

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Increase in Water Rates
in Franklin County by Water Management
Services, Inc.

DOCKET NO. 110200-WU

DATED: December 17, 2012

COMMISSION
CLERK

12 DEC 17 AM 11:31

RECEIVED FPSC

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. ORDER NO. PSC-12-0526-PCO-WU, filed October 3, 2012, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

Witness

Subject

Debra M. Dobiac

FPSC staff audit of WMSI

b. All Known Exhibits

Exhibit

Title

DMD-1

FPSC staff audit of WMSI

c. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

d. Staff's Position on the Issues

Rate Base:

Issue 1: What is the appropriate working capital allowance?

POSITION: No position at this time; the appropriate amount is subject to the resolution of other issues.

Issue 2: What is the appropriate rate base for the test year ended December 31, 2010?

RECEIVED MEMBER CLERK

08169 DEC 17 2012

FPSC-COMMISSION CLERK

COMMISSION STAFF'S PREHEARING STATEMENT

DOCKET NO. 110200-WU

PAGE 2

POSITION: No position at this time, the appropriate amount is subject to the resolution of other issues.

Cost of Capital:

Issue 3: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year ended December 31, 2010?

POSITION: No position at this time, the appropriate weighted average cost of capital, and proper components are dependent on further development of the record and subject to the resolution of other issues.

Net Operating Income:

Issue 4: Should any adjustments be made to contractual services – accounting expense?

POSITION: No position pending evidence adduced at the hearing.

Issue 5: Should any adjustments be made to transportation expense?

POSITION: No position pending evidence adduced at the hearing.

Issue 6: Should an adjustment be made to rate case expense previously authorized by Order No. PSC-11-0010-SC-WU, currently being amortized in customer rates, and if so, in what amount?

POSITION: No position pending evidence adduced at the hearing.

Issue 7: What is the appropriate amount of additional rate case expense associated with the protest of Order No. PSC-12-0435-PAA-WU?

POSITION: No position pending evidence adduced at the hearing.

Issue 8: Should any adjustments be made to miscellaneous expense?

POSITION: No position pending evidence adduced at the hearing.

Issue 9: How should the net gain on sale of land and other assets be treated?

POSITION: Based on Commission practice, the net capital gains (net of capital losses) on the sale of specific assets should be recognized and amortized over five years. In accordance with the methodology used by the Commission in the Utility's last rate case which was per curiam affirmed by the First District Court of Appeals, the net capital gains calculation should not include those assets that would otherwise be fully amortized within a year of when the rates would go into effect. Based on the above, there is a net gain of \$5,794, which results in an annual amortization of \$1,159.

Issue 10: Have the Utility's cash advances to WMSI's President and associated companies in the amount of \$1.2 million, represented by Account 123, affected the Utility's ability to meet its financial and operating responsibilities? If so, what was the effect and what action, if any, should the Commission take?

POSITION: No position pending evidence adduced at the hearing.

Issue 10(a): Should any adjustment be made to the WMSI President's salary?

POSITION: No position pending evidence adduced at the hearing.

Revenue Requirement:

Issue 11: What is the appropriate revenue requirement?

POSITION: No position, the appropriate amount is subject to the resolution of other issues.

Rates:

Issue 12: Is a repression adjustment appropriate in this case, and, if so, what is the appropriate adjustment to make for this Utility?

POSITION: No position, the appropriate repression adjustments are subject to the resolution of other issues.

Issue 13: What are the appropriate water rates for the Utility?

POSITION: No position, the appropriate monthly rates are subject to the resolution of other issues.

Issue 14: Should the Utility be authorized to revise certain service availability charges, and, if so, what are the appropriate charges?

POSITION: No position pending evidence adduced at the hearing.

Other:

Issue 15: In determining whether any portion of the interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

POSITION: No position, this issue is subject to the resolution of other issues.

Issue 16: In determining whether any portion of the implemented PAA rates should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

POSITION: This issue is subject to the resolution of other issues.

COMMISSION STAFF'S PREHEARING STATEMENT

DOCKET NO. 110200-WU

PAGE 4

Issue 17: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, F.S.?

POSITION: The amount of the rate reduction is subject to the resolution of other issues.

Issue 18: Should this docket be closed?

POSITION: No position at this time

e. Stipulated Issues

Staff is not aware of any stipulated issues at this time.

f. Pending Motions

There are no pending motions pending at this time.

g. Pending Confidentiality Claims or Requests

There is currently one pending motion for a protective order (confidential classification).

h. Objections to Witness Qualifications as an Expert

Staff is not aware of any Expert Witnesses at this time.

i. Compliance with Orders.

Staff has complied with all requirements of the Order Establishing Procedure issued on October 3, 2012.

Respectfully submitted this 17th day of December, 2012.



Michael T. Lawson
Martha F. Barrera
STAFF COUNSEL
FLORIDA PUBLIC SERVICE COMMISSION
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Telephone: (850) 413-6199