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July 11, 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. 960444-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 the direct testimony of Mark Kramer, Donald Rasmussen, and Frank Seidman.

Copies have been provided to the parties on the attached service list.

Very truly yours,

Richard D. Melson

RDM/cc
Enclosures

ACK _____
AFA _____
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CAF _____
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Seidman
DOCUMENT NUMBER-DATE
06971 JUL 11 97
FPSC-RECORDS/REPORTING

Rasmussen
DOCUMENT NUMBER-DATE
06970 JUL 11 97
FPSC-RECORDS/REPORTING

Kramer
DOCUMENT NUMBER-DATE
06969 JUL 11 97
FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following by hand delivery this 11th day of July, 1997.

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

Rick D. Moe

Attorney

Before the
Florida Public Service Commission

Docket No. 960444-WU

In the Matter of

Application for rate increase and
for increase in service availability
charges in Lake County by
Lake Utility Services, Inc.

Direct Testimony of

Mark F. Kramer
Manager, Regulatory Matters

for

Lake Utility Services, Inc.

July 11, 1997

Q. Can you state your name and business address for the record?

A. Yes. My name is Mark Kramer. My business address is 2335 Sanders Road, Northbrook, Illinois 60062.

Q. What is your occupation?

A. I am Manager, Regulatory Matters for Utilities, Inc. ("UI") and its subsidiaries, including Lake Utility Services, Inc. ("LUSI").

Q. Please summarize your professional background.

A. I have been employed by Utilities, Inc. since 1992. Since that time I have been involved in many phases of rate-making in several regulatory jurisdictions. I am a Certified Public Accountant. I graduated from University of Illinois at Urbana-Champaign in 1989 with a Bachelor's of Science Degree in Accountancy. I had three years of public accounting experience prior to joining Utilities, Inc. I graduated from Lake Forest Graduate School of Management, Lake Forest, IL in 1997 with a Masters of Business Administration. I have attended the NARUC Utility Rate Seminar and several independently sponsored seminars.

Q. Please explain your job responsibilities with Utilities, Inc.

A. Utilities, Inc. has approximately 50 wholly owned subsidiaries engaged in the water and/or wastewater utility service business in 15 different states. Those states are Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Mississippi, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee and Virginia. Through those subsidiaries Utilities, Inc. owns and operates more than 250 utility systems serving over 150,000 customers.

I am responsible for rate-making activities for individual companies within the group, including LUSI.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain to the Commission why LUSI has protested certain portions of the Proposed Agency Action (PAA) Order that established uniform rates and service availability charges for our systems in Lake County. My testimony will identify the portions of the PAA Order with which we disagree and will show why some of the Commission's adjustments are inappropriate.

Background

Q. Before you get to these accounting issues, would you please describe LUSI's current service territory?

A. LUSI is a water only utility and is a wholly owned subsidiary of Utilities, Inc. Utilities, Inc. began serving areas of Lake County in 1982 when Utilities, Inc. of Florida purchased a water utility serving an area south of the City of Clermont, known as Clermont I.

Between 1984 and 1991, the utility acquired a number of small systems in Lake County and extended its service territory to reach additional areas.

In 1991 the corporate structure was reorganized so that all of the systems in Lake County came under Lake Utility Services, Inc. From 1993-1995, the utility has experienced continued expansion, particularly in the South Clermont area.

Today, LUSI serves 18 subdivisions in Lake County. These 18 subdivisions form six separate systems and are served by a total of 12 water treatment plants consisting of 16 wells and related hydropneumatic storage tanks.

As of December 31, 1995, the end of the approved test year in this proceeding, the company was serving about 915 customers in Lake County.

Q. Please describe the history of these six systems.

A. Clermont I As I previously stated, in 1982 Utilities, Inc. acquired a small utility serving an area south of the City of Clermont, known as Clermont I. Beginning in 1986, land that previously had been used for citrus groves but had succumbed to several freezes was becoming available for residential land development. Several additional subdivisions were created, including the Lake Ridge Club and Amber Hills. These small developments, although new formations, were contiguous to Clermont I and provided logical extensions of the service area. As I discuss in more detail below, these three small systems were interconnected in 1992-1995.

Clermont II In 1984, we acquired the utility system serving the Clermont II subdivision, which was a small area close to, but not contiguous to Clermont I. The system serving this area is not currently interconnected with any other system.

Oranges In 1986, new utilities were formed to serve two new subdivisions south of Lake Ridge -- The Oranges, and Vistas. These two systems were acquired by Utilities, Inc. in 1986 and 1987, respectively and were interconnected in 1992 - 1995.

Highland Point In the five year period between 1986-1990 four subdivisions west of Lake Susan and the Oranges began receiving service from our utility. The four, Highland Point, Crescent West, Crescent Bay, and Lake Crescent Hills, formed the core of what has become a larger regional system. In November 1992, LUSI's service territory was amended to in include additional territory in this area near Crescent Bay. From 1993 to 1995, LUSI extended its facilities to serve the Preston Cove subdivision and several additional developments known collectively as the South Clermont Region. The four water systems serving this area were interconnected in 1992-1995.

Lake Saunders Acres LUSI acquired the system serving Lake Saunders Acres in 1991. This system is not interconnected.

Four Lakes In 1990, LUSI acquired the system serving Four Lakes. This system is not interconnected with any of LUSI's other systems.

Q. What prompted LUSI to seek a "uniform rate" adjustment?

A. Over the past several years, and in conjunction with its expansion to serve new areas, LUSI has engaged in a program to physically interconnect the aforementioned small independent systems. Because of the initial independent status of the utilities, different rate structures exist. There are currently three different rate structures within the service area involved in this proceeding resulting from the interconnection of old and new systems. The difference in rates prompted inquiries from customers.

On February 8, 1995, the Florida Public Service Commission Staff sent a letter to LUSI requesting we file a rate restructuring application within sixty days. Although LUSI wanted to postpone a rate case until the interconnection project was complete, LUSI acquiesced to the Staff's request.

Q. Please describe LUSI's main extension and interconnection program.

A. In the early 1990s, LUSI became aware of three potential customer groups in need of service -- new developments in the South Clermont area, residential customers whose wells had become contaminated, and other residential customers in the area around the subdivisions served by LUSI. the main extension and interconnection program was necessary for LUSI to be able to offer safe, reliable and efficient service to these groups.

Q. Why was it necessary to interconnect the existing systems?

A. Florida Department of Environmental Protection Rule 62-555.315 limits to one hundred fifty the number of connections that can be served by a single well. Adding a second well to serve a small development that grows larger than 150 connections can be quite costly. By interconnecting nearby systems, however, two or more wells can be combined to serve a greater number of customers in a more efficient and reliable manner. This enables the utility not only to serve growth in existing areas, but also provides a base to support extensions to nearby areas requiring service at a reasonable cost.

This type of interconnection and expansion program moves toward a regional system. The company believes that such regionalization is consistent with DEP and PSC desires not to encourage the proliferation of "small" systems. A regional system increases the reliability of service, while providing a more efficient infrastructure and operations staff.

Q. Please provide some additional background on the three customer groups that LUSI's main extension program was designed to serve.

A. The first group consists of developers in the area. LUSI became aware of several significant residential communities that were being considered for development in the South Clermont Area, and in close proximity to the existing LUSI service area. LUSI is consistently working with developers in order to promote growth in the county. LUSI added territory in 1988 that further advanced LUSI's goal of a regional system. The plans included funding from developers that were eager to build in the county. As I have previously mentioned, the DEP rule that limits the number of connections that can be served by a single well was inhibiting many developers, as the cost of a second well was often prohibitive. LUSI's interconnection program provided an attractive, economical alternative for

developers. Consequently, by working in conjunction with local developers, LUSI's extension program has enabled the continued development of new subdivisions in the desirable Clermont area.

Second, the Department of Environmental Protection (DEP) identified numerous residential well sites scattered throughout the area south of Clermont that had become contaminated from citrus fumigants. The contamination left several homes without potable water. As a stop-gap measure, the State was providing filters and disinfecting systems for these wells. Those residences affected were in close proximity to LUSI's facilities. LUSI's extension program provided the affected residences with a safe, clean source of water. Furthermore, LUSI provided the only long term solution to the contamination problem.

Third, there was a need for a central water system to serve residences in the areas around the subdivisions served by LUSI. Many of the residences are located along mains that LUSI had installed to serve new developments and residences with contaminated well sites. These residents have benefited

from the interconnection program by having a safe, reliable water system available.

Q. Why did LUSI decide to wait until the interconnection project was complete to file a rate proceeding?

A. Although LUSI has not earned an adequate return on its investment and can substantiate a rate increase, one major factor has influenced the company to postpone any action. Our interconnection and investment program is not complete. Consequently, we foresee the need for additional investment in the near future. However, presently we cannot precisely forecast the cost of the upgrades, the cost of the additions, or anticipate developer contributions.

Q. Why did LUSI protest the PAA Order?

A. LUSI protested the PAA Order for several reasons. First, the proposed determination of utility plant in service understates actual plant in service.

Second, the proposed determination of the amount of non-used and useful plant substantially exaggerates the level of non-used and useful plant which understates rate base.

Third, the proposed determination of contributions in aid of construction (CIAC) to be deducted from rate base is overstated.

Fourth, the proposed determination of rate case expense assumed there was no protest to the Proposed Agency Action (PAA) Order. Consequently, rate case expense is understated.

Fifth, the proposed determination of fall-out issues, including margin reserve, depreciation, accumulated depreciation, amortization, accumulated amortization, revenue requirement and monthly rates, as they are affected by the items one through four listed above, must be adjusted accordingly.

Sixth, the proposed service availability charges should be calculated on a basis consistent with the determination of the aforementioned items.

Except for these six areas covered by the protest, LUSI accepts the Commission's decisions contained in the PAA Order.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring the revised accounting minimum filing requirements (MFRs) and Billing Analysis for the test year ending December 31, 1995 that were submitted to the Commission on July 9, 1996. In addition, I am sponsoring the volume of Cost Allocation that was submitted to the Commission on June 3, 1996.

I have also prepared and attached to my testimony the following revised financial schedules:

Exhibit ___ (MFK-1)	Schedule of Rate Base
Exhibit ___ (MFK-2)	Adjustments to Rate Base
Exhibit ___ (MFK-3)	Schedule of Water Plant in Service
Exhibit ___ (MFK-4)	Schedule of Used & Useful
Exhibit ___ (MFK-5)	Schedule of U&U - Distrib. Mains
Exhibit ___ (MFK-6)	Schedule of Operations
Exhibit ___ (MFK-7)	Adj. to Operating Statement
Exhibit ___ (MFK-8)	Schedule of Rate Case Expense
Exhibit ___ (MFK-9)	Schedule of Depreciation
Exhibit ___ (MFK-10)	Capital Structure
Exhibit ___ (MFK-11)	Schedule of Rates

Exhibit ___ (MFK-12)	Service Availability Charge Calc.
Exhibit ___ (MFK-13)	Calculation of CIAC for SAC
Exhibit ___ (MFK-14)	Rate Schedule - SAC

The schedules "Schedule of Rate Base", Exhibit ___ (MFK-1) and "Schedule of Operations" Exhibit ___ (MFK-6) starts with the adjusted test year figures as shown in the revised MFRs. The next two columns show the adjustments made by the PAA Order which LUSI does not contest (Uncontested Adjustments), and the "Company Adjusted Test Year" which results from these adjustments. These are the figures that the utility believes should be used as a basis for setting rates.

