

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase
in wastewater rates in Monroe
County by K W Resort Utilities Corp.

Docket No. 20170141-SU

DIRECT TESTIMONY

OF

FRANK SEIDMAN

on behalf of

K W Resort Utilities Corp.

1 **Q. Please state your, name profession and address.**

2 A. My name is Frank Seidman. I am President of Management and Regulatory Consultants,
3 Inc., consultants in the utility regulatory field. My address is 36 Yacht Club Dr., North Palm
4 Beach, FL 33408.

5 **Q. State briefly your educational background and experience.**

6 A. I hold the degree of Bachelor of Science in Electrical Engineering from the University of
7 Miami. I have also completed several graduate level courses in economics at Florida State
8 University, including public utility economics. I have over 50 years' experience in utility
9 regulation, management and consulting. This experience includes nine years as a staff
10 member of the Florida Public Service Commission (FPSC), two years as a planning engineer
11 for a Florida telephone company, four years as Manager of Rates and Research for a water
12 and sewer holding company with operations in six states, and three years as Director of
13 Technical Affairs for a national association of industrial users of electricity. I have been
14 providing rate and regulatory consulting services in Florida for over 30 years. Specifically,
15 with regard to the water and wastewater industry, I have participated in the preparation and
16 presentation of numerous rate cases, most of which were considered by the Florida Public
17 Service Commission. I have also prepared cases before the Sarasota County Commission.
18 Many of the cases before the FPSC were made final through the Proposed Agency Action
19 procedures; others went to public hearing in which I presented direct and/or rebuttal
20 testimony. I have prepared or participated in the preparation of all phases of water and
21 wastewater financial, rate and engineering sections of the Minimum Filing Requirements
22 (MFRs), including used and useful. I have also participated in most of the water and
23 wastewater rulemaking procedures before the FPSC. I have also prepared several original
24 cost studies accepted by this Commission in setting rates.

25 **Q. Have you previously appeared and presented testimony before any regulatory bodies?**

1 **A.** Yes. I have prepared and presented expert testimony in the areas of regulatory accounting,
2 rate regulation and used and useful before several regulatory agencies. These include the
3 Florida Public Service Commission and Charlotte, Hillsborough, and Sarasota Counties.

4 **Q.** **On whose behalf are you presenting this testimony?**

5 **A.** I am presenting this testimony and appearing on behalf of K W Resort Utilities Corp.
6 (KWRU), the applicant for rate increase in the present docket.

7 **Q.** **What is the purpose of your direct testimony?**

8 **A.** The purpose of my direct testimony is to present information supporting the determination of
9 used and useful for the applicant’s utility plant.

10 **Q.** **Are you sponsoring any exhibits?**

11 **A.** Yes, I am sponsoring two exhibits. Exhibit FS-1 contains a summary of my experience and
12 expertise in utility rates and regulation in Florida. And I am sponsoring the F schedules in
13 MFR Volume I – Financial, Rate and Engineering, commonly referred to as the used and
14 useful schedules as Exhibit FS-2.

15 **Q.** **What are your conclusions?**

16 **A.** The collection system is 100% used and useful. The wastewater treatment plant should be
17 considered 71.5% used and useful as previously determined by the Commission in Order
18 No.PSC-17-0091-FOF-SU, issued 3/13/2017. Support for these conclusions is found in the F
19 schedules that I have sponsored.

20 **Q.** **Does that conclude your direct testimony?**

21 **A.** Yes, it does.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water and)
wastewater rates in Charlotte, Highlands,)
Lake, Lee, Marion, Orange, Pasco, Pinellas,)
Polk, and Seminole Counties by Utilities, Inc.)
of Florida.)
_____)

Docket No. 20170141-SU

EXHIBIT FS-1

OF

FRANK SEIDMAN

on behalf of

K W Resort Utilities Corp.

CURRICULUM VITAE

FRANK SEIDMAN, P.E.

Over 50 years of experience in utility regulation, management and consulting, including 9 years in regulation and 6 years practical experience in utility operations and management.

President of Management & Regulatory Consultants, Inc. Services provided regarding water and wastewater utilities include: preparation of rate cases and service availability charge applications; analysis and design of rates; analysis of expenses and plant; preparation of billing analyses; coordination of rate case presentations; representation before regulatory bodies and presentation of expert testimony; participation in the design of regulatory statutes and rules; assistance in the preparation of annual reports; assistance in setting up systems of accounts; preparation of original cost and market valuation studies and economic analyses.

As a member of the engineering staff of the Florida Public Service Commission at several levels, played an active role in rate cases, rate design, planning and service evaluation for gas, electric, telephone, water and wastewater utilities.

As Director of Technical Affairs for the Electricity Consumer's Resource Council, a national association of large industrial electricity users, developed and presented positions and testimony on electric rate design, cost of service, and PURPA related issues.

As Manager of Rates and Research for GAC Utilities, Inc., responsible for managing the revenue requirements program and preparing rate applications for a water and sewer utility holding company with operations in six states.

Has presented testimony before jurisdictions in Arkansas, California, Delaware, Florida, Michigan and Texas, as well as the U.S. Department of Energy, and the Federal Energy Regulatory Commission. Appeared as a speaker and/or instructor before many trade and professional groups throughout the United States.

BSEE from the University of Miami with substantial graduate level work in economics, including public utility economics, at the Florida State University. A registered Professional

Engineer in the State of Florida and past member of the Florida Engineering Society, the National Society of Professional Engineers, the Institute of Electrical and Electronic Engineers, the American Water Works Association and the Florida Water Works Association.

