

ORIGINAL  
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1           BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
2           PREPARED DIRECT TESTIMONY OF HENRY H. FISHKIND, PH. D.  
3           ON BEHALF OF THE FLORIDA AUDUBON SOCIETY  
4           AND FRIENDS OF THE WEKIVA RIVER, INC.

5                           DOCKET NO. 930256-WS

6   JULY 21, 1994

7  
8 Q1: Please state your name, business address, and  
9       occupation.

10  
11 A1: Henry H. Fishkind, Ph.D., I am President of Fishkind &  
12       Associates Inc. located at 12424 Research Parkway,  
13       Suite 275, Orlando, Florida, 32826. I am an economist.

14  
15 Q2: Please describe your current position and your duties  
16       and responsibilities in that position.

17  
18 A2: I am president of Fishkind & Associates, Inc. an  
19       economic and financial consulting firm. Our firm  
20       consults with some of Florida's largest developers and  
21       utilities. We design the financing programs used to  
22       fund construction of utility systems among other  
23       consulting assignments.

24  
25 Q3: Please summarize your education and work background.

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1 A3: I hold a BA in economics from Syracuse University and a  
2 Ph.D. in economics from Indiana University. Upon  
3 graduation I obtained a faculty position at the  
4 University of Florida and with the Bureau of Business  
5 and Economic Research. I was appointed to the Graduate  
6 Faculty in 1977 and obtained tenure in 1980. In 1984 I  
7 joined the investment banking firm of M.G. Lewis and in  
8 1987 I founded Fishkind & Associates, Inc.  
9 I also sit on the Board of Directors of the following  
10 public companies: (1) ABT Funds, (2) Engle Homes, and  
11 (3) Summit Properties. The latter two are traded on the  
12 NASDQ and NYSE respectively.

13

14 Q4: What is the purpose of your testimony?

15

16 A4: This testimony offers my expert opinion on the  
17 financial structure of Sanlando's proposed water reuse  
18 plan and whether the projected costs and the proposed  
19 rates are prudent and in the public interest.

20

21 Q5: What information have you studied and evaluated in the  
22 preparation of your testimony?

23

24 A5: I have examined the following: (1) PSC Order approving  
25 the Sanlando rate change (Docket No. 930256-WS order

1 No. PSC-931771-FOF-WS), (2) Sanlando Utilities prefiled  
2 testimony, (3) Audubon's petition to intervene and (4)  
3 homeowners and public counsels's pleadings.

4

5 Q6: Do you agree or disagree with the testimony, as it  
6 relates to economic matters, offered by Yaping Wang on  
7 behalf of Sanlando Utilities?

8

9 A6: I concur with Mr. Wang's testimony with respect to  
10 block rates and their capacity to produce conservation.  
11 Furthermore, Mr. Wang's conclusions with respect to the  
12 degree of conservation (4.6%) comports with my  
13 expectations given the socio/demographic mix of the  
14 service area.

15

16 Q7: Do you agree or disagree with the testimony, as it  
17 relates to economic matters, offered by George H.  
18 Billings Jr. on behalf of Sanlando Utilities?

19

20 A7: I agree with Mr. Billings' testimony in this matter.  
21 The inverted rate structure proposed by Sanlando will  
22 likely produce conservation, save on pumpage by the  
23 golf courses to be served and is financially prudent. I  
24 agree with Mr. Billings that the proposed rate  
25 structure will be sufficient to fund the capital

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1 improvements anticipated. Finally, the use of an  
2 inverted block rate structure will not unduly burden  
3 those who conserve on water usage.

4

5 Q8: Do you agree or disagree with the testimony offered by  
6 Hampton P. Conley, as it relates to economic matters on  
7 behalf of Sanlando Utilities Corporation?

8

9 A8: I have reviewed Mr. Conley's testimony and agree with  
10 it. The utility does not appear to have the internal  
11 cash flow to fund construction of the reuse project.  
12 Borrowing would require guarantees by the share  
13 holders. The proposed rate structure is fair and should  
14 generate the necessary capital. Finally, the proposed  
15 plan should allow the utility to avoid the need to  
16 employ more expensive alternatives to supply sufficient  
17 water in the future.

18

19 Q9: Based on your evaluation of the Sanlando Utilities  
20 water reuse plan and rate proposal, do you have an  
21 opinion whether or not the projected costs are prudent?

22

23

24 A9: In my opinion the projected costs are prudent and they  
25 are well in line with other similar systems I have

1       financed.

2

3 Q10: Based on your evaluation of the Sanlando Utilities  
4       water reuse plan and rate proposal to Florida Public  
5       Service Commission, do you have an opinion whether or  
6       not the proposed rates are reasonable?

7

8 A10: They are most reasonable. The water rates for  
9       residential users after the implementation of the  
10      proposed rates will still be among the lowest in this  
11      area of Florida. The inverted block rate structure is  
12      fair and equitable.

13

14 Q11: Based upon your review of the proposed rates do you  
15      have an opinion whether or not the proposed rates are  
16      in the public interest?

17

18 A11: The proposed inverted block rate structure is most  
19      definitely in the public interest. The proposal  
20      encourages conservation which has environmental  
21      benefits and avoids future costs from more expensive  
22      supplies of water for Sanlando customers. In this case  
23      it is an economic win/win situation. Furthermore, the  
24      propose rates and funding agreement will allow for the  
25      construction of new water reuse facilities without

1 overburdening either the utility or its customers.

2

3 Q12: Based upon your knowledge and experience and your  
4 evaluation of the Sanlando rate proposal, will the  
5 proposed rates have any significant negative economic  
6 impact on the substantial interests of the ratepayers  
7 in the Sanlando service area?

8

9 A12: No. To the contrary the rate structure proposed may  
10 have some longterm positive economic impacts by  
11 preserving environmental quality and by avoiding future  
12 more costly sources of water. Sanlando's raters will  
13 remain well below average in this area of Florida.  
14 Finally the inverted block structure proposed here will  
15 allow homeowners to avoid costly water bills simply by  
16 conserving. The amount of conservation expected and the  
17 amount needed to avoid the higher charges under the  
18 proposed rate structure is reasonable.

19

20 Q13: Does that conclude your testimony?

21

22 A13: Yes.

23

24

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