

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 020071-WS

UTILITIES INC. OF FLORIDA

DIRECT TESTIMONY and EXHIBITS OF

FRANK SEIDMAN

REGARDING THE APPLICATION FOR
INCREASE IN WATER AND WASTEWATER
RATES AND CHARGES

IN

MARION, ORANGE, PASCO, PINELLAS AND SEMINOLE COUNTIES

EXHIBIT 7 * VOL. 2

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1 TESTIMONY OF FRANK SEIDMAN
2 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
3 REGARDING THE APPLICATION FOR INCREASE
4 IN WATER AND WASTEWATER RATES AND CHARGES
5 IN MARION, ORANGE, PASCO, PINELLAS AND SEMINOLE COUNTIES
6 BY UTILITIES, INC OF FLORIDA
7 DOCKET NO. 020071-WS
8

9 **Q. Please state your name, profession and address.**

10 A. My name is Frank Seidman. I am President of
11 Management and Regulatory Consultants, Inc.,
12 consultants in the utility regulatory field. My
13 mailing address is P.O. Box 13427, Tallahassee, FL
14 32317-3427.
15

16 **Q. What is the nature of your engagement with the**
17 **Applicant, Utilities, Inc. of Florida (UIF)?**

18 A. I was engaged by UIF to prepare a used & useful
19 analysis for each of the water and wastewater
20 systems included in this filing.
21

22 **Q. State briefly your educational background and**
23 **experience.**

24 A. I hold the degree of Bachelor of Science in
25 Electrical Engineering from the University of

1 Miami. I have also completed several graduate level
2 courses in economics at Florida State University,
3 including public utility economics. I am a
4 Professional Engineer, registered to practice in
5 the state of Florida. I have over 30 years
6 experience in utility regulation, management and
7 consulting. This experience includes nine years as
8 a staff member of the Florida Public Service
9 Commission, two years as a planning engineer for a
10 Florida telephone company, four years as Manager of
11 Rates and Research for a water and sewer holding
12 company with operations in six states, and three
13 years as Director of Technical Affairs for a
14 national association of industrial users of
15 electricity. I have either supervised or prepared
16 rate cases, rates studies, certificate applications
17 and original cost studies or testified as an expert
18 witness with regard to water and wastewater
19 utilities in Florida, California, Indiana,
20 Michigan, Missouri, North Carolina and Ohio. I
21 have participated in, and appeared as a witness at,
22 many of this Commission's rulemaking proceedings
23 with regard to water, wastewater and electric
24 rules, as well as proceedings before the Division
25 of Administrative Hearings.

1 Q. Are you sponsoring any exhibits in this proceeding?

2 A. Yes. I am sponsoring the "F" or Engineering
3 Schedules portion of Exhibit (SML-1) _____, the
4 Minimum Filing Requirements (MFRs). I am also
5 sponsoring Exhibit (FS-1)_____, a listing of the
6 systems evaluated, Exhibit (FS-2)_____, a summary
7 description of each of the water and/or wastewater
8 systems, by county, in this proceeding, and Exhibit
9 (FS-3)_____, a summary of the used& useful factors
10 determined for each system.

11

12 Q. Would you generally identify the systems that are
13 included in this analysis?

14 A. Yes. In total, there are seventeen (17) systems in
15 five (5) counties included in this analysis, as
16 follows: one system in Marion County providing
17 water service to all and wastewater to part; two
18 systems in Orange County providing water only
19 service; four systems in Pasco County, all
20 providing water service and two providing
21 wastewater service; one system in Pinellas County
22 providing water only service; and nine systems in
23 Seminole County, all providing water service and
24 one providing wastewater service. Exhibit (FS-

1 1) _____ identifies all of the systems by name and
2 county.

3

4 **Q. Can you further describe the general**
5 **characteristics of these systems?**

6 A. Yes. In general, all of the systems are small,
7 ranging in size from 60 customers to about 1,200
8 customers. Most of the systems are built out. Only
9 two of the seventeen systems, Summertree in Pasco
10 County and Golden Hills in Marion County have
11 experienced any measurable growth. In fact, the
12 average ERC growth rate for all seventeen systems
13 was less than 1 percent over the past five years.
14 Of the seventeen systems providing water service,
15 three purchase their water from other
16 governmentally owned or private systems. Of the
17 water systems that produce their own water, the
18 treatment provided is relatively simple, being
19 either by chlorination or aeration. The systems all
20 have minimal storage facilities in the form of
21 hydropneumatic tanks or the ground storage
22 associated with the aeration process. Some of the
23 systems have high service pumping, most do not. Of
24 the four system providing wastewater service, three
25 purchase the treatment and disposal serve from

1 other governmentally owned utilities. The single
2 system providing onsite treatment and disposal
3 service utilizes extended aeration and percolation
4 ponds. In general, UIF is composed of small,
5 simple, built out systems scattered through the
6 several counties served. Exhibit (FS-2) _____
7 provides a general description of the facilities,
8 method of treatment, and size of each system, by
9 county.

