

HOPPING GREEN SAMS & SMITH
PROFESSIONAL ASSOCIATION

ATTORNEYS AND COUNSELORS

123 SOUTH CALHOUN STREET
POST OFFICE BOX 6526
TALLAHASSEE, FLORIDA 32314

(904) 222-7500

FAX (904) 224-8551

FAX (904) 425-3415

Writer's Direct Dial No.
(904) 425-2313

June 3, 1996

JAMES S. ALVES
BRIAN H. BIBEAU
KATHLEEN BLIZZARD
ELIZABETH C. BOWMAN
RICHARD S. BRIGHTMAN
PETER C. CUNNINGHAM
RALPH A. DEMEO
THOMAS M. DEROSE
WILLIAM H. GREEN
WADE L. HOPPING
FRANK E. MATTHEWS
RICHARD D. MELSON
DAVID L. POWELL
WILLIAM D. PRESTON
CAROLYN S. RAEPPLER
GARY P. SAMS
ROBERT P. SMITH
CHERYL G. STUART

ORIGINAL
FILE COPY

KRISTIN M. CONROY
CONNIE C. DURRENCE
JONATHAN S. FOX
JAMES C. GOODLETT
GARY K. HUNTER, JR.
JONATHAN T. JOHNSON
ROBERT A. MANNING
ANGELA R. MORRISON
GARY V. PERKO
KAREN M. PETERSON
MICHAEL P. PETROVICH
DOUGLAS S. ROBERTS
LISA K. RUSHTON
R. SCOTT RUTH
JULIE R. STEINMEYER

OF COUNSEL
CARLOS ALVAREZ
W. ROBERT FOKES

BY HAND DELIVERY

Ms. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Lake Utility Services, Inc. -- Docket No. 960444-WU
Application for General and Interim Rate Increases

Dear Ms. Bayó:

Enclosed for filing on behalf of Lake Utility Services, Inc.
are the following documents in connection with its application
for a rate increase.

1. Original and 15 copies each of:

- a) the application for general and interim rate increase, including as attachments
 - i) the affidavit required by Rule 25-30.436(f);
 - ii) a copy of the notice furnished to the chief executive officers of the governing bodies of the county and municipality within which the utility's service area is located, as required by Rule 25-22.0407(2);
 - iii) a copy of the notice to be published and furnished to parties who have made a written request for service within the past 12 months, as required by Rule 25-22.0408;
- b) a bound volume containing the financial and rate MFRs, including both permanent and interim rate

ACK _____
 06/07-96
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG 1
 5 06/08-96
 CPO _____
 ROH _____
 SEC _____
 WAS _____
 OTH _____

RECEIVED & FILED
 [Signature]
 FPSC (BUREAU) OF RECORDS

Doc.
 DOCUMENT NUMBER-DATE
 06107 JUN-3 96
 FPSC-RECORDS/REPORTING

Ms. Bayó
Docket No. 960444-WU
June 3, 1996
Page 2

schedules, and service availability charge
schedules.

2. Two copies each of the following separately bound
documents:

- 1 - WAW
1 - Orig file →
- a) four volumes containing additional engineering information required by Rule 25-30.440; and Tab 1-4
06109-96
- b) the billing analysis required by Rule 25-30.437(4); 06110-96
- 1 - WAW, → 3. Four copies of a volume containing the proposed tariff sheets. 06111-96
- 1 - Orig
1 - Sec.
1 - Neg
4. One copy of the map required by Rule 25-30.440(1). - WAW
- 1 - WAW
1 - Orig → 5. Three copies of the additional cost allocation schedules required by Rule 25-30.436(4)(h). 06112-96
- 1 - Sec.
6. A check in the amount of \$2,000 in payment of the applicable filing fee.

If you have any questions regarding this filing, please give me a call.

Very truly yours,

R.D.M.

Richard D. Melson

RDM/mee
Enclosures

cc (w/o encl): Lila Jaber
Tim Vaccaro
Marshall Willis
Mark Kramer

ORIGINAL
FILE COPY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of Lake Utility Services, Inc. for Increased Rates in Lake County)	Docket No. 960444-WU
)	
)	Filed: June 3, 1996
)	

APPLICATION FOR GENERAL AND INTERIM RATE INCREASES
USING THE PAA PROCESS UNDER SECTION 367.081(8), F.S.

