

ORIGINAL

DIRECT TESTIMONY OF CARL WENZ
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
REGARDING THE INVESTIGATION INTO POSSIBLE OVERCOLLECTION OF
ALLOWANCE FOR FUNDS PRUDENTLY INVESTED IN LAKE COUNTY
BY LAKE UTILITY SERVICES, INC.
DOCKET NO. 980483-WU

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FFSC-RECORDS/REPORTING

DIRECT TESTIMONY OF CARL WENZ
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8

9 Q. Mr. Wenz, please state your business address for
10 the record?

11 A. 2335 Sanders Road, Northbrook, Illinois 60062.
12

13 Q. By whom are you employed and what is your position?

14 A. I am the Vice President of Regulatory Matters for
15 Utilities, Inc. and all of its subsidiaries,
16 including Lake Utility Services, Inc. (LUSI).
17

18 Q. Please state your professional and educational
19 experience.

20 A. I have been employed by Utilities, Inc. since 1984.
21 Over the last ten years I have been involved in all
22 phases of the regulatory process. Utilities, Inc.
23 owns water and/or wastewater utilities in fifteen
24 states. I have testified before the commissions in
25 several states, including Florida, North Carolina,

1 South Carolina, Louisiana, Illinois, Indiana,
2 Nevada and Maryland. In my present position I am
3 responsible for all aspects of utility commission
4 regulation for the group of 65 Utilities, Inc.
5 subsidiaries in fifteen states. This includes
6 numerous systems in Florida which we have purchased
7 in the last several years.

8
9 I am a Certified Public Accountant and hold a
10 Bachelors Degree in Business Administration from
11 Western Michigan University. I have attended
12 several utility regulation seminars sponsored by
13 NARUC and by Arthur Andersen LLP. For the past
14 three years I have been on the faculty of the
15 Eastern Utility Rate School which is sponsored by
16 the NARUC Water Committee and Florida State
17 University.

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Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to the
allegation that Lake Utility Services, Inc. (LUSI)
may have overcollected Allowance for Funds
Prudently Invested (AFPI).

1 Q. Have you prepared any exhibits to accompany your
2 testimony?

3 A. Yes. I have prepared several exhibits that I will
4 refer to during my testimony. They are identified
5 as Exhibit (CW-1)_____, Investigation
6 Correspondence; Exhibit (CW-2)_____, Side-by-Side
7 Comparison of LUSI Tariff Sheets in Effect Before
8 and After Additional Territory Was Granted.; and
9 Exhibit (CW-3)_____, Prior AFPI Correspondence.

10

11 BACKGROUND

12 Q. How did LUSI first become aware that the Public
13 Service Commission (PSC) was investigating AFPI?

14 A. LUSI first became aware that an investigation was
15 being conducted when Mr. Richard Melson, an
16 attorney that was representing LUSI in a pending
17 rate case, received a letter dated June 23, 1997
18 from PSC Staff Regulatory Analyst Channon Austin
19 [see Exhibit (CW-1)_____, Doc.1]. The letter
20 indicated that an informal investigation was being
21 conducted regarding whether or not LUSI
22 inappropriately collected AFPI outside of what was
23 authorized in its tariff. The letter requested
24 certain information to assist in its determination.

25

1 Q. What was the nature of the information requested?
2 A. The information requested primarily related to a
3 description of the areas from which AFPI had been
4 collected, the amounts collected from within and
5 from outside the Crescent Bay subdivision, the
6 number of ERCs within Crescent Bay subdivision, and
7 information on the dates of interconnection to
8 other subdivisions within LUSI's service area. A
9 response was requested by July 25, 1997.
10
11 Q. Was there any indication in the letter as to what
12 precipitated the investigation?
13 A. No.
14
15 Q. Did LUSI respond to the information request?
16 A. Yes. In a letter dated July 21, 1997, from Mark
17 Kramer, Manager of Regulatory Matters for LUSI's
18 parent, Utilities, Inc., all of the requested
19 information was provided [see Exhibit (CW-1)____,
20 Doc.2]. In addition, Mr. Kramer informed Staff that
21 this question had already been addressed and
22 resolved in the utility's favor in 1993 in response
23 to a developer's inquiry.
24
25

1 Q. When did LUSI again hear from the Commission?
2 A. In a letter dated September 8, 1997, to Mr. Melson,
3 PSC Staff informed LUSI of the results of its
4 informal investigation [see Exhibit (CW-1)____,
5 Doc.3]. Staff took the position that LUSI had
6 inappropriately collected AFPI. Staff's position
7 was based on its interpretation that LUSI's tariffs
8 allowed collection of AFPI only from within the
9 Crescent Bay subdivision (which consisted of a
10 total of only 106 ERCs), not from within the
11 additional territory granted by Order No. PSC-92-
12 1369-FOF-WU. The total of 106 ERCs was the original
13 buildout capacity of the Crescent Bay subdivision
14 and the service area. With regard to LUSI's
15 professed resolution of this issue in 1993, the
16 Staff erroneously took the position that the issue
17 of AFPI had not been addressed. However, Staff
18 acknowledged that it had received LUSI's letter
19 dated October 14, 1993 (Exhibit CW-3, Doc.2) which
20 had informed Staff that LUSI was collecting AFPI in
21 the additional territory out side of Crescent Bay.
22 Staff also acknowledged that there was no
23 indication that they had ever responded to that
24 letter from LUSI.
25

1 Q. Did LUSI agree with the Staff's position?
2 A. No. In a letter dated September 29, 1997, LUSI
3 responded to the Staff's letter, stated its
4 disagreement, provided a detailed explanation, and
5 provided six exhibits supporting its position [see
6 Exhibit (CW-1)____, Doc.4].
7
8 Q. What was Staff's response?
9 A. In a letter dated January 27, 1998, Staff changed
10 its mind and responded that, yes, it was proper to
11 collect AFPI from the additional territory, but
12 that the amount collected was still limited to 106
13 ERCs, the original buildout capacity of just the
14 Crescent Bay subdivision [see Exhibit (CW-1)____,
15 Doc.5]. The Staff also indicated that if LUSI had
16 wanted to recover a fair return for additional
17 investment and additional ERCs in the service area
18 other than the Crescent Bay subdivision, it should
19 have requested that new AFPI charges be established
20 in September, 1993.
21
22 Q. What is the significance of the September, 1993
23 date?
24 A. I don't know.
25

1 Q. Did LUSI respond to the Staff's letter of January
2 27, 1998?

3 A. Yes. In a letter dated February 19, 1998, LUSI
4 provided some further clarifying observations, and
5 requested that Staff reconsider its position or
6 submit the matter to the Commissioners for a final
7 decision [see Exhibit (CW-1)____, Doc.6]. Staff
8 submitted its recommendation that a finding of
9 overcollection of AFPI be made. By letter dated May
10 4, 1998, LUSI commented on the Staff recommendation
11 in an effort to resolve the remaining item of
12 disagreement, with the goal of avoiding the
13 necessity of sending the matter to hearing.
14 [Exhibit (CW-1)____, Doc.7]. The matter was then
15 submitted to the Commission for consideration at
16 its May 12, 1998 Agenda Conference. The Commission
17 ruled on the matter, and in PAA Order No. PSC-98-
18 0796-FOF-WU, issued June 8, 1998, stated:

19 Upon review of this matter, we
20 believe that extenuating
21 circumstances exist on both sides of
22 this issue, which makes it unclear
23 as to whether LUSI is authorized to
24 collect AFPI beyond 106 ERCs for the
25 territory approved in Order No. PSC-

1 92-1369-FOF-WU. As a reasonable
2 compromise, we find it appropriate
3 that LUSI record all AFPI collected
4 beyond 106 ERCs as CIAC. This
5 compromise will prevent a refund but
6 will, nevertheless, benefit the
7 utility's customers.

