

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for certificate to provide water service in Volusia and Brevard Counties by Farmton Water Resources LLC.	DOCKET NO. 021256-WU FILED: MAY 7, 2004
-----------------------------------------------------------------------------------------------------------------------------	--------------------------------------------

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-03-0370-PCO-WU, issued March 18, 2003, and Order No. PSC-04-0334-PCO-WU, issued March 30, 2004, the Staff of the Florida Public Service Commission files its prehearing statement as follows:

A. All Known Witnesses

Richard H. Burklew
Valerie James

B. All Known Exhibits

Richard H. Burklew	RHB-1	Resume
--------------------	-------	--------

Staff reserves the right to identify additional exhibits at the Prehearing Conference and at hearing for purposes of cross-examination.

C. 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. Issues of Fact, Law and Policy

The following are issues identified by Staff and its positions on these issues. Staff's positions are preliminary, are based upon materials filed by the utility or obtained through discovery and are intended to inform the parties of Staff's preliminary positions. Staff's final positions will be based upon an analysis of the evidence presented at the hearing.

ISSUE 1: Does the Commission have exclusive jurisdiction over the certification of private utilities?

POSITION: Yes. Pursuant to Section 367.011(2), Florida Statutes, the Commission has exclusive jurisdiction over each utility with respect to its authority, service, and rates.

DOCUMENT NUMBER DATE

05395 MAY-7 8

FPSC-COMMISSION CLERK

ISSUE 2: Is the service proposed by Farmton Water Resources LLC (Farmton) exempt from Commission jurisdiction?

POSITION: No position at this time.

ISSUE 3: Has Farmton met the filing and noticing requirements pursuant to Rules 25-30.030 and 25-30.033, Florida Administrative Code?

POSITION: Yes. Farmton has met the minimum filing requirements.

ISSUE 4: Is there a need for service in Farmton's proposed service territory and, if so, when will service be required?

POSITION: Yes. It appears that there is a need for service. However, it is not known when all forms of service will be required.

ISSUE 5: Is Farmton's application consistent with Brevard County's or Volusia County's comprehensive plans?

POSITION: No position at this time.

ISSUE 6: Will the certification of Farmton result in the creation of a utility which will be in competition with, or duplication of, any other system?

POSITION: No position at this time.

ISSUE 7: Does Farmton have the financial ability to serve the requested territory?

POSITION: Yes.

ISSUE 8: Does Farmton have the technical ability to serve the requested territory?

POSITION: Yes.

ISSUE 9: Does Farmton have sufficient plant capacity to serve the requested territory?

POSITION: Yes. Farmton appears to have adequate existing and proposed plant capacity to provide water service to the requested territory.

ISSUE 10: Has Farmton provided evidence that it has continued use of the land upon which the utility treatment facilities are or will be located?

POSITION: Yes.

ISSUE 11: Is it in the public interest for Farmton to be granted a water certificate for the territory proposed in its application?

POSITION: No position at this time.

ISSUE 12: What is the appropriate return on equity for Farmton?

POSITION: Return of equity should be based on the leverage graph formula contained in Order No. PSC-03-0707-PAA-WS, issued June 13, 2003, in Docket No. 030006-WS, In Re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), Florida Statutes.

ISSUE 13: What are the appropriate potable water, fire protection, and bulk raw water rates and charges for Farmton?

POSITION: No position at this time.

ISSUE 14: What are the appropriate service availability charges for Farmton?

POSITION: No position at this time.

ISSUE 15: What is the appropriate Allowance for Funds Used During Construction (AFUDC) rate for Farmton?

POSITION: The AFUDC rate should be based on the leverage graph formula contained in Order No. PSC-03-0707-PAA-WS, issued June 13, 2003, in Docket No. 030006-WS, In Re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), Florida Statutes.

E. Stipulated Issues

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

F. Pending Motions

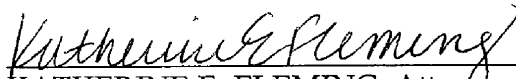
Farnton filed a Motion to Strike Prefiled Direct Testimony on May 3, 2004.

G. Pending Confidentiality Claims or Requests

There are no pending confidentiality claims or requests.

H. Compliance with Order No. PSC-03-0370-PCO-WU and Order No. PSC-04-0334-PCO-WU

Staff has complied with all the requirements of the Order Establishing Procedure entered in this docket, as revised.


KATHERINE E. FLEMING, Attorney
FLORIDA PUBLIC SERVICE COMMISSION
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Telephone: (850) 413-6218

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for certificate to provide
water service in Volusia and Brevard Counties
by Farmton Water Resources LLC.

DOCKET NO. 021256-WU

FILED: MAY 7, 2004

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of **STAFF'S PREHEARING STATEMENT** has been furnished by U.S. Mail, this 7th day of May, 2004, to the following:

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Brevard County
Scott Knox
2725 Judge Fran Jamieson Way
Viera, FL 32940

St. Johns River Water Mgt. District
Mary Ellen Jones, Esquire
P. O. Box 1429
Palatka, FL 32178

Rich Burklew, P. G.
St. Johns River Water Mgt. District
525 Community College Parkway, S. E.
Palm Bay, FL 32907

de la Parte Law Firm
Edward P. de la Parte, Jr.
P. O. Box 2350
Tampa, FL 33601-2350


Farmton Management, LLC
410 North Michigan Avenue
Room 590
Chicago, IL 60011

Farmton Water Resources, LLC
1625 Maytown Road
Osteen, FL 32764

City of Titusville
555 South Washington Avenue
Titusville, FL 32796-3584

Charles Gauthier, AICP
Dept. of Community Affairs
2555 Shumard Oak Blvd.
Tallahassee, FL 32399

Volusia County
William Bosch
123 W. Indiana Avenue
DeLand, FL 32720-4613


KATHERINE E. FLEMING, Attorney
FLORIDA PUBLIC SERVICE COMMISSION
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Telephone: (850) 413-6218