



**JACK SHREVE**  
PUBLIC COUNSEL

**STATE OF FLORIDA**  
**OFFICE OF THE PUBLIC COUNSEL**

c/o The Florida Legislature  
111 West Madison St.  
Room 812  
Tallahassee, Florida 32399-1400  
850-488-9330

ORIGINAL

July 26, 2002

Blanca S. Bayo, Director  
Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

RECEIVED  
JUL 26 PM 3:12  
COMMISSION  
CLERK

Re: Docket No. 020006-WS

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket is the original and 15 copies of  
Citizens' Objection to Proposed Agency Action and Petition for Formal Proceedings..

Please indicate the time and date of receipt on the enclosed duplicate of this letter.

Sincerely,

Stephen C. Burgess  
Deputy Public Counsel

US \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM S \_\_\_\_\_  
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MID \_\_\_\_\_

SCB:bsr

Enclosure

*Handwritten signature*

RECEIVED & FILED

R. V. N.

DOCUMENT NUMBER-DATE

07869 JUL 26 02

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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) , F.S. )  
\_\_\_\_\_ /

Docket No. 020006-WS  
Filed: July 26, 2002

**CITIZENS' OBJECTION TO PROPOSED  
AGENCY ACTION AND PETITION  
FOR FORMAL PROCEEDINGS**

The Citizens of the State of Florida through their attorney, the Public Counsel, and pursuant to Rule 25-22.029, Florida Administrative Code, hereby file this Objection to PAA Order No. PSC-02-0898-PAA-WS and Petition for a Formal Proceeding. The Citizens submit:

1. The agency affected is:

The Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

2. The petitioner is the Florida Public Counsel.

For service purposes during the course of this proceeding, the petitioner's representative is:

Stephen C. Burgess  
111 W. Madison Street  
Room 812  
Tallahassee, Florida 32399-1400  
(850) 488-9330

Pursuant to Section 350.0611, Florida Statutes, the Public Counsel is given explicit authority to appear in any action before the Public Service Commission.

DOCUMENT NUMBER - DATE

07869 JUL 26 02

FPSC-COMMISSION CLERK

3. Petitioner obtained a copy of the PAA from the PSC website.
4. The Citizens put forth the following disputed issues of material fact:
  - (a) Whether the "small-utility risk premium" is appropriate for many of the Florida utilities that use the leverage formula;
  - (b) Whether the "small-utility risk premium" is redundant in light of the "private placement premium";
  - (c) Whether the "DCF ROE for the Natural Gas Index" is overstated;
  - (d) Whether the leverage formula approved in the PAA results in authorized ROEs that are unreasonably high.
5. The Citizens allege:
  - (a) The "small-utility risk premium" is inappropriate for the many larger water and wastewater utilities that use the leverage formula;
  - (b) The "private placement premium" renders the "small-utility risk premium" at least partially redundant, because the two factors compensate for many of the same attributes;
  - (c) The "DCF ROE for the Natural Gas Index" overstates the ROE for that comparable industry;
  - (d) As a result of the specific facts alleged the leverage formula ordered by the PAA results in authorized ROEs that are unreasonably high.
6. Section 367.081(4)(f), Florida Statutes, allows the Commission to establish a leverage formula "that reasonably reflect[s] the range of returns on common equity for an average water or wastewater utility ...." Based on the facts alleged herein, the approved leverage formula results in ROEs that exceed a reasonable reflection of the range of returns on common equity for an average water or wastewater utility.
7. The Citizens seek an administrative hearing before the Commission to present

evidence and argument on the issues put into dispute by this pleading.

WHEREFORE, the Citizens of the State of Florida object to Order No. PSC-02-0898-PAA-WS and respectfully seek the relief identified in this pleading.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "S. C. Burgess", with a long horizontal flourish extending to the right.

Stephen C. Burgess  
Deputy Public Counsel

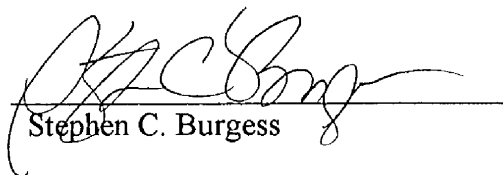
Office of Public Counsel  
111 West Madison Street, Room 812  
Tallahassee, FL 32399-1400

Attorney for the Citizens  
of the State of Florida

**CERTIFICATE OF SERVICE**

I HEREBY certify that a copy of the foregoing Citizens' Objection to Proposed Agency Action and Petition for Formal Proceeding has been furnished by U.S. Mail or \*hand delivery to the following party this 26th day of July, 2002.

Adrienne Vining, Esquire  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

  
\_\_\_\_\_  
Stephen C. Burgess

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