8
9 LUSI filed a protest to the PAA order and requested
10 a hearing on the matter.

11
12 LUSI'S POSITION

13 Q. What is LUSI's position with regard to the
14 collection of AFPI in its service area?

15 A. It is LUSI's position that the rates and charges in
16 its tariff, including AFPI charges, are applicable
17 to all customers in the Crescent Bay subdivision
18 and in the additional territory granted by Order
19 No. PSC-92-1369-FOF-WU; that those rates and
20 charges remain in effect for all customers until
21 other rates and charges are approved by the
22 Commission; and that the 106 ERC limitation for
23 AFPI charges (that was associated with the original
24 service area of the Crescent Bay subdivision) is
25 not applicable in the additional territory any more

1 than the 106 ERC limitation is applicable to other
2 rates and charges in the additional territory.

3

4 **Q. In your opinion, what are the primary concerns in**
5 **this proceeding?**

6 **A. There are two. First, did LUSI properly interpret**
7 **that Order No. PSC-92-1369-FOF-WU, issued November**
8 **24, 1992, included AFPI as a part of the Crescent**
9 **Bay rates and charges to be applied to the new**
10 **territory? Second, did LUSI properly interpret**
11 **that the 106 ERC limitation (for applying AFPI**
12 **within the Crescent Bay subdivision) did not apply**
13 **to the additional territory granted by the order.**
14 **We believe the answer to both questions is "yes".**

15

16 **HISTORY OF PERTINENT EVENTS**

17 **Q. Would you please summarize the pertinent events**
18 **that have led LUSI to conclude that it is properly**
19 **administering the AFPI charge?**

20 **A. Yes. By Order No. 18605, issued December 24, 1987,**
21 **Lake Utility Services, Inc. was granted original**
22 **certificate no. 496-W. The area to be served was a**
23 **new subdivision, unnamed in the order. The**
24 **certificate was granted prior to rate setting so**
25 **that a permit could be obtained to begin**

1 construction. This was a new utility, a new service
2 area with no customers and no existing rates and
3 charges.

4

5 **Q. When were rates set for the LUSI service area?**

6 New rates were set nine months later, in Order No.
7 19962, issued September 8, 1998. That order
8 established the initial rates and charges for the
9 new LUSI service area. In that order, the service
10 area was identified as Crescent Bay subdivision. A
11 final buildout of 106 single family residences was
12 also identified, as was the fact that no future
13 expansion of the subdivision was anticipated. The
14 order stated that, consistent with Commission
15 policy in an original certificate application,
16 projections were used to establish initial rates.
17 The projected costs were those associated with
18 serving 106 ERCs. The Commission established
19 monthly service rates which were based on 80% of
20 the 106 ERC design capacity, service availability
21 charges that would result in a 74% CIAC level at
22 the system capacity of 106 ERCs, and APPI charges
23 for plant prudently constructed but exceeding the
24 needs of the development in its early stages. That

1 is, the AFPI charge was based on all assets at
2 buildout and all ERCs at buildout.

3

4 Q. What was the next pertinent event?

5 A. The next pertinent event occurred in 1991. In that
6 year, LUSI and its sister company, Utilities, Inc.
7 of Florida (UIF), applied for a corporate
8 reorganization that would bring together, under one
9 company and one certificate, all of the systems
10 operated in Lake County by LUSI and UIF. That
11 request was granted February 20, 1991 in Order No.
12 24139. Except for one small system located
13 northeast of Clermont, the remaining systems were
14 all located in close proximity to each other in an
15 area south of the City of Clermont. All systems
16 located in Lake County now came under the LUSI
17 corporate name and LUSI certificate no. 496-W.

18

19 Q. What pertinent event happened next?

20 A. In 1992, LUSI applied to significantly extend its
21 certificated service area south of Clermont so as
22 to combine additional territory with the service
23 areas of its existing systems serving south of
24 Clermont. The service area applied for encompassed
25 20 square miles. In addition to incorporating the

1 service areas of its existing systems serving south
2 of Clermont, it included many areas where the then
3 Department of Environmental Regulation had found
4 that ground water from numerous individual wells
5 was contaminated with EDB, to which LUSI had
6 indicated it would extend its mains to provide
7 potable water. The additional territory included
8 areas in which significant development was
9 anticipated. The certificate extension was found to
10 be in the public interest and was granted November
11 24, 1992 in Order No. PSC-92-1369-FOF-WU.

12

13 Q. Did Order No. PSC-92-1369-FOF-WU address the rates
14 and charges to be applicable to customers in the
15 new area?

16 A. Yes. The order stated that, "LUSI shall charge the
17 customers in the additional territory the rates and
18 charges approved in its tariff for the Crescent Bay
19 system currently on file with this Commission."
20 There were no exceptions listed in the order.

21

22

23

24

1 Q. Were any of the other existing systems in the south
2 Clermont area, and now within the new territorial
3 boundaries, subject to the Crescent Bay subdivision
4 rates and charges?

5 A. No. The order pointed out that there were two
6 different sets of rates being charged, those being
7 charged in the Crescent Bay subdivision and those
8 being charges in what formerly were the UIF
9 systems. The order specified that those customers
10 located in the additional territory would be
11 subject to rates and charges that were in effect
12 for the Crescent Bay subdivision. What was
13 referred to in the order as "additional territory",
14 was any area not already within any of the existing
15 certificated areas.

16

17 INTERPRETATION OF ORDER NO. PSC-92-1369-FOF-WU

18 Q. Just what did the order say about rates and
19 charges?

20 A. The order included one full paragraph regarding
21 rates and charges. It is short and specific and
22 reads as follows, in its entirety:

23 LUSI presently charges two
24 different sets of rates to the
25 systems it owns in the requested

1 area. The charges set by the
2 Commission in the original
3 certificate case for Crescent Bay
4 includes a plant capacity charge of
5 \$569 per equivalent residential
6 connection (ERC), a main extension
7 charge of \$506 per ERC, and meter
8 installation charges by meter size
9 including a charge of \$100 for a
10 5/8" x 3/4" meter. We believe that
11 the charges approved for the
12 Crescent Bay system will provide for
13 future customers to pay their pro
14 rata share of the cost of the lines
15 and treatment plant necessary to
16 provide them service. These charges
17 will serve to increase the utility's
18 level of contributions-in-aid-of-
19 construction (CIAC), thus keeping
20 the utility's rate base at a lower
21 level for ratemaking purposes.
22 Therefore, LUSI shall charge the
23 customers in the additional
24 territory the rates and charges
25 approved in its tariff for the

1 Crescent Bay system currently on
2 file with this Commission. [92 FPSC
3 11:499, 501]
4

5 Q. And how did LUSI interpret this paragraph?

6 A. It took the statement at face value, that ALL of
7 the rates and charges approved in the tariff for
8 the Crescent Bay system were to be charged to
9 customers in the additional territory.
10

11 THE APPROVED CRESCENT BAY RATES AND CHARGES

12 Q. Are you familiar with the rates and charges that
13 were in effect for Crescent Bay when ORDER NO. PSC-
14 92-1369-FOF-WU was issued on November 24, 1992?