10
11 **Q. Has a determination of used & useful been made**
12 **for any of these systems in any prior rate**
13 **proceedings?**

14 A. Yes, for nearly all of the systems. That is an
15 important observation, because in nearly all cases,
16 the prior findings of the Commission was that the
17 systems, including the production, treatment,
18 distribution and collection systems were found to
19 be 100% used and useful. And since most of these
20 systems were and are at build out, and no additions
21 have been made to capacity or areas served, they
22 are still 100% used & useful. For those systems
23 for which used & useful has been previously
24 determined, the docket in which it was determined
25 and the Commission's conclusion, is identified and

1 discussed in the applicable "F" schedule in the
2 MFR.

3

4 **Q. Would you please describe your approach to the**
5 **analysis of used & useful for water production,**
6 **treatment, pumping and storage facilities of each**
7 **system?**

8 A. Yes. Even though nearly all of the systems have
9 previously been found to be 100% used & useful in
10 previous dockets, I performed a used & useful
11 analysis for each system that produced and treated
12 water with its own facilities. The analysis is
13 shown on Schedule F-5 of the MFRs for each system.
14 The analysis included production, treatment,
15 pumping and storage plant. The format of the
16 analysis is the same for each system. It begins
17 with a listing of the various input parameters
18 including the number and rating of the wells, type
19 and size of the storage facilities, high service
20 pumping capacity, system demand, fireflow
21 requirements, and unaccounted for water. If system
22 growth is relevant that is addressed in the used &
23 useful formula.

24

1 I then briefly discuss how each system functions
2 and whether the system components should be
3 evaluated individually or together. Based on the
4 availability of well capacity, storage capacity and
5 high service pumping capacity I made a
6 determination as to whether demand should be
7 evaluated on the basis of maximum day demand or
8 instantaneous demand.

9
10 Finally, I made a calculation of used & useful
11 using the Commission's standard formula of dividing
12 the sum of (peak demand + fireflow - excess
13 unaccounted for water + property needed to serve
14 five years after the test year) by the firm
15 reliable capacity. If a system purchases water and
16 then distributes it, no used & useful analysis was
17 made. Any plant necessary to interconnect with the
18 serving utility and to deliver water to the
19 distribution system was considered to be 100% used
20 & useful.

21

22 Q. Would you please describe your approach to the
23 analysis of used & useful for the wastewater
24 treatment and disposal facilities of each system?

1 A. Yes. I performed a used & useful analysis on
2 Schedule F-6 for each system that treated and
3 disposed of wastewater with its own facilities.
4 Only one wastewater system, the Crownwood system in
5 Marion County, required any analysis. The other
6 three systems purchased wastewater treatment and
7 disposal services. For those three systems, any
8 plant necessary to tie in to the serving utility
9 was considered to be 100% used & useful. For the
10 Crownwood system, I performed a used & useful
11 analysis using the Commission's standard formula of
12 dividing (peak demand - excess inflow &
13 infiltration + property needed to serve five years
14 after the test year) by the rated capacity of the
15 system.

16

17 **Q. Did you also evaluate used & useful for the water**
18 **distribution and wastewater collection systems?**

19 A. Yes, where necessary. As I previously stated, most
20 of the systems have already been determined to be
21 built out and found to be 100% used & useful in
22 previous cases. I have cited those cases in
23 Schedule F-7 for each system. I reviewed each
24 system to determine whether there were any

1 significant changes that would warrant a change in
2 the previously determined used & useful factors.

3

4 **Q. What are the results of your used & useful**
5 **analyses?**

6 A. The results are summarized in Exhibit (FS-3)____.
7 All components of all systems, except one, were
8 found to be 100% used & useful. Only the
9 wastewater treatment & disposal system at Crownwood
10 in Marion County was found to have a used & useful
11 factor of less than 100%. The treatment & disposal
12 facilities at Crownwood were determined to be
13 68.72% used & useful. All other plant facilities at
14 Crownwood are 100% used & useful.