Rev:05/31/16

SUMMARY OF PROFESSIONAL EXPERTISE
IN WATER and WASTEWATER REGULATION

FRANK SEIDMAN

I. Participation In Specific Water And Sewer Cases

California

Case: California Cities Water co., Rate Case, 1973
Sponsor: California Cities Water Co.
Purpose: Supervise Rate Case preparation and present testimony re intercompany tax allocations.

Florida

Case: Florida 2nd Judicial District Court; re Contributions In Aid of Construction, 1970
Sponsor: Court Subpoena
Purpose: Testify re Relationship of CIAC and Rates.

Florida

Case: Docket No. I-71184-WS; GAC Utilities, Inc., of Florida, Cape Coral Division, Investigation of Main Extension Fees, 1971
Sponsor: GAC Utilities, Inc.
Purpose: Prepare Main Extension Fee Study and testify re Main Extension Fees.

Florida

Case: Docket No. 71581-WS; GAC Utilities Inc., Poinciana Division; Application for Certificate of Convenience and Necessity, 1971
Sponsor: GAC Utilities, Inc.
Purpose: Testify re Application.

Florida

Case: Sarasota County; Florida Cities Water Co., Rate Case, 1972
Sponsor: Florida Cities Water Co.
Purpose: Prepare Rate Case and testify re Application.

Florida

Case: Docket No. 800594-WS; Palm Coast Utility Corp., Rate Case and Certificate Filing, 1980
Sponsor: Palm Coast Utility Corp.
Purpose: Prepare Original Cost Study and Minimum Filing Requirements.

Florida

Case: Docket No. 810485-WS; Palm Coast Utility Corp., Rate Case, 1982
Sponsor: Palm Coast Utility Corp.

Purpose: Prepare Minimum Filing Requirements.

Florida

Case: Charlotte County; Fiveland Investments, Inc. Rate Case, 1982
Sponsor: Fiveland Investments, Inc.

Purpose: Prepare Rate Case and make presentation before Utility Board.

Florida

Case: Docket No. 820152-WS; San Carlos Utilities, Inc. Rate Case, 1982
Sponsor: San Carlos Utilities, Inc.

Purpose: Assist in Preparing Minimum Filing Requirements.

Florida

Case: Docket No. 820153-S; Shell Point Village Rate Case, 1982
Sponsor: Shell Point Village

Purpose: Prepare Rate Case and represent SPV before PSC.

Florida

Case: Docket No. 840092-WS; Palm Coast Utility Corp., Rate Case, 1983
Sponsor: Palm Coast Utility Corp.

Purpose: Prepare Rate Case and testimony re Application.

Florida

Case: Docket No. 840105-WS; Gulf Utility company, Rate Case, 1983
Sponsor: Gulf Utility Company

Purpose: Prepare Rate Case and testimony re Application.

Florida

Case: Collier County, East Naples Water Systems, Inc., Rate Case, 1984
Sponsor: East Naples Water Systems, Inc.

Purpose: Prepare Rate Case and present testimony re Application.

Florida

Case: Docket No. _____; East Naples Water systems, Inc., Application for Certificate and Certificate Extension, 1985

Sponsor: East Naples Water Systems, Inc.

Purpose: Prepare Case for presentation to PSC.

Florida

Case: Docket No. _____; East Naples Water Systems, Inc. Rate Case, 1985

Sponsor: East Naples Water Systems, Inc.

Purpose: Prepare Rate Case and testimony re Application.

Florida

Case: Docket No. 850100-WS; Du-Lay Utility Company, Inc.; Rate Case, 1984

Sponsor: Du-Lay Utility Company, Inc.

Purpose: Prepare rate case and present testimony re Application.

Florida

Case: Docket No. 850062-WS; Meadowbrook Utility Systems, Inc. Rate Case, 1984 - 1988

Sponsor: Meadowbrook Utility Systems, Inc.
Purpose: Coordinate case and prepare testimony re Application.

Florida

Case: Docket No. 870330-WS; Seminole Utility Systems, Inc., Rate Case, 1986
Sponsor: Seminole Utility Systems, Inc.
Purpose: Prepare Rate Case and present testimony re Application.

Florida

Case: Docket No. 870166-WS; Palm Coast Utility Corp., Rate Case, 1986 - 1987
Sponsor: Palm Coast Utility Corp.
Purpose: Prepare Rate Case and present testimony re Application.

Florida

Case: Docket No. 870149-WS; Atlantis Utilities Company, Overearnings Investigation
Sponsor: Atlantis Utilities Company
Purpose: Participate in preparation of response to PSC.

Florida

Case: Undocketed (Sarasota County), Dolomite Utilities Corporation, Rate Case, 1988 - 1989.
Sponsor: Dolomite Utilities Corporation
Purpose: Prepare Rate Case and present testimony re Application.

Florida

Case: Undocketed (Charlotte County), West Charlotte Utilities, Market Value Appraisal, 1988
Sponsor: West Charlotte Utilities
Purpose: Appraisal for additional financing

Florida

Case: Docket No. 880756-WS; Atlantis Utilities Company, Rate Case, 1988
Sponsor: Atlantis Utility Company
Purpose: Prepare Rate Case

Florida

Case: Undocketed (Charlotte County), West Charlotte Utilities, Pass-Thru Application, 1989
Sponsor: West Charlotte Utilities
Purpose: Prepare Pass-Thru Application

Florida

Case: Docket No. 891114-WS; Sailfish Point Utility Corporation, Rate Case, 1989
Sponsor: Sailfish Point Utility Corporation
Purpose: Prepare Rate Case

Florida

Case: Docket No. 890554-WU; Lake Griffin Utilities Inc., Certificate Application, 1989
Sponsor: Lake Griffin Utilities Inc.
Purpose: Prepare original cost and application for initial rates and charges.