15 A. Yes. Exhibit (CW-1)____, Doc.3, includes an
16 attachment identified as "Exhibit B" which is a
17 copy of all of the sheets from LUSI's Crescent Bay
18 tariff that include rates or charges that were in
19 effect at the time of the issuance of the order.
20 Exhibit (CW-2)____ shows each of those tariff
21 sheets displayed side-by-side with the replacement
22 tariff sheets, if any, approved by the Commission
23 to be effective after the issuance of the order.
24 Those tariff sheets that were changed are

1 identified by an effective date of April 2, 1993
2 and the words "Territory Amendment."
3

4 Q. What rates and charges were in effect?

5 A. The rates in effect were a general service,
6 residential service and multi-residential monthly
7 service rate. The charges in effect were the
8 customer deposit charge, the miscellaneous service
9 charges, and the service availability fees and
10 charges which include the AFPI charge and the
11 service availability and main extension policy.
12

13 Q. Were all of these rates and charges specifically
14 discussed in the order?

15 A. No. The only charges specifically discussed were
16 the applicable service availability charges. The
17 monthly rates were not discussed, nor were the
18 miscellaneous charges, AFPI charges or customer
19 deposits.
20
21
22
23
24

1 Q. Since only the service availability charges were
2 specifically discussed in the order, did LUSI
3 conclude that the monthly rates and other charges
4 (such as AFPI) which were not discussed, were not
5 to be applied to the additional territory?

6 A. No. As I previously testified, LUSI took the order
7 at face value - that ALL Crescent Bay rates and
8 charges were applicable, including the monthly
9 rates, the miscellaneous charges, the AFPI charges
10 and the customer deposits.

11

12 Q. To the best of your knowledge, are the Commission
13 Staff and the Commission now in agreement that all
14 of the Crescent Bay rates and charges are
15 applicable to customers in the additional
16 territory?

17 A. Yes. Although Staff initially took the position
18 that the AFPI charge was not approved for the
19 additional territory [Exhibit (CW-1)____, Doc.3],
20 upon further review Staff concluded that LUSI acted
21 properly in collecting the AFPI from costumers in
22 the additional territory [Exhibit (CW-1)____,
23 Doc.5]. The Commission's PAA also acknowledges that
24 collection of the AFPI charge from customers in the

1 additional territory was and is proper [PSC Order
2 No. 98-796-FOF-WU at p.3].
3

4 THE 106 ERC LIMITATION

5 Q. If there is agreement that it was proper for LUSI
6 to collect AFPI from customers in the additional
7 territory, why is there still an allegation that
8 LUSI has overcollected?

9 A. There is still an allegation because, although the
10 Staff has abandoned its original position that AFPI
11 could only be collected from within Crescent Bay,
12 it has now grafted the 106 ERC limitation from
13 Crescent Bay (which has a 106 ERC buildout
14 potential) onto the additional territory as well
15 (which has an estimated 1,600 ERC buildout
16 potential). Somehow it is Staff's interpretation
17 that the limitation of 106 ERCs for the Crescent
18 Bay subdivision that appears on the Crescent Bay
19 AFPI tariff sheet also limits the collection of
20 AFPI from the additional territory to 106 ERCs.
21

22 Q. Do you agree with that interpretation?

23 A. No. That interpretation not only ignores the plain
24 language of the order and the applicable tariffs,
25 it ignores the purpose of the Commission's practice

1 to establish rates and charges for customers in
2 additional territories at the same level as for
3 customers in the existing service area. It also
4 ignores the basis for the 106 ERC limitation.

5

6 Q. Would you please explain your understanding of the
7 purpose of the Commission's practice of
8 establishing rates and charges for customers in
9 additional territories at the same level as for
10 customers in the existing service area?

11 A. It is my understanding that the purpose of the
12 practice is to accomplish two things. First, it
13 provides a means to establish rates and charges for
14 customers in an additional territory without delay
15 and without the cost of a rate case. Second, it
16 prevents discrimination between the existing and
17 new customers by establishing the same rates and
18 charges for all customers in the service area. It
19 does this by accepting the premise of the existing
20 rates and charges, without any cost analysis,
21 until all rates and charges are analyzed and
22 changed in a full rate proceeding.

23

24

1 Q. Please explain how the Staff's interpretation
2 ignores the basis for the 106 ERC limitation?
3 A. The Staff's interpretation ignores the context in
4 which rates and charges were set for Crescent Bay.
5 The monthly rates, Service Availability Charges and
6 AFPI charge were all developed as original rates
7 and charges for a newly certificated service area
8 composed of one subdivision, Crescent Bay. The
9 monthly rates were based on the projected costs and
10 ERCs at buildout as were the service availability
11 charges. In conjunction with the monthly rates and
12 the service availability charges, the AFPI charge
13 was based on the prudently invested nonused plant
14 and the remaining ERCs to build out. That happened
15 to be all of the 106 ERCs at buildout, since there
16 were no customers when the utility began. The AFPI
17 charge was not developed to be applicable to one
18 part of the service area only, or for some limited
19 number of ERCs equated to a milestone capacity. The
20 AFPI charge was developed, in concert with all
21 other rates and charges, to serve the entire
22 Crescent Bay subdivision service area, and only
23 that subdivision service area, at buildout.
24

1 When the additional territory was added to the
2 certificate, the service area went from one small
3 subdivision with a 106 ERC buildout potential to 20
4 square miles with what was then estimated to have a
5 1,600 ERC potential. When the Commission ordered
6 that LUSI shall charge the customers in the
7 additional territory the rates and charges approved
8 in its tariff for the Crescent Bay system currently
9 on file with this Commission, it didn't say stop
10 charging rates when 106 ERCs are connected or stop
11 collecting service availability charges when 106
12 ERCs are connected. Nor did it say stop collecting
13 AFPI when 106 ERCs are connected. It simply said,
14 "charge the customers in the additional territory
15 the rates and charges approved in its tariff for
16 the Crescent Bay system."

17

18 Q. But doesn't the AFPI tariff sheet, specifically
19 state, "AFPI will continue to be collected until
20 the utility reaches design capacity, which is 106
21 ERCs?"

22 A. Yes, that is true regarding Tariff Sheet
23 No. 25.1- A. That tariff sheet is titled SERVICE
24 AVAILABILITY SCHEDULE OF FEES AND CHARGES, Crescent
25 Bay Subdivision. That was the title of the tariff

1 sheet before the additional territory was added,
2 and it remained the title after the additional
3 territory was added. At the bottom of every tariff
4 sheet prepared in accordance with the Commission's
5 standard format, there are two lines: EFFECTIVE
6 DATE and TYPE OF FILING. At these lines, the
7 utility indicates the effective date of any
8 approved tariff changes and the type of filing
9 resulting in the change. Tariff Sheet No. 25.1-A
10 indicates that it became effective April 12, 1991
11 as the result of a corporate reorganization. The
12 rates and charges applicable to the additional
13 territory did not become effective until April 2,
14 1993. This 1991 tariff sheet did and still does
15 apply to the Crescent Bay subdivision, and only
16 that subdivision.

17

18 Q. Then what is the basis for charging the AFPI to
19 customers in the additional territory?

20 A. The basis for charging the AFPI to customers in the
21 additional territory is Section 6.0 of Tariff Sheet
22 No. 27.3. That sheet was changed, effective April
23 2, 1993, as the result of the territory amendment.
24 At that time, the title of Tariff Sheet No. 27.3
25 was changed effective April 2, 1993, specifically

1 to include the "Additional Territory Approved in
2 Order #PSC-92-1369-FOF-WU." Tariff Sheet No. 27.3
3 indicated that Meter Installation Fees, System
4 Capacity Charges, Line Extension Fees and AFPI were
5 to be included as charges to be made, not only in
6 Crescent Bay, but also in the additional territory.
7 Rather than repeating the two tables containing the
8 120 different AFPI charges and the five meter
9 installation charges (all originally contained in
10 Tariff Sheet Nos. 25.1 and 25.1-A), Tariff Sheet
11 No. 27.3 merely included a reference to those
12 dollar amounts shown in Tariff Sheet Nos. 25.1 and
13 25.1-A. It made no sense to repeat those tables and
14 add two more pages to Tariff Sheet No. 27.3.

