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May 30, 1997

BY HAND DELIVERY

Ms. Blanca S. Bayó
Director, Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Lake Utility Services, Inc.
Docket No. 960374-WU

Dear Ms. Bayó:

Enclosed for filing on behalf of Lake Utility Services, Inc. in the above referenced docket are the original and 15 copies of its Petition on Proposed Agency Action.

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

Very truly yours,

R.D. Melson

Richard D. Melson

- ACK
- AFA
- APP
- CAF RDM/cc
- CMU Enclosures
- CTR cc: Tim Vaccaro
- EAG
- LEG 1
- LIN 3
- OPC
- ROH
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(b) the proposed determination of the amount of utility plant in service;

(c) the proposed determination of the amount of non-used and useful plant;

(d) the proposed determination of the amount of contributions-in-aid-of-construction to be deducted from rate base;

(e) the proposed determination of rate case expense, which assumed that there was no protest to the PAA Order;

(f) the proposed determination of fall-out issues, including margin reserve, depreciation, accumulated depreciation, amortization, accumulated amortization, revenue requirement and monthly rates, to the extent they are affected by each of the items identified in subparagraphs (a) through (e); and

(g) the proposed service availability charges.

4. The following are the issues of material fact which LUSI believes are in dispute, and the ultimate facts alleged:

(a) Is LUSI's quality of service is satisfactory? The utility submits that its quality of service is good. The characterization that the utility's service is "marginal at best" is inaccurate.

(b) What is the appropriate amount of utility plant in service? The appropriate amount of utility plant in service should be calculated without the negative adjustments made in the PAA Order that were attributed to the lack of supporting documentation.

(c) What is the appropriate amount of non-used and useful plant? The appropriate amount of non-used and useful plant should include all interconnecting transmission mains as 100% used and useful. Additionally, the used and useful methodology should not result in the interconnected system having a dollar amount of used and useful plant which is lower than the sum of the dollar amounts of used and useful plant for the individual systems before they were interconnected.

(d) What is the appropriate amount of contributions-in-aid-of-construction to be deducted from rate base? In determining the appropriate amount of CIAC to be deducted from rate base, the gross amount of property CIAC should be adjusted to exclude property classified as "non-used and useful" plant.

(e) What is the appropriate amount of rate case expense? The appropriate amount of rate case expense will include all amounts reasonably incurred through the entry of a final order in this proceeding.

(f) What are the appropriate margin reserve, depreciation, accumulated depreciation, amortization, accumulated amortization, revenue requirement and monthly rates? The appropriate values for these items will be a fall-out from the determination of the previous issues, together with the portions of the PAA Order which have not been protested. The appropriate monthly rates should be designed to recover the utility's revenue requirement, taking into account the repression adjustment proposed in the PAA Order.

(g) What are the appropriate service availability charges? The appropriate service availability charges should be calculated on a basis that is consistent with the determinations on items (a) through (f) above.

5. LUSI is entitled to relief under Chapters 120 and 367, Florida Statutes and Chapters 25-22 and 25-30, Florida Administrative Code.

WHEREFORE, LUSI requests that the Commission:

(a) hold a formal hearing pursuant to Section 120.57 and Chapter 367, Florida Statutes, on the portions of the PAA order which are the subject of this protest;

(b) based on the record of such proceeding, set monthly rates which will allow the utility the opportunity to earn a fair rate of return on its investment in property used and useful in the public service;

(c) based on the record of such proceeding, set service availability charges which are fair and reasonable; and

(d) grant such other and further relief as the Commission deems appropriate.

RESPECTFULLY SUBMITTED this 30th day of May, 1997.

HOPPING GREEN SAMS & SMITH, P.A.

By: Richard D. Melson
Richard D. Melson
P.O. Box 6526
Tallahassee, FL 32314

Attorneys for Lake Utility
Services, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following by hand delivery this 30th day of May, 1997.

Tim Vaccaro
Division of Legal Services, Room 370
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Pro D. Pa

Attorney