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President of the Senate



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STATE OF FLORIDA
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MARCO RUBIO
Speaker of the House of
Representatives



COMMISSION
CLERK

DEC 17 PM 4:13

RECEIVED-FPSC

December 17, 2007

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

RE: Docket No. 070293-SU
In re: Application for Increase in Wastewater Rates in Monroe County by
KW Resort Utilities Corp.

Dear Ms. Cole:

Enclosed, for filing, on behalf of the Office of Public Counsel, is the original and 15 copies of the Testimony of Andrew T. Woodcock and Kimberly H. Dismukes.

Please indicate the time and date of receipt on the enclosed duplicate of this letter and return it to our office.

Sincerely,

Stephen C. Burgess
Associate Public Counsel

DOCUMENT NUMBER-DATE

10989 DEC 17 6

FPSC-COMMISSION CLERK

- CMP _____
- COM 3
- CTR 1
- ECR 1
- GCL 1
- OPC _____
- RCA _____
- SCR _____
- SGA _____
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Enclosures
SCB:kdk
cc: Parties of Record

DOCUMENT NUMBER-DATE

10988 DEC 17 6

FPSC-COMMISSION CLERK

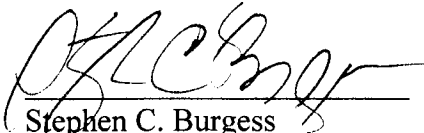
CERTIFICATE OF SERVICE
DOCKET NO. 070183-WS

I HEREBY CERTIFY that a true and correct copy of the foregoing Testimony of Andrew T. Woodcock has been furnished by hand-delivery* and U.S. Mail to the following parties on this 17th day of December, 2007, to the following:

Ralph Jaeger, Esquire*
Florida Public Service Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

F. Marshall Deterding, Esquire*
Rose Law Firm (07b)
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Mr. Doug Carter
KW Resort Utility
P. O. Box 2125
Key West, Florida 33045-2125


Stephen C. Burgess
Associate Public Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Increase
in Wastewater Rates in Monroe
County by KW Resort Utilities
Corp. _____/

DOCKET NO. 070293-SU

Date Filed: December 17, 2007

TESTIMONY

OF

ANDREW T. WOODCOCK, P.E., M.B.A.

**ON BEHALF OF
OFFICE OF PUBLIC COUNSEL**

Respectfully Submitted,

J. R. Kelly
Public Counsel

Office of Public Counsel
c/o the Florida Legislature
111 West Madison Street
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(850) 488-9330

Attorney for the Citizens
of the State of Florida

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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Attorney for the Citizens
of the State of Florida

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FPSC-COMMISSION CLERK

1 **PREFILED TESTIMONY OF**

2 **ANDREW T. WOODCOCK PE, MBA**

3

4 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

5 A. My name is Andrew Woodcock. My business address is 201 East Pine St. Suite 1000,
6 Orlando, Florida.

7

8 **Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

9 A. I am employed by Tetra Tech as a Professional Engineer and Senior Project Manager.

10

11 **Q.WHAT IS YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE?**

12 A. I graduated from the University of Central Florida in 1988 with a B.S. degree in
13 Environmental Engineering and in 1989 with an M.S. degree in Environmental
14 Engineering. In 2001, I graduated from Rollins College with an MBA degree. In 1990, I
15 was hired at Dyer, Riddle, Mills and Precourt as an engineer. In May of 1991, was hired
16 at Hartman and Associates Inc., which has since become Tetra Tech. My experience has
17 been in the planning and design of water and wastewater systems with specific emphasis
18 on utility valuation, capital planning, utility financing, utility mergers and acquisitions
19 and cost of service rate studies. I have also served as utility rate regulatory staff for St.
20 Johns and Collier Counties in engineering matters. Exhibit ATW-1 provides additional
21 details of my work experience.

DOCUMENT NUMBER-DATE

10988 DEC 17 5

FPSC-COMMISSION CLERK

1 **Q. WHAT ARE YOUR PROFESSIONAL AFFILIATIONS?**

2 A. I am a member of the American Water Works Association, Water Environment
3 Federation and the Florida Stormwater Association.

