

RUDEN
MCCLOSKEY
SMITH
SCHUSTER &
RUSSELL, P.A.
ATTORNEYS AT LAW

ORIGINAL

215 SOUTH MONROE STREET
SUITE 815
TALLAHASSEE, FLORIDA 32301

TELEPHONE: (850) 681-9027
FAX: (850) 224-2032

E-MAIL: BKG@RUDEN.COM

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REC AND REPORTING

November 12, 1998

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

VIA HAND DELIVERY

Re: Docket No. 950387-SU (Remand)
Application of Florida Cities Water Company - North Ft. Myers
Division - for increased wastewater rates in Lee County.

Dear Ms. Bayo:

Enclosed, for filing in the above docket, are an original and fifteen (15) copies of Florida Cities Water Company's Prehearing Statement.

Also enclosed is a 3½" high density diskette containing the Prehearing Statement. The software used to prepare this document is WordPerfect 6.1.

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention. Thank you for your assistance.

Sincerely,

B. Kenneth Gatlin

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FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate) DOCKET NO. 950387-SU
increase for North Ft. Myers)
Division in Lee County by)
Florida Cities Water Company -) Filed: November 12, 1998
Lee County Division.)

FLORIDA CITIES WATER COMPANY'S
PREHEARING STATEMENT

Florida Cities Water Company (FCWC), by and through its undersigned counsel, files this, its prehearing statement, and states:

a) WITNESSES

1. Direct

Name and Subject Matter

Michael Acosta, Vice President, Engineering and Operations, FCWC will explain why average daily flow in the maximum month (ADFM) should not be ignored by the Commission in determining the percentage of Waterway Estates advanced Wastewater Treatment Plant (Waterway) that is used and useful.

Thomas A. Cummings, of the engineering firm of Black & Veatch, will describe the basis of design for Waterway and as the design relates to the relationship of annual average daily flows and peak flows.

Larry N. Coel will provide an update of rate case expense.

2. Rebuttal

FCWC presently intends to call Mr. Michael Acosta and Mr. Harley W. Young as rebuttal witnesses in response to positions

taken by the Commission Staff and the Office of Public Counsel witnesses. FCWC reserves the right to call any additional rebuttal witnesses that may be necessary if additional testimony is offered by any witness including the witnesses appearing at the customer hearing.

b) EXHIBITS

1. Direct

_____ (MA-1) Page 6 of 7 of Waterway Estates Advanced Wastewater Treatment Plant Permit Application.

_____ (MA-2) Design of Municipal Wastewater Treatment Plants, Manual of Practice No. 8, Vol. 1, Water Environmental Federation, pg. 74-74.

_____ (MA-3) Letter: FDEP (Edwards) to FCWC (Overton) requiring submission of construction/expansion permit application, 11/9/92.

_____ (MA-4) A copy of rule 62-600.405, FAC.

_____ (TAC-1) Preliminary Engineering Design Report Waterway Estates Wastewater Treatment Plant.

_____ (TAC-2) Table 1-II and 1-III in the chapter entitled Wastewater Parameters of Significance to the Design Engineer of MOP-8.

_____ (LC-1) Rate case expense.

2. Rebuttal

_____ (MA-5) DEP Permit application submitted September 1, 1993.

_____ (MA-6) FDEP application, May 18, 1989.

_____ (MA-7) A copy of rule 62-699.310-311,
FAC.

c) BASIC POSITION

The Commission should include all investment in used and useful plant in FCWC's rate base, including investment in plant necessary to treat maximum and peak flows.

d), e) and f) ISSUES AND POSITIONS

The following is a statement of each question of fact, law or policy that appears, at this time, to be the issues in this proceeding:

1. Should the Commission ignore average daily flow in the peak month in determining used and useful plant to be included in rate base.

FCWC: No. (Acosta, Cummings, and Young)

2. Does a change in the wording of the DEP permit application so that the permit and application now indicate the time frame for design capacity, i.e. annual average daily flow, maximum monthly average daily flow or three month average daily flow correspond to a real change in operating capacity?

FCWC: No. (Acosta, Cummings, and Young)

3. What is the amount of rate case expense to be allowed?

FCWC: \$229,399. (Coel)

At this time, there has been no stipulation as to any of the issues between parties.

There are no pending motions or other matters pending before the Commission at this time.

There is no requirement set forth in Procedural Order No. PSC-98-0893-PCO-SU, with which FCWC cannot comply.

DATED this 12th day of November, 1998.



B. KENNETH GATLIN
Fla. Bar No.: 0027966
Ruden, McClosky, Smith,
Schuster & Russell, P.A.
215 South Monroe Street,
Suite 815
Tallahassee, FL 32301
Phone: (850) 681-9027

Attorneys for FLORIDA CITIES
WATER COMPANY

Certificate of Service

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served by U.S. Mail, unless otherwise noted, this 12th day of November, 1998 to:

Cheryl Walla
1750 Dockway Drive
North Fort Myers, FL 33903

Jerilyn Victor
1740 Dockway Drive
North Fort Myers, FL 33903

Harold McLean, Associate
Public Counsel
Office of Public Counsel
c/o The Florida Legislature
Claude Pepper Building,
Room 812
111 W. Madison Street
Tallahassee, FL 32399-1400

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



B. KENNETH GATLIN