Florida

Case: Undocketed; 1988-1989
Sponsor: Atlantis Utility Company
Purpose: Market Value Appraisal and Sale Negotiations

Florida

Case: Undocketed; 1990
Sponsor: Tangerine Woods Utilities and Englewood Utilities Co.
Purpose: Study Re Englewood Water District Master Plan

Florida

Case: Docket No. 900329-WS; United Florida Utilities Corporation; Marion and Washington Counties
Sponsor: Southern States Utilities; United Florida Utilities, and Deltona Utilities
Purpose: Prepare and Present Rate Application for Marion and Washington County portion of twenty-seven county rate increase application, including substantiation of original cost. Assist with testimony and brief for entire application.

Florida

Case: Docket No. 900682-WS; Exemption Request, 1990
Sponsor: W.P. Utilities
Purpose: Request for Exemption from PSC Regulation

Florida

Case: Docket No. 900816-WS; Sailfish Point Utility Corporation, Rate Case, 1990
Sponsor: Sailfish Point Utility Corporation
Purpose: Prepare and Present Rate Case

Florida

Case: Undocketed; Sailfish Point Utility Corporation, 1991
Sponsor: Sailfish Point Utility Corporation
Purpose: Prepare Market Valuation

Florida

Case: Docket No. 910020-WS; Utilities Inc. of Florida (Pasco County), Rate Case, 1991
Sponsor: Utilities Inc. of Florida
Purpose: Prepare and Present Rebuttal Testimony on Used & Useful.

Florida

Case: Docket No. 911082-WS; Revisions to Water and Wastewater Rules, 1992-93.
Sponsor: Florida Water Works Association
Purpose: Prepare and present comments of Association regarding rule revisions, including ratemaking and used and useful formulae.

Florida

Case: Docket No. 920174-WU; Utilities Inc. of Florida (Lake County), Application for Amendment of Certificate and Objection to City of Clermont Ord. 273-C, establishing a Chapter 180 F.S., W&S Utility, 1992
Sponsor: Utilities Inc. of Florida
Purpose: Prepare and Present Testimony supporting certificate application and objecting to formation of utility that encompasses UIF certificated service areas and prevents their economic development.

Florida

Case: Docket No. 920199-WS; Southern States Utilities, Inc.
Combined System Rate Case, 1991 & 1992
Sponsor: Southern States Utilities;
Purpose: Develop all rate base data and prepare MFRs for systems in Osceola, Orange, Brevard and Clay counties as part of a combined system rate application.

Florida

Case: Docket No. 920650-WS; Application for Certificate, 1992.
Sponsor: W.P. Utilities
Purpose: Apply for certificate, establish original cost for rate base and rates.

Florida

Case: Undocketed; Rolling Oaks Utility, 1992.
Sponsor: Southern States
Purpose: Prepare due diligence and valuation report.

Florida

Case: Docket No. 920834-WS; Utilities Inc. of Florida (Pasco County), Limited proceeding to increase rates to recover cost of purchased assets, 1992.
Sponsor: Utilities Inc. of Florida
Purpose: Prepare Original Cost Study and design rates to recover costs.

Florida

Case: Docket No. 921293-SU; Mid-County Services, Inc. (Pinellas County), Application to increase rates and service availability (SAC) charges.
Sponsor: Mid-County Services, Inc.
Purpose: In response to protest of SACs, prepare analysis of requested charges and evaluate compliance with PSC rules.

Florida

Case: Docket No. 930770-WU; St. George Island Utility Company, Ltd, Rate Application, 1993.
Sponsor: St. George Island Utility
Purpose: Prepare all MFRs and supporting testimony

Florida

Case: Docket No. 940109-WU; St. George Island Utility Company, Ltd, Rate Application, 1994.
Sponsor: St. George Island Utility
Purpose: Prepare all MFRs and supporting testimony

Florida

Case: Docket No. 930570-WS; Lake Placid Utilities, Inc., Application for certificate transfer.
Sponsor: Lake Placid Utilities, Inc.
Purpose: Prepare original cost study.

Florida

Case: Undocketed; Sailfish Point Utility Corporation, 1994
Sponsor: Sailfish Point Utility Corporation
Purpose: Prepare Market Valuation

Florida

Case: 1994-5; Undocketed [THIS IS NOT A RATE APPLICATION]
Sponsor: Miami-Dade Water and Sewer Department [Subcontractor to Milian, Swain & Associates]
Purpose: Subcontracted to prepare billing analysis and design rates to recover five year projected cost of service.

Florida

Case: 1994-5; UNDOCKETED Rulemaking on Used & Useful and Petition to Adopt Rules
Sponsor: Florida Waterworks Association
Purpose: Develop position, draft proposed rule, participate in workshops and consult re Petition to Adopt Rules regarding margin reserve and imputation of CIAC.

Florida

Case: Docket No. 951056-WS; Palm Coast Utility Corporation; Application for Increase in Rates
Sponsor: Palm Coast Utility Corporation
Purpose: Prepare MFRs and supporting testimony; prepare rebuttal testimony; participate in hearing and post hearing procedures.

Florida

Case: Docket No. 951593-WS; Palm Coast Utility Corporation; Application for Revision in Service Availability Charges
Sponsor: Palm Coast Utility Corporation
Purpose: Prepare application; prepare response to staff recommendation; participate in Commission agenda conference.