4

5 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE A RATE REGULATORY**
6 **BODY AS AN ENGINEERING WITNESS?**

7 A. Yes, I testified in 2002 for the St. Johns County Regulatory Authority at a special
8 hearing in an earnings case against Intercoastal Utilities. I have also testified, although
9 not on engineering matters, before the Kentucky Public Service Commission. I provided
10 prefiled direct testimony in the FPSC Docket No. 060368-WS with regard to Aqua
11 Utilities Florida's application for a rate increase for systems located in 15 Florida
12 Counties. This case was withdrawn before it went to hearing.

13

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 A. The purpose of my testimony is to offer used and useful testimony on the wastewater
16 system of KW Resort Utilities Corp. (the Utility). I also provide testimony regarding the
17 original cost study prepared by The Weiler Engineering Corporation (WEC) on October
18 17, 2007.

1 **Q. WHAT DOCUMENTS HAVE YOU REVIEWED AND WHAT**
2 **INVESTIGATIONS AND ANALYSES HAVE YOU MADE IN PREPARATION**
3 **FOR YOUR TESTIMONY?**

4 A. I have studied the filings of the Utility, including the Minimum Filing Requirements
5 (MHRs) and the direct testimony of William L. Smith Jr, and Paul E. Chario. I have also
6 reviewed certain items provided during discovery. I also reviewed documents obtained
7 from the Florida Department of Environmental Protection (FDEP) in Ft Meyers.

8
9 I made an inspection trip to the Utility system to inspect the wastewater treatment plant
10 and service area and conduct interviews with the Utility staff.

11

12 **Q. WHAT IS YOUR OPINION OF THE WASTEWATER TREATMENT PLANT**
13 **USED AND USEFUL ANALYSIS PROVIDED BY THE UTILITY?**

14 A. I disagree with the 100% used and useful percentage used by the Utility. The used and
15 useful calculations provided by the Utility in Schedule F-6 of the MFRs provide a
16 calculation of U&U at 61.35%. Further in the schedule the Utility states that the WWTP
17 should be considered 100% because the expansion was a requirement of a contract with
18 Monroe County to provide wastewater treatment to Stock Island for environmental
19 reasons. According to Schedule F-6 Monroe County provided funding for the expansion
20 by paying upfront for the capacity and this funding has been deducted from rate base for
21 rate making purposes. Therefore no adjustment to used and useful is required.

22 My disagreement with the U&U analysis lies in both the calculated U&U and the
23 rationale for 100% U&U.

1 **Q. WHAT ISSUES DO YOU HAVE WITH THE CALCULATED U&U IN THE**
2 **MFRS?**

3 The MFRs incorrectly state the permitted capacity of the WWTP to be 0.499 MGD on a
4 three month average daily flow. In fact, the permit states that the capacity is based on an
5 annual average flow basis. The subsequent U&U calculation incorrectly relies upon the
6 maximum three month average daily flow of the WWTP rather than the lower annual
7 average flow.

8
9 **Q. HOW DID YOU CALCULATE THE USED AND USEFUL PERCENTAGE**
10 **FOR THE WWTP?**

11 A. The scope of my engineering analysis extends to the capacity issues of the WWTP
12 and as such my analysis focuses on applying the rules of U&U as stated in Chapter 25-
13 30.432, F.A.C., which states that the used and usefulness shall be based on the same
14 period or basis as the period or basis stated in the current operating permit issued by the
15 FDEP. The current FDEP permitted capacity of the WWTP is 0.499 MGD on an annual
16 average basis. The annual average test year flow for the WWTP as stated in the
17 Discharge Monitoring Reports is 0.288 MGD. I then adjusted the test year flow for five
18 years of customer growth in the system. The system has historically seen significant
19 customer growth as customers have connected pursuant to the requirements of Monroe
20 County. For the past five years the customer base has grown by an average of
21 approximately 10%. As such the growth allowance for used and useful calculations is
22 limited to 5% per year pursuant to Chapter 25-30.431 F.A.C. Therefore for the five year
23 period the growth adjustment is 25%.

1 The adjusted test year flow is then 0.360 MGD which generates a used and useful
2 percentage of 72.14%. A summary of my calculations are provided in Exhibit ATW-2.