In order to highlight the issues covered by the protest, two additional columns show the portion of the adjustments contained in the PAA Order that LUSI does not believe are appropriate (Commission Contested Adjustments) and the resulting "Commission Adjusted Test Year" which formed the basis for the PAA Order.

The remainder of my testimony addresses the six contested areas of the PAA Order.

Plant in Service

Q. The Staff proposed reducing plant in service by $103,440. Do you agree with this adjustment?

A. No, I do not. In the company's revised MFRs, average test year plant in service was reported as $1,946,058. The PAA Order made adjustments totaling $103,440 to this amount.

The utility accepts a portion of these adjustments totaling $71,261. This produces a revised average test year plant in service of $1,874,797. This is $32,179 more than the amount determined in the PAA Order.

Q. What is the reason for this $32,179 difference?

A. First, the PAA Order removed $27,943 from utility plant in service for the Lake Saunders Water Plant on the grounds that it was not supported by original documentation. The company subsequently located an invoice that it was previously unable to provide to the Staff during their field audit. The invoice indicates that Mr. Charlie Squibb, the initial developer, paid Carmichael Enterprises $17,053 to install the water system at

Lake Saunders Acres. The invoice is attached as Exhibit ___ (MFK-15).

The remaining $15,126 in dispute is due to what the company believes are unsupported adjustments. Although the schedules to the PAA Order include additional reductions in Plant in Service for $15,126, no detail or explanation is given for the adjustment, either in the PAA Order or in the supporting Staff recommendation.

Based on these items, the adjusted average test year balance of plant in service is $1,874,797. Individual account balances are detailed on the attached Exhibit ___ (MFK-3).

Used & Useful Plant

Q. Have you calculated a level of non-used and useful plant that differs from Staff's calculation of non-used and useful?

A. Yes. Based on the Staff's methodology, Mr. Seidman's testimony, and Mr. Rasmussen's testimony I have calculated non-used and useful plant of $17,265 for the average test year ended December 31, 1995.

Q. How does your used and useful calculation differ from that contained in the PAA Order?

A. There are three major differences:

First, the company has separately identified the interconnecting transmission mains which should be considered 100% used and useful.

Second, the company has identified all remaining transmission and distribution lines in subdivisions as 100% used and useful because the lines are totally contributed by developers.

Third, the company has applied the used and useful percentages developed by Mr. Seidman to the account balances for supply treatment, pumping and storage plant.

Q. Please explain how using Staff's methodology results in a non-used and useful adjustment for interconnecting transmission mains different than calculated by Staff.

A. According to Staff, the transmission mains which served to interconnect plants would be considered 100 percent used and useful. The Staff, however, did not accept the utility's

workpapers that separated the transmission mains that interconnect systems from those mains that are located within individual systems. Consequently, the PAA Order allotted no mains for the interconnection of the system.

Q. Have you separated the transmission mains that interconnect the systems from those located within the systems in the attached revised filing?

A. Yes.

Q. Please explain how you performed the separation.

A. Every invoice related to transmission mains was pulled from the company's historical records and reviewed to determine the location and purpose of the main. A listing of those invoices which relate to interconnecting mains is attached to Mr. Rasmussen's testimony as Exhibit ___ (DR-3). In addition to these invoices, Exhibit ___ (DR-3) lists the capitalized time recorded for the company's personnel to work on the interconnection projects.

Q. Has the Staff had an opportunity to examine the invoices listed on Exhibit ___ (DR-3)?

A. Yes. The FPSC Staff Auditor, Mr. Douse audited all of LUSI's plant invoices from the beginning of time through the test year during his field audit. Transmission mains represent over 60% of the company's total plant, and consequently occupied a significant portion of his audit time.

Q. What is the total amount spent on interconnecting the individual systems?

A. Through the end of the test year, December 31, 1995, LUSI spent $901,181 on interconnecting transmission mains. The portion of the company's investment is 100% used and useful.

Q. What is the Used and Useful percentage used by the company for transmission and distribution mains within the individual systems?

A. The company believes that the mains within each system are one hundred percent used and useful since all the mains were contributed.

Q. Why should the mains within an individual system be considered 100% used and useful?

A. In each individual system the mains were contributed. If the mains were not considered 100% used and useful a system could unfairly be determined to have negative rate base.

For instance, assume a system serves a potential of 100 customers, but only serves 45 today. The mains cost $50,000 to install and the corresponding CIAC balance is $50,000. When establishing rate base, the Staff would record used and useful plant of $22,500, and CIAC of $50,000 resulting in negative rate base of $27,500 even though the utility has not been imprudent with its investment.

Under this scenario, which exists in the LUSI systems, the utility is penalized for accepting contributed mains serving a growing area. Consequently, Exhibit ___ (MFK-3) utilizes the proper 100% used and useful percentage for account 331.4 Transmission Mains.

Q. If the Commission rejects this approach and wants to compare lots served to total lots, then what calculation should be used?

A. The attached Exhibit ___ (MFK-5) details the lots served and potential lots to be served in each subdivision. Exhibit ___

(MFK-4) then calculates a used and useful percentage for each system based on the ratio of lots served to total lots. Let me emphasize that because the mains have been 100% contributed, and thus represent "prepaid CIAC", I believe these calculated percentages are not the figures that should be used for ratemaking purposes.

Q. How did you determine the used and useful percentages for plant capacities?

A. The attached Exhibit ___ (MFK-4) lists the used and useful percentages determined by Mr. Seidman for each individual system. The non-used and useful percentage is then applied to account 307.2 Wells and Springs, 311.2 Pumping Equipment, and 320.3 Water Treatment Equipment on Exhibit ___ (MFK-3).

Contributions in Aid of Construction

Q. The PAA Order increased CIAC by $197,429. Do you agree with this level of adjustment?

A. No. The company concurs with only $115,543 of the $197,429 increase in CIAC. This results in a difference of $81,886.

Q. Why does the company disagree with the adjustment in the PAA Order?

A. There are three issues in which the company disagrees with the treatement of CIAC in the PAA Order.

First, the company has been able to locate an invoice supporting payment of $16,500 to Mr. Frank Logenbach, the developer for the Vista Subdivision. The invoice is attached as Exhibit ___ (MFK-16). Since the company was initially unable to produce proof of payment, the Staff increased CIAC by the payment required in the initial contract.

Second, the Staff removed $16,923 of plant in service in Highland Pointe due to lack of supporting documentation. When the company initially booked the acquisition of Highland Pointe, the plant in service was offset by CIAC. Consequently, if the Staff believes it is proper to remove the plant in service, a corresponding decrease to CIAC should be made.

Third, the company erroneously recorded an acquisition adjustment without prior approval from the Commission. In response to Staff Data Request No. 13, the company indicated that no extraordinary circumstances exist to necessitate an

adjustment. The Staff agreed, and removed the acquisition adjustment. Although the Staff removed the acquisition adjustment in theory, they increased CIAC by an identical amount, effectively maintaining the acquisition adjustment. The fact that the acquisition adjustment was recorded erroneously is ignored by the Staff without sufficient justification. Staff increased CIAC $48,463 related to this issue.

In total, the company disagrees with a total of $81,886 in Staff CIAC adjustments related to the above items.

Rate Case Expense

Q. Does rate case expense need to be adjusted?

A. Yes. When the Staff calculated rate case expense, they assumed there would be no protest to the Proposed Agency Action (PAA) Order. Consequently, rate case expense is understated. Attached as Exhibit ___ (MFK-8) is a schedule detailing rate case expense through June 30, 1997, and the estimated cost of rate case expense through the issuance of a final Order.

Q. How were future estimates for rate case expense determined?

A. Future legal expenses are the result of a conversation with our counsel, Mr. Richard Melson. According to Mr. Melson, his estimate is based on his previous involvement with similar cases.

Consulting fees are estimated by Mr. Seidman based on the amount of time to prepare his schedules through June 30, 1997 and an estimate for his involvement through the remainder of this case.

Capitalized time is an estimate for my time through the conclusion of this case. I have estimated that I will spend approximately 100 hours from July 1, 1997 through the issuance of an Order.

Miscellaneous expenses are estimated based on historical dollar amounts for copying, mailing, and travel expenses.

Q. What is the total cost you estimate for rate case expense?

A. The cost of the current proceeding, which is detailed in the attached Exhibit ___ (MFK-8) is $98,057.

In addition, in Docket 950232-WU, the company filed for a rate restructuring in deference to the Staff's requests. A settlement was approved in Order No. PSC-96-1228-FOF-WU, but no vehicle for recovery of the company's cost to participate in the proceedings was granted. The Commission determined in this proceeding that $17,706 is the proper amount to be amortized related to Docket No. 950232-WU.

The cost of the current proceeding and Docket Number 950232-WU combine for a total cost of $115,763 in rate case expense.

Revenue Requirement

Q. Is there "fall out" from the revised plant in service, non-used and useful, CIAC, and rate case expense?

A. Yes. Margin reserve, depreciation, accumulated depreciation, amortization, accumulated amortization, interest expense, the revenue requirement and monthly rates are all affected. The attached Exhibit ___ (MFK-1) Schedule of Water Rate Base,

Exhibit ___ (MFK-6) Schedule of Operations, and Exhibit ___ (MFK-10) Capital Structure incorporate these changes.

Q. When were the rates, presently in effect for LUSI, authorized by the Commission?

A. Except for periodic inflation adjustments, the rates for Amber Hill, Clermont I, Clermont II, Crescent West, Highland Point, Lake Ridge Club, The Oranges, The Vistas and Lake Crescent Hills were set prior to LUSI assuming ownership in 1982 and prior to Commission jurisdiction.

Q. What are the rates you propose?

A. The "Rates Prior to Filing", "Commission Approved Interim Rates", the rates "Utility Requested in Filing", the rates approved in the "Commission PAA Order" and the "Utility Requested Final" rates are shown in table format on the attached Exhibit ___ (MFK-11).

Service Availability Charges

Q. Do the aforementioned issues have an impact on the requested service availability charges (SAC)?

A. Yes. Attached is Exhibit ___ (MFK-12) which calculates the range between the minimum and maximum SAC allowed by the FPSC rules.

In addition to changes to plant in service and CIAC levels, the calculation utilizes Mr. Seidman's findings regarding the number of equivalent residential customers at capacity.

Q. Based on the revised calculations of the SAC, does the utility's initial SAC request fall between the minimum and maximum recommended by the FPSC guidelines?

A. Yes. The utility's request for a plant capacity charge of $600 and main extension charge of $600 results in CIAC at build out within the parameters dictated by Rule 25-30.580 (1) (a) and Rule 25-30.580 (1) (b).

Q. How do the proposed charges compare to those currently being charged and those approved in the Commission PAA Order?

A. Attached is Exhibit ___ (MFK-14) which shows in tabular form the present fees, the Commission PAA Order fees, as well as the fees requested in the utility's filing.

Q. The PAA Order states that the combined plant capacity and main extension charges requested by the company were only $540 per ERC. Why is the company now requesting a combined charge of $1,200 per ERC?

