

# ORIGINAL

DOCKET NO.: 980657-WS - Florida Water Services Corporation

WITNESS: **Direct Testimony Of Billie Messer**, on Behalf Of  
Staff of the Florida Public Service Commission

DATE FILED: February 4, 1999

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FPSC-RECORDS/REPORTING

DIRECT TESTIMONY OF BILLIE MESSER

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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A. Billie Messer, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by the Florida Public Service Commission (PSC or Commission) in the Division of Water and Wastewater. I currently hold the position of Supervisor of Industry Structure in the Bureau of Policy Development and Industry Structure.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROVIDE A SUMMARY OF YOUR EXPERIENCE IN THE AREA OF UTILITY REGULATION.

A. I received a Bachelor of Science degree in Criminology and a Masters Degree in Business Administration from Florida State University. I have been employed by the Commission for approximately 15 years. During this time, I have worked in the Division of Communications in the area of Rates and Tariffs for 5 years, and in the Division of Water and Wastewater for 10 years. Prior to my current position in the Division of Water and Wastewater, I was Supervisor of Rates and Tariffs in the Division of Communications from 1987 to 1989, and Bureau Chief/Supervisor of Rates in the Bureau of Economic Development from 1989 to 1993.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to set forth staff's role in evaluating amendment applications by investor-owned utilities and to suggest a possible compromise in the positions of Seminole County and Florida Water Services Corporation (FWSC) with respect to the requested territory by FWSC in this

1 | docket. The outcome of this case seems to depend on the need for service and  
2 | resolution of comprehensive plan issues.

3 | Q. WHAT IS STAFF'S ROLE IN EVALUATION OF AMENDMENT APPLICATIONS?

4 | A. Essentially, staff's role is to make a recommendation to the Commission  
5 | as to whether granting the requested amendment is in the public interest. To  
6 | make that determination, in accordance with Chapter 367 Florida Statutes and  
7 | Commission rules, staff examines the utility's financial and technical ability  
8 | to provide service, the need for service, and other areas that might provide  
9 | information on the public interest determination, such as timing of need for  
10 | service, existing utility facilities located near the requested area, cost to  
11 | provide service to the area, long term benefits to utility customers from  
12 | maximizing plant operations and apparent inconsistencies with local  
13 | comprehensive plans.

14 | Q. DO YOU SEE ANY AREAS OF THIS DOCKET WHERE SOME COMPROMISE MIGHT BE  
15 | REACHED?

16 | A. Yes. The County has established strong guidelines in its comprehensive  
17 | plan which identify much of the area requested by FWSC as rural in nature, to  
18 | be served by wells and septic tanks. However, FWSC has indicated that several  
19 | developers have made contact with the utility, which indicates some need for  
20 | service in the area.

21 | Q. WHO HAS CONTACTED FWSC FOR SERVICE?

22 | A. I am uncertain at this time as to the exact meaning of "contact" by  
23 | FWSC, and whether actual developer agreements have been entered into by some  
24 | or all of the parties identified in FWSC's direct testimony. However, the  
25 | requirements for any utility to amend its area include a showing of need for

1 | service, in addition to a demonstration of financial and technical ability and  
2 | a finding of public interest, pursuant to Section 367.045, Florida Statutes  
3 | and Rules 25-30.036, Florida Administrative Code. Further, Section  
4 | 367.045(5)(b), Florida Statutes, provides that the Commission may consider,  
5 | but is not bound by the local comprehensive plans. In this case, both the  
6 | Florida Department of Community Affairs (DCA) and Seminole County have stated  
7 | that the utility's application is inconsistent with the local comprehensive  
8 | plan. The DCA's comments were provided to the Commission by letter dated  
9 | October 14, 1998, and appear as Exhibit CRG-2 in Charles R. Gauthier's  
10 | prefiled direct testimony in this case.

11 | Q. SINCE THE DEMONSTRATION OF NEED IS SOMEWHAT UNCLEAR BASED ON THE  
12 | EXISTING DOCUMENTATION AT THIS TIME, WOULD YOU RECOMMEND DENIAL OF THIS  
13 | APPLICATION?

14 | A. No, not necessarily. It may be appropriate to consider including the  
15 | parcels of land in the territory of FWSC which coincide with a documented need  
16 | for service, as supported by executed developer agreements or letters of  
17 | intent from interested parties. The Commission has considered bonafide  
18 | requests for service an indication of need in the past. To the extent that  
19 | the requests for service identified in the record so far are found to be  
20 | "legitimate", it appears to be reasonable to include those parcels in the  
21 | service area of FWSC, assuming the Commission also finds that FWSC has the  
22 | technical and financial ability to serve. The timing of the need for service  
23 | might also enter into a decision by the Commission in combination with the  
24 | extent to which FWSC has existing mains nearby the requested land parcels.

25 | Q. WHAT CONSIDERATIONS MAY BE USED IN EVALUATING FWSC'S REQUEST IN LIGHT

1 | OF THE COMMENTS MADE BY THE DEPARTMENT OF COMMUNITY AFFAIRS WITH RESPECT TO  
2 | THE SEMINOLE COUNTY COMPREHENSIVE PLAN?

3 | A. In its letter of October 14, 1998, the DCA indicated various areas that  
4 | were not designated as rural. For example, the map key included with DCA's  
5 | letter also showed land designations of suburban estates, low density  
6 | residential and medium density residential. Unfortunately, it is difficult  
7 | to determine whether any of the areas with these land use designations (or  
8 | portions of the areas) coincide with the requested territory of FWSC. To the  
9 | extent some or all of areas with these designations overlap FWSC's requests  
10 | for service, it might be appropriate to include those areas in FWSC's  
11 | territory.

12 | Q. ARE THERE OTHER TYPES OF CONSIDERATIONS THAT MAY BE USED IN EVALUATING  
13 | FWSC'S REQUEST IN THE CONTEXT OF THE SEMINOLE COUNTY COMPREHENSIVE PLAN?

14 | A. Yes. The Commission is ultimately charged with a determination of  
15 | public interest in evaluating amendment applications. This determination can  
16 | also include the benefits to the overall customer base of the utility by  
17 | allowing some territory expansion. It appears from the application that FWSC  
18 | has substantial existing water capacity and enough existing wastewater  
19 | capacity to allow it serve additional customers without expanding the  
20 | treatment facilities at this time. The addition of some amount of territory  
21 | would allow the utility to more fully utilize its facilities, resulting in  
22 | additional economies of scale which would be beneficial primarily to the  
23 | customers of that system who are also county residents, but to a smaller  
24 | extent, to other customers of FWSC as well.

25 | Q. DOES THAT CONCLUDE YOUR TESTIMONY?

1 | A. Yes, it does.  
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BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for amend- ) DOCKET NO. 980657-WS  
ment of Certificates Nos. 279-W)  
and 226-S to add territory in )  
Seminole County by Florida ) Filed: February 4, 1999  
Water Services Corporation )  
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**Certificate of Service**

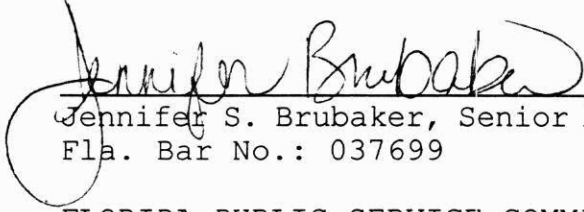
I HEREBY CERTIFY that a true and correct copy of Direct Testimonies and Exhibits of Charles R. Gauthier and Billie Messer have been furnished by U.S. Mail this 4th day of February, 1998 to:

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