15

16 Q. What language in Section 6.0 provides the basis for
17 charging the AFPI to customers in the additional
18 territory?

19 A. Section 6.0 begins with the sentence, "In addition
20 to the foregoing fees, customers shall pay service
21 availability fees as follows." The section then
22 lists meter fees, the system capacity charge, the
23 line extension fee and the AFPI. For the
24 applicable dollar amounts of meter fees and AFPI,

1 Tariff Sheet No. 27.3 refers to the dollar amounts
2 on Tariff Sheets Nos. 25.1 and 25.1-A.

3

4 **Q.** Aren't Tariff Sheet Nos. 25.1 and 25.1-A the same
5 ones still designated "Crescent Bay Subdivision"?

6 **A.** Yes. But all Tariff Sheet No. 27.3 does is direct
7 you to Tariff Sheet Nos. 25.1 and 25.1-A to find
8 the list of the dollar amounts of the meter fees
9 and AFPI charges instead of reprinting the long
10 schedules for those fees and charges. There is no
11 ERC limitation in Tariff Sheet No. 27.3 and that
12 tariff sheet makes no reference to the ERC
13 limitation in the other tariff sheets.

14

15 **Q.** Does the 106 ERC limit still apply to Crescent Bay
16 subdivision?

17 **A.** Yes, according to Tariff Sheet Nos. 25.1 and
18 25.1-A, which are applicable to the Crescent Bay
19 subdivision. But, it doesn't matter in this case.
20 The buildout potential of the Crescent Bay
21 subdivision hasn't change and is still 106 ERCs. It
22 is proper to have the 106 ERC limitation apply to
23 Crescent Bay, and LUSI has not reached or exceeded
24 that limitation. Buildout in the subdivision has
25 not yet been attained, nor have AFPI charges been

1 collected from all 106 ERCs within the subdivision.
2 What is important is that the AFPI charge was an
3 existing charge when the additional territory was
4 added and the Commission has ordered that it also
5 be collected from customers in that additional
6 territory. The 106 ERC limitation for the
7 subdivision does not apply to the additional
8 territory.

9
10 Q. Staff has suggested that the 106 ERCs now be
11 interpreted as the combined limit on both the
12 Crescent Bay subdivision and the new territory. Do
13 you agree?

14 A. No. The only way to reach that conclusion would be
15 to interpret the order and the tariff to decrease
16 the limitation in Crescent Bay to less than the
17 approved 106 ERC limitation, on a 1-for-1 basis,
18 with each ERC collected in the additional territory
19 outside of Crescent Bay. That just doesn't make
20 sense. The rates and charges at Crescent Bay were
21 all developed together, and if they are to be
22 applicable in the additional territory they should
23 be applicable together, without a reduction in the
24 ERC limitation for Crescent Bay, until the rates
25 and charges are changed in another rate proceeding.

1 As I previously stated, the buildout potential for
2 Crescent Bay subdivision remains at 106 ERCs, but
3 the buildout potential for Crescent Bay subdivision
4 and the additional territory combined has been
5 estimated at 1,600 ERCs.

6

7 **Q. Is there any practical or economic basis for**
8 **collecting AFPI from customers in the additional**
9 **territory?**

10 **A. Yes. The purpose of the AFPI charge is to recover**
11 **carrying costs on investment prudently made but not**
12 **in rate base. When the initial rates and charges**
13 **were designed, that only included the investment to**
14 **serve 106 ERCs. In order to serve customers in the**
15 **additional territory, LUSI has had to significantly**
16 **increase its investment, primarily in the form of**
17 **mains. None of this investment would appear in**
18 **rate base until another rate proceeding were to**
19 **take place. Without the AFPI charge, the**
20 **opportunity to recover the cost of that investment**
21 **would be lost.**

22

23

24

1 Q. Couldn't LUSI have applied for another AFPI charge
2 for the additional territory?

3 A. On what basis? The Commission had authorized and
4 required LUSI to collect the existing Crescent Bay
5 rates and charges in the additional territory. LUSI
6 would have no reason to expect that it needed
7 another AFPI charge.

8

9 PRIOR INVESTIGATIONS

10 Q. Had the issue of applicability of the AFPI charge
11 to customers in the additional territory surfaced
12 prior to the 1997 investigation?

13 A. Yes. The Crescent Bay rates and charges became
14 effective for customers in the additional territory
15 in April, 1993. Around September, 1993, the
16 Commission received an inquiry from a developer in
17 the additional territory regarding the
18 applicability of the Crescent Bay service
19 availability charges to his development. In a
20 letter to the developer, dated September 30, 1993,
21 the Commission Staff confirmed the applicability of
22 those charges. [Exhibit (CW-3)____, Doc.1]. Since
23 the letter failed to specifically address AFPI,
24 LUSI pointed out this omission to the Commission
25 Staff in a letter dated October 14, 1993 [Exhibit

1 (CW-3)____, Doc.2]. In that letter, LUSI also
2 indicated a willingness to defer collection of the
3 AFPI until the time of connection to each site
4 being developed. No objection from the Staff to
5 this letter was received by LUSI and LUSI moved
6 forward in completing an agreement with the
7 developer. By letter dated November 12, 1993 LUSI
8 provided a letter of agreement to the developer.
9 The agreement was accepted, in writing, by the
10 developer on November 15, 1993 [Exhibit (CW-3)____,
11 Doc.3]. As previously indicated to the Commission,
12 that agreement included a provision to defer
13 collection of the AFPI until the time of connection
14 to each site. This all happened within six months
15 of the effective date of the revised tariff sheets.
16

17 Q. If the Commission Staff had any concerns regarding
18 LUSI's interpretation of its tariff, or with LUSI's
19 collection of, or limitations on the collection of,
20 AFPI charges from customers in the additional
21 territory, when would you reasonably have expected
22 it to voice that concern?

23 A. I would have expected the Staff to voice that
24 concern in response to our October 14, 1993 letter.
25 That is the letter in which the Staff was informed

1 of LUSI's interpretation, that LUSI intended to
2 collect AFPI from customers in the additional
3 territory, and that such collection was in
4 compliance with the tariff and the Commission
5 order. But, as I indicated, there was no objection
6 to that letter raised by the Commission Staff and
7 LUSI moved forward in completing an agreement with
8 the developer.

9

10 Q. Has there been any other correspondence between the
11 Commission and LUSI regarding the applicability of
12 the AFPI charge to customers in the additional
13 territory?

14 A. Not until notice of this investigation in June,
15 1997. For the approximately four years, from
16 October, 1993, (when LUSI informed the Commission
17 Staff that Staff had omitted reference to AFPI and
18 reminded Staff that AFPI was a part of the tariff
19 and would be collected) until June, 1997, (when
20 LUSI was notified of an investigation of AFPI
21 charges), LUSI continued to collect AFPI charges
22 with every reason to believe that the Staff was
23 aware of, and concurred in, that procedure.

24

25

1 THE PAA

2 Q. What did the PAA issued in this proceeding on June

3 8, 1998, state regarding the applicability of the

4 AFPI charge?

5 A. The PAA stated, "Upon review of this matter, we

6 believe that extenuating circumstances exist on

7 both sides of this issue, which make it unclear as

8 to whether LUSI is authorized to collect AFPI

9 beyond 106 ERCs for the territory approved in Order

10 No. PSC-92-1369-FOF-WU."

11

12 Q. Do you agree with this statement?

13 A. No. It is quite clear that LUSI simply carried out

14 the requirements of Order No. PSC-92-1369-FOF-WU.