LAKE UTILITY SERVICES, INC. ("LUSI" or "Utility"), by and through its undersigned attorneys, and pursuant to Chapters 120 and 367, Florida Statutes, files this application for increased rates for its water system in Lake County. In support thereof, LUSI states:

GENERAL

1. The exact name of the Utility and its principal business address are as follows:

Lake Utility Services, Inc.
2335 Sanders Road
Northbrook, IL 60062

2. The persons entitled to receive notices, orders and other pleadings in this proceeding are:

Richard D. Melson
Hopping Green Sams & Smith, P.A.
P.O. Box 6526
Tallahassee, FL 32314

with a copy to:

Mark Kramer
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

3. The following general information is provided in accordance with Rule 25-30.436(1), Florida Administrative Code:

(a) Lake Utility Services, Inc. is a Florida corporation, incorporated on May 19, 1987. One hundred percent (100%) of the Utility's stock is owned by Utilities, Inc., whose address is 2335 Sanders Road, Northbrook, Illinois 60062.

(b) The last Commission action considering rates for these systems was an indexing and pass-through increase effective July 8, 1994. The Utility has never had a general rate proceeding before the Commission. By Order No. PSC-96-0504-AS-WU, the Commission accepted a settlement proposal under which uniform rates will be implemented for LUSI's customers in Lake County (except for customers in Four Lakes/Harbor Cove and Lake Saunders Acres) on the same date that interim rates are implemented in this rate case.

(c) LUSI's application is available for customer inspection during normal business hours at the following addresses:

Lake Utility Services, Inc.
200 Weathersfield Avenue
Altamonte Springs, Florida 32714

Cooper Memorial Library
620 Montrose Street
Clermont, FL 34712-0219

(d) An affidavit signed by an officer of the Utility stating that the Utility will comply with Rule 25-22.0407 and 25-22.0408, F.A.C. is attached as Exhibit A.

RATE APPLICATION

4. LUSI's water operations in Lake County are not receiving rates which are just, reasonable, and compensatory. These operations are earning below a reasonable rate of return. The requested increase is necessary to provide LUSI with the opportunity to earn a fair rate of return on its investment in property used and useful in the public service. A substantial portion of the requested increase is the result of costs incurred (a) to interconnect a number of small systems in order to develop a more reliable and efficient regional water supply, and (b) to undertake a substantial main extension program to enable LUSI to serve residents outside of its initial service territories whose private wells had been contaminated from pesticides used on the nearby orange groves.

5. By letter dated April 8, 1996, Chairman Clark approved the Utility's request for a historical test year ended December 31, 1995 for both interim and permanent rate relief.

6. Water service provided by the Utility meets or exceeds the requirements of Section 367.111, F.S.

7. LUSI is unaware of any deviation from the policies, procedures and guidelines prescribed by the Commission in its rules except as otherwise specifically noted herein.

8. Attached hereto and made a part hereof are Exhibits which provide the financial, rate and engineering information required under Chapter 25-30, F.A.C.

9. Permanent Rates. The Utility requests authority to permanently increase its rates to provide gross operating revenues, based on the test year ending December 31, 1995, as set forth in the following table:

	REQUESTED REVENUES	REVENUE INCREASE	% INCREASE
Permanent Rate Request	\$447,182	\$133,236	42.4%

10. Interim Rates.

(a) Revenue Request. The Utility also requests authority to increase its rates on an interim basis to provide gross operating revenues from its water system, based on the test year ending December 31, 1995, as set forth in the following table:

	REQUESTED REVENUES	REVENUE INCREASE	% INCREASE
Interim Rate Request	\$399,013	\$85,067	27.1%

(b) Basis for Interim Revenue Request. The Utility has not previously had an authorized rate of return established by the Commission. Accordingly, in calculating its interim revenue request, the Utility used the 11.66% rate of return on equity indicated by the current leverage graph.

(c) Corporate Undertaking. In order to secure the potential refund of interim rates, LUSI proposes to submit its

own corporate undertaking, guaranteed by a corporate undertaking of its parent company, Utilities, Inc.

11. The requested permanent rate increases will provide the Utility with an opportunity to earn an overall return of 11.48%, and a return on equity of 11.65%, on its operations in Lake County.

12. Service Availability Charges. The Utility also seeks approval of a change in its service availability charges to implement a plant capacity charge of \$600.00 per ERC and a main extension fee of \$600.00 per ERC on a uniform basis for the various subdivisions served by LUSI.

13. PAA Process. The Utility requests that this case be processed as a proposed agency action pursuant to Section 367.081(8), Florida Statutes.

14. Notice. (a) A copy of this petition for rate increase (without the attached MFRs) will be mailed to the Chairperson of the Board of County Commissioners of Lake County and the Mayor of the City of Clermont, as required by Rule 25-22.0407(2), F.A.C.