Florida

Case: Docket No. 960258-WS; Petition to adopt Rules on Margin Reserve and Imputation of CIAC
Sponsor: Florida Waterworks Association
Purpose: Develop position, draft proposed rule, participate in studies to support position; prepare testimony; prepare responses to testimony; participate in hearings. Testify in subsequent DOAH rule challenge.

Florida

Case: Docket No. 970076-WS; Sailfish Point Utility Corporation, Joint Application to transfer assets to Sailfish Point Service Corporation, 1997
Sponsor: Sailfish Point Utility Corporation
Purpose: Assist with Application

Florida

Case: Docket No. 960283-WS; Wedgefield Utilities, Inc., Application for Transfer of Certificates from Econ Utilities Corp. to Wedgefield, 1997
Sponsor: Wedgefield Utilities, Inc.
Purpose: Testify re Acquisition Adjustment and Policy

Florida

Case: Docket No. 960444-WU; Lake Utility Services, Inc., Application for Rate Increase and for increase in Service Availability Charges, 1997
Sponsor: Lake Utility Services, Inc.
Purpose: File Testimony re Used & Useful and Future Connections for SAC.

Florida

Case: Undocketed - Challenge at DOAH of PSC Rule 25-30.431, 1997-98
Sponsor: Florida Waterworks Association
Purpose: Assist with strategy and discovery; appear as expert witness re regulation and policy issues.

Florida

Case: Undocketed - Market value appraisal, 1997,8 & 2000
Sponsor: Water Management Services, Inc.
Purpose: Prepare market value appraisal and update for re-financing.

Florida

Case: Docket No. 980483-WU; Lake Utility Services, Inc., Investigation re overcollection of AFPI, 1998
Sponsor: Lake Utility Services, Inc.
Purpose: Participate in preparation of testimony.

Florida

Case: Docket No. 971220-WS; Cypress Lakes Utilities, Inc., Application for certificate transfer, 1999
Sponsor: Cypress Lakes Utilities, Inc.
Purpose: Prepare testimony re acquisition adjustment.

Florida

Case: Docket No. 971065-SU; Mid-County Services, Inc., Application for increase in rates, 1999
Sponsor: Mid-County Services, Inc.
Purpose: Prepare testimony re used and useful, margin reserve and imputation of CIAC.

Florida

Case: Undocketed; PSC Annual Reports, 1999
Sponsor: AquaSource, Inc.
Purpose: Prepare annual reports for newly acquired multi-system
Crystal River Utilities, Inc.

Florida

Case: Undocketed; Market Valuation, 1999
Sponsor: Northern Trust Bank of Naples
Purpose: Prepare market valuation for defaulted utility, Bonita Country Club Utilities, Inc.

Florida

Case: Docket No. 990975-SU; Application for Certificate Transfer, 1999,2000
Sponsor: Realnor Hallandale, Inc..
Purpose: Participate in preparation of application to transfer Certificate from Bonita Country Club Utilities, Inc. provide consulting re utility operations, prepare PSC annual reports.

Florida

Case: Docket No. 000154-SU; Proposed Rule 25-30.432 re used and useful, 2000
Sponsor: Florida Water Works Association
Purpose: Represent FWWA at PSC Staff workshop; prepare presentation.

Florida

Case: Undocketed; Water and wastewater rates and charges Analysis, 2000
Sponsor: North Miami Beach, City of
Purpose: Through Milian Swain and Associates, Inc. prepare analysis and recommendation for all charges.

Florida

Case: Docket No. 991437-WU; Application for increase in Water rates, 1997-2001
Sponsor: Wedgefield Utilities, Inc.
Purpose: Prepare testimony re used and useful and acquisition adjustment; provide consulting re entire case and issues.

Florida

Case: Docket No. 000694-WU; Application for limited proceeding for increase in rate to recover cost of replacing supply mains on new bridge, 2000
Sponsor: Water Management Services, Inc.
Purpose: Prepare schedules supporting increase; participate in preparation of State Revolving Fund loan application.

Florida

Case: Docket No. 990696-WS; Application for original certificate in Duval and St. Johns counties, 2000-01
Sponsor: Nocatee Utility Corp.
Purpose: Through Milian Swain and Associates, Inc. provide analysis of intervenor studies, assist with case analysis, preparation, discovery and hearings.

Florida

Case: Docket No. 001502-WS; Proposed Rule 25-30.0371, Acquisition Adjustments, 2001
Sponsor: Utilities, Inc.
Purpose: Represent UI and present position at PSC workshop.

Florida

Case: Docket No. 001820-SU; Application for certificate Transfer, 2001
Sponsor: Utilities, Inc. of Eagle Ridge
Purpose: Prepare original cost study of newly acquired Cross Creek system.

Florida

Case: Undocketed; Application for original rates and charges and tariffs in St. Johns County, 2000-01
Sponsor: St. Joe Utility Co.
Purpose: Prepare supporting schedules for rates and charges.

Florida

Case: Undocketed; PSC Annual Reports, 2001

Sponsor: Harbor Hills Utilities, Inc.
Purpose: Prepare annual reports and reconcile records in accordance with PSC staff requests.

Florida

Case: Undocketed; Prepare Cost of Service Study, 2002.
Sponsor: CWS - Palm Valley
Purpose: Prepare cost study to support mobile home park conversion from to direct utility billing from rent inclusion.

Florida

Case: Undocketed; Application for original franchise certificate in Flagler County, 2002
Sponsor: MHC, Inc. - Bulow Village
Purpose: Prepare application and supporting documents - application put on hold.