15

16 **Q. Does that conclude your direct testimony?**

17 A. Yes it does.

UTILITIES, INC. OF FLORIDA
 SUMMARY OF SYSTEMS BY COUNTY

COUNTY/System	TY Average Customers	
	Water	Wastewater
MARION COUNTY		
Golden Hills/Crownwood	456	70
ORANGE COUNTY		
Crescent Heights	272	---
Davis Shores	44	---
PASCO COUNTY		
Summertree	858	830
Orangewood	576	---
Wis-Bar	165	161
Buena Vista	1316	---
PINELLAS COUNTY		
Lake Tarpon	511	---
SEMINOLE COUNTY		
Weatherfield, including Trailwood & Oakland Hills	1178	1169
Oakland Shores	224	---
Little Wekiva	61	---
Park Ridge	98	---
Phillips	74	---
Crystal Lake	165	---
Ravenna Park/Lincoln Heights	335	233
Bear Lake	220	---
Jansen	248	---

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UTILITIES INC. OF FLORIDA
MARION COUNTY SYSTEMS

USED AND USEFUL ANALYSIS
DESCRIPTION OF SYSTEMS

WATER SYSTEM(S)

General Description

The Marion County system serves the contiguous communities of Golden Hills and Crownwood. The water supply and treatment system consists of the following:

Well No.1	330 gpm
Well No.2	440 gpm
Hydro-pneumatic tank	10,000 gallons
Hydro-pneumatic tank	10,000 gallons
Generator for WTP	45 KW

The treatment process is by simple chlorination. There is a fire flow requirement of 500 gpm. During the test year, the system served an average of 456 customers.

WASTEWATER SYSTEM(S)

General Description

The Marion County system serves only the Crownwood subdivisions. Wastewater is treated at a 40,000 gpd extended aeration plant located at Crownwood. Effluent is disposed of through percolation ponds. During the test year, the system served an average of 70 customers, including bulk service to BFF, a utility with 98 customers that became a customer of UIF in May, 2001.

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UTILITIES INC. OF FLORIDA
ORANGE COUNTY SYSTEMS

USED AND USEFUL ANALYSIS
DESCRIPTION OF SYSTEMS

WATER SYSTEM(S)

General Description

The Orange County system serves the Crescent Heights and Davis Shores subdivisions. Water is purchased from the Orlando Utilities Commission for the Crescent Heights system, from Orange County for the Davis Shores system, and distributed by UIF. The Crescent Heights system has a single hydrant, flows for which are provided by OUC. The Davis Shores system has no fire flow requirement. For the test year, the Crescent Heights system served an average of 272 customers and the Davis Shores system served an average of 44 customers.

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UTILITIES INC. OF FLORIDA
PASCO COUNTY SYSTEMS

USED AND USEFUL ANALYSIS
DESCRIPTION OF SYSTEMS

WATER SYSTEM(S)

General Description

There are four separate systems in Pasco County. They individually serve the Wis-Bar, Buena Vista Summertree and Orangewood subdivisions.

Wis-Bar

Water is purchased from Holiday Gardens. There are no distribution storage facilities. There is no fire flow requirement. The average number of customers on the system in the test year was 165.

Buena Vista

The water supply and treatment system consists of the following:

Well No. 1	75 gpm
Well No. 2	45 gpm
Well No. 3	300 gpm
Hydro-pneumatic tank	5,000 gallons
Hydro-pneumatic tank	5,000 gallons
Hydro-pneumatic tank	7,500 gallons

The treatment process is by simple chlorination. There is no distribution storage. There is a fire flow requirement of 500 gpm. The average number of customers on the system in the test year was 1,316.

Summertree

The water supply and treatment system consists of the following:

Well No. 1	120 gpm
Well No. 2	550 gpm
Well No. 13	300 gpm
Well No. 17	300 gpm
Hydro-pneumatic tank	5,000 gallons
Hydro-pneumatic tank	7,500 gallons
Hydro-pneumatic tank	7,500 gallons

The treatment process is by simple chlorination. There is no distribution storage. There is a fire flow requirement of 1,000 gpm for the mixed single/multi-family residential areas. An earlier agreement with Pasco County to provide emergency fire protection via an interconnection has been terminated. In lieu of this arrangement, a collapsed well has been rehabilitated and placed in service. The average number of customers on the system in the test year was 858.

