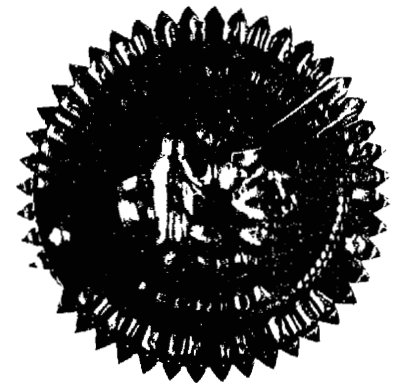


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 010006-WS

In the Matter of

WATER AND WASTEWATER INDUSTRY
ANNUAL REESTABLISHMENT OF
AUTHORIZED RANGE OF RETURN ON
COMMON EQUITY OF WATER AND
WASTEWATER UTILITIES PURSUANT
TO SECTION 367.081(4)(F), F.S.



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PROCEEDINGS: PREHEARING CONFERENCE

BEFORE: COMMISSIONER MICHAEL A. PALECKI
 Prehearing Officer

DATE: Monday, October 22, 2001

TIME: Commenced at 9:30 a.m.
 Concluded at 9:40 a.m.

PLACE: Betty Easley Conference Center
 Room 152
 4075 Esplanade Way
 Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
 Chief, Office of Hearing Reporter Services
 FPSC Division of Commission Clerk and
 Administrative Services
 (850) 413-6732

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1 APPEARANCES:

2 J. STEPHEN MENTON, and KENNETH A. HOFFMAN, Rutledge,
3 Ecenia, Underwood, Purnell and Hoffman, P. O. Box 511, 215
4 South Monroe Street, Suite 420, Tallahassee, Florida
5 32302-0551, appearing on behalf of Florida Waterworks
6 Association.

7 STEPHEN C. BURGESS, Associate Public
8 Counsel, Office of Public Counsel, 111 West Madison
9 Street, Room 812, Tallahassee, Florida 32399-1400,
10 appearing on behalf of the Citizens of the State of
11 Florida.

12 RALPH R. JAEGER, Florida Public Service
13 Commission, Division of Legal Services, 2540 Shumard
14 Oak Boulevard, Tallahassee, Florida 32399-0870,
15 appearing on behalf of the Commission Staff.

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P R O C E E D I N G S

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2 COMMISSIONER PALECKI: Call the prehearing conference
3 to order. Counsel, please read the notice.

4 MR. JAEGER: Yes, Commissioner. Pursuant to notice
5 issued October 9th, 2001, this time and place was noticed for a
6 prehearing conference in Docket Number 010006-WS. The purpose
7 of this prehearing conference is to define and limit, if
8 possible, the number of issues, to determine the parties'
9 positions on the issues, to determine what facts, if any, may
10 be stipulated, to dispose of any motions or other matters that
11 may be pending, and to consider any other matters that may aid
12 in the disposition of this case.

13 COMMISSIONER PALECKI: Take appearances, starting
14 with Mr. Burgess, please.

15 MR. BURGESS: I'm Steve Burgess here for the Public
16 Counsel's Office representing the citizens of the State of
17 Florida.

18 MR. MENTON: Good morning. Steve Menton with the law
19 firm of Rutledge, Ecenia, Burnell & Hoffman on behalf of the
20 Florida Waterworks Association.

21 MR. JAEGER: Yes, Commissioner. Ralph Jaeger
22 appearing on behalf of the Commission staff.

23 COMMISSIONER PALECKI: Are there any preliminary
24 matters?

25 MR. JAEGER: Yes, sir, there is one preliminary

1 matter I thought everybody should be aware of. On Page 5, the
2 number of issues sort of kept changing, and I believe we should
3 make sure of the issues we have, and then go back to that page
4 and make sure which witness is addressing which issue.

5 COMMISSIONER PALECKI: All right. I have reviewed
6 the draft prehearing order, and I am going to allow all four of
7 the issues. Insofar as Issue 3 is concerned, I would like to
8 have that rephrased. And I would like it changed from "whether
9 there is" to "is there justification." And I don't think we
10 need the words both justification and basis. I am going to
11 strike "or basis," so it reads, "Is there justification for
12 utilizing a leverage formula?"

13 But I have reviewed the issues. I think it's quite
14 arguable that we could have just one issue in this proceeding,
15 but since the parties have requested that these be separated
16 out into four -- actually five issues, including should the
17 docket be closed, I'm going to allow that.