A. In its initial filing, the company requested a combined service availability charge of $1,200 based on its calculation that it could efficiently serve 1,250 ERCs at build out based on the sum of the rated capacities of the individual systems.

The company was subsequently informed by the Staff that it believed the interconnected systems could efficiently serve more than twice the number of connections (2,681 ERCs), than could be served by the individual systems operated independently.

At the Staff's request, the company updated its service availability charge calculation using the Staff's methodology for the calculation of ERCs at design capacity. It was that updated calculation which produced a combined service availability charge of $540 per ERC.

Q. Was this the charge that was approved in the PAA Order?

A. No. The PAA Order approved a service availability charge of only $223 per ERC.

Q. What steps has the company taken since the date of the PAA Order to calculate an appropriate service availability charge?

A. In conjunction with his used and useful analysis, the company asked its consultant, Mr. Frank Seidman, to calculate the number of future ERCs that can be served by existing capacity and the number of years to build out of existing capacity. That information is shown in Mr. Seidman's Exhibit ___ (FS-7).

Based on this information from Mr. Seidman, the company has recalculated the minimum and maximum service availability charges and has determined that its initial proposal for a combined charge of $1,200 per ERC is within the minimum and maximum charge that would be suggested be the PSC's service availability charge guidelines. Accordingly, the company is reinstating its original request for a uniform charge of $1,200 per ERC, consisting of a $600 plant capacity charge per ERC and a $600 main extension charge per ERC.

Q. Are there any other issues regarding the SAC that should be considered when calculating a SAC for LUSI?

A. Yes. There are two issues that are unique to LUSI and the calculation of its SAC.

First, LUSI agreed to assist the Florida Department of Health in their effort to provide potable water to citizens that were affected by EDB contamination.

Second, LUSI has several outstanding developer contracts in which the terms will cause a negative impact to the utility depending on the approved SAC. While having different SACs in different areas may appear inequitable to current customers, the Commission approved charges were integral in the negotiation of developer contracts. An approved SAC below the currently approved fee structure would negatively impact the utility.

The State of Florida Payment

Q. Could you please elaborate further on how LUSI's effort to assist the Florida Department of Health has an impact on the calculation of the SAC?

A. Yes. The catalyst for one of the company's main extension projects was the Florida Department of Health's objective to provide central water service to all residents that were obtaining their water from wells that have been contaminated by EDB. To accomplish this task, the Florida Department of Health requested the utility to extend its mains, at no cost to the utility, to serve the customers. The utility did so. The project cost $460,000, which was paid for by the State of Florida.

Despite the Department of Health's attempt to make the utility whole, the FPSC Staff's calculation of SACs treated this project identical to any other contribution. Thus, the State of Florida's payment is included in the percentage of maximum CIAC allowable by the utility when calculating the SAC under the Staff's methodology.

Q. How has the utility treated this payment from the Department of Health in the calculation of the service availability charge?

A. In the calculation of the service availability charge, the total amount of the payment received from the Department of Health is removed from gross plant and contributions in aid of construction. The effect is to calculate the fee as if the company never undertook the extensive interconnection program for the Department of Health. Thus, the company will not be negatively impacted from its decision to participate in the effort to assist citizens that have been plagued by EDB contamination.

Q. Does any governmental entity other than the Department of Health treat this payment differently than a normal contribution?

A. Yes. For tax purposes, the Internal Revenue Service treated the payment as cost free capital to the utility and therefore no tax liability was realized for the payment. Prior to a change in the tax law in June, 1996, all contributions were taxable for utility companies.

Q. If the Commission were to rule that the payment received from the State of Florida was CIAC for the purpose of determining the SAC, would the company's proposed SAC result in a contribution level higher than the 75 percent maximum required by Rule 25-30.580 (1) (a), Florida Administrative Code?

A. No. Even if the payment were included in CIAC for purposes of determining the SAC, the company's investment would support a maximum SAC of $1,600, which is well above the company's requested charge of $1,200.

Developer Contracts

Q. How were the rates determined for the newer subdivisions such as Crescent Bay, Preston Cove, and South Clermont Area?

A. The rates for Crescent Bay were established by the Commission in an original certificate proceeding based on 1988 construction and operating costs which were reviewed by Staff.

Effective April 2, 1993, in order No. PSC-92-1369-FOF-WU, the Commission approved rates that apply to Preston Cove and the

South Clermont Area. The rates approved were those approved for the Crescent Bay customers.

Q. Were service availability charges also established in order No. PSC-92-1369-FOF-WU?

A. Yes. Similar to the establishment of rates, the Commission approved the same charges that applied in Crescent Bay.

Q. Was any indication given why this level of charges was approved?

A. Yes. According to the Staff's analysis the charges approved for the Crescent Bay system, which include reasonable plant capacity and main extension charges, will accomplish the goal of future customers paying their pro rata share of the cost of the lines and treatment plant necessary to provide them service. The Staff's analysis stated in Docket No. 920174-WU that, "These charges will serve to increase the utility's level of CIAC (contributions in aid of construction), thus keeping the utility's rate base at a lower level for ratemaking purposes."

Q. Are you aware of any occurrences that would cause the Staff's original conclusion to be in error, or requiring adjustment?

A. No, I am not. In fact, LUSI has operated on the presumption that these proposed charges would remain in effect until LUSI decided to file a rate case proceeding or requested an adjustment in its service availability charges.

Q. When LUSI was planning its main extension program, did the Staff or Commission indicate that service availability charges might change?

A. No. Several developer agreements were negotiated with the tariffed tap fees in mind. Many factors influence the negotiations of an agreement with a developer. Some of the factors are flexible, such as developer's contributions. However, some are not, including water plant capacity and the Florida Public Service Commission's approved service availability charges.

LUSI reasonably assumed that these SACs would not be *reduced* in any area, as long as the CIAC level remained within statutory parameters.

A reduction in the tariffed charge would put LUSI in a disadvantageous position. The effect is to reduce the future contributions from a specific development. Furthermore, the

reduction in contributions will ultimately increase rates to all LUSI customers under the uniform rate structure.

Q. Are there any other reasons that the proposed SACs will result in less CIAC than the current fee structure?

A. Yes. Many of the old contracts approved by the PSC require the utility to reimburse service availability charges to the developer. Also, many of the charges are specifically capped by the agreement. Obviously, the PSC could override the existing contracts, but I do not believe that is the purpose of this proceeding.

Conversely, the areas with the most recently approved SACs pay tap-in fees in order to reduce LUSI's investment in the system. These fees ultimately ensure lower rates for all of LUSI's customers.

Allowance for Funds Prudently Invested

Q. Are there any issues that the Staff has alluded to during this rate case that you would like to address?

A. Yes. The Staff alleges that, "LUSI may have incorrectly collected AFPI charges for some of its customers." The

company has since received data requests investigating the matter.

Q. Is this the first time that the Staff has investigated this matter?

A. No. In 1993, this issue was first addressed initiated by a complaint lodged by a developer against LUSI regarding our rates and charges. The developer of Royal View Estates, Mr. Preben Olesen questioned the application of our tariff in specified areas. The matter was investigated by FPSC Regulatory Analyst Charlotte Hand and Ms. Billie Messer from the Bureau of Economic Regulation of the FPSC.

The result of the investigation was that the company was properly applying its tariff approved in Order No. PSC-92-1369-FOF-WU, as it applied to new areas and was properly collecting AFPI charges in accordance with its tariff.

Q. Does this conclude your testimony?

A. Yes it does.

Lake Utility Services, Inc.
Schedule of Water Rate Base
Test Year Ended 12/31/95

	Component	Adjusted Test Year Per MFRs	Uncontested Adjustments	Company Adjusted Test Year	Commission Contested Adjustments	Commission Adjusted Test Year
1	Utility Plant in Service	1,946,058	(71,261)	1,874,797	(32,179)	1,842,618
2	Land	3,730	357	4,087	-	4,087
3	Non-Used & Useful Components	(49,361)	32,096	(17,265)	(520,714)	(537,979)
4	Accumulated Depreciation	(131,754)	(53,307)	(185,061)	(2,816)	(187,877)
5	CIAC	(881,203)	(115,543)	(996,746)	(81,886)	(1,078,632)
6	Amortization of CIAC	109,430	1,491	110,921	13,986	124,907
7	Acquisition Adjustment	(70,169)	70,169	-	-	-
8	Accum. Amort of Acq Adj	7,095	(7,095)	-	-	-
9	Advances for Construction	-	(376,255)	(376,255)	-	(376,255)
10	Accumulated Def. Income Tax	116,542	127,927	244,469	-	244,469
11	Working Capital Allowance	27,828	287	28,115	(1,540)	26,575
12	Total Rate Base	1,078,196	(391,134)	687,062	(625,149)	61,913

Lake Utility Services, Inc.
Adjustments to Rate Base
Test Year Ended 12/31/95

Utility Plant in Service		
To adjust utility plant in service	$	(71,261)
Land		
To reflect unrecorded land cost	$	357
Non-Used and Useful Plant		
To reflect net non-used and useful adjustment	$	32,096
Accumulated Depreciation		
To remove accumulated dep. related to UPIS adjustments	$	(53,307)
Contributions in Aid of Construction		
To reflect adjustment of Staff proposed bookkeeping adjustments	$	(115,543)
Accumulated Amortization of CIAC		
To reflect adjustment of Staff proposed bookkeeping adjustments	$	1,491
Acquisition Adjustment		
To remove acquisition adjustment	$	70,169
Accum Amort of Acquistion Adjustment		
To reflect the removal of acquisition adjustment	$	(7,095)
Deferred Income Taxes		
To reflect income tax on advance for construction	$	(376,255)
Advance for Construction		
To reflect adjustment of Staff proposed bookkeeping adjustments	$	127,927
Working Capital		
To reflect adjustments on operating expenses	$	287

Schedule of Water Plant in Service, By Primary Account
Beginning and End of Year Average

Company: Lake Utility Services, Inc.
Docket No.: 960444-WU
Schedule Year Ended: 12/31/95
TOTAL COMPANY

Explanation: Provide the ending balances and average of plant in service for the prior year and the test year by primary account. Also show non-used & useful amounts by account.

