

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 980744-WS

FILED: July 9, 2001

COMMISSION STAFF'S PREHEARING STATEMENT

By Order No. PSC-00-1170-PCO-WS, issued June 27, 2000, a procedural schedule was established setting forth the controlling dates for this docket. Pursuant to Order No. PSC-01-0230-PCO-WS, issued January 24, 2001, the controlling dates for prefiled testimony and exhibits, prehearing statements, prehearing, hearing and briefs established in Order No. PSC-00-1170-PCO-WS were modified. Pursuant to Order No. PSC-01-0230-PCO-WS, the Commission Staff (Staff) files its prehearing statement as follows:

A. Witnesses

Staff does not intend to call any witnesses.

B. Exhibits

Staff does not intend to sponsor any exhibits, but reserves the right to use exhibits for the purpose of cross-examination.

C. Basic Position

The information gathered through discovery and prefiled testimony indicates, at this point, that a gain on sale was realized from the sale of Florida Water Services Corporation's facilities to Orange County. The determination as to how that gain on sale should be allocated between the shareholders and customers cannot be made until the evidence presented at hearing is analyzed.

D. Issues of Fact, Law and Policy

The following are issues identified by Staff and its positions on these issues. Staff's positions are preliminary, and are based upon materials filed by the utility or obtained through discovery

DOCUMENT NUMBER-DATE

08354 JUL-95

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DOCKET NO. 980744-WS

and are intended to inform the parties of Staff's preliminary positions. Staff's final positions will be based upon an analysis of the evidence presented at the hearing.

**ISSUE 1:** Is there a gain or loss on sale with respect to (a) the sale to Orange County or (b) the sale of the lab. If so, what is the amount of gain or loss for each of the respective sales?

**POSITION:** There is an after-tax gain on sale of \$4,457,239 with respect to the sale to Orange County. Further, the sale of the lab is not material to this proceeding and should be dropped as an issue because there was a loss on the sale. The loss on sale should be treated as below the line for regulatory purposes.

**ISSUE 2:** How should any gain on sale be allocated between the ratepayers and shareholders?

**POSITION:** No position pending further development of the record.

E. Stipulated Issues

There are no issues that have been stipulated at this time.

Proposed Stipulations

Staff proposes the following stipulations:

1. There is an after-tax gain on sale of \$4,457,239 with respect to the sale to Orange County.
2. The sale of the lab is not material to these proceedings because there was a loss on the sale which should be treated as below the line for regulatory purposes.

F. Pending Matters

There are no matters pending at this time.

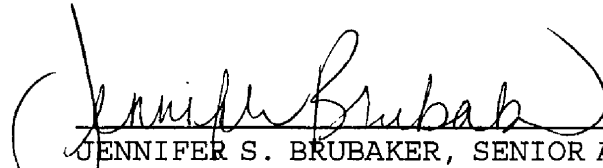
G. Pending Confidentiality Claims or Requests

There are no pending confidentiality claims or requests at this time.

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DOCKET NO. 980744-WS

H. Requirements That Cannot Be Complied With

There are no requirements of Orders Nos. PSC-00-1170-PCO-WS and PSC-01-0230-PCO-WS that cannot be complied with at this time.

  
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JENNIFER S. BRUBAKER, SENIOR ATTORNEY

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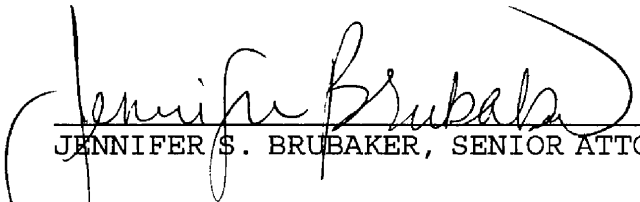
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Commission Staff's Prehearing Statement was furnished to **Kenneth A. Hoffman, Esquire**, Rutledge, Ecenia, Purnell & Hoffman, P.A., P.O. Box 551, Tallahassee, Florida 32302-0551, and **Steve Burgess, Esquire**, Office of Public Counsel, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400, by U.S. Mail, on this 9th day of July, 2001.

  
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