(b) In accordance with Rule 25-22.0408(3)(a), F.A.C., the Utility will publish notice of its application for an increase in service availability charges in a newspaper of general circulation in Lake County in the form attached as Exhibit B. A copy of this notice will be mailed to all persons who have requested service from the Utility within the past twelve months as required by Rule 25-22.0408(3)(b).

WHEREFORE, Lake Utility Services, Inc. respectfully requests that the Commission:

(a) Find that the Commission has jurisdiction to grant the relief requested by this application.

(b) Process the rate case under the Commission's proposed agency action procedure.

(c) Within 60 days of this filing, issue an order authorizing the Utility to collect interim revenues in the amounts set forth in paragraph 10, above, with the difference between interim rates and previously authorized rates set forth in Order No. PSC-96-0504-AS-WU to be subject to refund and collected pursuant to corporate undertakings by Lake Utility Services, Inc. and its parent, Utilities, Inc.

(d) Within 5 months of this filing, issue an order authorizing the utility to charge permanent water rates in Lake County that will produce not less than \$447,182 gross operating revenues from water service, based upon the number of customers and their use of these services in the test year ending December 31, 1995.

(e) Find that 11.48% is a fair rate of return for the Utility's operations in Lake County, including a 11.65% rate of return on equity.

(f) Approve increased service availability charges as set forth in the Utility's application.

(g) Grant such other relief as deemed necessary and appropriate in this case.

RESPECTFULLY SUBMITTED this 3rd day of June, 1996.

HOPPING GREEN SAMS & SMITH, P.A.

By: Richard D. Melson
Richard D. Melson
P.O. Box 6526
Tallahassee, Florida 32301
(904) 222-7500

Attorneys for
Lake Utility Services, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing (without exhibits) has been sent to the following this 3rd day of June, 1996:

by hand-delivery

Lila Jaber
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oaks Boulevard
Tallahassee, FL 32399

Timothy Vaccaro
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oaks Boulevard
Tallahassee, FL 32399

Richard D. Melson
Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Application of Lake Utility Services, Inc.)
for a Rate and Service Availability Increase in)
Lake County)

Docket No. 960444-WU

AFFIDAVIT

STATE OF ILLINOIS

COUNTY OF COOK

BEFORE Me, the undersigned authority, duly authorized by law to administer oaths and to take acknowledgments, on this day personally appeared Carl J. Wenz, who, after being duly sworn on oath, deposes and says:

1. That the Affiant is the Vice President of Regulatory Matters of Lake Utility Services, Inc.
2. That Lake Utility Services, Inc. will comply with the notice and other requirements as provided by Rules 25-22.0407 and 25-22.0408, Florida Administrative Code.

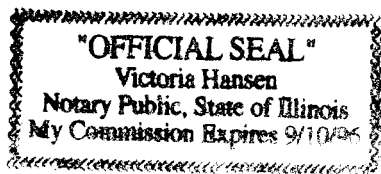
FURTHER AFFIANT SAYETH NOT.

Carl J. Wenz
AFFIANT

SWORN TO AND SUBSCRIBED before me this 31st day of May, 1996 by Carl J. Wenz, who is personally known to me.

Victoria Hansen
Notary Public
State of Illinois

SEAL:



My Commission Expires: September 10, 1996

NOTICE

June 3, 1996

Lake Utility Services, Inc. has filed a petition for revised service availability charges with the Florida Public Service Commission.

The requested service availability charges are to pay for growth in the utility system and the requested charges are to be paid by new, not existing customers.

Copies of the application are available for public inspection at the following locations:

Between the hours of 10:00AM and 4:00 PM:

Lake Utility Services, Inc.
200 Weathersfield Avenue
Altamonte Springs, FL 32714
1-800-272-1919

During operating hours:

Cooper Memorial Library
620 Montrose Street
Clermont, FL 34712
352-394-4265

The following are the current and proposed charges:

	Plant Capacity <u>Charge</u>	Main Extension <u>Fee</u>	Meter Fee <u>(5/8")</u>
Current - Amber Hill, Clermont I - Four Winds, Clermont II, Crescent West, Highland Point, Lake Ridge Club, The Oranges, The Vistas I & II, and Lake Crescent Hills	\$200.00	\$0.00	\$150.00
Current - Crescent Bay, Preston Cove, Lake Saunders Acres, and all other areas served by Lake Utility Services, Inc.	\$569.00	\$506.00	\$100.00
Current - Four Lakes (Harbor Oaks)	\$0.00	\$0.00	\$125.00
Proposed - All areas served by Lake Utility Services, Inc.	\$600.00	\$600.00	\$150.00