Line No.	(1) Account No. and Name	(2) Prior Year 12/31/94	(3) Test Year 12/31/95	(4) Average	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	301.1 Organization	14,991	16,558	15,774		0
3	302.1 Franchises	0	0	0		0
4	339.1 Other Plant & Misc. Equipment	0	0	0		0
5	SOURCE OF SUPPLY AND PUMPING PLANT					
6	303.2 Land & Land Rights	0	0	0		0
7	304.2 Structures & Improvements	53,534	53,649	53,591		0
8	305.2 Collect. & Impound. Reservoirs	0	0	0		0
9	306.2 Lake, River & Other Intakes	0	0	0		0
10	307.2 Wells & Springs	170,339	192,559	181,449		12,349
11	308.2 Infiltration Galleries & Tunnels	0	0	0		0
12	309.2 Supply Mains	0	0	0		0
13	310.2 Power Genertion Equipment	0	0	0		0
14	311.2 Pumping Equipment	90,135	107,529	98,832		4,547
15	339.2 Other Plant & Misc. Equipment	0	0	0		0
16	WATER TREATMENT PLANT					
17	303.3 Land & Land Rights	0	0	0		0
18	304.3 Structures & Improvements	0	0	0		0
19	320.3 Water Treatment Equipment	100,718	103,814	102,266		369
20	339.3 Other Plant & Misc. Equipment	0	0	0		0
21	TRANSMISSION & DISTRIBUTION PLANT					
22	303.4 Land & Land Rights	0	0	0		0
23	304.4 Structures & Improvements	0	0	0		0
24	330.4 Distr. Reservoirs & Sandpipes	71,975	72,661	72,318		0
25	331.4 Transm. & Distribution Mains	298,778	299,065	298,921		0
26	331.4 Transm. & Distribution Mains (Interconnecting)	866,242	901,181	883,712		0
27	333.4 Services	86,530	103,707	95,119		0
28	334.4 Meters & Meter Installations	7,565	7,896	7,731		0
29	335.4 Hydrants	31,861	32,933	32,397		0
30	339.4 Other Plant & Misc. Equipment	0	0	0		0
31	GENERAL PLANT					
32	303.5 Land & Land Rights	0	0	0		0
33	304.5 Structures & Improvements	0	0	0		0
34	340.5 Office Furniture & Equipment	0	0	0		0
35	341.5 Transportation Equipment	0	0	0		0
36	342.5 Stores Equipment	0	0	0		0
37	343.5 Tools, Shop & Garage Equipment	5,817	7,050	6,434		0
38	344.5 Laboratory Equipment	0	261	131		0
39	345.5 Power Operated Equipment	0	0	0		0
40	346.5 Communication Equipment	2,000	2,000	2,000		0
41	347.5 Miscellaneous Equipment	4,188	4,188	4,188		0
42	348.5 Other Tangible Plant (WSC Rate Base (NET))	17,752	22,114	19,933		0
43	TOTAL	$ 1,822,425	$ 1,927,168	$ 1,874,797		$ 17,265

Schedule of Water Plant in Service, By Primary Account
Beginning and End of Year Average

Company: Lake Utility Services, Inc.
Docket No.: 960444-WU
Schedule Year Ended: 12/31/95
Clermont I, Amber Hill, Lake Ridge Club

Explanation: Provide the ending balances and average of plant in service for the prior year and the test year by primary account. Also show non-used & useful amounts by account.

Line No.	(1) Account No. and Name	(2) Prior Year 12/31/94	(3) Test Year 12/31/95	(4) Average	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	301.1 Organization	2,565	3,740	3,153	0.00%	0
3	302.1 Franchises	0	0	0	0.00%	0
4	339.1 Other Plant & Misc. Equipment	0	0	0	0.00%	0
5	SOURCE OF SUPPLY AND PUMPING PLANT					
6	303.2 Land & Land Rights	0	0	0	0.00%	0
7	304.2 Structures & Improvements	11,667	11,667	11,667	0.00%	0
8	305.2 Collect. & Impound. Reservoirs	0	0	0	0.00%	0
9	306.2 Lake, River & Other Intakes	0	0	0	0.00%	0
10	307.2 Wells & Springs	54,850	54,850	54,850	0.00%	0
11	308.2 Infiltration Galleries & Tunnels	0	0	0	0.00%	0
12	309.2 Supply Mains	0	0	0	0.00%	0
13	310.2 Power Genertion Equipment	0	0	0	0.00%	0
14	311.2 Pumping Equipment	34,339	35,759	35,049	0.00%	0
15	339.2 Other Plant & Misc. Equipment	0	0	0	0.00%	0
16	WATER TREATMENT PLANT					
17	303.3 Land & Land Rights	0	0	0	0.00%	0
18	304.3 Structures & Improvements	0	0	0	0.00%	0
19	320.3 Water Treatment Equipment	25,415	25,955	25,685	0.00%	0
20	339.3 Other Plant & Misc. Equipment	0	0	0	0.00%	0
21	TRANSMISSION & DISTRIBUTION PLANT					
22	303.4 Land & Land Rights	0	0	0	0.00%	0
23	304.4 Structures & Improvements	0	0	0	0.00%	0
24	330.4 Distr. Reservoirs & Sandpipes	19,213	19,213	19,213	0.00%	0
25	331.4 Transm. & Distribution Mains	119,700	119,700	119,700	0.00%	0
26	331.4 Transm. & Distribution Mains (Interconnecting)	10,667	16,571	13,619	0.00%	0
27	333.4 Services	20,110	23,221	21,666	0.00%	0
28	334.4 Meters & Meter Installations	2,917	1,433	2,175	0.00%	0
29	335.4 Hydrants	3,167	3,167	3,167	0.00%	0
30	339.4 Other Plant & Misc. Equipment	0	0	0	0.00%	0
31	GENERAL PLANT					
32	303.5 Land & Land Rights	0	0	0	0.00%	0
33	304.5 Structures & Improvements	0	0	0	0.00%	0
34	340.5 Office Furniture & Equipment	0	0	0	0.00%	0
35	341.5 Transportation Equipment	0	0	0	0.00%	0
36	342.5 Stores Equipment	0	0	0	0.00%	0
37	343.5 Tools, Shop & Garage Equipment	5,817	7,050	6,434	0.00%	0
38	344.5 Laboratory Equipment	0	261	131	0.00%	0
39	345.5 Power Operated Equipment	0	0	0	0.00%	0
40	346.5 Communication Equipment	2,000	2,000	2,000	0.00%	0
41	347.5 Miscellaneous Equipment	0	0	0	0.00%	0
42	348.5 Other Tangible Plant (WSC Rate Base (NET))	0	0	0	0.00%	0
43	TOTAL	$ 312,427	$ 324,589	$ 318,508		$ 0

Schedule of Water Plant in Service, By Primary Account
Beginning and End of Year Average

Company: Lake Utility Services, Inc.
Docket No.: 960444-WU
Schedule Year Ended: 12/31/95
Clermont II

Explanation: Provide the ending balances and average of plant in service for the prior year and the test year by primary account. Also show non-used & useful amounts by account.

Line No.	(1) Account No. and Name	(2) Prior Year 12/31/94	(3) Test Year 12/31/95	(4) Average	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	301.1 Organization	748	1,140	944	0.00%	0
3	302.1 Franchises	0	0	0	0.00%	0
4	339.1 Other Plant & Misc. Equipment	0	0	0	0.00%	0
5	SOURCE OF SUPPLY AND PUMPING PLANT					
6	303.2 Land & Land Rights	0	0	0	0.00%	0
7	304.2 Structures & Improvements	1,683	1,683	1,683	0.00%	0
8	305.2 Collect. & Impound. Reservoirs	0	0	0	0.00%	0
9	306.2 Lake, River & Other Intakes	0	0	0	0.00%	0
10	307.2 Wells & Springs	2,931	2,931	2,931	0.00%	0
11	308.2 Infiltration Galleries & Tunnels	0	0	0	0.00%	0
12	309.2 Supply Mains	0	0	0	0.00%	0
13	310.2 Power Genertion Equipment	0	0	0	0.00%	0
14	311.2 Pumping Equipment	540	888	714	0.00%	0
15	339.2 Other Plant & Misc. Equipment	0	0	0	0.00%	0
16	WATER TREATMENT PLANT					
17	303.3 Land & Land Rights	0	0	0	0.00%	0
18	304.3 Structures & Improvements	0	0	0	0.00%	0
19	320.3 Water Treatment Equipment	2,241	2,252	2,246	0.00%	0
20	339.3 Other Plant & Misc. Equipment	0	0	0	0.00%	0
21	TRANSMISSION & DISTRIBUTION PLANT					
22	303.4 Land & Land Rights	0	0	0	0.00%	0
23	304.4 Structures & Improvements	0	0	0	0.00%	0
24	330.4 Distr. Reservoirs & Sandpipes	926	926	926	0.00%	0
25	331.4 Transm. & Distribution Mains	9,217	9,217	9,217	0.00%	0
26	331.4 Transm. & Distribution Mains (Interconnecting)	0	0	0	0.00%	0
27	333.4 Services	2,313	2,484	2,399	0.00%	0
28	334.4 Meters & Meter Installations	256	660	458	0.00%	0
29	335.4 Hydrants	613	613	613	0.00%	0
30	339.4 Other Plant & Misc. Equipment	0	0	0	0.00%	0
31	GENERAL PLANT					
32	303.5 Land & Land Rights	0	0	0	0.00%	0
33	304.5 Structures & Improvements	0	0	0	0.00%	0
34	340.5 Office Furniture & Equipment	0	0	0	0.00%	0
35	341.5 Transportation Equipment	0	0	0	0.00%	0
36	342.5 Stores Equipment	0	0	0	0.00%	0
37	343.5 Tools, Shop & Garage Equipment	0	0	0	0.00%	0
38	344.5 Laboratory Equipment	0	0	0	0.00%	0
39	345.5 Power Operated Equipment	0	0	0	0.00%	0
40	346.5 Communication Equipment	0	0	0	0.00%	0
41	347.5 Miscellaneous Equipment	0	0	0	0.00%	0
42	348.5 Other Tangible Plant (WSC Rate Base (NET))	0	0	0	0.00%	0
43	TOTAL	$ 21,468	$ 22,793	$ 22,130		$ 0

Schedule of Water Plant in Service, By Primary Account
Beginning and End of Year Average

Company: Lake Utility Services, Inc.
Docket No.: 960444-WU
Schedule Year Ended: 12/31/95
Highland Point, Crescent Bay, Crescent West, Lake Crescent Hills, Preston Cove, South Clermont Region

Explanation: Provide the ending balances and average of plant in service for the prior year and the test year by primary account. Also show non-used & useful amounts by account.

Line No.	(1) Account No. and Name	(2) Prior Year 12/31/94	(3) Test Year 12/31/95	(4) Average	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	301.1 Organization	4,796	4,796	4,796	0.00%	0
3	302.1 Franchises	0	0	0	0.00%	0
4	339.1 Other Plant & Misc. Equipment	0	0	0	0.00%	0
5	SOURCE OF SUPPLY AND PUMPING PLANT					
6	303.2 Land & Land Rights	0	0	0	0.00%	0
7	304.2 Structures & Improvements	28,574	28,574	28,574	0.00%	0
8	305.2 Collect. & Impound. Reservoirs	0	0	0	0.00%	0
9	306.2 Lake, River & Other Intakes	0	0	0	0.00%	0
10	307.2 Wells & Springs	55,922	78,045	66,984	0.00%	0
11	308.2 Infiltration Galleries & Tunnels	0	0	0	0.00%	0
12	309.2 Supply Mains	0	0	0	0.00%	0
13	310.2 Power Genertion Equipment	0	0	0	0.00%	0
14	311.2 Pumping Equipment	31,728	41,026	36,377	0.00%	0
15	339.2 Other Plant & Misc. Equipment	0	0	0	0.00%	0
16	WATER TREATMENT PLANT					
17	303.3 Land & Land Rights	0	0	0	0.00%	0
18	304.3 Structures & Improvements	0	0	0	0.00%	0
19	320.3 Water Treatment Equipment	66,738	68,823	67,780	0.00%	0
20	339.3 Other Plant & Misc. Equipment	0	0	0	0.00%	0
21	TRANSMISSION & DISTRIBUTION PLANT					
22	303.4 Land & Land Rights	0	0	0	0.00%	0
23	304.4 Structures & Improvements	0	0	0	0.00%	0
24	330.4 Distr. Reservoirs & Sandpipes	35,754	36,440	36,097	0.00%	0
25	331.4 Transm. & Distribution Mains	85,791	85,791	85,791	0.00%	0
26	331.4 Transm. & Distribution Mains (Interconnecting)	769,225	776,820	773,022	0.00%	0
27	333.4 Services	52,273	64,392	58,332	0.00%	0
28	334.4 Meters & Meter Installations	3,252	4,664	3,958	0.00%	0
29	335.4 Hydrants	28,081	29,153	28,617	0.00%	0
30	339.4 Other Plant & Misc. Equipment	0	0	0	0.00%	0
31	GENERAL PLANT					
32	303.5 Land & Land Rights	0	0	0	0.00%	0
33	304.5 Structures & Improvements	0	0	0	0.00%	0
34	340.5 Office Furniture & Equipment	0	0	0	0.00%	0
35	341.5 Transportation Equipment	0	0	0	0.00%	0
36	342.5 Stores Equipment	0	0	0	0.00%	0
37	343.5 Tools, Shop & Garage Equipment	0	0	0	0.00%	0
38	344.5 Laboratory Equipment	0	0	0	0.00%	0
39	345.5 Power Operated Equipment	0	0	0	0.00%	0
40	346.5 Communication Equipment	0	0	0	0.00%	0
41	347.5 Miscellaneous Equipment	0	0	0	0.00%	0
42	348.5 Other Tangible Plant (WSC Rate Base (NET))	0	0	0	0.00%	0
43	TOTAL	$ 1,162,134	$ 1,218,524	$ 1,190,329		$ 0

