

ORIGINAL

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Sent: Monday, June 05, 2006 4:00 PM
To: Filings@psc.state.fl.us
Cc: Charles Beck; Ken Hoffman; Adam Teitzman; POUCHER.EARL
Subject: e-filing (Dkt. 060300-TL)
Attachments: 060300 OPC Prehearing Statement.e-filed version.doc

Electronic Filing

a. Person responsible for this electronic filing:

Charles J. Beck, Deputy Public Counsel
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b. Docket No. 060300-TL

In re: Petition for Recovery of Intrastate Costs and Expenses Relating to Repair, Restoration and Replacement of Facilities Damaged by Hurricane Dennis by GTC, Inc. d/b/a GT Com

c. Document being filed on behalf of Office of Public Counsel

d. There are a total of 6 pages.

e. The document attached for electronic filing is Citizens' Prehearing Statement.

(See attached file: 060300 OPC Prehearing Statement.e-filed version.doc)

CMP Thank you for your attention and cooperation to this request.

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CTR Brenda S. Roberts
Secretary to Charles J. Beck, Deputy Public Counsel.

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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Recovery of Intrastate)
Costs and Expenses Relating to Repair,)
Restoration and Replacement of Facilities)
Damaged by Hurricane Dennis by)
GTC, Inc. d/b/a GT Com)

Docket No. 060300-TL

Filed: June 5, 2006

CITIZENS' PREHEARING STATEMENT

Pursuant to order no. PSC-06-0362-PCO-TL issued April 27, 2006, the Citizens of Florida, by and through Harold McLean, Public Counsel, file this prehearing statement.

Witnesses

Citizens prefiled testimony by Hugh Larkin, Jr., CPA. Mr. Larkin's testimony sets forth the principles which the Commission has used and approved in other cases for the recovery of storm damages.

Prefiled Exhibits

The Citizens have no prefiled exhibits.

Statement of Basic Position

The Commission has repeatedly used an incremental cost approach, including an adjustment to remove normal capital costs, as the appropriate methodology for storm cost recovery. See, e.g., order no. PSC-06-0464-FOF-EI issued May 30, 2006.

The Commission has either ordered the use of this approach or approved settlements

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using this approach in cases dealing with Florida Power & Light Company, Progress Energy, Gulf Power, and Sprint. The incremental cost approach, including an adjustment to remove normal capital costs, is not directly required by statute. Instead, the Commission has determined that it is the most appropriate methodology to use to determine the reasonable and prudent costs for storm cost recovery.

By including normal expenses and normal capital amounts in its request, GT Com completely ignores the methodology used and approved by the Commission. The company would in effect double count these expenses and would recover these normal costs from customers twice: once through a surcharge, and a second time through the rates customers pay for service. In addition, much of the capital investment included in the company's request will be recovered from universal service high cost funding, a fact that has been totally ignored in the company's filing.

The Commission should deny the company's request because it would require customers to pay for unreasonable costs related to Hurricane Dennis, in contravention of section 364.051(4)(b)3, Florida Statutes. The denial should be without prejudice to the company being allowed to refile its case using an appropriate costing methodology.

Issues and Positions

Issue 1: What amount of intrastate costs and expenses did GT Com incur relating to repairing, restoring, or replacing the lines, plants, or facilities damaged by Hurricane Dennis?

Citizen's Position: The majority of the cost justification, which appears in Mr. Ellmer's Exhibit RME-10, page 1 of 1, are costs which the Company appears to have capitalized or should have capitalized. A good amount of the remaining costs are either costs that should have

been capitalized, or cost of removal charged to the Reserve for Depreciation, or costs that may not be incremental to the Company's normal operating and maintenance expenses. Benefit loadings and overhead allocations are inadequately supported, and the charges for taxes and carrying costs do not appear to be legitimate. It is impossible to determine the incremental costs incurred by GT Com related to Hurricane Dennis from the company's filing. Finally, the company ignored offsetting loop support payments it expects to receive on account of the hurricane.

Issue 2: Are the costs and expenses identified in Issue No. 1 reasonable under the circumstances for Hurricane Dennis?

Citizen's Position: No, they are not reasonable for the reasons stated in response to issue 1.

Issue 3: What is the appropriate amount of intrastate costs and expenses related to damage caused by Hurricane Dennis, that should be recovered pursuant to Section 364.051(4)?

Citizen's Position: Zero.

Issue 4: What is the appropriate line item charge per access line, if any, that should be charged to the customers of GT Com for recovery of the amount identified in Issue 1?

Citizen's Position: Zero.

Issue 5: If a line item charge is approved in Issue 2, on what date should the charge become effective and on what date should the charge end?

Citizen's Position: There should be no charge because the company hasn't justified a charge.

Issue 6: Should the docket be closed?

Citizen's Position: Yes.

Stipulated Issues

Citizens have not stipulated to any issues.

Pending Motions

Citizens' motion to compel is now moot since the company states that it has provided all responsive documents which Citizens sought by the motion. Citizens do not oppose the company's motion seeking leave to file surrebuttal testimony.

Pending Requests or Claims for Confidentiality

Citizens have no pending requests or claims for confidentiality.

Objections to Qualifications of Witnesses as Experts

Citizens do not expect to challenge the qualifications of any witness.

Requirements of Order Establishing Procedure

Citizens believe that we have complied with the requirements of the order establishing procedure.

Respectfully submitted,

HAROLD MCLEAN
PUBLIC COUNSEL

s/ Charles J. Beck
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**DOCKET NOS. 060300-TL
CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing has been furnished by U.S.

Mail and electronic mail to the following parties on this 5th day of June, 2006.

s/ Charles J. Beck

Charles J. Beck

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