corrected by the customer properly maintaining their equipment.

Occasionally, a customer will not be satisfied with the resolution of a complaint, but there is no indication that any complaint is ignored or belittled. In fact, in my opinion, the journal indicates the utility's dedication to the timely and adequate resolution of customer concerns.

Q. Has Wedgefield taken any action to improve its communications with the community and to better monitor the level of service it provides?

A. Yes. In 1997, I personally represented the utility at the regularly scheduled meetings of the homeowner's association. At those meetings, I actively solicited complaints, explaining that, although Wedgefield flushed lines regularly to maintain water quality, there are several streets in the community where lines dead end, and the best way to determine if the flushing was effective was from direct input of the customers. Also, I emphasized that we rely on the customers to provide input on the service that we provide and therefore, Wedgefield encourages customers to register complaints. As a result, in 1997, the number of service complaints doubled. That input enabled us to become aware of any problem areas and to

concentrate out efforts in those areas. Customers are routinely reminded that we cannot address their concerns if we are not aware of them. Therefore, complaints are still solicited. Wedgefield actively strives to improve the overall level of service and to minimize the need for complaints.

REBUTTAL TO MR. BIDDY

Q. Do you agree with Mr. Biddy's method of utilizing the specifically referenced Section 3.2.1.1 from the Recommended Standards in calculating used and useful for Source of Supply and Pumping?

A. No. The referenced paragraph sets out minimum parameters for source capacity. The paragraph clearly states that capacity shall "equal or exceed" certain design demands. Following the logic of Mr. Biddy's approach, a utility should not be able to recover the cost of any investment the utility makes over this minimum. Further, these limits give no weight to the practical and financial considerations of developing well sites, sizing well pumps or operating multiple well sites in a manner that allows economic and efficient operation.

Q. Do you agree with Mr. Biddy's interpretation of Recommended Standards Section 3.2.1.1?

A. No. Mr. Biddy interprets that section to mean that the source capacity should be able to meet maximum day demand with all wells operating, but average day demand with the largest well out of service. I believe that the redundancy requirement of the referenced section as well as the redundancy requirement of FDEP Rule 62-555.315(1), F.A.C., applies whether considering maximum day or average day demands. Maximum day demands are the most critical demands the system must be prepared to meet. It is during that period that reliability is most important. Being able to operate with the largest well out of service provides that reliability. Even using Mr. Biddy's choice of the average of five maximum days of the maximum month as a surrogate for maximum day demand results in 94% used and useful for Source of Supply and Pumping plant, when consideration is given to redundancy for reliability.

Q. Isn't Wedgefield's storage capacity available to supplement the supply source to meet the maximum day demand?

A. No. The storage capacity is available to equalize instantaneous changes in demand in order to take the stress off of the systems well pumps and to meet fire flow demand. It is not a supplemental resource for supply capacity to meet daily demand flows. It is not sized to meet maximum day demand or even average day demand. As my calculations in the MFR indicate, storage is sized for equalization and emergency purposes. Wedgefield has a 350,000 gallon double ringed storage tank. Only 80% of the tank capacity holds finished water. After taking dead storage space into account, there are only 252,000 gallons of finished water available. According to Mr. Biddy's exhibits, the average day requirement for the test year is 287,000 gallons and the average of five maximum days requirement is 507,000 gallons. One well, pumping around the clock at the rate of 576,000 GPD cannot serve customer maximum demand of 507,000 gallons, have 90,000 gallons of capacity available for one two-hour residential fire, and replenish the 252,000 gallons of water to be ready for the next day.

Q. Do you have any comments regarding Mr. Biddy's calculation of used and useful for the treatment plant?

A. Yes. Mr. Biddy's testimony alleges that Wedgefield ignored the "governing" FDEP rule for sizing a water treatment plant. His testimony does not cite a specific rule, and Wedgefield is not aware of a governing FDEP rule because the water treatment plant is designed for the reduction of hardness in the finished water. Hardness is defined by FDEP as an aesthetic characteristic of that water and FDEP does not have a "governing" rule regarding its treatment. Mr. Biddy's testimony also alleges that Wedgefield "does not follow any of the recognized standards for sizing treatment plant." I thoroughly disagree. Wedgefield uses the most basic of all recognized standards, good engineering practice. If Wedgefield were to ignore good engineering practice, the water treatment units would be removed because they treat for aesthetic purposes. Then there would be a reduction in expenses and the used and useful consideration for treatment facilities would be moot. Unfortunately, even though the water provided to customers would still meet the minimum requirements alluded to in Mr. Biddy's testimony, customers would be provided a far less desirable finished water product, and a major concern of customers would not be addressed.

The suggestion that Wedgefield does not follow recognized standards is unfounded.

Wedgefield's determination of used and useful for the water treatment facilities assumes that the utility must be prepared to provide a continuous water supply of acceptable quality with one water softening unit out of service. Mr. Biddy's approach does not. Mr. Biddy's approach apparently assumes that if one unit is out of service, demand can be met by supplementing the capacity of one ion exchange unit with raw water. The problem with that approach is that customers will have water, but not water of the finished quality for which they are paying and to which they are entitled. As I have previously testified, raw water in the Wedgefield area has a hardness of approximately 275 mg/L. Wedgefield strives for, and has been maintaining, a hardness level of 115 to 135 mg/L. In the past, customers have complained about water quality when the ion exchange units were not working properly or if one or both did not work at all. Wedgefield has made a significant effort over the past few years to work with the exchange unit manufacturers to arrive at an optimal level of performance. We have

been able to do that by maintaining, adjusting and cycling the two exchange units. Even so, there will be complaints, from time to time.

REBUTTAL TO MR. CROUCH

Q. In his testimony, Mr. Crouch's points out that, in your direct testimony you changed your choice of the maximum day demand for the test year. Would you please explain how and why that occurred?

A. Yes. When I first prepared my used and useful calculations, I simply identified the day with maximum demand from our summary records without referring back to the original operating reports to verify if there were any anomalies on that day. It was not until after the MFR was filed, but before our direct testimony was prepared, that we had occasion to go back and examine those reports. I should have caught the error earlier, since the maximum day clearly fell outside of the month with maximum demand. When I became aware of this, I checked the records and verified that fire demand was included in that day's recorded demand. I, therefore, went back and determined the maximum demand for the test year, in which no anomalies occur. I identify that maximum day demand in my

direct testimony , along with the effect on my used and useful calculations.

Q. Does the day of maximum demand, which you have identified in your direct testimony, occur in the month of maximum demand?

A. Yes, it does.

Q. Did anything occur on that day to cause the demand to be skewed by any anomalies?

A. No. I have verified that it strictly represents customer demand for consumption.

Q. Mr. Crouch's characterizes this change as an after the fact suggestion for the staff to consider. Is that a correct interpretation?

A. No. It is not a suggestion. It is a statement that the maximum day demand for the test year (and not after the fact), unfettered by any anomalies, is 532,000 gallons and occurred on April 13, 1999.

Q. Does that conclude your rebuttal testimony?

A. Yes it does.