Schedule of Water Plant in Service, By Primary Account
Beginning and End of Year Average

Company: Lake Utility Services, Inc.
Docket No.: 960444-WU
Schedule Year Ended: 12/31/95
The Oranges, The Vistas I & II

Explanation: Provide the ending balances and average of plant in service for the prior year and the test year by primary account. Also show *non*-used & useful amounts by account.

Line No.	(1) Account No. and Name	(2) Prior Year 12/31/94	(3) Test Year 12/31/95	(4) Average	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	301.1 Organization	0	0	0	0.00%	0
3	302.1 Franchises	0	0	0	0.00%	0
4	339.1 Other Plant & Misc. Equipment	0	0	0	0.00%	0
5	SOURCE OF SUPPLY AND PUMPING PLANT					
6	303.2 Land & Land Rights	0	0	0	0.00%	0
7	304.2 Structures & Improvements	1,412	1,527	1,470	0.00%	0
8	305.2 Collect. & Impound. Reservoirs	0	0	0	0.00%	0
9	306.2 Lake, River & Other Intakes	0	0	0	0.00%	0
10	307.2 Wells & Springs	14,286	14,384	14,335	10.72%	1,537
11	308.2 Infiltration Galleries & Tunnels	0	0	0	0.00%	0
12	309.2 Supply Mains	0	0	0	0.00%	0
13	310.2 Power Genertion Equipment	0	0	0	0.00%	0
14	311.2 Pumping Equipment	9,434	14,555	11,995	10.72%	1,286
15	339.2 Other Plant & Misc. Equipment	0	0	0	0.00%	0
16	WATER TREATMENT PLANT					
17	303.3 Land & Land Rights	0	0	0	0.00%	0
18	304.3 Structures & Improvements	0	0	0	0.00%	0
19	320.3 Water Treatment Equipment	1,518	1,978	1,748	10.72%	187
20	339.3 Other Plant & Misc. Equipment	0	0	0	0.00%	0
21	TRANSMISSION & DISTRIBUTION PLANT					
22	303.4 Land & Land Rights	0	0	0	0.00%	0
23	304.4 Structures & Improvements	0	0	0	0.00%	0
24	330.4 Distr. Reservoirs & Sandpipes	2,098	2,098	2,098	0.00%	0
25	331.4 Transm. & Distribution Mains	35,174	35,174	35,174	0.00%	0
26	331.4 Transm. & Distribution Mains (Interconnecting)	86,350	107,790	97,070	0.00%	0
27	333.4 Services	4,974	6,457	5,715	0.00%	0
28	334.4 Meters & Meter Installations	0	0	0	0.00%	0
29	335.4 Hydrants	0	0	0	0.00%	0
30	339.4 Other Plant & Misc. Equipment	0	0	0	0.00%	0
31	GENERAL PLANT					
32	303.5 Land & Land Rights	0	0	0	0.00%	0
33	304.5 Structures & Improvements	0	0	0	0.00%	0
34	340.5 Office Furniture & Equipment	0	0	0	0.00%	0
35	341.5 Transportation Equipment	0	0	0	0.00%	0
36	342.5 Stores Equipment	0	0	0	0.00%	0
37	343.5 Tools, Shop & Garage Equipment	0	0	0	0.00%	0
38	344.5 Laboratory Equipment	0	0	0	0.00%	0
39	345.5 Power Operated Equipment	0	0	0	0.00%	0
40	346.5 Communication Equipment	0	0	0	0.00%	0
41	347.5 Miscellaneous Equipment	0	0	0	0.00%	0
42	348.5 Other Tangible Plant (WSC Rate Base (NET))	0	0	0	0.00%	0
43	TOTAL	$ 155,248	$ 183,963	$ 169,605		$ 3,010

Schedule of Water Plant in Service, By Primary Account
Beginning and End of Year Average

Company: Lake Utility Services, Inc.
Docket No.: 960444-WU
Schedule Year Ended: 12/31/95
Four Lakes

Explanation: Provide the ending balances and average of plant in service for the prior year and the test year by primary account. Also show non-used & useful amounts by account.

Line No.	(1) Account No. and Name	(2) Prior Year 12/31/94	(3) Test Year 12/31/95	(4) Average	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	301.1 Organization	6,882	6,882	6,882	0.00%	0
3	302.1 Franchises	0	0	0	0.00%	0
4	339.1 Other Plant & Misc. Equipment	0	0	0	0.00%	0
5	SOURCE OF SUPPLY AND PUMPING PLANT					
6	303.2 Land & Land Rights	0	0	0	0.00%	0
7	304.2 Structures & Improvements	10,050	10,050	10,050	0.00%	0
8	305.2 Collect. & Impound. Reservoirs	0	0	0	0.00%	0
9	306.2 Lake, River & Other Intakes	0	0	0	0.00%	0
10	307.2 Wells & Springs	8,122	8,122	8,122	0.00%	0
11	308.2 Infiltration Galleries & Tunnels	0	0	0	0.00%	0
12	309.2 Supply Mains	0	0	0	0.00%	0
13	310.2 Power Genertion Equipment	0	0	0	0.00%	0
14	311.2 Pumping Equipment	3,770	4,977	4,374	0.00%	0
15	339.2 Other Plant & Misc. Equipment	0	0	0	0.00%	0
16	WATER TREATMENT PLANT					
17	303.3 Land & Land Rights	0	0	0	0.00%	0
18	304.3 Structures & Improvements	0	0	0	0.00%	0
19	320.3 Water Treatment Equipment	4,232	4,232	4,232	0.00%	0
20	339.3 Other Plant & Misc. Equipment	0	0	0	0.00%	0
21	TRANSMISSION & DISTRIBUTION PLANT					
22	303.4 Land & Land Rights	0	0	0	0.00%	0
23	304.4 Structures & Improvements	0	0	0	0.00%	0
24	330.4 Distr. Reservoirs & Sandpipes	2,214	2,214	2,214	0.00%	0
25	331.4 Transm. & Distribution Mains	25,970	26,258	26,114	0.00%	0
26	331.4 Transm. & Distribution Mains (Interconnecting)	0	0	0	0.00%	0
27	333.4 Services	2,615	2,811	2,713	0.00%	0
28	334.4 Meters & Meter Installations	1,140	1,140	1,140	0.00%	0
29	335.4 Hydrants	0	0	0	0.00%	0
30	339.4 Other Plant & Misc. Equipment	0	0	0	0.00%	0
31	GENERAL PLANT					
32	303.5 Land & Land Rights	0	0	0	0.00%	0
33	304.5 Structures & Improvements	0	0	0	0.00%	0
34	340.5 Office Furniture & Equipment	0	0	0	0.00%	0
35	341.5 Transportation Equipment	0	0	0	0.00%	0
36	342.5 Stores Equipment	0	0	0	0.00%	0
37	343.5 Tools, Shop & Garage Equipment	0	0	0	0.00%	0
38	344.5 Laboratory Equipment	0	0	0	0.00%	0
39	345.5 Power Operated Equipment	0	0	0	0.00%	0
40	346.5 Communication Equipment	0	0	0	0.00%	0
41	347.5 Miscellaneous Equipment	0	0	0	0.00%	0
42	348.5 Other Tangible Plant (WSC Rate Base (NET))	0	0	0	0.00%	0
43	TOTAL	$ 64,994	$ 66,684	$ 65,839		$ 0

Schedule of Water Plant in Service, By Primary Account
Beginning and End of Year Average

Company: Lake Utility Services, Inc.
Docket No.: 960444-WU
Schedule Year Ended: 12/31/95
Lake Saunders Acres

Explanation: Provide the ending balances and average of plant in service for the prior year and the test year by primary account. Also show non-used & useful amounts by account.

Line No.	(1) Account No. and Name	(2) Prior Year 12/31/94	(3) Test Year 12/31/95	(4) Average	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	301.1 Organization	0	0	0	0.00%	0
3	302.1 Franchises	0	0	0	0.00%	0
4	339.1 Other Plant & Misc. Equipment	0	0	0	0.00%	0
5	SOURCE OF SUPPLY AND PUMPING PLANT					
6	303.2 Land & Land Rights	0	0	0	0.00%	0
7	304.2 Structures & Improvements	149	149	149	0.00%	0
8	305.2 Collect. & Impound. Reservoirs	0	0	0	0.00%	0
9	306.2 Lake, River & Other Intakes	0	0	0	0.00%	0
10	307.2 Wells & Springs	34,228	34,228	34,228	31.59%	10,813
11	308.2 Infiltration Galleries & Tunnels	0	0	0	0.00%	0
12	309.2 Supply Mains	0	0	0	0.00%	0
13	310.2 Power Genertion Equipment	0	0	0	0.00%	0
14	311.2 Pumping Equipment	10,324	10,324	10,324	31.59%	3,261
15	339.2 Other Plant & Misc. Equipment	0	0	0	0.00%	0
16	WATER TREATMENT PLANT					
17	303.3 Land & Land Rights	0	0	0	0.00%	0
18	304.3 Structures & Improvements	0	0	0	0.00%	0
19	320.3 Water Treatment Equipment	574	574	574	31.59%	181
20	339.3 Other Plant & Misc. Equipment	0	0	0	0.00%	0
21	TRANSMISSION & DISTRIBUTION PLANT					
22	303.4 Land & Land Rights	0	0	0	0.00%	0
23	304.4 Structures & Improvements	0	0	0	0.00%	0
24	330.4 Distr. Reservoirs & Sandpipes	11,770	11,770	11,770	0.00%	0
25	331.4 Transm. & Distribution Mains	22,925	22,925	22,925	0.00%	0
26	331.4 Transm. & Distribution Mains (Interconnecting)	0	0	0	0.00%	0
27	333.4 Services	4,244	4,342	4,293	0.00%	0
28	334.4 Meters & Meter Installations	0	0	0	0.00%	0
29	335.4 Hydrants	0	0	0	0.00%	0
30	339.4 Other Plant & Misc. Equipment	0	0	0	0.00%	0
31	GENERAL PLANT					
32	303.5 Land & Land Rights	0	0	0	0.00%	0
33	304.5 Structures & Improvements	0	0	0	0.00%	0
34	340.5 Office Furniture & Equipment	0	0	0	0.00%	0
35	341.5 Transportation Equipment	0	0	0	0.00%	0
36	342.5 Stores Equipment	0	0	0	0.00%	0
37	343.5 Tools, Shop & Garage Equipment	0	0	0	0.00%	0
38	344.5 Laboratory Equipment	0	0	0	0.00%	0
39	345.5 Power Operated Equipment	0	0	0	0.00%	0
40	346.5 Communication Equipment	0	0	0	0.00%	0
41	347.5 Miscellaneous Equipment	0	0	0	0.00%	0
42	348.5 Other Tangible Plant (WSC Rate Base (NET))	0	0	0	0.00%	0
43	TOTAL	$ 84,214	$ 84,312	$ 84,263		$ 14,255

