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DOCKET NO. 070183-WS – Proposed adoption of Rule 25-30.4324, F.A.C., Water Treatment Plant Used and Useful Calculations

WITNESS: Direct Testimony of Van Hoofnagle, P.E.
Appearing on Behalf of the Staff of the Florida Public Service Commission.

DATE FILED: December 17, 2007

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DIRECT TESTIMONY OF VAN HOOFNAGLE, P.E.

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2 Q. Please state your name and business address.

3 A. Van R. Hoofnagle, Florida Department of Environmental Protection, Bob Martinez
4 Center, 2600 Blair Stone Road, Tallahassee, Florida 32399-2400.

5 Q. Please state a brief description of your educational background and experience.

6 A. I have a B.S. degree (1973) in Civil Engineering from the University of Washington
7 (Seattle, WN) and a Masters of Engineering degree from the University of Virginia
8 (1977). Upon graduation from the University of Washington, I worked as a national
9 park engineer for the Servicio de Parques Nacionales in Costa Rica for two years for the
10 U.S. Peace Corps; after graduation from the University of Virginia, I worked as a
11 project engineer for the consulting firm of Gannett Fleming in Harrisburg, PA until
12 1980. I obtained my P.E. in the State of Florida in 1980 while working for the Florida
13 Department of Environmental Regulation (now DEP). From 1980 until early 1991, I
14 worked as a P.E. Administrator in the Facilities Planning Section reviewing 201
15 facilities plans for the construction of wastewater facilities in what is now the DEP's
16 State Revolving Fund Program. In April of 1991 I became the Administrator of the
17 DEP's Drinking Water Section and have been its P.E. Administrator since then.

18 Q. What are your general responsibilities at the FDEP?

19 A. I am responsible for implementing the federal and state Safe Drinking Water Acts in
20 Florida. The program oversees the permitting, compliance, enforcement and basic
21 administrative support through 15 field offices that regulate approximately 5900 public
22 water systems covered under these acts. Our office in Tallahassee is directly
23 responsible for ensuring program consistency, rule and program guidance, technical
24 assistance, public education, budgeting, and staff training.

25 Q. What is the general purpose of DEP's Rule 62-555.315, F.A.C., regarding public water

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- 1 system wells and Rule 62-555.320, F.A.C., Design Criteria of Public Water Systems?
- 2 A. Rule 62-555.315 addresses additional requirements for wells over and above those
3 found in Rule 62-532 and addresses other components of a system's wells and
4 distribution system. For example, it covers such things as corrosion of pipes,
5 bacteriological surveys, well capacity, minimum number of wells, and security.
6 Subparagraph .320 is an extensive rule governing design and operation of public water
7 systems and addresses treatment plants, pumping facilities, materials' standards,
8 ancillary well features, storage, power, tankage, distribution system and plant
9 operational issues, and safety.
- 10 Q. What is your understanding of how these DEP rules relate to Florida Public Service
11 Commission (PSC or Commission) practice regarding the economic regulation of
12 water utilities?
- 13 A. DEP sets/establishes standards of practice and care for the industry to ensure water
14 quality. Issues of adequacy of supply are related to this overriding goal of water safety
15 and quality as it might impact operating pressure and such concerns as fire flow. We
16 do not directly oversee water supply or quantity as such. This responsibility remains
17 with the state's water management districts. As I understand the role of the PSC, it is
18 this agency that oversees rates, customer service and economic issues affecting private
19 utilities under its jurisdiction.
- 20 Q. Would DEP support a utility's decision to design and construct wells, treatment, and
21 storage facilities that are larger than these minimum criteria?
- 22 A. Yes, the DEP would approve a permit that met or exceeded our standards, be it for
23 either quantity or quality. Construction projects that the DEP reviews for the purpose
24 of receiving a federal or state loan or grant have to meet a separate demonstration of
25 need. This often involves utilization of a planning horizon based on a 20-year present

1 worth analysis. This is a different approach to planning and one generally practiced by
2 water municipalities and utilities and also encouraged by the DEP. Perhaps the more
3 germane question would be; is the PSC willing to accept a theoretical design (for the
4 purpose of establishing rates) that does not meet the DEP's minimum design
5 standards? This may be the case where a small system would be required to design for
6 "peak instantaneous demand" under our requirements, but be limited to "peak hour
7 demand" under the used and useful demonstration.

8 Q. Overall does the DEP have any major concerns with the rule as proposed?

9 A. No, generally we support the rule and are pleased that the PSC is moving to codify the
10 'Used and Useful' calculation by rule. We have worked with the PSC and its staff for
11 over two years on this rule and submitted comments on two previous occasions. At
12 this point, our only major comment that remains deals with the issue of use of 'peak
13 hour' versus 'peak instantaneous' demand for small systems; and primarily for those
14 small systems under 1000.

15 Q. Could you please elaborate on the issue of use of "peak hour" versus "peak
16 instantaneous demand" for small systems, and you believe demand should be
17 measured for small systems under 1000 population?

18 A. Small water systems that use hydropneumatic tanks and do not provide fire protection
19 and that serve less than about 1000 persons must be designed from a somewhat
20 different perspective than larger municipal water systems. Typically, these small
21 systems have very limited, or no, assured water storage available to their distribution
22 system, and they experience peak instantaneous water demands significantly greater
23 than their peak-hour water demand. In fact, for these small systems, peak
24 instantaneous demands might be 10 or more times their average daily water demand
25 and 2 to 2.5 or more times their peak-hour demand. Because these small systems have

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very little, or no, assured storage available to their distribution system to meet peak instantaneous demands, these systems must have water source, treatment, and pumping facilities capable of meeting peak instantaneous demands. The ratio of the peak instantaneous demand to the peak-hour demand tends to decrease as a water system's service population increases and tends to approach 1.0 as a system's service population approaches about 1,000.

Q. Do you have anything further to add?

A. No, I do not.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed adoption of Rule 25-30.4325,
F.A.C., Water Treatment Plant Used and
Useful Calculations.

DOCKET NO. 070183-WS

DATED: DECEMBER 17, 2007

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the DIRECT TESTIMONY OF
Van Hoofnagle has been furnished by U.S. Mail to the following this 17th day of December,
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