Florida

Case: Docket No. 020006-WS; Reestablishment of Authorized Rate of Return for Water and Wastewater Utilities, 2002
Sponsor: Florida Water Services Corp.
Purpose: Prepare expert testimony on effect of rule change proposal.

Florida

Case: Docket No. 020071-WS; Application for increase in rates and charges, 2002
Sponsor: Utilities Inc. of Florida
Purpose: Prepare Used & Useful analysis and MFR engineering schedules for six county rate application.

Florida

Case: Docket No. 020407-WS; Application for increase in rates and charges, 2002
Sponsor: Cypress Lakes Utilities, Inc.
Purpose: Prepare complete MFR supporting rate increase.

Florida

Case: Docket No. 020409-SU; Application for increase in rates and charges, 2002
Sponsor: Utilities, Inc. of Sandalhaven
Purpose: Prepare complete MFR supporting rate increase.

Florida

Case: Docket No. 020408-SU; Application for increase in rates and charges, 2002
Sponsor: Alafaya Utilities, Inc.
Purpose: Prepare Used & Useful analysis, MFR engineering schedules and original cost study for purchased assets.

Florida

Case: Docket No. 030443-WS; Application for increase in rates and charges, 2003
Sponsor: Labrador Utilities, Inc.
Purpose: Prepare Used & Useful analysis and MFR engineering schedules.

Florida

Case: Docket No. 030444-WS; Application for increase in rates and charges, 2003

Sponsor: Bayside Utility Services, Inc.
Purpose: Prepare complete MFR supporting rate increase.

Florida

Case: Docket No. 030445-SU; Application for increase in rates and charges, 2003
Sponsor: Utilities, Inc. of Eagle Ridge
Purpose: Prepare complete MFR supporting rate increase.

Florida

Case: Docket No. 030446-SU; Application for increase in rates and charges, 2003
Sponsor: Mid-County Utility Services, Inc.
Purpose: Prepare complete MFR supporting rate increase.

Florida

Case: Undocketed - Hillsborough County; Application for increase in rates and charges, 2003
Sponsor: East Lake Water Services, Inc.
Purpose: Prepare Used & Useful Analysis.

Florida

Case: Docket No. 040247-WS; Application for original water and wastewater certificates, rates and charges and tariffs in Franklin County, 2004
Sponsor: St. James Island Utility Company.
Purpose: Prepare application, tariffs and supporting schedules for rates and charges.

Florida

Case: Docket No. 040358-SU; Application for original wastewater certificate, rates and charges and tariffs in Bay County, 2004
Sponsor: Crooked Creek Utility Company.
Purpose: Prepare application, tariffs and supporting schedules for rates and charges.

Florida

Case: Undocketed - Sarasota County; Application for increase in rates and charges, 2004
Sponsor: Siesta Key Utilities Authority.
Purpose: Prepare application and supporting schedules.

Florida

Case: Docket No. 040450-WS; Application for increase in rates and charges, 2004
Sponsor: Indiantown Co., Inc.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Undocketed - Certificate Application, 2005 (never filed)
Sponsor: MHC, Inc.
Purpose: Prepare application and supporting rates and charges.

Florida

Case: Docket No. 050281-WS; Application for increase in rates and charges, 2005

Sponsor: Plantation Bay Utility Co.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 050587-WS; Application for increase in rates and charges, 2005
Sponsor: MSM Utilities
Purpose: Assist w/SARC; prepare annual report.

Florida

Case: Docket No. 980876-WS; Application for certificate (update), 2005
Sponsor: Ocala Springs Utility, Inc.
Purpose: Prepare updated analysis.

Florida

Case: Undocketed (Collier County) Application for change in meter installation charges, 2006
Sponsor: Indiantown Co., Inc.
Purpose: Prepare application.

Florida

Case: Docket No. 060246-WS; Application for increase in rates and charges, 2006
Sponsor: Gold Coast Utility Corp.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 060256-WS; Application for increase in rates and charges, 2006
Sponsor: Alafaya Utilities Inc.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 060257-WS; Application for increase in rates and charges, 2004
Sponsor: Cypress Lakes Utilities, Inc.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 060260-WS; Application for increase in rates and charges, 2006
Sponsor: Lake Placid Utilities, Inc.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 060254-SU; Application for increase in rates and charges, 2006
Sponsor: Mid-County Services, Inc.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 060255-WS; Application for increase in rates and charges, 2006
Sponsor: Tierra Verde Utilities, Inc.

Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 060253-WS; Application for increase in rates and charges, 2006

Sponsor: Utilities, Inc. Of Florida

Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 060261-WS; Application for increase in rates and charges, 2006

Sponsor: Utilities, Inc. of Pennbrooke

Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 060285-WS; Application for increase in rates and charges, 2006

Sponsor: Utilities, Inc. of Sandalhaven

Purpose: Prepare Used & Useful analysis and Projected TY MFR.

Florida

Case: Docket No. 070183-WS; Proposed adoption of Rule 25-30.4325, F.A.C., Water Treatment Plant Used and Useful Calculations, 2007

Sponsor: Utilities, Inc.

Purpose: Prepare positions and present testimony on proposed rules.

Florida

Case: Docket No. 080247-SU; Application for increase in rates and charges, 2007

Sponsor: Utilities, Inc. of Eagle Ridge

Purpose: Prepare complete MFR supporting rate increase.

Florida

Case: Docket No. 080248-SU; Application for increase in rates and charges, 2007

Sponsor: Tierra Verde Utilities, Inc.

Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 080249-WS; Application for increase in rates and charges, 2007

Sponsor: Labrador Utilities, Inc.

Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 080250-WS; Application for increase in rates and charges, 2007

Sponsor: Mid-County Services, Inc.

Purpose: Prepare complete MFR supporting rate increase.

Florida

Case: Undocketed -Sarasota Co., Application for increase in rates and charges, 2007

Sponsor: Southgate Utilities, Inc.

Purpose: Prepare Used & Useful analysis.

Florida

Case: Undocketed -Hillsborough Co., Application for increase in rates and charges, 2007
Sponsor: Pebble Creek Utilities, Inc.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 090392-WS; Application for increase in rates and charges, 2008
Sponsor: Utilities, Inc. of Pennbrooke
Purpose: Prepare complete MFR supporting rate increase.

Florida

Case: Docket No. 090349-WS; Application for increase in rates and charges, 2008
Sponsor: Cypress Lakes Utilities, Inc.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 090402-WS; Application for increase in rates and charges, 2008
Sponsor: Sanlando Utilities, Inc.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 090381-SU; Application for increase in rates and charges, 2008
Sponsor: Utilities, Inc. Of Longwood
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 090462-WS; Application for increase in rates and charges, 2008
Sponsor: Utilities, Inc. Of Florida
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 100104-W; Application for increase in rates and charges, 2009
Sponsor: Water Management Services, Inc.
Purpose: Prepare Used & Useful analysis.
Prepare complete MFR supporting rate increase.

Florida

Case: Docket No. 100426-WS; Application for increase in rates and charges, 2010
Sponsor: Lake Utility Services, Inc. Of Florida
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 110153-S; Application for increase in rates and charges, 2010
Sponsor: Utilities, Inc. of Eagle Ridge
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 110257-WS; Application for increase in rates and charges, 2010
Sponsor: Sanlando Utilities, Inc.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 110264-WS; Application for increase in rates and charges, 2010
Sponsor: Labrador Utilities, Inc.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Charlotte County Jurisdiction (Undocketed) Application for increase in rates and charges, 2010
Sponsor: Utilities, Inc. of Sandalhaven
Purpose: Prepare complete MFR supporting rate increase.

Florida

Case: Docket No. 100330-WS; Application for increase in rates and charges, 2011
Sponsor: Aqua America, Inc.
Purpose: Prepare Rebuttal Testimony on Used & Useful.

Florida

Case: Docket No. 120037-WS; Application for increase in rates and charges, 2011
Sponsor: Utilities, Inc. of Pennbrooke
Purpose: Prepare MFR and Used & Useful analysis.

Florida

Case: Docket No. 120209-WS; Application for increase in rates and charges, 2011
Sponsor: Utilities, Inc. of Florida
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 130212-WS; Application for increase in rates and charges, 2012
Sponsor: Cypress Lakes Utilities, Inc.
Purpose: Prepare MFR and Used & Useful analysis.

Florida

Case: Docket No. 140135-WS; Application for increase in rates and charges, 2013
Sponsor: Labrador Utilities, Inc.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 140060-WS; Application for increase in rates and charges, 2013
Sponsor: Sanlando Utilities Corp.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 150120-SU; Application for increase in rates and charges, 2014
Sponsor: Utilities, Inc. of Sandalhaven
Purpose: Prepare Used & Useful analysis.

Florida

Case: Undocketed Consulting Services, 2015
Sponsor: Black Bear Reserve Water Corp.
Purpose: Prepare Report of on Considerations re sale of utility

Florida

Case: Docket No. 150071-SU; Application for increase in rates and charges, 2015
Sponsor: KW Resort Utilities Corp.
Purpose: Prepare Used & Useful analysis.

Florida

Case: Docket No. 160101-WS; Application for increase in rates and charges, 2016
Sponsor: Utilities, Inc. of Florida
Purpose: Prepare Used & Useful analysis and partial MFRs.

Florida

Case: Collier County Jurisdiction; Application for increase in rates and charges, 2015
Sponsor: Ave Maria Utility Co., LLLP
Purpose: Prepare Used & Useful analysis.

Michigan

Case: Northern Michigan Water; Rate Case, 1972
Sponsor: Northern Michigan Water Co.
Purpose: Prepare Rate Case and present testimony re Appropriate Rate of Return.

North Carolina

Case: Carolina Water Service, Inc. of North Carolina; Rate Case, 1992.
Sponsor: Carolina Water Service, Inc. of North Carolina
Purpose: Prepare and present rebuttal testimony regarding the concept of used and useful for a regulated utility.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water and)
wastewater rates in Charlotte, Highlands,)
Lake, Lee, Marion, Orange, Pasco, Pinellas,)
Polk, and Seminole Counties by Utilities, Inc.)
of Florida.)
_____)

Docket No. 20170141-SU

EXHIBIT FS-2

OF

FRANK SEIDMAN

on behalf of

K W Resort Utilities Corp.

**Gallons of Wastewater Treated
 In Thousands of Gallons**

Florida Public Service Commission

**Company: K W Resort Utilities Corp
 Docket No.: 20170141-SU
 Test Year Ended: 06/30/2017**

**Schedule F-2
 Page 1 of 1
 Preparer: Seidman, F.**

Explanation: Provide a schedule of gallons of wastewater treated by individual plant for each month of the historical test year. Flow data should match the monthly operating reports sent to DEP.