3

4 **Q. EXPLAIN WHY YOU DO NOT AGREE WITH THE UTILITY'S**

5 **JUSTIFICATION FOR 100% USED AND USEFUL.**

6 A. First of all the MFRs state that the expansion of the WWTP to 0.499 MGD was
7 required by Monroe County in 2001. However, the Original Cost Study prepared by
8 WEC shows that the WWTP expansion was actually constructed in 1997 prior to any
9 agreements with Monroe County for expansion of the system.

10 The MFRs go further to say that Monroe County funded the expansion of the system
11 through a prepayment of capacity fees and that the Utility has deducted this amount from
12 rate base.

13 Based on my review of the Capacity Reservation Contract (POD 55 pg 14) a total of
14 \$4,606,000 was to be paid by the County specifically for the installation of the collection
15 system expansion, not treatment capacity. This amount is to be repaid to the County when
16 new customers pay the \$2,700 capacity reservation fee. Further in the contract the Utility
17 is allowed to keep \$600 of the \$2700 capacity reservation fee for purposes of upgrading
18 the WWTP to advanced waste treatment (AWT) standards. Again there is no mention of
19 a contribution for expanded treatment capacity.

20 While there have been several contributions to the Utility that should be deducted from
21 rate base none of these contributions have funded the expansion capacity of the WWTP,
22 therefore the traditional U&U calculations should be applied.

1 **Q. WHAT IS YOUR OPINION OF THE U&U PERCENTAGE FOR THE**
2 **COLLECTION AND TRANSMISSION SYSTEM?**

3 A. The MFRs state that the collection and transmission system is 100% percent used and
4 useful, with a rationale similar to that for the WWTP. The collection and transmission
5 system consists of two parts, the original gravity collection system and the newer vacuum
6 system. Given the nature of the construction of the systems, I considered these separately.
7 My review of the system maps provided and inspections of the service area show the
8 gravity collection and transmission system is essentially 100% percent built out and
9 therefore 100% used and useful.

10 The vacuum system has several connections but has yet to fully reach the design capacity
11 of serving 1,500 EDUs. However, the construction of the system was funded by Monroe
12 County and is considered a fully contributed system. Therefore it is my opinion that the
13 U&U of the vacuum system be excluded from the analysis, provided the cost to fund the
14 system is deducted from rate base.

15

16 **Q. WHAT OPINION DO YOU HAVE REGARDING THE ORIGINAL COST**
17 **STUDY PREPARED FOR THE UTILITY BY WEC?**

18 A. It is my understanding through depositions taken in this proceeding that a revised
19 original cost study was prepared and will be submitted as a late filed deposition exhibit.
20 Once I have had an opportunity to review the revised study I will provide my opinion in
21 supplemental testimony.

1 Q. DOES THAT CONCLUDE YOUR TESTIMONY AT THIS TIME?

2 A. Yes it does.

EXHIBIT ATW-1

RESUME



TETRA TECH

Docket No. 070293-SU
Andrew T. Woodcock, Exhibit ATW-1
Page 1 of 3
Resume

ANDREW T. WOODCOCK, P.E., M.B.A.

Mr. Woodcock has been involved with many different facets of environmental engineering including planning, design, and permitting of both water and wastewater treatment facilities, wastewater collection systems, pipeline systems, pumping stations and effluent disposal systems. He has special expertise in utility due diligence investigations, utility valuations, financial feasibility analyses and business plans. He is also experienced in the preparation and review of capital improvement programs, master planning and water and wastewater impact fees.

EXPERIENCE

Mr. Woodcock's major design and planning experience includes the design, and permitting functions associated with several water and wastewater projects. Representative water projects include the Venice Gardens Utilities Center Road WTP 0.6 MGD RO facility expansion and the City of Port St. Lucie wellfield expansion. Wastewater design projects include the 0.5 MGD expansion to the Deltona Lakes WWTP and the 1.6 MGD expansion to the City of Sanibel's WWTP both of which include treatment to public access reuse standards.

Mr. Woodcock's water and wastewater utility planning experience includes several master plans and capital improvements programs. Recent planning projects include the City of Winter Haven Water Master Plan, the Town of Palm Beach Water Capital Improvements Program, and the Marion County Utility Consolidation Program.