15 As early as October, 1993, the Commission Staff was

16 fully aware of how LUSI was interpreting the order

17 and that the order was being carried out by LUSI

18 charging all Crescent Bay rates and charges in the

19 additional territory, including AFPI charges.

20

21 Q. Has LUSI collected any AFPI charges to which it is

22 not entitled?

23 A. No.

24

1 Q. Has any customer been injured by having to pay the
2 charge?

3 A. No. Each customer that has paid the AFPI charge has
4 paid its pro rata share of the carrying cost to
5 make facilities available for them upon request for
6 connection. That is the intent of the charge and
7 why the Commission authorizes it.

8

9 Q. Would LUSI be injured if it is required to refund
10 any of the charges collected?

11 A. Yes. LUSI would lose not only the recovery of the
12 carrying cost associated with investment used to
13 serve customers in the additional territory, it
14 would also lose the opportunity to ever recover
15 those costs. LUSI cannot now go back and request an
16 increase in either monthly rates or AFPI charges
17 for the period 1993 forward to make up the loss for
18 the prior four years. That would be considered
19 retroactive ratemaking. In the same sense, a
20 Commission order to refund these charges would be
21 retroactive ratemaking and is not permissible.

22

23

24

1 Q. In the PAA, did the Commission provide for a
2 "compromise" solution?
3 A. In what the Commission characterized as a
4 "reasonable compromise" it found it "appropriate"
5 for LUSI to record all AFPI collected beyond 106
6 ERCs as CIA.C. According to the Commission, this
7 would allow LUSI to keep the monies collected and
8 also benefit the customers.
9
10 Q. Do you agree that this is a reasonable
11 "compromise"?
12 A. No. it is not a compromise. A compromise is an
13 arrangement between parties upon what appears to be
14 an equitable solution. LUSI had not been made aware
15 of, was not asked its opinion of, nor did it
16 consent to, such a "compromise." This may be a
17 "compromise" between the commissioners or between
18 the Commissioners and Commission Staff, but not
19 between parties.
20
21
22
23
24
25

1 RELATIONSHIP TO PENDING RATE CASE

2 Q. Earlier in your testimony, you indicated that
3 notice of the investigation that resulted in this
4 proceeding was received during a pending rate case
5 for LUSI. As part of the filing in that case, did
6 LUSI request a change in its AFPI charge?

7 A. Yes. In its filing, LUSI requested that the AFPI
8 charge be changed and that it be made applicable,
9 not only to the Crescent Bay subdivision and the
10 additional territory, but to all connections in its
11 service area.

12

13 Q. What is the status of that case with regard to the
14 AFPI portion of the application?

15 A. The AFPI portion of the application was not
16 protested. In compliance with a request of Staff,
17 First Revised Tariff Sheet Nos. 25.1 and 25.1-A
18 were filed on April 8, 1998, with an effective date
19 of April 15, 1998. It is applicable to Crescent
20 Bay, Lake Saunders Acres, South Clermont Region,
21 and all future areas served.

22

23 Q. Does this have any bearing on this proceeding?

24 A. Yes. First, there is no doubt, that as of April 15,
25 1998, AFPI charges do apply to all customers in the

1 entire LUSI service area, including the additional
2 territory to which the Crescent Bay rates and
3 charges previously had been made applicable.
4 Second, it indicates that there is still a
5 mathematical justification for an AFPI to be
6 charged. That is, 106 ERCs would represent an
7 unrealistic and artificial cut off point. Third,
8 April 15, 1998 provides a specific cut off date
9 after which the revised AFPI charges must be
10 assessed and the original AFPI charges may no
11 longer be assessed.

12

13 Q. Has LUSI been charging the revised AFPI since April
14 15, 1998?

15 A. Yes.

16

17 Q. And was LUSI charging the original AFPI up until
18 April 15, 1998?

19 A. Yes.

20

21 Q. Then is any refund of past collected AFPI charges
22 appropriate?

23 A. No. All AFPI charges collected by LUSI have been in
24 accordance with Commission Order No. PSC-92-1369-
25 FOP-WU and the tariffs approved and on file with

1 the Commission. The Commission should find that
2 the allegations of overcollection of AFPI charges
3 are unfounded and unsupported and allow LUSI to
4 retain, as revenues, the AFPI charges collected.

5

6 Q. Does that complete your direct testimony?

7 A. Yes it does.

8

9

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25

ORIGINAL

EXHIBITS OF CARL WENZ
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
REGARDING THE INVESTIGATION INTO POSSIBLE OVERCOLLECTION OF
ALLOWANCE FOR FUNDS PRUDENTLY INVESTED IN LAKE COUNTY
BY LAKE UTILITY SERVICES, INC.

DOCKET NO. 980483-WU

EXHIBITS OF CARL WENZ
DOCKET NO. 980483-WU

(CW-1)____, Investigation Correspondence, consisting of seven documents.

(CW-1)____, Doc.1: June 23, 1997 letter to Richard Melson (attorney for LUSI) from PSC Staff initiating investigation and requesting information.

(CW-1)____, Doc.2: July 21, 1997 letter to PSC Staff from Mark Kramer, Utilities, Inc., replying to June 23, 1997 letter.

(CW-1)____, Doc.3: September 8, 1997 letter to Richard Melson from PSC Staff informing of results of informal investigation.

(CW-1)____, Doc.4: September 29, 1997 letter to PSC Staff from Ben Girtman (attorney for LUSI) responding to PSC Staff September 8, 1997 letter.

(CW-1)____, Doc.5: January 27, 1998 letter to Ben Girtman from PSC Staff replying to LUSI's September 29, 1997 response.

(CW-1)____, Doc.6: February 19, 1998 letter to PSC Staff from Ben Girtman clarifying remarks regarding Staff's January 27, 1998 letter and a request to Staff to reconsider its interpretation.

(CW-1)____, Doc.7: May 4, 1998 LUSI letter to PSC Staff from Ben Girtman commenting on Staff's recommendation to the Commission for the May 12, 1998 Agenda Conference.

(CW-2)____, Side-by-Side Comparison of LUSI Tariff Sheets in Effect Before and After Additional Territory Was Granted.

(CW-3)____, Prior AFPI Correspondence, consisting of three documents.

(CW-3)____, Doc.1: September 30, 1993 letter to Mr. Preben Oleson (developer) from PSC Staff confirming applicability of LUSI' service availability charges.

(CW-3)____, Doc.2: October 14, 1993 letter to PSC Staff from Don Rasmussen (LUSI) pointing out omission of reference to AFPI charges in the September 30, 1993 letter to Mr. Oleson.

(CW-3)____, Doc.3: November 12, 1993 letter to Mr. Oleson from Mr. Rasmussen re proposal of service extension and charges to Royal View Estates, and Mr. Oleson's acceptance.

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-1) _____

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-1) _____

Doc.1: June 23, 1997 letter to Richard Melson (attorney for LUSI) from PSC Staff initiating investigation and requesting information.

CY: [unclear]
DR (A)
ND

STATE OF FLORIDA

Commissioners:
 JULIA L. JOHNSON, CHAIRMAN
 SUSAN F. CLARK
 TERRY DEASON
 JOE GARCIA
 DIANE K. KIESLING



DIVISION OF WATER & WASTEWATER
 CHARLES H. HILL
 DIRECTOR
 (904) 413-6900

Public Service Commission

June 23, 1997

RECEIVED

JUN 26 1997

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

Hopping Green Sams & Smith, P.A.