18 Does everyone have a copy of the prehearing order? I
19 would like to just walk through the prehearing order
20 section-by-section. If we look just through Sections I through
21 VI, does anyone have any changes or corrections to those
22 sections?

23 MR. MENTON: No, sir.

24 COMMISSIONER PALECKI: All right. Going on to
25 Section VII, Order of Witnesses. So as we stated, all of the

1 witnesses will be going through Issues I through IV, correct?

2 MR. JAEGER: Is that correct, Steve and Steve?

3 MR. MENTON: Yes. From our position, yes.

4 MR. BURGESS: Yes.

5 MR. JAEGER: Both direct and rebuttal, I through IV.

6 COMMISSIONER PALECKI: So all witnesses will address
7 all issues?

8 MR. JAEGER: Yes, Commissioner.

9 COMMISSIONER PALECKI: All right. Let's go through
10 Sections VIII and IX for positions. Are they all accurately
11 stated or are there any changes?

12 MR. BURGESS: They appear accurate from our
13 perspective.

14 MR. MENTON: We agree.

15 COMMISSIONER PALECKI: Section X, Exhibits. Do we
16 have any modifications there?

17 MR. JAEGER: There is one repeat on Pete Lester that
18 I thought we had gotten corrected and it didn't. It's the
19 last -- PL22, it says status quo leverage formula, and then it
20 says it again. It was copied over twice somehow. That's on
21 Page 16.

22 COMMISSIONER PALECKI: All right. So we will just
23 strike the second "quo leverage formula."

24 MR. JAEGER: Status quo leverage formula, yes.

25 COMMISSIONER PALECKI: Status quo leverage formula.

1 Do we have any stipulations?

2 MR. JAEGER: I believe the only stipulation is the
3 one about Issue 5, and just that the docket shall remain open
4 to readdress the reasonableness of the leverage formula as
5 conditions warrant. I believe all the parties agree to that.

6 MR. MENTON: Yes, sir.

7 MR. BURGESS: Yes, sir.

8 COMMISSIONER PALECKI: All right. Could you go ahead
9 and include that under the stipulations section?

10 MR. JAEGER: Okay. Instead of a proposed
11 stipulation -- well, I guess it still stays proposed
12 stipulation, and the Commission approves that stipulation at
13 the beginning of the hearing I think is the --

14 COMMISSIONER PALECKI: All right.

15 MR. JAEGER: And that is under Roman numeral XI on
16 Page 17.

17 COMMISSIONER PALECKI: Okay. Now, if there are any
18 stipulations reached by the parties, or if any other rulings
19 become necessary before the time the final prehearing order is
20 issued, I would ask staff to please reflect any stipulations
21 and/or further rulings in the prehearing order.

22 MR. JAEGER: Commissioner, when do you want me to
23 issue this order? What is the latest date? I mean, I can have
24 it issued by tomorrow, or I can hold it in case something does
25 come up.

1 COMMISSIONER PALECKI: Well, do we anticipate that
2 anything might come up?

3 MR. JAEGER: There may be one slight problem at the
4 depositions with confidentiality. I don't expect so, but I
5 think the way they get these on lines from ValueLine, they can
6 use it, but there may be a problem with getting the information
7 because it's confidential.

8 COMMISSIONER PALECKI: Would you feel more
9 comfortable waiting until after those depositions, just to make
10 sure that you don't want to include those?

11 MR. JAEGER: The depositions are tomorrow, so I could
12 wait and make sure and then make any adjustments to the order
13 after that. And if there is no adjustments, I could issue the
14 order Wednesday promptly.

15 COMMISSIONER PALECKI: Good. That would be fine.
16 Any pending motions?

17 MR. JAEGER: No pending motions, Commissioner.

18 COMMISSIONER PALECKI: Anything else any of the
19 parties would like to bring up at this time?

20 MR. MENTON: No, sir.

21 COMMISSIONER PALECKI: Hearing none, the prehearing
22 conference is adjourned.

23 MR. MENTON: Thank you.

24 (The prehearing concluded at 9:40 a.m.)

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STATE OF FLORIDA)

: CERTIFICATE OF REPORTER

COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Office of Hearing Reporter Services, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 29TH DAY OF OCTOBER, 2001.



JANE FAUROT, RPR
Chief, Office of Hearing Reporter Services
FPSC Division of Commission Clerk and
Administrative Services
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