Month/ Year	(1)	(2)	(3)	(4)	(5)	(6)
	Individual Plant Flows (000,000)				Total Plant Flows	Total Purch. Sewage Treatment
	KWRU	N/A	N/A	N/A		
Jul-16	11.207				11.207	none
Aug-16	12.829				12.829	
Sep-16	13.270				13.270	
Oct-16	13.933				13.933	
Nov-16	12.853				12.853	
Dec-16	12.506				12.506	
Jan-17	12.851				12.851	
Feb-17	11.325				11.325	
Mar-17	12.831				12.831	
Apr-17	12.891				12.891	
May-17	11.878				11.878	
Jun-17	12.538				12.538	
Total	150.912	-	-	-	150.912	-

Wastewater Treatment Plant Data

Florida Public Service Commission

Company: K W Resort Utilities Corp
Docket No.: 20170141-SU
Test Year Ended: 06/30/2017

Schedule F-4
Page 1 of 1
Preparer: Seidman, F.

Explanation: Provide the following information for each wastewater treatment plant. All flow data must be obtained from the monthly operating reports (DMRs) sent to the Department of Environmental Protection.

	<u>MONTH</u>	<u>GPD</u>
1. Plant Capacity, AWT (AADF)		<u>849,000</u>
The hydraulic rated capacity. If different from that shown on the DEP operating or construction permit, provide an explanation.		
2. Average Annual Daily Flow (12 mos ended 6/30/2017)		<u>413,458</u>

Used and Useful Calculations
 Wastewater Treatment Plant

Florida Public Service Commission

Company: K W Resort Utilities Corp
 Docket No.: 20170141-SU
 Test Year Ended: 06/30/2017

Schedule F-6
 Page 1 of 2
 Preparer: Seidman, F.

Explanation: Provide all calculations, analyses and governmental requirements used to determine the used and useful percentages for the wastewater treatment plant(s) for the historical test year and the projected test year (if applicable).

<u>Line No.</u>		
EXISTING PLANT		
1	(A) Used and useful flow (000):	
2	AADF - YE 6/2017	<u>413,458</u>
3	(B) Property needed for post test year period (see F-8)	<u>103,364</u>
4	(C) Permitted capacity (AADF)	<u>849,000</u>
5	(D) Used and useful percentage	<u>60.87%</u>
6	(E) Non-used and useful percentage	<u>39.13%</u>
7	(F) Used and useful percentage for rate case purposes [see note]	<u>71.50%</u>

Note: In Order No. PSC-2017-0091-FOF-SU, the Commission found the WWTP to be 71.5% used & useful based on a year end 2014 TY. Even though the percentage U&U calculated for this test year is less, the Commission, in keeping with precedent, should not reduce the percentage level of U&U below that previously determined. (See Order No. 2007-0287-PAA-WS, p. 8; Order No. 2007-0505-SC-WS, p.31; Order No. 2009-0373-PAA-SU, p. 4,5; Order No. 2016-0583-PAA-WS, p. 5).

This case is based in a mid-year TY, ending 6/30/17. We cannot compare the results directly to the 12/31/14 year end TY in the last case. However we can compare TY 6/30/17 to a year ending 6/30/14 to determine why the calculated U&U dropped from 71.5% to 60.87%. Analysis shows that the WW gallons treated per gallons of water used was 82.7% in year ended 6/30/14 but is only 60.7% in TY 6/30/17, indicating that there is less water flowing to the WW plant for treatment in this TY compared to water used than in the previous test period. Whether this is due to a change in customer characteristics or some other reason, it results in less flows to the WWTP for the same water use than has been historically experienced. If the WW to Water flow ratio in this TY were the same as for the year ended 6/2014, the calculated flows would have been 563,483 gpd instead of 413,458 gpd and the U&U in this TY, including the growth factor, would increase to 78.54%. And if growth from known projects, which exceed 5% average growth, U&U would increase to 82.95%. This supports keeping the U&U to at least 71.5%.

Recap Schedules: A-6, A-10, B-14

Used and Useful Calculations
 Wastewater Treatment Plant

FPSC

Company: K W Resort Utilities Corp
 Docket No.: 20170141-SU
 Test Year Ended: 06/30/2017

Schedule F-6
 Page 2 of 2
 Preparer: Seidman, F.

A. Infiltration allowance, excluding service laterals

	Main dia. inches	Main length feet	Allowance @ 500 gpd/inch-dia.-mile miles	gpd	
1	4	3,015	0.571	1,142	
	6	5,518	1.045	3,135	
2	6	662	0.125	376	
3	8	26,807	5.077	20,308	
4	10	300	0.057	284	
5	12	0	0.000	0	
6	15	0	0.000	0	
7	Total	36,302	6.875	25,246	9,214,729
8	Estimated Inflow @ 10% of gallons sold (L.15)				22,139,300
9	Allowable I&I				31,354,029

B. Calculation of Actual Inflow & Infiltration (I&I)

10	Wastewater treated		150,912,000	F-2
	<u>Water Gallons sold to:</u>		<u>Estimated returned *</u>	
11	Residential WW SFR	72,055,000	80%	57,644,000 F-10
14	General Service	149,338,000	90%	134,404,200 F-10
15	Estimated flows returned	221,393,000		192,048,200 F-10
16	Estimated I&I (treated less returned) [L.10-L.15]			-41,136,200
17	Actual less allowable [L.16-L.9]			-72,490,229
18	Excess, if any [L.17, if positive]			0
19	Excess as percent of wastewater treated			0.00%

**Used and Useful Calculations
Water Distribution and Wastewater Collection Systems**

Florida Public Service Commission

**Company: K W Resort Utilities Corp
Docket No.: 20170141-SU
Test Year Ended: 06/30/2017**

**Schedule F-7
Page 1 of 1
Preparer: Seidman, F.**

Explanation: Provide all calculations, analyses and governmental requirements used to determine the used and useful percentages for the water distribution and wastewater collection systems for the historical and the projected test year (if applicable). The capacity should be in terms of ability to serve a designated number of connections. It should then be related to actual connected density for historical year calculations. Explain all assumptions for projected calculations. If the distribution and collection systems are entirely contributed or built-out, this schedule

Distribution & Collection Systems

In Order No. PSC-2016-0123-PAA-SU, at p.7, the Commission found that "the gravity system has been operating at capacity for the past five years and there is no apparent potential for additional gravity connections," and therefore "shall be considered 100% U&U." The Commission also found that "the vacuum collection system is fully contributed; and therefore there is no non-contributed plant to consider for U&U purposes." The collections system should continue to be considered 100% U&U.