Orangewood

The water supply and treatment system consists of the following:

Well No. 1	325 gpm
Well No. 2	225 gpm
Well No. 3	150 gpm
Well No. 4	150 gpm
Hydro-pneumatic tank	5,000 gallons
Hydro-pneumatic tank	5000 gallons
Hydro-pneumatic tank	3,100 gallons

The treatment process is by simple chlorination. There is no distribution storage. There is a fire flow requirement of 500 gpm for the residential areas. The average number of customers on the system in the test year was 576.

WASTEWATER SYSTEM(S)

General Description

Wis-Bar

Wastewater is pumped to Pasco County for treatment and disposal. The average number of customers on the system in the test year was 161.

Summertree

Wastewater is pumped to Pasco County for treatment and disposal. The average number of customers on the system in the test year was 830.

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UTILITIES INC. OF FLORIDA
PINELLAS COUNTY SYSTEM

USED AND USEFUL ANALYSIS
DESCRIPTION OF SYSTEMS

WATER SYSTEM

General Description

The Pinellas County system serves the community of Lake Tarpon. The water supply and treatment system consists of the following:

Well No. 1	500 gpm
Hydro-pneumatic tank	10,000 gallons

The treatment process is by simple chlorination. There is no distribution storage. There are no fire hydrants on the system. The system served an average of 511 customers during the test year.

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UTILITIES INC. OF FLORIDA
SEMINOLE COUNTY SYSTEM
USED AND USEFUL ANALYSIS
DESCRIPTION OF SYSTEMS
WATER SYSTEM(S)

General Description

There are 12 communities served in Seminole County by 9 separate systems.

Weathersfield

The Weathersfield system also serves Trailwood and Oakland hills. The water supply and treatment system consists of the following:

Well No. 1	550 gpm
Well No. 2	1,000 gpm
1,500 gpm cascade aeration/ ground storage	100,000 gallons
Hydro-pneumatic tank	10,000 gallons
High service pump	500 gpm
High service pump	700 gpm
Generator for wells & HSP's	125 KW

The water is treated by aeration and chlorination. The system has a manually operated interconnection with the City of Altamonte Springs. Due to a mixed residential/commercial customer base, there is a fire flow requirement of 1,250 gpm . The system served an average of 1,178 customers during the test year.

Oakland Shores

The water supply and treatment system serving Oakland Shores consists of:

Well No. 1	395 gpm
Hydro-pneumatic tank	7,000 gallons
500 gpm forced draft aeration/ ground storage	16,800 gallons
2 - 250 gpm high service pumps	500 gpm

The water is treated by aeration and chlorination. The system has an automatically operated interconnection with the City of Altamonte Springs. The fire flow requirement is 600 gpm . The system served an average of 224 customers during the test year.

Little Wekiva

The water supply and treatment system serving Little Wekiva consists of the following:

Well No. 1	65 gpm
Hydro-pneumatic tank	1,500 gallons

The water is treated by simple chlorination. There are no interconnections. There is no fire flow requirement. The system served an average of 61 customers during the test year.

Park Ridge

The water supply and treatment system serving Park Ridge consists of:

Well No. 1	300 gpm
Ground storage tank	10,000 gallons
Hydro-pneumatic tank	3,000 gallons
2 - 250 gpm high service pumps	500 gpm

The water is treated by a corrosion inhibitor and chlorination. There are no interconnections. There is no fire flow requirement. The system served an average of 98 customers during the test year.

Phillips

The Phillips water supply and treatment system consists of the following:

Well No. 1	110 gpm
Hydro-pneumatic tank	3,000 gallons

The water is treated by iron sequestration and chlorination. There are no interconnections, however, permitting for an interconnection is in process. There is no fire flow requirement. The system served an average of 74 customers during the test year.

Crystal Lake

The Crystal Lakes water supply and treatment system consists of the following:

Well No. 1	240 gpm
Hydro-pneumatic tank	4,500 gallons

The water is treated by iron sequestration and chlorination. The system has an automatically activated interconnection with the City of Sanford. There is no fire flow requirement. The system served an average of 165 customers during the test year.

