

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase )  
in water rates in Orange County )  
by Wedgefield Utilities, Inc. )  
\_\_\_\_\_ )

DOCKET NO. 991437-WU

Filed: June 25, 2001

PREHEARING STATEMENT  
of  
WEDGEFIELD UTILITIES, INC.

COMES NOW Wedgefield Utilities, Inc. (Wedgefield or the "Utility"), which files  
this Prehearing Statement in above styled cause and states:

1. List of Known Witnesses

Witnesses - Direct

Subject Matter

Carl Wenz

Sponsors accounting & billing analysis portion of MFR, co-sponsors engineering portions. Addresses rate design and rate case expense; show cause order re NARUC accounting. (Issues 8 and 9).

Frank Seidman

Addresses used and useful methodology, unaccounted for water land used and useful; acquisition adjustment. (Issues 1, 2, 4, 5, 6, 7).

David Orr

Cosponsors engineering portions of MFR. Addresses used and useful, unaccounted for water. (Issues 3 and 5).

Witnesses - Rebuttal

Frank Seidman

Kathy Welch

After the prehearing conference, and depending on whether issues remain which may reduce rate base, the utility may have to call the PSC Auditor as a witness.

Wedgefield reserves the right to call additional rebuttal witnesses, depending on the development of the case.

2. List of Known Exhibits.

<u>Exhibit</u>	<u>Subject Matter</u>
CJW-1	MFR(previously Exhibit ELN-1)
CJW-2	Rate Case Expense (previously Exhibit ELN-2)
CJW-3	PSC letter dated 10/23/2000 (previously Exhibit ELN-3)
CJW-4	Nicholas letter dated 10/23/2000 (previously Exhibit ELN-4)
FS-1	Water Plant Site
DLO-1	Restated U&U Calculations
DLO-2	Unaccounted for water Calculation
KW-1	Composite Exhibit containing the four prior PSC audits of the utility Audit Reports as of June 30, 1984, September 30, 1987, December 31, 1994, and December 31, 1995.

Wedgefield reserves the right to use additional exhibits for rebuttal, depending on the development of the case.

3. Statement of Basic Position.

For the Wedgefield system, it is appropriate to determine used and useful individually for the source of supply and pumping accounts component, the water treatment plant accounts component, and the distribution reservoir and standpipes account component. The appropriate customer demand is the single maximum day for the test year, without anomalies. The property needed to serve after the test year is determined in accordance with Rule 25-30.431, F.A.C. The allowable unaccounted for water level is 13% of water pumped. The land purchased June 18, 1999 is 100% used and useful. The proper increase in revenues is the \$144,838 requested in the petition. NAA has been fully litigated and is not an issue in this case.

4. Issues of Fact.

**Issue No. 1.**

What is the appropriate method for determining used and useful for source of supply and pumping, for water treatment, and for storage plant for the Wedgefield System?

Position:

The appropriate approach is to calculate used and useful by component instead of as a single entity.

**Issue No. 2.**

Should used and useful be calculated on the individual components in issue one or on the components listed in issue one as a whole?

Position:

Used and useful should be calculated on the components in Issue 1 as a whole.

**Issue No. 3.**

Based on the methodologies determined in issues one and two, what is the appropriate used and useful percentage for these components of the Wedgefield system?

Position:

The appropriate used and useful percentage for each of the components in Issue 1 is 100%.

**Issue No. 4.**

What is the appropriate period to consider customer demand (peak day or 5 peak day average)?

Position:

The appropriate period is the single maximum day for the test year which does not contain any anomalies.

**Issue No. 5.**

What is the appropriate allowance for unaccounted for water for the Wedgefield system?

Position:

The appropriate allowance is 13%, which is the known amount experienced after the end of the test year, after leak detection and diligent metering programs, and reflects the practical and economic considerations of the Wedgefield system.

**Issue No. 6.**

What is the appropriate used and useful percentage for the land purchased on June 18, 1999, that should be included in rate base?

Position:

The appropriate used and useful for land purchased on June 18, 1999 is 100%. The appropriate amount to which this percentage applies is \$8,632, which is the test year average balance of that purchase.

**Issue No. 7.**

Should the utility's rate base include a negative acquisition adjustment?

Position:

No.

**Issue No. 8.**

What is the appropriate percentage of revenue requirement to be recovered through the base facility charge and gallonage charge, respectively?