Mr. Woodcock has participated in over 60 water and wastewater utility valuations and acquisitions for utility systems located throughout the Southeast United States. The acquisition projects cover a wide range of utility system configurations and sizes and include engineering due diligence inspections, valuations, and financing activities associated with the transactions. Major projects include the City of Peachtree City GA acquisition of Georgia Utilities Company, the City of Winter Haven FL acquisition of Garden Grove Water Company and the acquisition of the Deltona and Marion County systems from Florida Water Services Corp.

Additionally, Mr. Woodcock has experience in the review and analysis of water and wastewater utility impact fees and utility financial feasibility studies in support of capital funding including studies for the Cities of Apopka, Brooksville, and Bartow, Pasco County and the Tohopekaliga Water Authority.

Title:

Senior Project Manager

Education:

B.S.E., University of
Central Florida, 1988

M.S.E., University of
Central Florida, 1989

M.B.A., Rollins College,
2001

Registrations/ Certifications:

Professional Engineer,
Florida, No. 47118

Professional Affiliations:

Water Environment
Federation

American Water Works
Association

Office:

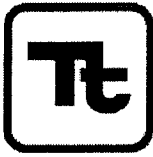
Orlando, Florida

Years of Experience:

1990 – Present

Years with Tetra Tech:

1991 – Present



Specific Recent Project Experience Includes:

Deltona, Florida

Utility Acquisition of Florida Water Services Corp (2003)
Consulting Engineers Report, Series 2003; Utility System Revenue Bonds, \$81.72 million.
Water and Wastewater Impact Fee Study (2005)
Water and Wastewater Rate Study (2006)
Utility Replacement Cost Study (2004)

Marion County Florida

Water and Wastewater Impact Fee Study (2005)
Utility Acquisition of Florida Water Services (2003)
Utility Acquisition of AP Utilities, Palm Bay Utilities, Oak Run Utilities, Pine Run Utilities, Quail Meadow Utilities
Consulting Engineering Report, Series 2003; Utility System Revenue Bonds, \$40.19 million
Consulting Engineers Report, Series 2001; Utility System Revenue Bonds, \$27.27 million
Water and Wastewater Utility Master Plan (2005)

City of Orlando, Florida

Research Park Economic Impact Evaluation (2005)

Collier County, Florida

Utility Regulatory Services – Orangetree Utilities (2004)

St. Johns County, Florida

Utility Regulatory Services – Intercoastal Utilities (2002, 2005)

Pasco County, Florida

Acquisition Feasibility Program (2001)
Acquisition of East Pasco Utilities and Forrest Hills Utilities (2002)
Utility Valuation of Lindrick Utilities and Hudson Utilities (2004)
Comprehensive Water, Wastewater and Reclaimed Water Rate and Charge Study (2003, 2007)
Reclaimed Water Rate Study (2005)
Water, Wastewater, and Reclaimed Water Impact Fee Review (2005)
Series 2006 Water and Sewer Refunding Revenue Bonds, \$71.16 million



TETRA TECH

City of Orange City, Florida

Impact Fee Review (2004)

Revenue Sufficiency Study (2006)

City of Naples Florida

Reclaimed Water Project Assessment and Funding Program (2006)

Comprehensive Water, Wastewater and Reclaimed Water Rate Study (2007)

Stormwater Utility Financial Review (2007)

City of Minneola, Florida

Water Impact Fee Update (2006)

Stormwater Utility Rate Study (2006)

Florida Office of Public Counsel

Utility Regulatory Services – Aqua America Utilities (2007)

Henry County Water District No 2. – KY

Utility Regulatory Services

PAPERS AND PRESENTATIONS

"Water and Wastewater Impact Fees: An Overview" Florida Rural Water Association, Utility Management Training, April 4, 2005.

EXHIBIT ATW-2
USED AND USEFUL CALCULATIONS

KW RESORT UTILITIES

WWTP Permitted Capacity	0.499 MGD	Annual Average Daily Flow From Permit
Test Year Flow	0.288 MGD	Annual Average Daily Flow From DMRs
Test Year Beginning ERCs	1187	From Annual Report
Test Year Ending ERCs	1585	From Annual Report
Test Year Average ERCs	1386	
Test Year Flow per ERC	207.79 gpd	
Growth Adjustment	5.00%	Actual Greater than 5%
Period	5	
Growth Factor	1.25	
Test Year Flow Adjusted	0.36 MGD	
WWTP U&U	72.14%	