Lake Utility Services, Inc.
Schedule of Used & Useful
Test Year Ended 12/31/95

Water Treatment Plant (Account 320.3)

Sub No.	Subdivision Name	Used & Useful Percentage	Source
628	Clermont I	94.07%	Exhibit (FS-5) ___, Page 1 of 6
628	Clermont II	100.00%	Exhibit (FS-5) ___, Page 2 of 6
631	Amber Hill	94.07%	Exhibit (FS-5) ___, Page 1 of 6
632	Highland Point	100.00%	Exhibit (FS-5) ___, Page 3 of 6
633	The Oranges	89.28%	Exhibit (FS-5) ___, Page 4 of 6
634	Lake Ridge Club	94.07%	Exhibit (FS-5) ___, Page 1 of 6
636	The Vistas I & II	89.28%	Exhibit (FS-5) ___, Page 4 of 6
661	Crescent Bay	100.00%	Exhibit (FS-5) ___, Page 3 of 6
662	Crescent West	100.00%	Exhibit (FS-5) ___, Page 3 of 6
663	Four Lakes	100.00%	Exhibit (FS-5) ___, Page 5 of 6
664	Lake Saunders Acres	68.41%	Exhibit (FS-5) ___, Page 6 of 6
665	Crescent Hills	100.00%	Exhibit (FS-5) ___, Page 3 of 6
666	Preston Cove	100.00%	Exhibit (FS-5) ___, Page 3 of 6
667	EDB Areas	100.00%	Exhibit (FS-5) ___, Page 3 of 6
667	Madison Park	100.00%	Exhibit (FS-5) ___, Page 3 of 6
667	Silver Glen	100.00%	Exhibit (FS-5) ___, Page 3 of 6
667	Lake Crescent Pines	100.00%	Exhibit (FS-5) ___, Page 3 of 6
667	Osprey Point	100.00%	Exhibit (FS-5) ___, Page 3 of 6
667	Hills of Lake Louisa	100.00%	Exhibit (FS-5) ___, Page 3 of 6
667	Sawmill	100.00%	Exhibit (FS-5) ___, Page 3 of 6
667	Reagan's Run	100.00%	Exhibit (FS-5) ___, Page 3 of 6

Water Distribution Plant (A/C 331.4 (excluding interconnecting mains))

Sub No.	Subdivision Name	Used & Useful Percentage (a)	Used & Useful Percentage (b)	Source
628	Clermont I	100.00%	72.49%	Exhibit (MFK-5) ___
628	Clermont II	100.00%	50.00%	Exhibit (MFK-5) ___
631	Amber Hill	100.00%	72.49%	Exhibit (MFK-5) ___
632	Highland Point	100.00%	46.17%	Exhibit (MFK-5) ___
633	The Oranges	100.00%	61.46%	Exhibit (MFK-5) ___
634	Lake Ridge Club	100.00%	46.17%	Exhibit (MFK-5) ___
636	The Vistas I & II	100.00%	61.46%	Exhibit (MFK-5) ___
661	Crescent Bay	100.00%	46.17%	Exhibit (MFK-5) ___
662	Crescent West	100.00%	46.17%	Exhibit (MFK-5) ___
663	Four Lakes	100.00%	82.28%	Exhibit (MFK-5) ___
664	Lake Saunders Acres	100.00%	93.33%	Exhibit (MFK-5) ___
665	Crescent Hills	100.00%	46.17%	Exhibit (MFK-5) ___
666	Preston Cove	100.00%	46.17%	Exhibit (MFK-5) ___
667	EDB Areas	100.00%	46.17%	Exhibit (MFK-5) ___
667	Madison Park	100.00%	46.17%	Exhibit (MFK-5) ___
667	Silver Glen	100.00%	46.17%	Exhibit (MFK-5) ___
667	Lake Crescent Pines	100.00%	46.17%	Exhibit (MFK-5) ___
667	Osprey Point	100.00%	46.17%	Exhibit (MFK-5) ___
667	Hills of Lake Louisa	100.00%	46.17%	Exhibit (MFK-5) ___
667	Sawmill	100.00%	46.17%	Exhibit (MFK-5) ___
667	Reagan's Run	100.00%	46.17%	Exhibit (MFK-5) ___

(a) Based on the fact that all mains have been contributed.
(b) Based on number of customers served.

Lake Utility Services, Inc.
Schedule of Used & Useful - Distribution Mains
Test Year Ended 12/31/95

Water Distribution Plant (A/C 331.4 (excluding interconnecting mains))

Sub No.	Subdivision Name	No. of Lots Served	Margin Reserve	Total No. of Lots	Used & Useful Percentage
628	Clermont I	111		141	
631	Amber Hill	40		61	
634	Lake Ridge Club	68		107	
	Total	219	5	309	72.49%
628	Clermont II	35	-	70	50.00%
633	The Oranges	78		92	
636	The Vistas I & II	40		113	
	Total	118	8	205	61.46%
632	Highland Point	32		48	
661	Crescent Bay	45		107	
662	Crescent West	70		102	
665	Crescent Hills	77		138	
666	Preston Cove	49		107	
667	EDB Areas	93		243	
667	Madison Park	30		30	
667	Silver Glen	18		18	
667	Lake Crescent Pines	22		104	
667	Osprey Point	7		74	
667	Hills of Lake Louisa	11		76	
667	Sawmill	-		49	
667	Reagan's Run	1		83	
667	EDB			(44)	
	Total	455	69	1,135	46.17%
664	Lake Saunders Acres	37	5	45	93.33%
663	Four Lakes	51	14	79	82.28%

Lake Utility Services, Inc.
Schedule of Operations
Test Year Ended 12/31/95

Component	Adjusted Test Year Per MFRs	Uncontested Adjustments	Company Adjusted Test Year	Commission Contested Adjustments	Commission Adjusted Test Year
1 Operating Revenues	447,182	(46,326)	400,856	(119,186)	281,670
Operating Expenses:					
2 Operation and Maintenance	246,732	4,587	251,319	(14,611)	236,708
3 Depreciation	27,854	5,627	33,481	(26,796)	6,685
4 Acq. Adj. Amortization	(2,175)	2,175	-	-	-
5 Taxes Other Than Income	43,584	(5,216)	38,368	(7,286)	31,082
6 Income Taxes	20,774	(12,904)	7,870	(6,405)	1,465
7 Total Operating Expenses	336,769	(5,731)	331,038	(55,098)	275,940
8 Operating Income	110,413	(40,596)	69,817	(64,087)	5,730
9 Rate Base	1,078,196		687,062		61,913
10 Rate of Return	10.24%		10.16%		9.25%

Lake Utility Services, Inc.
Adjustments to Operating Statements
Test Year Ended 12/31/95

Operating Revenues	
a) To reflect proposed increase	$ 9,176
b) To remove AFPI charges	$ (32,912)
c) To remove Advances booked as revenue	$ (35,000)
d) To reflect billing adjustments	$ 12,410
	$ (46,326)
O & M Expenses	
a) To reduce expenses of power and chemical for unaccounted for water	$ (3,048)
b) To reflect repression adjustment	$ (3,254)
c) To reflect annual amortization of legal fees, LUSI v. Clermont	$ 11,474
d) To reflect adjustment of rate case expense	$ 1,182
e) To remove non-utility insurance premium	$ (741)
f) To remove refundable security deposit	$ (275)
g) To reduce unsupported expenses	$ (751)
	$ 4,587
Depreciation Expense Net of CIAC Amortization	
To reflect the effect of adjustment to plant in service, U&U, and CIAC	$ 5,627
Amortization of Acquisition Adjustment	
To remove amort exp associated with Acquisition Adjustment	$ 2,175
Taxes Other Than Income Taxes	
a) To remove RAFs related to revenue adjustments	$ (2,086)
b) To remove tax bill unrelated to utility property bill	$ (1,481)
c) To remove property taxes for non-U&U plant	$ (117)
d) To remove payroll taxes associated with capitalized salaries	$ (1,532)
	$ (5,216)
Income Taxes	
Income taxes associated with adjusted test year income	$ (12,904)

Lake Utility Services, Inc.
Docket No. 960444-WU
Rate Case Expense
As of June 30, 1997

Category	Through 6/30/97	Estimate to Complete Hearing	Total
Filing Fee	3,000.00	-	3,000.00
Legal Expense	9,596.52	50,000.00	59,596.52
Consulting Fees	5,000.00	10,000.00	15,000.00
Capitalized Time	11,960.00	4,230.00	16,190.00
Miscellaneous	3,270.77	1,000.00	4,270.77
Docket No. 950232-WU	17,706.00	-	17,706.00
Total	50,533.29	65,230.00	115,763.29

Schedule of Depreciation and Amortization of CIAC, By Primary Account
Beginning and End of Year Average

