

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of
BAYSIDE UTILITY SERVICES, INC.,
for an increase in water and wastewater
rates in Bay County, Florida

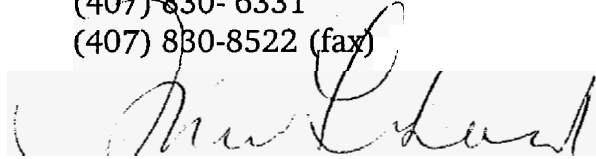
DOCKET NO. 030444-WS

NOTICE OF FILING

BAYSIDE UTILITY SERVICES, INC., by and through its undersigned attorneys, hereby
gives notice of filing in the above-referenced docket the Direct Testimony of Frank Seidman.

Respectfully submitted this 18th day of
October, 2004, by:

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For the Firm

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 030444-WS

BAYSIDE UTILITY SERVICES, INC.

DIRECT TESTIMONY OF

FRANK SEIDMAN

REGARDING THE APPLICATION FOR

INCREASE IN WATER AND WASTEWATER

RATES AND CHARGES

IN

BAY COUNTY, FLORIDA

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TESTIMONY OF FRANK SEIDMAN
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
REGARDING THE APPLICATION FOR INCREASE
IN WATER AND WASTEWATER RATES AND CHARGES
IN BAY COUNTY, FLORIDA
BY BAYSIDE UTILITY SERVICES, INC.

DOCKET NO. 030444-WS

Q. Please state your name, profession and address.

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

Q. Please summarize your professional background.

A. I hold the degree of Bachelor of Science in Electrical Engineering from the University of Miami. I have also completed several courses in economics at Florida State University, including public utility economics. I am a Professional Engineer, registered to practice in the State of Florida. I have over 30 years' experience in utility regulation, management and consulting. This experience includes nine years as a staff member of the Florida Public Service Commission, two years as a planning engineer for a Florida

1 telephone company, four years as Manager of Rates and
2 Research for a water and wastewater holding company with
3 operations in six states, and three years as Director of Technical
4 Affairs for a national association of industrial users of
5 electricity. I have either supervised or prepared rate cases, rate
6 studies, certificate applications and original cost studies and
7 testified as an expert witness with regard to water and
8 wastewater utilities in Florida, California, Indiana, Michigan,
9 Missouri, North Carolina and Ohio. I have participated in, and
10 appeared as a witness at, many of this Commission's
11 rulemaking proceedings with regard to water, wastewater and
12 electric rules, as well as proceedings before the Division of
13 Administrative Hearings.

14 **Q: What is the nature of your engagement with the Applicant,**
15 **Bayside Utility Services, Inc.(Bayside)?**

16 A: I was engaged by Bayside to prepare the Financial, Rate and
17 Engineering Minimum Filing Requirements (*MFRs*) for this
18 case.

19 **Q. Did you prepare the MFRs filed in this case?**

20 A. Yes. I prepared the MFRs which are attached as Exhibit "1" to
21 the Application of Bayside Utility Services, Inc. for an increase
22 in its water and wastewater rates. Exhibit (FS-1)___ The

1 MFRs were prepared from the books and records of Bayside as
2 kept in its normal course of business, as provided to me by
3 Bayside's staff. In addition to the books and records provided
4 to me, Bayside's staff also provided information on cost
5 allocations, pro forma capital and/or expense requirements and
6 operations. The MFRs accurately reflect those books and
7 records and Bayside's financial condition, as therein
8 represented.

9 **Q. Did you prepare the Billing Analysis Schedules?**

10 A. Yes. I prepared the Billing Analysis Schedules attached as
11 Exhibit "2" to the Application. Exhibit (FS-2)___

12 **Q: Please briefly describe Bayside Utility Services, Inc.**

13 A: Bayside is a wholly owned subsidiary of Utilities, Inc. It
14 provides water and wastewater service to approximately 280
15 customers in Bayside Mobile Home Park (*Park*). Bayside
16 purchases water and wastewater services from the City of
17 Panama City Beach which it distributes and collects from the
18 customers in its service area. Bayside, under its current
19 ownership, has provided service since 1999, however, service
20 has been provided to this service area through prior owners
21 since as early as 1973.

22

1 **Q. Please explain generally why the rate increase is necessary.**

2 A. A rate increase is necessary to allow Bayside to recover the
3 reasonable and prudent costs of providing service and an
4 opportunity to earn a fair and reasonable rate of return on its
5 invested capital. An application for an increase in rates was
6 last filed by the previous owner and granted in 1999 in Order
7 No. PSC-98-1269-FOF-WS. The increase was based on a 1997
8 test year. These rates do not reflect the substantial increases
9 that have been incurred in the cost of purchased water and
10 wastewater services and the necessary costs associated with
11 maintaining and improving the distribution and collection
12 systems. For these reasons, Bayside is not able to achieve a
13 reasonable rate of return on its investment. Rate relief is
14 essential to ensure the ability to maintain and improve service,
15 the continued availability of capital at a reasonable cost and the
16 availability of a professional level of service.

17 **Q. Does this conclude your testimony?**

18 A. Yes, it does.

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IN

BAY COUNTY, FLORIDA

EXHIBITS TO

DIRECT TESTIMONY OF

FRANK SEIDMAN

Exhibit ___ (FS-1) MFRs (Exhibit 1 to Application)

Exhibit ___ (FS-2) **Billing Analysis Schedules (Exhibit 2 to Application)**