Any comments concerning the policy or charges should be addressed to the Director of Records and Reporting at 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0870

Exhibit B

HOPPING GREEN SAMS & SMITH

PROFESSIONAL ASSOCIATION

ATTORNEYS AND COUNSELORS

123 SOUTH CALHOUN STREET

POST OFFICE BOX 6526

TALLAHASSEE, FLORIDA 32314

(904) 222-7500

FAX (904) 224-8551

FAX (904) 425-3415

Writer's Direct Dial No.

(904) 425-2313

June 3, 1996

JAMES S. ALVES
BRIAN H. BIBEAU
KATHLEEN BLIZZARD
ELIZABETH C. BOWMAN
RICHARD S. BRIGHTMAN
PETER C. CUNNINGHAM
RALPH A. DEMEO
THOMAS M. DeROSE
WILLIAM H. GREEN
WADE L. HOPPING
FRANK E. MATTHEWS
RICHARD D. MELSON
DAVID L. POWELL
WILLIAM D. PRESTON
CAROLYN S. RAEPPLÉ
GARY P. SAMS
ROBERT P. SMITH
CHERYL G. STUART

KRISTIN M. CONROY
CONNIE C. DURRENCE
JONATHAN S. FOX
JAMES C. GOODLETT
GARY K. HUNTER, JR.
JONATHAN T. JOHNSON
ROBERT A. MANNING
ANGELA R. MORRISON
GARY V. PERKO
KAREN M. PETERSON
MICHAEL P. PETROVICH
DOUGLAS S. ROBERTS
LISA K. RUSHTON
R. SCOTT RUTH
JULIE R. STEINMEYER

OF COUNSEL
CARLOS ALVAREZ
W. ROBERT FOKES

**CERTIFIED, RETURN
RECEIPT REQUESTED**

Honorable Welton Cadwell, Chairman
Lake County Commission
P.O. Box 7800
Tavares, FL 32778-7800

Honorable Robert A. Pool, Mayor
City of Clermont
P.O. Box 120219
1 Westgate Plaza
Clermont, FL 34712-0219

Re: Application of Lake Utility Services, Inc. for
a Rate Increase in Lake County

Gentlemen:

Enclosed for your information under Rule 25-22.0407(2), Florida Administrative Code, is a copy (without exhibits) of the Application for General and Interim Rate Increases in water rates filed by Lake Utility Services, Inc. with the Florida Public Service Commission.

When the minimum filing requirements (MFRs) that accompany the application are accepted by the Florida Public Service Commission, a copy can be obtained from the undersigned upon request.

Very truly yours,



Richard D. Melson

RDM/mee

Enclosure

HOPPING GREEN SAMS & SMITH
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS

JAMES S. ALVES
BRIAN H. BIBEAU
KATHLEEN BLIZZARD
ELIZABETH C. BOWMAN
RICHARD S. BRIGHTMAN
PETER C. CUNNINGHAM
RALPH A. DEMEO
THOMAS M. DEROSE
WILLIAM H. GREEN
WADE L. HOPPING
FRANK E. MATTHEWS
RICHARD D. MELSON
DAVID L. POWELL
WILLIAM D. PRESTON
CAROLYN S. RAEPPLÉ
GARY P. SAMS
ROBERT P. SMITH
CHERYL G. STUART

123 SOUTH CALHOUN STREET
POST OFFICE BOX 6526
TALLAHASSEE, FLORIDA 32314

(904) 222-7500
FAX (904) 224-8551
FAX (904) 425-3415

Writer's Direct Dial No.
(904) 425-2313

June 3, 1996

KRISTIN M. CONROY
CONNIE C. DURRENCE
JONATHAN S. FOX
JAMES C. GOODLETT
GARY K. HUNTER, JR.
JONATHAN T. JOHNSON
ROBERT A. MANNING
ANGELA R. MORRISON
GARY V. PERKO
KAREN M. PETERSON
MICHAEL P. PETROVICH
DOUGLAS S. ROBERTS
LISA K. RUSHTON
R. SCOTT RUTH
JULIE R. STEINMEYER

OF COUNSEL
CARLOS ALVAREZ
W. ROBERT FOKES

DEPOSIT TREAS. REC. DATE

BY HAND DELIVERY

0322 JUN 4 '96

Ms. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Lake Utility Services, Inc. -- Docket No. 960444-WU
Application for General and Interim Rate Increases

Dear Ms. Bayó:

Enclosed for filing on behalf of Lake Utility Services, Inc.
are the following documents in connection with its application
for a rate increase.

