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Tallahassee, Florida 32399-1400  
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RECEIVED

JUN - 8 1998

FPSC - Records/Reporting

ORIGINAL

June 8, 1998

Ms. Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0870

RE: Application for rate Increase and for increase in Service Availability charges  
in Lake County, by Lake Utility Services Inc.; Docket No. 960444-WU

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of a Petition on Proposed Agency Action in the  
above-referenced docket.

Please indicate receipt of filing by date-stamping the attached copy of this letter and returning  
it to this office. Thank you for your assistance in this matter.

Sincerely,

Harold McLean  
Associate Public Counsel

ACK \_\_\_\_\_  
AFA 1  
APP \_\_\_\_\_  
CAF HM/dsb  
CMU Enclosures  
CTR \_\_\_\_\_  
EAG \_\_\_\_\_  
LEG 1  
LIN 3  
OPC \_\_\_\_\_  
RCH \_\_\_\_\_  
SEC 1  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

DOCUMENT NUMBER - DATE

06122 JUN -8

FPSC - RECORDS/REPORTING

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

*In Re:* Application for rate )  
Increase and for increase in )  
Service Availability charges )  
in Lake County, by Lake )  
Utility Services, Inc. )  
\_\_\_\_\_ )

DOCKET NO. 960444-WU  
FILED: June 8, 1998

**PETITION ON PROPOSED AGENCY ACTION**

The Citizens of the State of Florida (Citizens) by and through their undersigned attorney, pursuant to Section 120.57, Florida Statutes, and Rules 25-22.029 and 22.036, Florida Administrative Code, file these objections to the action proposed by the Florida Public Service Commission (Commission), PAA Order No. PSC-98-0683-AS-WU, issued on May 18, 1998, which would increase water rates and service availability charges to initiate service, and request that they be granted a formal hearing in the above docket and state:

1. The Citizens include water customers of Lake Utility Services, Inc. (the utility), and include individuals and entities which may in due course obtain water service from the utility.
2. The Citizens who here petition are represented by the Office of the Public Counsel (Citizens or Petitioner) whose address is 111 W. Madison St., Tallahassee, Florida, 32399-1400.
3. The name and address of the agency affected and the agency's file number:

Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850  
Docket No. 960444-WU

4. Petitioner's substantial interests are affected by the Commission's decision in its Proposed Agency Action Order No. PSC-98-0683-AS-WU to the extent the Order proposes to grant an increase in water rates and service availability charges imposed for the initiation of service.

DOCUMENT NUMBER-DATE

06122 JUN-8 88

FPSC-RECORDS/REPORTING

5. The Citizens dispute the following material facts:
- a. The rate base advocated by Commission Staff and accepted by the utility is excessive;
  - b. The return on equity and the overall rate of return to which the Commission Staff and the utility have agreed are excessive;
  - c. The revenue requirement advocated by Commission Staff and accepted by the utility is excessive;
  - d. The service availability fees to which the Commission Staff and the utility have agreed are excessive.
6. More specifically, the Petitioner cannot state at this time the ultimate facts that will support its positions in this docket. However, based upon the Petitioner's current understanding of the facts, it is alleged that the rate increase approved in PAA Order No. PSC-98-0683-AS-WU is excessive and unjustified because:

Rate Base

- a. Utility plant in service is overstated;
- b. The amount of contributions in aid of construction is understated;
- c. Utility has over collected allowance for funds prudently invested, and such over collection should be added to CIAC;
- d. Used and useful is overstated;
- e. Accumulated depreciation balance is understated;
- f. Rate base is overstated;

Capital Structure

- g. While the Petitioner accepts the use of the Commission's most current leverage formula the utility's return on equity should be lowered because of the utility's poor quality of service.
- h. Overall cost of capital is overstated;
- i. The utility did not utilize a proper and representative capital structure;

Revenue Requirement

- j. The revenue requirement is excessive;

Service Availability Charges

- k. The service availability charges are excessive.

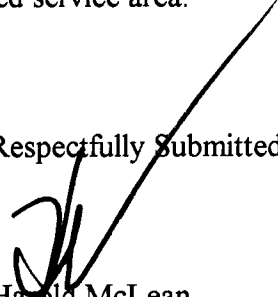
Quality of Service

- l. Utility provides poor quality of service;
7. Each of the foregoing matters involve disputed issues of material fact.
8. The Citizens are entitled to relief under Section 367.081, Florida Statutes, which provides in substance that the Commission must approve only those rates and charges which reflect a fair return upon a utility's investment in property used and useful in providing service to the public.
9. Order No. PSC-98-0683-AS-WU establishes June 8, 1998, as the date by which protests must be filed.

WHEREFORE, Petitioner protests PAA Order No. PSC-98-0683-AS-WU and petitions the Florida Public Service Commission for a formal evidentiary hearing under the provisions of Section

120.57(1), Florida Statutes, and further petitions that such hearing be scheduled at a convenient time within or as close as practical to the utility's certificated service area.

Respectfully Submitted,



Harold McLean  
Associate Public Counsel

Office of Public Counsel  
111 West Madison Street, Room 812  
Tallahassee, Florida 32399-1400

(850) 488-9330

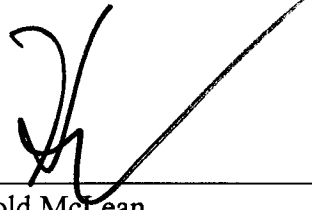
Attorney for the Citizens  
of the State of Florida

**CERTIFICATE OF SERVICE**

I HEREBY certify that a true and correct copy of the foregoing Petition on Proposed Agency Action has been furnished by U.S. Mail or \* hand-delivery to the following parties this 8th day of June, 1998.

Richard D. Melson, Esquire  
Hopping, Green, Sams & Smith, P.A.  
123 S. Calhoun Street  
Tallahassee, Florida 32301

Lila Jaber, Esquire \*  
Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850



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Harold McLean  
Associate Public Counsel