Margin Reserve Calculations

Florida Public Service Commission

Company: K W Resort Utilities Corp
Docket No.: 20170141-SU
Test Year Ended: 06/30/2017

Schedule F-8
Page 1 of 1
Preparer: Seidman, F.

Explanation: If a margin reserve is requested, provide all calculations and analyses used to determine the amount of margin reserve for each portion of used and useful plant.

Recap Schedules: F-5, F-6, F-7

1. Wastewater Treatment & Related Facilities - Existing Plant Capacity - 2017

$$PN = EG \times PT \times U$$

where:

EG =	Equivalent annual growth in ERCs (see F-10)	233	ERC/yr	*
PT =	Post test year period per statute	5	yrs from 6/2017	
U =	Unit of measure utilized in U&U calculations	88.822	gpd/ERC	**
PN =	Property needed expressed in U units	103,364	gpd	

* - Based on simple average historic growth rate from Sch. F-10

** - AADF/ERC in Test Year from Sch F-4 and F-10

Equivalent Residential Connections - Wastewater

Florida Public Service Commission

Company: K W Resort Utilities Corp
 Docket No.: 20170141-SU
 Test Year Ended: 06/30/2017

Schedule F-10
 Page 1 of 2
 Preparer: Seidman, F.

Explanation: Provide the following information in order to calculate the average growth in ERCs for the last five years, including the test year. If the utility does not have single-family residential (SFR) customers, the largest customer class should be used as a substitute.

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Year Ending June	SFR Beginning	SFR Ending	SFR Average	SFR Gallons Sold	Gallons/SFR (5)/(4)	Total Gallons Sold	Total ERCs (7)/(6)	Annual % Incr. in ERCs
1	2013	1,568	1,577	1,573	68,154,800	43,342	174,199,235	4,019	
2	2014	1,577	1,593	1,585	67,874,430	42,823	188,443,565	4,401	9.49%
3	2015	1,593	1,581	1,587	71,843,700	45,270	204,390,061	4,515	2.60%
4	2016	1,581	1,517	1,549	71,971,660	46,463	204,464,015	4,401	-2.53%
5	2017	1,517	1,513	1,515	72,055,000	47,561	221,393,000	4,655	5.78%
Average Growth Through 5-Year Period (Col. 8)									3.83%

Note: Gallons are water gallons sold to wastewater customers

Regression Analysis per Rule 25-30.431(2)(C)
 For Treatment Related Facilities based on ERCs

	<u>X</u>	<u>Y</u>	
Constant:	4016.584275	1	4,019 Actual
X Coefficient:	127.1452646	2	4,401 Actual
R ² :	0.480622924	3	4,515 Actual
		4	4,401 Actual
		5	4,655 Actual
		10	5,288 Projected

Projected 5 year growth (Regression) 633 ERCs
 Annual average growth 127 ERCs

Projected 5 year growth	1,164
Use 5% annual average growth:	233 ERCs

Note: R² is only 48.063%; therefore, regression projection is not good indicator of growth. A better indicator for growth over the next five years is known projects that will take place during that period. See details on F-10, p. 2 of 2.

Equivalent Residential Connections - Wastewater

Florida Public Service Commission

Company: K W Resort Utilities Corp
 Docket No.: 20170141-SU
 Test Year Ended: 06/30/2017

Schedule F-10
 Page 2 of 2
 Preparer: Seidman, F.

Explanation: Provide the following information in order to calculate the average growth in ERCs for the last five years, including the test year. If the utility does not have single-family residential (SFR) customers, the largest customer class should be used as a substitute.

Support for 5% per average growth **103,364 gpd** Notes

NORTH STOCK ISLAND DEVELOPMENT - 5 Years or sooner

gpd	Description	Additions
15,000	Sunset Marina	60 units
41,000	Florida Keys Community College	200 beds
3,500	School District	180 students
3,750	Florida Keys SPCA	1 new shelter
<u>63,250</u>		

SOUTH STOCK ISLAND DEVELOPMENT - 5 years or sooner

gpd	Description	Additions	
32,450	Bernstein Property	122 rooms, hotel	
		150 seats, restaurant	
		bar, marina, bathhouse &	
		15,000 sq. ft. unspecified commercial retail	
16,144	Oceanside Investors	79 residential units	1
		17 rooms, hotel	
		150 seats, restaurant	
10,804	Longstock II - Stock Island Marina Village	100 rooms, hotel	2
		192 seats, restaurant & tiki bar	
1,435	Bernstein Park	1 Park	
25,000	Existing Commercial not yet connected	100 EDU's	
<u>85,832</u>			

149,082 Total, North & South

Note 1: Completed Jan. 2017. Only 5 months flow included in annual average gpd. The gpd shown is additional flows to reflect 12 months flows.

Note 2: Completed 2017, but only 30% occupied. The gpd shown is addition flows to reflect 84% avg. annual planned occupancy.