Re: Lake Utility Services, Inc. - Allowance for Funds Prudently Invested (AFPI)

Dear Mr. Melson:

We are conducting an informal investigation regarding whether or not Lake Utility Services, Inc. inappropriately collected Allowance for Funds Prudently Invested (AFPI) outside of what is authorized in its tariff. In order to make this determination, we are asking that you provide the following information.

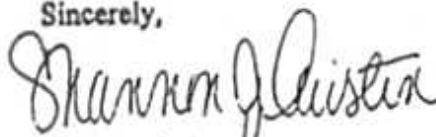
1. From the utility's certificated territory, please provide a territorial description of the areas, from which, the utility has collected AFPI.
2. Provide the number of ERCs currently being served in the Crescent Bay Subdivision. If it is more than 85 ERCs, please provide the date of when the utility reached 85 ERCs for the Crescent Bay Subdivision.
3. Provide the total amount of AFPI collected by the utility. Also, please indicate the amount which represents the collection only from the Crescent Bay Subdivision.
4. For the Crescent Bay Subdivision, please provide a schedule of initial connections by month and year from the implementation of the AFPI.

Mr. Melson
Page 2
June 23, 1997

5. Provide the date of the interconnection between the Crescent Bay Subdivision, Highland Point, Crescent West and Lake Crescent Hills.

In order to proceed with this investigation in a timely manner, we are asking that you please provide this information by July 25, 1997. If you have any questions, please do not hesitate to contact me at (904) 413-7021.

Sincerely,



Shannon J. Austin
Regulatory Analyst

SJA/sja

cc: Division of Water and Wastewater (Rendell, Merchant, Zhang)
Division of Legal Services (Jaber, Vaccaro)

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-1)_____

Doc.2: July 21, 1997 letter to PSC Staff from Mark Kramer,
Utilities, Inc., replying to June 23, 1997 letter.

2335 Sanders Road
Northbrook, Illinois 60062-6196
Telephone 847 498-6440
Facsimile 847 498-2066

July 21, 1997

Ms. Shannon Austin
Regulatory Analyst
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Lake Utility Services, Inc. - Allowance for Funds Prudently Invested

Dear Ms. Austin:

Below are the responses regarding your informal investigation regarding whether or not Lake Utility Services, Inc. inappropriately collected AFPI outside of what is authorized in its tariff.

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 Ma. 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.

Data Requests

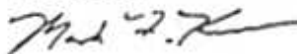
1. From the utility's certificated territory, please provide a territorial description of the areas, from which the utility has collected AFPI.
 - A. The territory includes Crescent Bay Subdivision and that approved in PSC Order No. PSC-92-1369-FOF-WU, which is attached for your convenience.
2. Provide the number of ERCs currently being served in the Crescent Bay Subdivision. If it is more than 85 ERCs, please provide the date of when the utility reached 85 ERCs for the Crescent Bay Subdivision.
 - A. As of December 31, 1996, Crescent Bay was serving approximately 53 ERCs
3. Provide the total amount of AFPI collected by the utility. Also, please indicate the amount which represents the collection from the Crescent Bay Subdivision.
 - A. \$134,995.98 AFPI has been collected. Of that total, \$16,418.43 relates to Crescent Bay Subdivision.

ke Utility Services, Inc.
July 21, 1997
Page 2 of 2

4. For the Crescent Bay Subdivision, please provide a schedule of initial connections by month and year from the implementation of AFPL.
 - A. Please see the attached schedule.
5. Provide the date of the interconnection between the Crescent Bay Subdivision, Highland Point, Crescent West and Lake Crescent Hills.
 - A. Lake Crescent Hills and Crescent West - November, 1992
Crescent Bay and Crescent West - May, 1993
Highland Point and Crescent Bay - April, 1994

If you require additional information, please advise.

Sincerely,



Mark F. Kramer
Manager, Regulatory Matters

cc. Richard Melson, esq.

ORDER NO. 920-92-1349-F09-WU
 DOCKET NO. 920174-WU
 PAGE 7

ATTACHMENT A

LAKE PRINCE SECTION, INC.

SECTION 23 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA - LAKE PRINCE SECTION, INC.

Township 23 South, Range 25 East, Lake County

ALL OF SECTION 29, LESS LAKE MINGOYANA.
 ALL OF SECTION 28, LESS LAKE MINGOYANA.

Township 23 South, Range 26 East, Lake County

ALL OF SECTION 31, LESS LAKE MINGOYANA.
 ALL OF SECTION 32 THAT IS WEST OF THE CENTERLINE OF U.S.

MINGOY 27.

Township 23 South, Range 26 East, Lake County

ALL OF SECTION 1, LESS LAKE MINGOYANA, AND LAKE EGGAN.
 ALL OF SECTION 2, LESS LAKE MINGOYANA, AND CHEROKEE LAKE.
 ALL OF SECTION 11, LESS CHEROKEE LAKE, AND SAW MILL LAKE.
 ALL OF SECTION 12, LESS CHEROKEE LAKE, FLORENCE LAKE, AND
 PALM LAKE.

ALL OF SECTION 13, LESS LAKE HELLIE.
 ALL OF SECTION 14, LESS SAW MILL LAKE AND LAKE OLGA.
 ALL OF SECTION 23, LESS LAKE HELLIE, AND LAKE GART.
 ALL OF SECTION 24, LESS LAKE HELLIE.

Township 23 South, Range 27 East, Lake County

ALL OF SECTION 4 THAT IS WEST OF THE CENTERLINE OF U.S.

MINGOY 27.
 ALL OF SECTION 5 THAT IS WEST OF THE CENTERLINE OF U.S.

MINGOY 27.
 ALL OF SECTION 6, LESS LAKE EGGAN, AND LAKE LOUISA.

ALL OF SECTION 7, LESS LAKE LOUISA.
 ALL OF SECTION 8, LESS LAKE LOUISA.
 ALL OF SECTION 9 THAT IS WEST OF THE CENTERLINE OF U.S.

MINGOY 27.
 ALL OF SECTION 16 THAT IS WEST OF THE CENTERLINE OF U.S.

MINGOY 27, AND LAKE LAKE LOUISA.
 ALL OF SECTIONS 17, 18, 19 AND 20, LESS LAKE LOUISA.

ALL OF SECTION 21 THAT IS WEST OF THE CENTERLINE OF U.S.
 MINGOY 27, LESS LAKE LOUISA.

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-1)_____

Doc.3: September 8, 1997 letter to Richard Melson from PSC
Staff informing of results of informal investigation.

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
DIANE K. KIESLING
JOE GARCIA



DIVISION OF WATER & WASTEWATER
CHARLES H. HILL
DIRECTOR
(850) 413-6900

Public Service Commission

JLC
CJW
AND

September 8, 1997

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

Re: Lake Utility Services, Inc. Allowance for Funds Prudently Invested (AFPI)

Dear Mr. Melson:

This letter is regarding staff's informal investigation into whether or not Lake Utility Services, Inc. (LUSI or utility) inappropriately collected Allowance for Funds Prudently Invested (AFPI). We have determined that the utility has inappropriately collected AFPI. This determination is based on our review of the utility's responses to staff's questions, the utility's tariff, and Commission orders.

In the utility's response, it was indicated that \$134,995.98 was collected for AFPI as of December 1996. Pursuant to Order No. 19962, issued September 8, 1988, in Docket No. 871080-WU, LUSI was approved for AFPI for the Crescent Bay Subdivision. The purpose of the charge was to provide for a fair return on the plant which was prudently constructed, but exceeded the needs of the customers in the early years of development. The charge was to be in effect until the utility reached the capacity of 106 ERCs. The charge stopped escalating at 80% design capacity (85 ERCs) for a maximum of \$608.09. Based on our calculation, if the utility collected AFPI at the higher charge of \$608.09, for the 106 ERCs, it should have collected no more than \$64,457.54 for AFPI. Further, by dividing the total amount collected, \$134,995.98, by the maximum AFPI charge, \$608.09, it appears the utility has at least collected AFPI from 222 ERCs. This number is more than the 106 ERCs for which the AFPI was intended.