Lake Utility Services, Inc.
Schedule of Depreciation
Test Year Ended 12/31/95

Line No.	(1) Account No. and Name	(2) U&U Plant @ ATY	(3) Depreciation Rate	(4) Depreciation Expense
1	INTANGIBLE PLANT			
2	301.1 Organization	15,774	2.50%	394
3	302.1 Franchises	0		0
4	339.1 Other Plant & Misc. Equipment	0		0
5	SOURCE OF SUPPLY AND PUMPING PLANT			
6	303.2 Land & Land Rights	0		0
7	304.2 Structures & Improvements	53,591	3.03%	1,624
8	305.2 Collect. & Impound. Reservoirs	0		0
9	306.2 Lake, River & Other Intakes	0		0
10	307.2 Wells & Springs	169,100	3.33%	5,631
11	308.2 Infiltration Galleries & Tunnels	0		0
12	309.2 Supply Mains	0		0
13	310.2 Power Genertion Equipment	0		0
14	311.2 Pumping Equipment	94,285	5.00%	4,714
15	339.2 Other Plant & Misc. Equipment	0		0
16	WATER TREATMENT PLANT			
17	303.3 Land & Land Rights	0		0
18	304.3 Structures & Improvements	0		0
19	320.3 Water Treatment Equipment	101,897	10.00%	10,190
20	339.3 Other Plant & Misc. Equipment	0		0
21	TRANSMISSION & DISTRIBUTION PLANT			
22	303.4 Land & Land Rights	0		0
23	304.4 Structures & Improvements	0		0
24	330.4 Distr. Reservoirs & Sandpipes	72,318	2.66%	1,924
25	331.4 Transm. & Distribution Mains	298,921	2.33%	6,965
26	331.4 Transm. & Distribution Mains (Interconnecti	883,712	2.33%	20,590
27	333.4 Services	95,119	2.50%	2,378
28	334.4 Meters & Meter Installations	7,731	5.00%	387
29	335.4 Hydrants	32,397	2.22%	719
30	339.4 Other Plant & Misc. Equipment	0		0
31	GENERAL PLANT			
32	303.5 Land & Land Rights	0		0
33	304.5 Structures & Improvements	0		0
34	340.5 Office Furniture & Equipment	0		0
35	341.5 Transportation Equipment	0		0
36	342.5 Stores Equipment	0		0
37	343.5 Tools, Shop & Garage Equipment	6,434	6.25%	402
38	344.5 Laboratory Equipment	131	6.67%	9
39	345.5 Power Operated Equipment	0		0
40	346.5 Communication Equipment	2,000	10.00%	200
41	347.5 Miscellaneous Equipment	4,188	6.67%	279
42	348.5 Other Tangible Plant (WSC Rate Base (NET))	19,933	10.00%	1,993
43	Contributions in Aid of Construction	(996,746)	2.50%	(24,919)
43	TOTAL $	1,857,531 $	$	33,481

Lake Utility Services, Inc.
Capital Structure
Test Year Ended 12/31/95

	Description	Total Capital	Pro Rata Adjustments	Capital Reconciled To Rate Base	Ratio	Cost Rate	Weighted Cost
1	Long Term Debt	40,625,000	(40,306,839)	318,161	46.31%	9.19%	4.26%
2	Short Term Debt	7,381,250	(7,323,443)	57,807	8.41%	9.12%	0.77%
3	Preferred Stock	-	-	-	0.00%	0.00%	0.00%
4	Common Equity	37,868,798	(37,572,223)	296,575	43.17%	11.61%	5.01%
5	Customer Deposits	14,518	-	14,518	2.11%	6.00%	0.13%
6	Deferred ITCs - Zero Cost	-	-	-	0.00%	0.00%	0.00%
7	Deferred ITCs - Wtd Cost	-	-	-	0.00%	0.00%	0.00%
8	Deferred Income Taxes	-	-	-	0.00%	0.00%	0.00%
9	Total Capital	85,889,566	(85,202,504)	687,062	100.00%		10.16%

Lake Utility Services, Inc.
County: Lake
Rate Schedule - Monthly Rates (Bi-Monthly Billing Cycle)
Test Year Ending: December 31, 1995

Crescent Bay, Preston Cove, South Clermont Region and all Future Areas Served

	Rates Prior to Filing	Commission Approved Interim	Utility Requested In Filing	Commission PAA Order	Utility Requested Final
Residential:					
Base Facility Charge:					
Meter Size:					
5/8 X 3/4"	$ 16.52	$ 8.64	$ 18.00	$ 8.06	$ 8.71
3/4"	$ -	$ -	$ -	$ 12.09	$ 21.78
1"	$ -	$ 21.61	$ 27.00	$ 20.14	$ 21.78
1 1/2"	$ -	$ 43.21	$ 45.00	$ 40.28	$ 43.55
2"	$ -	$ 69.14	$ 90.00	$ 64.46	$ 69.68
3"	$ -	$ -	$ 144.00	$ 128.91	$ 139.36
4"	$ -	$ -	$ 288.00	$ 201.42	$ 217.75
6"	$ -	$ -	$ 450.00	$ 402.85	$ 435.50
Gallonage per 1,000 gallons	$ 1.86	$ 1.07	$ 2.195	$ 0.99	$ 1.60
General Service:					
Base Facility Charge:					
Meter Size:					
5/8 X 3/4"	$ 16.52	$ 8.64	$ 18.00	$ 8.06	$ 8.71
3/4"	$ 24.74	$ -	$ -	$ 12.09	$ 21.78
1"	$ 41.24	$ 21.61	$ 27.00	$ 20.14	$ 21.78
1 1/2"	$ 82.49	$ 43.21	$ 45.00	$ 40.28	$ 43.55
2"	$ 131.97	$ 69.14	$ 90.00	$ 64.46	$ 69.68
3"	$ 263.94	$ -	$ 144.00	$ 128.91	$ 139.36
4"	$ 412.41	$ -	$ 288.00	$ 201.42	$ 217.75
6"	$ -	$ -	$ 450.00	$ 402.85	$ 435.50
Gallonage per 1,000 gallons	$ 1.86	$ 1.07	$ 2.195	$ 0.99	$ 1.60

5/8" X 3/4" Meter	**Typical Residential Bill**				
3,000 gallons	$ 22.10	$ 11.85	$ 24.59	$ 11.03	$ 13.51
5,000 gallons	$ 25.82	$ 13.98	$ 28.98	$ 13.01	$ 16.71
10,000 gallons	$ 35.12	$ 19.32	$ 39.95	$ 17.96	$ 24.71

Lake Utility Services, Inc.
County: Lake
Rate Schedule - Monthly Rates (Bi-Monthly Billing Cycle)
Test Year Ending: December 31, 1995

Clermont I & II, Amber Hill, Highland Point, The Oranges, Lake Ridge Club, Crescent West, Lake Crescent Hills, The Vistas I & II

	Rates Prior to Filing	Commission Approved Interim	Utility Requested In Filing	Commission PAA Order	Utility Requested Final
Residential:					
Base Facility Charge:					
Meter Size:					
5/8 X 3/4"	$ 7.035	$ 8.64	$ 18.00	$ 8.06	$ 8.71
3/4"	$ -	$ -	$ -	$ 12.09	$ 21.78
1"	$ -	$ 21.61	$ 27.00	$ 20.14	$ 21.78
1 1/2"	$ -	$ 43.21	$ 45.00	$ 40.28	$ 43.55
2"	$ -	$ 69.14	$ 90.00	$ 64.46	$ 69.68
3"	$ -	$ -	$ 144.00	$ 128.91	$ 139.36
4"	$ -	$ -	$ 288.00	$ 201.42	$ 217.75
6"	$ -	$ -	$ 450.00	$ 402.85	$ 435.50
Gallonage per 1,000 gallons	$ 0.69	$ 1.07	$ 2.195	$ 0.99	$ 1.60
General Service:					
Base Facility Charge:					
Meter Size:					
5/8 X 3/4"	$ 7.035	$ 8.64	$ 18.00	$ 8.06	$ 8.71
3/4"	$ -	$ -	$ -	$ 12.09	$ 21.78
1"	$ -	$ 21.61	$ 27.00	$ 20.14	$ 21.78
1 1/2"	$ -	$ 43.21	$ 45.00	$ 40.28	$ 43.55
2"	$ -	$ 69.14	$ 90.00	$ 64.46	$ 69.68
3"	$ -	$ -	$ 144.00	$ 128.91	$ 139.36
4"	$ -	$ -	$ 288.00	$ 201.42	$ 217.75
6"	$ -	$ -	$ 450.00	$ 402.85	$ 435.50
Gallonage per 1,000 gallons	$ 0.69	$ 1.07	$ 2.195	$ 0.99	$ 1.60
5/8" X 3/4" Meter		**Typical Residential Bill**			
3,000 gallons	$ 7.04	$ 11.85	$ 24.59	$ 11.03	$ 13.51
5,000 gallons	$ 7.04	$ 13.98	$ 28.98	$ 13.01	$ 16.71
10,000 gallons	$ 10.49	$ 19.32	$ 39.95	$ 17.96	$ 24.71

Note: Base Charge in Rates Prior to Filing include 5,000 gallons per month.

Lake Utility Services, Inc.
County: Lake
Rate Schedule - Monthly Rates (Bi-Monthly Billing Cycle)
Test Year Ending: December 31, 1995

Harbor Oaks and Four Lakes Subdivisions

	Rates Prior to Filing	Commission Approved Interim	Utility Requested In Filing	Commission PAA Order	Utility Requested Final
Residential:					
Base Facility Charge:					
Meter Size:					
5/8 X 3/4"	$ 5.54	$ 7.04	$ 18.00	$ 8.06	$ 8.71
3/4"	$ -	$ -	$ -	$ 12.09	$ 21.78
1"	$ -	$ -	$ 27.00	$ 20.14	$ 21.78
1 1/2"	$ -	$ -	$ 45.00	$ 40.28	$ 43.55
2"	$ -	$ -	$ 90.00	$ 64.46	$ 69.68
3"	$ -	$ -	$ 144.00	$ 128.91	$ 139.36
4"	$ -	$ -	$ 288.00	$ 201.42	$ 217.75
6"	$ -	$ -	$ 450.00	$ 402.85	$ 435.50
Gallonage per 1,000 gallons	$ 0.81	$ 1.03	$ 2.195	$ 0.99	$ 1.60
General Service:					
Base Facility Charge:					
Meter Size:					
5/8 X 3/4"	$ 5.54	$ 7.04	$ 18.00	$ 8.06	$ 8.71
3/4"	$ -	$ -	$ -	$ 12.09	$ 21.78
1"	$ -	$ -	$ 27.00	$ 20.14	$ 21.78
1 1/2"	$ -	$ -	$ 45.00	$ 40.28	$ 43.55
2"	$ -	$ -	$ 90.00	$ 64.46	$ 69.68
3"	$ -	$ -	$ 144.00	$ 128.91	$ 139.36
4"	$ -	$ -	$ 288.00	$ 201.42	$ 217.75
6"	$ -	$ -	$ 450.00	$ 402.85	$ 435.50
Gallonage per 1,000 gallons	$ 0.81	$ 1.03	$ 2.195	$ 0.99	$ 1.60
5/8" X 3/4" Meter		**Typical Residential Bill**			
3,000 gallons	$ 5.54	$ 10.13	$ 24.59	$ 11.03	$ 13.51
5,000 gallons	$ 7.16	$ 12.19	$ 28.98	$ 13.01	$ 16.71
10,000 gallons	$ 11.21	$ 17.34	$ 39.95	$ 17.96	$ 24.71

Note: Base Charge in Rates Prior to Filing include 3,000 gallons per month.