1. Original and 15 copies each of:
 - a) the application for general and interim rate increase, including as attachments
 - i) the affidavit required by Rule 25-30.436(f);

NOT VALID AFTER 90 DAYS

WATER SERVICE CORP. 58-1544

DISBURSING ACCOUNT OF UTILITIES INCORPORATED 2335 SANDERS ROAD NORTHBROOK, IL 60062

BANK ONE COLUMBUS, NA Circleville, and Williamport, Ohio Offices

NO. 213633

REDACTED DATE 05/23/96 NET AMOUNT ***\$2,000.00

*****TWO THOUSAND AND 00/100 ***** DOLLARS

00496

FLORIDA PUBLIC SERVICE COMM
CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BLVD
TALLAHASSEE FL USA 32399-0850

TWO SIGNATURES REQ'D OVER \$1000

Ferry B Owens

AUTHORIZED SIGNATURE

HOPPING GREEN SAMS & SMITH

PROFESSIONAL ASSOCIATION

ATTORNEYS AND COUNSELORS

123 SOUTH CALHOUN STREET

POST OFFICE BOX 6526

TALLAHASSEE, FLORIDA 32314

(904) 222-7500

FAX (904) 224-8551

FAX (904) 425-3415

Writer's Direct Dial No.

(904) 425-2313

June 3, 1996

JAMES S. ALVES
BRIAN H. BIBEAU
KATHLEEN BLIZZARD
ELIZABETH C. BOWMAN
RICHARD S. BRIGHTMAN
PETER C. CUNNINGHAM
RALPH A. DEMEO
THOMAS M. DeROSE
WILLIAM H. GREEN
WADE L. HOPPING
FRANK E. MATTHEWS
RICHARD D. MELSON
DAVID L. POWELL
WILLIAM D. PRESTON
CAROLYN S. RAEPPLÉ
GARY P. SAMS
ROBERT P. SMITH
CHERYL G. STUART

KRISTIN M. CONROY
CONNIE C. DURRENCE
JONATHAN S. FOX
JAMES C. GOODLETT
GARY K. HUNTER, JR.
JONATHAN T. JOHNSON
ROBERT A. MANNING
ANGELA R. MORRISON
GARY V. PERKO
KAREN M. PETERSON
MICHAEL P. PETROVICH
DOUGLAS S. ROBERTS
LISA K. RUSHTON
R. SCOTT RUTH
JULIE R. STEINMEYER

OF COUNSEL
CARLOS ALVAREZ
W. ROBERT FOKES

BY HAND DELIVERY

DEPOSIT TREATMENT DATE

JUN 3 1996

Ms. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Lake Utility Services, Inc. -- Docket No. 960444-WU
Application for General and Interim Rate Increases

Dear Ms. Bayó:

Enclosed for filing on behalf of Lake Utility Services, Inc. are the following documents in connection with its application for a rate increase.

1. Original and 15 copies each of:
 - a) the application for general and interim rate increase, including as attachments
 - i) the affidavit required by Rule 25-30.436(f);
 - ii) a copy of the notice furnished to the chief executive officers of the governing bodies of the county and municipality within which the utility's service area is located, as required by Rule 25-22.0407(2);
 - iii) a copy of the notice to be published and furnished to parties who have made a written request for service within the past 12 months, as required by Rule 25-22.0408;
 - b) a bound volume containing the financial and rate MFRs, including both permanent and interim rate

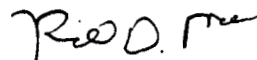
Ms. Bayó
Docket No. 960444-WU
June 3, 1996
Page 2

schedules, and service availability charge
schedules.

2. Two copies each of the following separately bound documents:
 - a) four volumes containing additional engineering information required by Rule 25-30.440; and
 - b) the billing analysis required by Rule 25-30.437(4);
3. Four copies of a volume containing the proposed tariff sheets.
4. One copy of the map required by Rule 25-30.440(1).
5. Three copies of the additional cost allocation schedules required by Rule 25-30.436(4)(h).
6. A check in the amount of \$2,000 in payment of the applicable filing fee.

If you have any questions regarding this filing, please give me a call.

Very truly yours,



Richard D. Melson

RDM/mee
Enclosures

cc (w/o encl): Lila Jaber
Tim Vaccaro
Marshall Willis
Mark Kramer