RECEIVED

SEP 11 1997

Hopping Green, Sams & Smith, P.A.

Mr. Richard Melson
Page 2
September 8, 1997

As a result of our review, we have determined the nature of the utility's over collection of AFPI. The utility has been collecting AFPI from the additional territory granted by Order No. PSC-92-1369-FOF-WU, issued November 24, 1992, in Docket No. 920174-WU. The collection of AFPI from the customers in the area granted by the aforementioned Order was inappropriate. The Order stated that the customers in the territory added shall be charged the rates and charges approved for the Crescent Bay system on file with the Commission. For service availability purposes, the charges approved for the additional territory were the plant capacity charge of \$569 per ERC, the main extension charge of \$506 per ERC, and the meter installation charge by meter size including a charge of \$100 for a 5/8" x 3/4" meter. Those charges would serve to increase the utility's level of Contribution-in-aid-of-Construction (CIAC). The approval of these charges and the reason for approval, were specifically stated in Order No. PSC-92-1369-FOF-WU. The AFPI charge was not addressed and therefore, was not approved for the additional territory. AFPI is considered below the line revenue and therefore would not serve to increase the utility's level of CIAC.

In the utility's response dated July 21, 1997, reference was made to the Commission's previous investigation by Ms. Charlotte Hand. We have reviewed this complaint by Mr. Preben Olesen, the developer of Royal View Estates and have not found any correspondence that indicates that the AFPI charge was appropriate for the additional territory. By our letter dated September 30, 1993, Mr. Olesen was informed that the appropriate charges for his development were a plant capacity charge of \$506 per ERC, a main extension charge of \$506 per ERC, and a meter installation charge of \$100 for a 5/8" x 3/4" meter. The letter did not address the AFPI charge. Our file contained a letter dated October 14, 1993, from Mr. Donald Rasmussen, which pointed out that our letter to Mr. Olesen failed to specify the AFPI charges. However, our file did not contain a response to Mr. Rasmussen's letter.

Based on our informal investigation, we have determined that AFPI should have been collected only from the Crescent Bay Subdivision. We constitute the Crescent Bay Subdivision to be the territory approved in the utility's original certificate pursuant to Order No. 18605, issued December 24, 1987, in Docket No. 871080-WU. Any AFPI collected outside the territory prescribed in the aforementioned order is inappropriate and should be refunded.

If the utility disagrees with this decision, please provide justification as to the appropriateness of the collection of AFPI from customers outside of the Crescent Bay Subdivision.

Mr. Richard Melson
Page 3
September 8, 1997

Please provide this information no later than September 22, 1997. If we have not received a response by that time, we will prepare a recommendation to be filed on October 9, 1997 for the October 21, 1997 Agenda Conference. At this time, we will be recommending that the AFPI collected outside of the Crescent Bay Subdivision be refunded.

If you have any questions concerning this matter, please feel free to contact Shannon J. Austin at (850) 413-7021.

Sincerely,



Charles H. Hill
Director
Division of Water and Wastewater

CHH/sja

cc: Division of Water and Wastewater (Willis, Rendell, Austin)
Division of Legal Services (Jaber, Vaccaro)

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-1) _____

Doc.4: September 29, 1997 letter to PSC Staff from Ben
Girtman (attorney for LUSI) responding to PSC Staff
September 8, 1997 letter.

BEN E. GIRTMAN
Attorney at Law

1000 East Lafayette Street
Suite 207
Tallahassee, Florida 32301-4552

Telephone: (904) 656-3232
(904) 656-3233
Facsimile: (904) 656-3233

September 29, 1997

Mr. Charles C. Hill, Director
Division of Water and Wastewater
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Undocketed, Lake Utility Services, Inc., Allowance for Funds
Prudently Invested (AFPI)

Dear Mr. Hill:

Lake Utility Services, Inc. (hereinafter referred to as the utility or LUSI) respectfully disagrees with the preliminary Staff statement in your letter of September 8, 1997. It is the utility's position that it has properly and correctly collected AFPI charges as required by Commission Order No. PSC-92-1369-FOF-WU.

In Docket No. 920174-WU, the utility petitioned the Commission to amend its Certificate to include additional territory. Issue 9 in that amendment case was:

What rates and charges will be applicable to customers within the extended area?

The utility's position on that issue was:

Initially, and until LUSI has the opportunity to develop and apply for standard rates for its total service area, the applicable rates should be those approved by the Commission for the Crescent Bay area, in Order No. 19962. [Amended Statement of Positions Submitted on Behalf of Applicant, Lake Utility Services, Inc., September 18, 1992.]

The Staff Memorandum dated October 22, 1992, for the Agenda Conference of November 3, 1992, listed Issue 4 as:

What rates and charges should apply to the additional territory?

.... Charles C. Hill
September 29, 1997
Page 2

The Staff's Recommendation on the appropriate rates and charges was that:

The rates and charges contained in the utility's tariff for the Crescent Bay system should be applied to service in the additional territory. [Staff Memorandum dated October 22, 1992, page 8.]

The Staff Analysis and Recommendation was all inclusive as to rates and charges, and did not exclude any of the rates and charges. The Staff Analysis also stated that:

Normally, in applications for extension of territory, the utility is allowed to charge its approved rates in the additional territory. However, LUSI presently charges two different sets of rates to the systems it currently owns in the requested area. [Staff Memorandum dated October 22, 1992, page 9.]

The Analysis discussed several differences between the two sets of rates, but did not exclude any of the rates and charges from its all-inclusive reference to the rates and charges of Crescent Bay which should be made applicable in the additional territory.

Nowhere in any of the pleadings, recommendations, orders or other documents relating to the amendment case is it ever suggested that no allowance for funds prudently invested (AFPI) should be collected in the additional areas outside Crescent Bay. To the contrary, the final order in the amendment docket, Order No. PSC-92-1369-FOF-WU, issued November 22, 1992, granting the amendment, the Commission made findings (Order, page 3) on the appropriate rates and charges which should be charged in the additional territory (Order, page 3), and then specifically stated that it is:

ORDERED that the customers in the territory added herein shall be charged the rates and charges approved in Lake Utility Services, Inc's tariff for the Crescent Bay system currently on file with the Commission.
[Order, page 4; 92 FPSC 11:502]

A copy of Commission Order No. PSC-92-1369-FOF-WU is attached as Exhibit "A".

Attached as Exhibit "B" is a copy of the rates and charges for the Crescent Bay system which were in effect and on file with the

Charles C. Hill
September 29, 1997
Page 3

Commission at the time Order No. PSC-92-1369-FOF-WU was issued. They are the same rates and charges established by Order No. 19962, issued September 8, 1988, in Docket No. 871080-WU (Order, page 3, PSC 9:132) and modified only to reflect the effect of price index and pass-through rate adjustments.

As required by Order No. PSC-92-1369-FOF-WU, the rates and charges in effect for the Crescent Bay system were applicable in the additional territory, including monthly rates, service availability charges, guaranteed revenues, customer deposits, meter installation charges, miscellaneous service charges, and allowance for funds prudently invested.