Position:

The appropriate percentage of revenue requirement to be recovered through the base facility charge and gallonage charge, is 44% and 56%, respectively.

**Issue No. 9.**

What is the appropriate amount of additional rate case expense that should be allowed?

Position:

The appropriate amount of rate case expense will include all amounts reasonably incurred through the entry of the final order setting rates in this proceeding. A revised Exhibit CJW-2 (previously ELN-2) will be provided at the prehearing conference, showing actual expenses to date and an estimate of expenses through the agenda conference.

**Issue No. 10.**

Should Wedgefield be fined in the amount of \$3000 for its apparent violation of Rule 25-30.115, Florida Administrative Code, and Order No. PSC-97-0531-FOF-WU, issued May 9, 1995, in Docket No. 960444-WU, for its failure to maintain its books and records in conformance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA)?

Position:

No. An agreement has been reached whereby the Commission accepted the offer of settlement made by the utility.

**Issue No. 11.**

What adjustments, if any should be made to the utility's plant-in-service, accumulated depreciation, and depreciation expense?

Position:

Fallout issue. No position at this time.

**Issue No. 12.**

What is the appropriate working capital allowance?

Position:

Fallout issue. No position at this time.

**Issue No. 13.**

What is the appropriate rate base?

Position:

Fallout issue. No position at this time.

**Issue No. 14.**

What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure for the test year ended June 30, 1999?

Position:

Fallout issue. No position at this time.

**Issue No. 15.**

What is the appropriate allowance for funds used during construction (AFDC) rate?

Position:

Fallout issue. No position at this time.

**Issue No. 16.**

What is the appropriate amount of rate case expense?

Position:

Fallout issue. No position at this time.

**Issue No. 17.**

What adjustments, if any, should be made to the utility's property taxes?

Position:

Fallout issue. No position at this time.

**Issue No. 18.**

What is the test year operating income before any revenue increase?

Position:

Fallout issue. No position at this time.

**Issue No. 19.**

What is the appropriate revenue requirement?

Position:

Fallout issue. No position at this time.

**Issue No. 20.**

Is repression of consumption likely to occur, and, if so, what is the appropriate adjustment and the resulting consumption to be used to calculate consumption charges?

Position:

Fallout issue. No position at this time.

**Issue No. 21.**

What are the appropriate monthly rates for water service for this utility?

Position:

Fallout issue. No position at this time.

**Issue No. 22.**

What is the appropriate amount of the interim refund, if any?

Position:

Fallout issue. No position at this time.

5. Issues of Law.

Covered in the pending motions.

6. Issues of Policy.

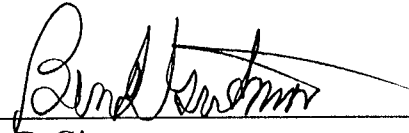
Covered in the pending motions.

7. Stipulations.

None at this time.

8. Pending Matters. Wedgefield's pending motions:
- a. Motion to Allow Substitution of Witness
  - b. Renewal of Motion for Summary Final Order
  - c. Renewal of Motion to Strike and Dismiss the Office of Public Counsel's Petition Requesting Section 120.57 Hearing and Protest of Proposed Agency Action, as Amended
  - d. Motion to Strike Portions of Direct Testimony of OPC Witnesses Larkin and Bidy
9. Requests or Claims for Confidentiality.
- None at this time.
10. Requirements That Cannot Be Complied with.
- None at this time.

RESPECTFULLY SUBMITTED,



Ben E. Girtman  
FL Bar No. 186039  
1020 E. Lafayette St.  
Suite 207  
Tallahassee, FL 32301

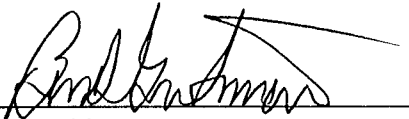
Attorney for  
Wedgfield Utilities, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been sent to the following by U.S. mail (or by hand delivery#) this 25<sup>th</sup> day of June, 2001.

Patty Christensen, Esq.#  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850  
(850)413-6220

Charles Beck, Esq.#  
Office of Public Counsel  
111 W. Madison St., Rm. 812  
Tallahassee, FL 32399-1400  
(850) 488-9330



Ben E. Girtman  
FL Bar No. 186039  
1020 E. Lafayette St.  
Suite 207  
Tallahassee, FL 32301

Attorney for  
Wedgfield Utilities, Inc.