

STATE OF FLORIDA

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DIVISION OF LEGAL SERVICES
NOREEN S. DAVIS
DIRECTOR
(904) 413-6199

Public Service Commission

February 7, 1997

Mr. Richard D. Melson
Hopping, Green, Sams & Smith
123 South Calhoun Street
Tallahassee, FL 32314

Re: Docket No. 960444-WU: Application for increased rates and for a change in service availability charges by Lake Utility Services, Inc. in Lake County

Dear Mr. Melson:

The purpose of this letter is to follow up on the response to staff's data request dated October 18, 1996. We are continuing to analyze the data regarding the functional relationship of the facilities operated by Lake Utility Services, Inc. (LUSI) and require additional information. Therefore, we request that you provide a response to the following:

1. According to the response to Question 4(c), Utilities, Inc. has national purchasing power that results in lower costs to the rate payers. As evidence of this purchasing power, the response lists several items that are purchased through national contracts such as insurance, vehicles, chemicals and meters. In the response to Question 4(e), the company states that it is the plant operators who decide what should be purchased. Does this mean that Utilities, Inc. does not have a centralized purchasing department? Is it the operators' responsibility to negotiate the national contracts?
2. According to the response to Question 8, Four Lakes and Lake Saunders Acres are operated by an individual operator and the remaining facilities are operated by two operators who divide their time between these facilities. Are operators ever shared between Four Lakes, Lake Saunders and the three groups of interconnected plants? In other words, do any operators from the three groups of interconnected plants ever devote any time to Four Lakes or Lake Saunders? If so, how often?
3. According to the response to Question 9, meter readers and maintenance personnel perform services in all of Utilities, Inc.'s subsidiaries. Do the same meter readers read the meters for all 12 facilities, or are meter readers assigned to specific facilities?

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FPSC-RECORDS/REPORTING

Mr. Richard D. Melson

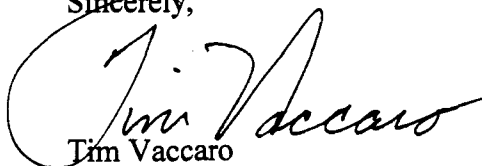
Page 2

February 7, 1997

4. Is equipment shared between the 12 facilities? If so, what equipment and how often does this occur?
5. Does LUSI believe that its facilities are operationally related? If so, how?

Please file a response to the above by February 20, 1997. If you have any questions, please feel free to contact Edith Xanders at 413-7011.

Sincerely,

A handwritten signature in black ink that reads "Tim Vaccaro". The signature is written in a cursive style with a large initial "T".

Tim Vaccaro
Senior Attorney

TV:ehx

cc: Division of Water and Wastewater (Hill, Willis, Lingo, Xanders)
Division of Records and Reporting