Ravenna Park/Lincoln Heights

The Ravenna Park/Lincoln Heights water supply and treatment system consists of the following:

Well No. 1	200 gpm
Well No. 2	240 gpm
440 gpm cascade aeration/ ground storage	20,000 gallons
Hydro-pneumatic tank	10,000 gallons
Hydro-pneumatic tank	3,000 gallons
2 - 250 gpm high service pumps	500 gpm
Generator for WTP	70 KW

The water is treated by aeration and chlorination. There are no interconnections. There is no fire flow requirement. The system served an average of 335 customers during the test year.

Bear Lake

The water supply and treatment system serving Bear Lake consists of:

Well No. 1	220 gpm
200 gpm cascade aeration/ ground storage	13,800 gallons
Hydro-pneumatic tank	3,000 gallons
2 - 200 gpm high service pumps	400 gpm
Generator for WTP	60 KW

The water is treated aeration and chlorination. The system has a manually activated interconnection with the Seminole County. There is no fire flow requirement. The system served an average of 220 customers during the test year.

Jansen

The Jansen water supply and treatment system consists of the following:

Well No. 1	240 gpm
Well No. 2	190 gpm
Hydro-pneumatic tank	3,000 gallons
Hydro-pneumatic tank	3,000 gallons
Generator for WTP	55 KW

The water is treated by iron sequestration and chlorination. There are no interconnections. There is no fire flow requirement. The system served an average of 248 customers during the test year.

WASTEWATER SYSTEM(S)

Weathersfield

Wastewater is pumped to the City of Altamonte Springs for treatment and disposal. The system served an average of 1169 customers during the test year.

Ravenna Park/Lincoln Heights

Treatment and disposal to this service area was provided by a 120,000 gpd extended aeration plant and percolation/polishing ponds with surface water discharge to an adjacent canal, until July, 2001. At that time the system was taken off line because the property on which it was located was taken by condemnation by the Florida Department of Transportation. Sewage is now transmitted for treatment to the City of Sanford through a newly constructed master lift station.. The system served an average of 233 customers during the test year.

County: System:	MARION			ORANGE			PASCO			PINELLAS	
	Golden Hills Crownwood	Crescent Heights	Davis Shores	Summertree	Orangewood	Wis-Bar	Buena Vista	Lake Tarpon			
WATER SYSTEMS											
INTANGIBLE PLANT (All)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
SOURCE OF SUPPLY AND PUMPING	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
WATER TREATMENT PLANT	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
TRANSMISSION & DISTRIBUTION PLANT	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
303.4 Land & Land Rights	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
304.4 Structures & Improvements	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
330.4 Dist. Reservoirs & Standpipes	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
331.4 Trans. & Dist. Mains	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
333.4 Services	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
334.4 Meters & Meter Installations	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
335.4 Hydrants	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
339.4 Other Plant & Misc. Equipment	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
GENERAL PLANT (All)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
WASTEWATER SYSTEMS	Crownwood			Summertree							
INTANGIBLE PLANT (All)	100.00%			100.00%							
COLLECTION PLANT (All except 363.2)	100.00%			100.00%							
363.2 Services	100.00%			100.00%							
SYSTEM PUMPING PLANT (All)	100.00%			100.00%							
TREATMENT & DISPOSAL PLANT (All)	68.72%			100.00%							
GENERAL PLANT (All)	100.00%			100.00%							

County: System:	SEMINOLE									
	Weathersfield	Oakland Shores	Little Wekiva	Park Ridge	Phillips	Crystal Lake	Ravenna Park	Bear Lake	Jansen	
WATER SYSTEMS										
INTANGIBLE PLANT (All)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
SOURCE OF SUPPLY AND PUMPING	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
WATER TREATMENT PLANT	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
TRANSMISSION & DISTRIBUTION PLANT	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
303.4 Land & Land Rights	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
304.4 Structures & Improvements	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
330.4 Dist. Reservoirs & Standpipes	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
331.4 Trans. & Dist. Mains	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
333.4 Services	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
334.4 Meters & Meter Installations	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
335.4 Hydrants	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
339.4 Other Plant & Misc. Equipment	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
GENERAL PLANT (All)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
WASTEWATER SYSTEMS	Weathersfield						Lincoln Heights			
INTANGIBLE PLANT (All)	100.00%						100.00%			
COLLECTION PLANT (All except 363.2)	100.00%						100.00%			
363.2 Services	100.00%						100.00%			
SYSTEM PUMPING PLANT (All)	100.00%						100.00%			
TREATMENT & DISPOSAL PLANT (All)	100.00%						100.00%			
GENERAL PLANT (All)	100.00%						100.00%			