Lake Utility Services, Inc.
County: Lake
Rate Schedule - Monthly Rates (Bi-Monthly Billing Cycle)
Test Year Ending: December 31, 1995

Lake Saunders Acres

	Rates Prior to Filing	Commission Approved Interim	Utility Requested In Filing	Commission PAA Order	Utility Requested Final
Residential:					
Base Facility Charge:					
Meter Size:					
5/8 X 3/4"	$ 16.52	$ 21.00	$ 18.00	$ 8.06	$ 8.71
3/4"	$ -	$ -	$ -	$ 12.09	$ 21.78
1"	$ -	$ -	$ 27.00	$ 20.14	$ 21.78
1 1/2"	$ -	$ -	$ 45.00	$ 40.28	$ 43.55
2"	$ -	$ -	$ 90.00	$ 64.46	$ 69.68
3"	$ -	$ -	$ 144.00	$ 128.91	$ 139.36
4"	$ -	$ -	$ 288.00	$ 201.42	$ 217.75
6"	$ -	$ -	$ 450.00	$ 402.85	$ 435.50
Gallonage per 1,000 gallons	$ 1.86	$ 2.36	$ 2.195	$ 0.99	$ 1.60
General Service:					
Base Facility Charge:					
Meter Size:					
5/8 X 3/4"	$ 16.52	$ 21.00	$ 18.00	$ 8.06	$ 8.71
3/4"	$ -	$ -	$ -	$ 12.09	$ 21.78
1"	$ -	$ -	$ 27.00	$ 20.14	$ 21.78
1 1/2"	$ -	$ -	$ 45.00	$ 40.28	$ 43.55
2"	$ -	$ -	$ 90.00	$ 64.46	$ 69.68
3"	$ -	$ -	$ 144.00	$ 128.91	$ 139.36
4"	$ -	$ -	$ 288.00	$ 201.42	$ 217.75
6"	$ -	$ -	$ 450.00	$ 402.85	$ 435.50
Gallonage per 1,000 gallons	$ 1.86	$ 2.36	$ 2.195	$ 0.99	$ 1.60
5/8" X 3/4" Meter		**Typical Residential Bill**			
3,000 gallons	$ 22.10	$ 28.09	$ 24.59	$ 11.03	$ 13.51
5,000 gallons	$ 25.82	$ 32.82	$ 28.98	$ 13.01	$ 16.71
10,000 gallons	$ 35.12	$ 44.64	$ 39.95	$ 17.96	$ 24.71

Service Availability Charge Calculation

Lake Utility Services, Inc.
Docket No: 960444-WU
Schedule Year Ended: 12/31/95

Line No.	Description	Test Year Average 12/31/95	Supporting Schedule(s)
1	Utility Plant in Service	1,414,797	Exhibit ___ (MFK-1)
2	Less: Accumulated Depreciation	(185,061)	Exhibit ___ (MFK-1)
3	Net Plant	1,229,736	L.1 - L.2
4	Accumulated Depreciation at Design Capacity	243,306	L.2 + (L.1 X L.15 X L.18)
5	Net Plant at Design Capacity	1,171,491	L.1 - L.4
6	Minimum Level of CIAC (Water Transmission & Distribution Lines)	740,246	Exhibit ___ (MFK-1)
7	Pct of Gross CIAC/ Utility Plant in Service	52%	L.6 / L.1
8	CIAC	536,746	Exhibit ___ (MFK-1)
9	Less: Accumulated Amortization of CIAC	110,921	Exhibit ___ (MFK-1)
10	Net CIAC	425,825	L.8 - L.9
11	Pct. of Net CIAC / Net Plant	35%	L.10 / L.3
12	Accumulated Amortization of CIAC at design capacity - No growth	133,018	L.9 + (L.8 X L.16 X L.18)
13	Net CIAC at Design Capacity - No growth	403,728	L.8 - L.12
14	Pct of Net CIAC / Net Plant at Design Capacity - No Growth	34%	L.13 / L.5
15	Composite Depreciation Rate	2.70%	
16	Composite Amortization Rate	2.70%	
17	Future Customers (ERC) to be connected to System	154	Exhibit (FS-7)
18	Number of Years to Design Capacity	1.5	L.17 / L.32
19	**MINIMUM** Service Availability Charge per ERC	**$495**	L.21 / L.17
20	Pct of Minimum CIAC / Utility Plant	43%	L.21 / L.1
21	Minimum Level of CIAC (Water Transmission & Distribution Lines)	612,944	L.5 X L.7
22	Gross CIAC	536,746	L.8
23	**EXISTING** Service Availability Charge per ERC	**$1,075**	Current Tariff
24	Pct of Net CIAC / Utility Plant at Design Capacity	60%	L.26 / L.5
25	CIAC at Design Capacity	870,255	Exhibit ___ (MFK-13)
26	Net CIAC at Design Capacity	705,802	Exhibit ___ (MFK-13)
27	**MAXIMUM** Service Availability Charge per ERC	**$2,250**	
28	Pct of Net CIAC / Utility Plant at Design Capacity	75%	L.30 / L.5
29	CIAC at Design Capacity	1,051,205	Exhibit ___ (MFK-13)
30	Net CIAC at Design Capacity	881,105	Exhibit ___ (MFK-13)
31	Number of ERCs at Capacity	857	Exhibit (FS-7)
32	Estimated Annual ERC Growth	101	

Calculation of Additional CIAC and Amortiztion of CIAC

Lake Utility Services, Inc.
Docket No: 960444-WU
Schedule Year Ended: 12/31/95

Line No.	Year Ended	Annual Growth	CIAC Balance	Annual Amortization Expense	Accumulated Amortization CIAC Balance	Net CIAC	Net Plant at Design Capacity
1	12/31/95		704,705		121,233	583,473	
2	12/31/96	101	931,955	22,095	143,327	788,628	
9	12/31/97	53	1,051,205	26,773	170,100	881,105	1,171,491
		154					

Net CIAC/ Plant: 75%

Maximum Service Availability Charge $2,250

CIAC Amortization Rate 2.70% (Exhibit ___ (MFK-12), L.16)

Line No.	Year Ended	Annual Growth	CIAC Balance	Annual Amortization Expense	Accumulated Amortization CIAC Balance	Net CIAC	Net Plant at Design Capacity
1	12/31/95		704,705		121,233	583,473	
2	12/31/96	101	813,280	20,493	141,725	671,555	
9	12/31/03	53	870,255	22,728	164,453	705,802	1,171,491
		154					

Net CIAC/ Plant: 60%

Existing Service Availability Charge $1,075

CIAC Amortization Rate 2.70% (Exhibit ___ (MFK-12), L.16)

Lake Utility Services, Inc.
County: Lake
Rate Schedule - Service Availability Charges
Test Year Ending: December 31, 1995

Crescent Bay, Preston Cove, Lake Saunders Acres, South Clermont Region and all Future Areas Served

Service Availability Charges	Present Charges	Utility Requested In Filing	Commission PAA Order	Utility Requested Final
Plant Capacity Charge:				
Residential - per ERC	$ 569.00	$ 600.00	$ -	$ 600.00
Main Extension Charge:				
Residential - per ERC	$ 506.00	$ 600.00	$ 223.00	$ 600.00
Meter Installation Charge:				
5/8 X 3/4"	$ 100.00	$ 150.00	$ 150.00	$ 150.00
1"	$ 143.00	$ 250.00	$ 250.00	$ 250.00
1 1/2"	$ 290.00	$ 450.00	$ 450.00	$ 450.00
2"	$ 400.00	$ 650.00	$ 650.00	$ 650.00
All Others	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Guaranteed Revenue Charge:				
With prepayment of SAC Residential per ERC	$ 14.28	$ -	$ -	$ -
Allowance for Funds Prudently Invested:				
If lines constructed by utility	$ 608.09	$ 608.09	$ 151.14	
If lines contributed to utility	$ 299.97	$ 299.97	$ -	

Note: Commission PAA Order AFPI is a sliding scale. September, 1997 is portrayed in table.

Lake Utility Services, Inc.
County: Lake
Rate Schedule - Service Availability Charges
Test Year Ending: December 31, 1995

Amber Hill, Clermont I & II, Crescent West, Highland Point, Lake Ridge Club, The Oranges, The Vistas I & II, Lake Crescent Hills

Service Availability Charges	Present Charges	Utility Requested In Filing	Commission PAA Order	Utility Requested Final
Plant Capacity Charge:				
Residential - per ERC	$ 200.00	$ 600.00	$ -	$ 600.00
Main Extension Charge:				
Residential - per ERC	$ -	$ 600.00	$ 223.00	$ 600.00
Meter Installation Charge:				
5/8 X 3/4"	$ 150.00	$ 150.00	$ 150.00	$ 150.00
1"	$ 250.00	$ 250.00	$ 250.00	$ 250.00
1 1/2"	$ 450.00	$ 450.00	$ 450.00	$ 450.00
2"	$ 650.00	$ 650.00	$ 650.00	$ 650.00
All Others	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Guaranteed Revenue Charge:				
With prepayment of SAC Residential per ERC	$ -	$ -	$ -	$ -
Allowance for Funds Prudently Invested:				
If lines constructed by utility	$ -	$ -	$ 151.14	
If lines contributed to utility	$ -	$ -	$ -	

Note: Commission PAA Order AFPI is a sliding scale. September, 1997 is portrayed in table.

Carmichael Enterprises

1318 Corley Island Rd.
Leesburg, Florida 32748
(904) 787-5583

Jan. 22, 1985

Mr. Charlie Squibb
Lake Sanders Acres
P. O. Box 1207
Tavarss, Fla.

STATEMENT

Contract price to install water	$17,052.50
amount already paid	- 11,891.25
Final amount of contract now due	$ 5,161.25
Water tank as bid	+ $11,770.00
Final amount now due	$16,931.25

Pd 1-28-85 Ck # 134

Thank You

Weyman Carmichael

Weyman Carmichael

Dennis L. Horton, P.A.
Attorney and Counselor at Law

900 West Highway 50
Clermont, Florida 32711-2873
Telephone: (904) 394-4008
352-~~394~~

V4156

#6/1/89

June 1, 1989

Jim Cameron, Vice President
Business Development
Utilities, Inc.
2335 Sanders
North Brook, IL 60062

0636-101-96

6/12/89

RE: Vistas Subdivision/DER Permit

Dear Jim:

Please find enclosed, a copy of the permit that was just issued by DER for the water treatment plant and distribution system of the Vistas Subdivision. Pursuant to your agreement with Mr. Longenbach, please now issue the check to him for the $16,500, as an initial cash payment for construction and installation of the water distribution system of the Vistas. Would you please make the check payable to Mr. Longenbach and send it to my office to be placed in an escrow account I have set up for payment of expenses of the project.

If you should have any questions regarding this, please do not hesitate to contact me.

Sincerely,

D. L. Horton

Dennis L. Horton

PD w/
check # 32905

DLH/jk

ENC:

CC: Franklin D. Longenbach

9. Contractor shall provide Utility with operating and all other information reasonably required repair the Facilities after construction.

ARTICLE III

Payment to Contractor for Facil

Utility and Contractor recognize that the Facilities are to be installed in phases or sections over a period of several years, depending upon the rate of housing construction within the Service Area by builders and developers. Utility and Contractor acknowledge that inflation and the related costs of Facilities construction in subsequent years will be difficult to project. Accordingly, the parties hereto agree to the following construction cost for the installation of the Facilities by Contractor for Utility:

1. An initial cash payment of $16,500 at such time as the water supply and storage system as described herein is complete and operational and providing service thereby;
2. Additional purchase payments for the construction and installation of the water distribution facilities throughout the Service Area in the amount of $260 for each and every water customer attaching to the Facilities and taking service thereby.
3. Utility hereby agrees to act as Contractor's agent in the collection of water tap-on or connection fees from customers connecting to the Facilities within the Service Area and receiving service thereby, reimbursing said fees to the Contractor. Utility shall have no right or interest in the water connection fees so collected.
4. Deferred purchase payments and connection fee reimbursements will be made by Utility to Contractor semiannually, based upon the number of utility customers connected and connection fees collected by the Utility during the preceding six-month period.