

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a rate increase )  
in Martin County by SAILFISH POINT )  
UTILITY CORPORATION )

DOCKET NO. 900816-WS  
FILED:

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COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. 24136, issued February 19, 1991, the Commission Staff (Staff) files its prehearing statement as follows:

A. All Known Witnesses

Staff intends to call Francisco Perez and William J. Thiel as witnesses. Mr. Perez will testify on Sailfish Point Utility Corporation's (Sailfish Point or the utility) compliance with Department of Environmental Regulation drinking water rules; Mr. Thiel will testify on Sailfish Point's compliance with Department of Environmental Regulation wastewater rules.

B. All Known Exhibits

Staff has no exhibits at this time. Staff reserves the right to identify future exhibits at the Prehearing Conference and at hearing for purposes of cross-examination.

C. Staff's Statement of Basic Position

The information gathered through discovery and prefiled testimony indicates, at this point, that the utility is entitled to some level of increase. The specific level cannot be determined until the evidence presented at hearing is analyzed.

D-I Issues & Staff's Respective Positions

Note: Staff's positions are preliminary and based on materials filed by the parties and on discovery. These preliminary positions are offered to apprise the parties of those positions. Staff's final positions will be based upon an analysis of the evidence presented at the hearing.

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AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
CTR \_\_\_\_\_  
EAG \_\_\_\_\_  
LEG \_\_\_\_\_  
LIN 3 \_\_\_\_\_  
OPC \_\_\_\_\_  
RCH \_\_\_\_\_  
SEC 1 \_\_\_\_\_  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

05273 MAY 24 1991

FPSC-RECORDS/REPORTING

1. ISSUE: Is the quality of service provided by the utility system satisfactory?

POSITION: No position at this time.

2. ISSUE: Should a margin of reserve be included in the calculations of used and useful plant?

POSITION: Yes. The utility is not built out, and should have a margin reserve included in its used and useful calculation.

3. ISSUE: What is the appropriate amount of used and useful plant?

POSITION: No position at this time.

4. ISSUE: What is the level of excess unaccounted for water?

POSITION: No position at this time.

5. ISSUE: Should adjustments be made to chemicals and purchased power for excessive unaccounted for water?

POSITION: No position at this time.

6. ISSUE: Should a charge be established for gray water used by the golf course? If so, what is the appropriate charge?

POSITION: No position at this time.

7. ISSUE: Should there be an imputation of contributions-in-aid-of-construction (CIAC) to offset margin of reserve?

POSITION: Yes. CIAC should be imputed to offset margin reserve.

8. ISSUE: Should adjustments be made to CIAC, Accumulated Amortization of CIAC, Retained Earnings, and Test Year Water Amortization for meter fees collected but not recorded in a prior period?

POSITION: Yes, adjustments should be made to decrease retained earnings by \$951, to increase CIAC by \$1,719, to increase accumulated amortization of CIAC by \$854 and to increase test year amortization by \$86, for meter fees collected but not recorded in a prior period.

9. ISSUE: Should Plant-In-Service be reduced to reflect the disallowance of contingency fees added by the accounting consultant?

POSITION: No position, pending further discovery.

10. ISSUE: What is the appropriate amount of working capital to be included in rate base?

POSITION: Working capital should be computed using the one-eighth of O & M expenses (formula) method.

11. ISSUE: What is the appropriate level of test year rate base?

POSITION: Fall-out number.

12. ISSUE: What is the cost of common equity capital?

POSITION: The cost of common equity capital should be established using the leverage formula in effect at the time of the final decision in this case.

13. ISSUE: What is the cost of debt capital?

POSITION: No position pending further discovery.

14. ISSUE: What is the appropriate capital structure for ratemaking purposes?

POSITION: No position pending further discovery.

15. ISSUE: What is the weighted average cost of capital including the proper components, amounts, and cost rates associated with the appropriate capital structure?

POSITION: No position pending further discovery.

16. ISSUE: What specific adjustments should be made to accumulated deferred income taxes?

POSITION: No position at this time.

17. ISSUE: What is the appropriate amount and cost rate of ITCs to be included in the capital structure?

POSITION: ITCs attributable to Sailfish Point should be included in the capital structure at zero cost.

18. ISSUE: Should debit and credit deferred taxes be offset, with the net credit included in the capital structure at zero cost?

POSITION: Yes.

19. ISSUE: Should a parent debt adjustment be made in this case?

POSITION: A parent debt adjustment should be made if the Company's capital structure is used. If the parent's capital structure is used, this adjustment should not be made.

20. ISSUE: Should the current tax expense be increased by the amortization of tax on CIAC?

POSITION: No.

21. ISSUE: What is the appropriate income tax expense?

POSITION: Fall-out number.

22. ISSUE: Should contractual services expense be reduced to reflect pavement repairs which should be capitalized?
- POSITION: Yes.
23. ISSUE: Are intercompany expense allocations appropriate?
- POSITION: No position at this time, pending further discovery.
24. ISSUE: Should rate case costs for the prior docket be allowed in this case?
- POSITION: No, all prior rate case costs that do not directly relate to this rate case should be removed.
25. ISSUE: What is the appropriate amount for current rate case expense?
- POSITION: No position, pending further investigation.
26. ISSUE: Should an adjustment be made to remove O & M expenses found to be excessive or improper?
- POSITION: Yes.
27. ISSUE: Should the utility's requested provision for taxes other than income be approved?
- POSITION: No position at this time pending further review.
28. ISSUE: What is the appropriate level of test year operating income?
- POSITION: Fall-out number.
29. ISSUE: What is the total revenue requirement?
- POSITION: Fall-out number.
30. ISSUE: Is an adjustment necessary to comply with Section 367.0815, Florida Statutes, regarding the limitation of rate case expense?

31. ISSUE: Should miscellaneous utility revenues as presented in the MFRs be adjusted?

POSITION: Yes, miscellaneous utility revenues should be reduced by \$4,375 in accordance with Audit Exception No. 3.

32. ISSUE: What final rates should be authorized?

POSITION: Fall-out number.

33. ISSUE: 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?

POSITION: Fall-out number.

34. ISSUE: Is the utility's existing service availability policy in compliance with Rule 25-30.580, Florida Administrative Code?

POSITION: No position at this time.

35. ISSUE: What are the appropriate miscellaneous service charges?

POSITION: Miscellaneous service charges should be approved pursuant to Second Revised Staff Advisory Bulletin (SAB) No. 13.

(g) Stipulated Issues

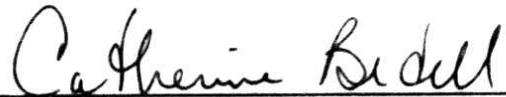
There are no issues that have been stipulated at this time.

(h) Pending Matters

There are no matters pending at this time.

(i) Requirements That Cannot Be Complied With

There are no requirements of Order No. 24136 that cannot be complied with at this time.



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Staff Attorney

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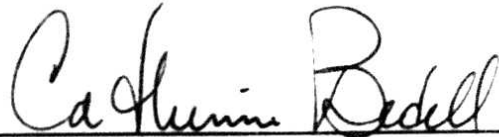
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Commission Staff's Prehearing Statement for Sailfish Point Utility Corporation has been furnished by U. S. Mail to the following parties, this 24th day of May, 1991.

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