

ORIGINAL



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July 9, 2001

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COMMISSION
CLERK

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. 980744-WS

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of Citizens' Prehearing Statement for filing in the above-referenced docket.

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.

Sincerely,

Stephen C. Burgess
Deputy Public Counsel

SCB/dsb
Enclosures

APP _____
CAF _____
CMP _____
COM 3 _____
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LEG 1 _____
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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

08343 JUL -9 06

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into ratemaking)
consideration of gain on sale from)
sale of facilities of Florida Water)
Services Corporation to Orange)
County.)
_____)

Docket No. 980744-WS

Filed: July 9, 2001

CITIZENS' PREHEARING STATEMENT

The Citizens of the State of Florida, through their attorney, the Public Counsel, consistent with Order No. PSC-00-1170-PCO-WS, hereby file this Prehearing Statement.

(a) The Citizens will call Kimberly H. Dismukes as an expert witness to testify on the proper ratemaking treatment for the gain generated from Florida Water Services' sale of its Orange County water and wastewater systems.

(b) Attached to Ms. Dismukes' testimony are: Appendix I, describing her qualifications and experience; and Schedule 1, a matrix describing positions taken by various state utility regulators on their respective treatment of gains on sale.

(c) The gain from the sale of the Orange County systems should be attributed to Florida Water Services' customers because: the customers bear the risk of any diminution in value of the system, so fairness dictates that they receive the benefit from an increase in value; in the electric industry, customers receive the benefit of gain (or bear the cost of loss) from the sale of utility assets, and there is no valid reason to treat water and wastewater customers differently; the most common treatment in other states' jurisdictions is to attribute gains to the customers; and in past water and wastewater cases where the relevant circumstances were the same as in this case, the Florida PSC has attributed the gain to customers of the utility.

DOCUMENT NUMBER-DATE

08343 JUL-98

PSC-RECORDS/REPORTING

(d),(e) and (f) The Citizens believe this case can be distilled to the following single issue:

Should the customers of Florida Water Services Corporation receive the benefit from the gain derived from the sale of the Orange County water and wastewater systems.

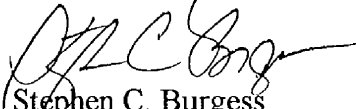
This single question, however, involves elements of fact, law and policy. The Citizens position on this issue is stated in paragraph (c).

- (g) The Citizens are not aware of any issues that have been stipulated by the parties.
- (h) The Citizens are not seeking PSC action upon any motions or other matters.
- (i) The Citizens have no pending requests of claims for confidentiality.
- (j) There are no requirements of Order No. PSC-00-1170-PCO-WS that the Citizens

cannot comply with.

Respectfully submitted,

Jack Shreve
Public Counsel



Stephen C. Burgess
Deputy Public Counsel

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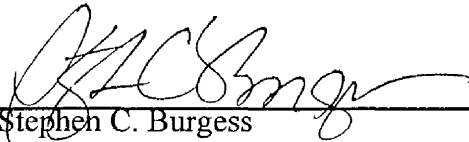
Attorneys for the Citizens
of the State of Florida

**CERTIFICATE OF SERVICE
DOCKET NO. 980744-WS**

I HEREBY CERTIFY that a true and correct copy of the foregoing Citizens' Prehearing Statement has been furnished by U.S. Mail or *hand delivery to the following parties, this 9th day of July, 2001.

Jennifer Brubaker, Esquire*
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Florida Public Service Commission
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