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September 3, 1999

Ms. Blanca Bayo  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**ORIGINAL**

RECORDING AND  
REPORTING

SEP -3 PM 4:06

RECEIVED-FPSC

971220-WS

Re: Docket No. ~~981220~~-WS - Application for transfer of Certificates Nos. 592-W and 509-S from Cypress Lakes Associates, Ltd. to Cypress Lakes Utilities, Inc. in Polk County Florida.

Dear Ms. Bayo:

Enclosed for filing are the original and fifteen copies of the following documents:

1. Prehearing Statement of Cypress Lakes Utilities, Inc.

Thank you for your assistance. If there are any questions, please let me know.

Sincerely yours,



Ben E. Girtman

Encls.

AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
CTR \_\_\_\_\_  
EAG \_\_\_\_\_  
LEG 2 \_\_\_\_\_  
MAS 3 \_\_\_\_\_  
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SEC 1 \_\_\_\_\_  
NAW \_\_\_\_\_  
STR \_\_\_\_\_

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

10651 SEP-3 99

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for transfer )  
of Certificate Nos. 592-W and )  
509-S from Cypress Lakes )  
Associates, Ltd. to Cypress Lakes )  
Utilities, Inc. in Polk County. )  
\_\_\_\_\_ )

DOCKET NO 971220-WS

Filed: September 3, 1999

ORIGINAL

PREHEARING STATEMENT  
of  
CYPRESS LAKES UTILITIES, INC.

COMES NOW Utilities, Inc. and its wholly owned subsidiary, Cypress Lakes Utilities, Inc., (hereinafter collectively referred to as "the utility" or "Cypress Lakes") and file this Prehearing Statement in the above styled cause and state that:

I. List of Known Witnesses

Direct

Carl Wenz

Subject Matter

Applicant's position on rate base, reliance on the Commission's acquisition adjustment policy, and benefits of acquisition to customers.

Rebuttal

Carl Wenz

Response to Staff witness Small regarding inconsistency between rate base amounts in staff audit report and amounts approved in PAA Order No. 98-0993-FOF-WS. Response to OPC Witness Larkin regarding market value as a basis for rates, and negative acquisition adjustments and the generalized allegations of overbuilt plant, condition of plant, prior maintenance.

Frank Seidman

Response to OPC witness Larkin regarding acquisition adjustment policy and the effect of a negative acquisition adjustment.

Cypress Lakes reserves the right to call additional rebuttal witnesses, depending on the development of the case.

II. List of Known Exhibits

- CW-1                      Comparison of Staff Audit and Staff Recommendation for Rate Base Components.
- CW-2                      Application for Transfer of Certificate and Facilities of Cypress Lakes Associates, Ltd. to Cypress Lakes Utilities, Inc., filed September 18, 1997 [Commission Document No. 09553-97, September 19<sup>th</sup>, 1997].
- FS-1                      Prior Commission orders on acquisition adjustments.
- Cypress Lakes reserves the right to use additional exhibits for rebuttal, depending on the development of the case.

III. Statement of Basic Position

The rate base for the purposes of this transfer is \$617,609 and \$921,439, for the water and wastewater systems, respectively. In accordance with established Commission policy, no acquisition adjustment should be included in the rate base calculation. The purchaser has not requested any such adjustment, and there are no extraordinary circumstances to warrant it.

VI. Issues of Fact

**Issue No. 1.                      What is the rate base for the water and wastewater systems, for the purposes of this transfer?**

Position:                      The rate base for the purposes of this transfer is \$617,609 and \$921,439, for the water and wastewater systems, respectively.

**Issue No. 2                      What is the net book value of the water and wastewater systems, for the purposes of this transfer?**

Position:                      The net book value for the purposes of this transfer is \$617,609 and \$921,439, for the water and wastewater systems, respectively.

**Issue No. 3.                      Has the Applicant requested an acquisition adjustment to the rate base?**

Position:                      No.

**Issue No. 4.                    Should an acquisition adjustment be made to rate base?**

Position:                    No.

**Issue No. 5.                    Are there any extraordinary circumstances warranting an acquisition adjustment to rate base?**

Position:                    No. There are no extraordinary circumstances, and there should be no acquisition adjustment.

V.    Issues of Law.

None at this time.

VI.   Issues of Policy

None at this time.

VII. Stipulations.

None at this time.

VIII. Pending Matters

None at this time.

IX.   Requirements that cannot be complied with.

None at this time.

RESPECTFULLY SUBMITTED, this 3<sup>rd</sup> day of September, 1999.



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Tallahassee, FL 32301

Attorney for Utilities, Inc. and  
Cypress Lakes Utilities, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Prehearing Statement has been sent to Harold McLean, Esq.\* Office of Public Counsel, 111 W. Madison St., Tallahassee, FL 32399-1400; Roger A. Larson, Esq., attorney for Cypress Lakes Associates, Ltd., P.O. Box 1368, Clearwater, FL 33757; and to Jennifer Brubaker, Esq.\*, Division of Legal Services, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee FL 32399-0850, by U.S. mail (or by hand delivery\*) this 3<sup>rd</sup> day of September, 1999.



Ben E. Girtman