In your letter of September 8, 1997, you state that in Order No. PSC-92-1369-FOF-WU, the AFPI charge was not addressed and therefore, was not approved for the additional territory. We disagree. It was addressed by the all-inclusive reference to "rates and charges". It was not necessary for the order to specifically and separately mention the AFPI charge, or any other rate or charge, because the order very clearly required it is

ORDERED that the customers in the territory added herein shall be charged the rates and charges approved in Lake Utility Services, Inc's tariff for the Crescent Bay system currently on file with the Commission.
[Order, page 4.]

If Staff's position is that the only charges approved for the additional territory were those specifically named in the Order, then the utility could not even have charged monthly rates, because they were not specifically and separately named in the Order, either. In fact, the only charges specifically and separately named in the Order were the \$569/ERC plant capacity charge, the \$506/ERC main extension charge, and the \$100 installation charge for a 5/8" x 3/4" meter. The only reasonable interpretation of the Order is that all rates and charges in the tariff approved for the Crescent Bay area and on file with the Commission were applicable to all customers in the additional territory. The Commission Order is all inclusive. It makes an all-inclusive reference to the rates and charges set forth in the Crescent Bay tariff, and it does not exclude any of those rates and charges.

It is the utility's position that not only was it entitled to charge the AFPI charge for new initial customers in the additional territory, but that it was required to do so, and in fact would have been responsible for discriminatory application of its rates and charges had it not done so. The Order is mandatory, it requires all rates and charges then in effect in the Crescent Bay

Mr. Charles C. Hill
September 29, 1997
Page 4

Subdivision to be applicable to the additional territory, and there has never been any change in that Order.

Also in your letter of September 8, 1997, you indicate that the AFPI charge was applicable, but only to connections in the Crescent Bay Subdivision and only up to a total of 106 ERCs. Staff apparently based that opinion on its reading of Order No. 19962, issued September 8, 1988, some four years prior to the petition to amend that certificated territory and the Commission's Order No. PSC-92-1369-FOF-WU to make the rates for Crescent Bay applicable to the additional territory.

That interpretation is completely out of context. Certainly, Order No 19962 limits the charges to the Crescent Bay Subdivision. That was the only subdivision in the certificated area at the time. If you read Order No. 19962 carefully, however, you will note that the Commission established rates and charges for Crescent Bay based on the assumptions that there would be 106 ERCs at buildout and that no future expansion was anticipated. The monthly rates, the service availability charges, and the AFPI charges for Crescent Bay were all developed based on those assumptions and with the purpose of providing a full return on the projected investment to serve 106 ERCs. Those rates and charges were developed in concert, not separately.

However, when the Commission concluded that it would be appropriate to apply the Crescent Bay rates and charges to the additional territory, it certainly was aware that those rates and charges would apply to more than 106 ERCs and that additional investment was involved in serving those additional ERCs. It would be illogical to conclude that the monthly rates and the service availability charges are applicable to all customers whether in Crescent Bay or not, but that the AFPI charge, which was determined based on the same underlying assumptions, is applicable only to Crescent Bay. Furthermore, there is no authority for that interpretation in the Order.

The utility is also concerned that these allegations of inappropriate charging of AFPI are being made at this late date, some 4 1/2 years after they were implemented, and some four years after the Staff investigated a complaint instigated by a developer, Mr. Preben Olesen. The utility clearly stated, in writing, more than once, that it had implemented the AFPI charge and had a signed developer contract accepting that condition. Staff never stated that it believed the utility could not apply the AFPI charges in the additional territory outside Crescent Bay.

The developer had filed a complaint with the Commission, seeking to reduce the amount of charges he would have to pay to

Mr. Charles C. Hill
September 29, 1997
Page 5

hook up to the utility system. The utility provided responses to help inform Staff of the facts relating to the matter. Staff reviewed the material provided by the developer and by the utility, and sent a letter dated September 30, 1993, to the developer. A copy of the letter is attached as Exhibit "C". On October 14, 1993, the utility informed Staff of the specific charges and amounts that the developer would have to pay and included the Commission Order and tariff sheets indicating the authority for those categories and amounts. The utility's letter to the Commission Staff (Exhibit "D") specifically stated that the AFPI charge would be made to sites developed by Mr. Olesen in the service territory, but that collection of the AFPI charge would be deferred until the time of connection to each site.

On November 12, 1993, Mr. Olesen signed, as acceptable, an agreement clearly stating that the AFPI charge (in addition to the other applicable charges) would be made, but that collection would be deferred until the time of connection to each site. (See Exhibit "E").

No objection was made by Staff, and no show cause order was initiated in response to the utility's imposition of the AFPI charge. There was no other indication whatsoever that anyone might believe that it was improper to apply the AFPI charge in the additional territory. The utility has relied upon the Commission Order approving the applicability of the AFPI charge, and has collected the amounts as authorized by the Order.

IF STAFF WAS OF THE OPINION THAT THE AFPI CHARGE WAS INAPPROPRIATE, THE TIME TO INFORM THE UTILITY WAS IN SEPTEMBER, 1993, NOT IN SEPTEMBER, 1997. THE TIME TO ISSUE A SHOW CAUSE TO THE UTILITY WAS SEPTEMBER, 1993, NOT IN SEPTEMBER, 1997.

The utility has been collecting those charges in good faith and in accordance with the previously cited Commission Order. To require the utility to refund those monies at this time would be retroactive ratemaking.

The applicability of the AFPI charge to customers in the additional territory, as well as the applicability of all other rates and charges, must be viewed in the context of the Order approving those charges. The Commission, in keeping with past procedures, simply established rates and charges for new customers in a new area at the same level as in the original area so that there would be no discrimination between customers in the service area. Staff, by now attempting to limit the AFPI charge to connections in the original area, would require the utility to discriminate against those customers. We do not believe that was the intent of the Commission. Nor is it authorized by statute or

Mr. Charles C. Hill
September 29, 1997
Page 6

by the State and Federal Constitutions.

In conclusion, Lake Utility Services, Inc. respectfully requests that the Staff reconsider its preliminary statement and (1) recognize that the intent of Order No. PSC-92-1369-FOF-WU was that all of the rates and charges applicable to Crescent Bay were to be applicable to connections and customers in the additional territory, and (2) find that LUSI has properly collected AFPI charges from connections in the additional territory.

Sincerely yours,



Ben E. Girtman

Encls.
cc: w/encls.
Ms. Shannon J. Austin
Mr. Mark Kramer
Mr. Frank Seidman

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Application for
Amendment of Certificate No. }
in Lake County by LAKE }
UTILITY SERVICES, INC. }

DOCKET NO. 920174-WU
ORDER NO. PSC-92-1369-FOF-WU
ISSUED: 11/24/92

The following Commissioners participated in the disposition of this matter:

THOMAS H. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

FINAL ORDER GRANTING AMENDMENT OF CERTIFICATE TO
INCLUDE ADDITIONAL TERRITORY
AND
NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING RATES AND CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein establishing rates and charges is preliminary in nature, and as such, will become final unless a person whose interests are substantially affected files a petition for a formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Background

Lake Utility Services Inc. (LUSI or utility) in a Class C utility providing water service to twelve separate service areas in Lake County. This amendment application encompasses a 20 square mile area which includes ten of the twelve previously certificated systems owned by LUSI. The utility provides water service in Lake County to approximately 330 customers, 260 of which are in the requested territory. The utility's water systems are combined for annual report purposes; however, the utility has three separate sets of water rates for its Lake County systems.

On February 25, 1992, the utility applied for an amendment to extend the certificated territory. An objection to the application was filed by letter dated March 4, 1992, by the City of Clermont (City). The City's objection was based on its belief that the requested extension of territory was in conflict with the City's approved comprehensive plan.

1992 11 24 10:24 AM
REC-REGULS/REPORTING

EXHIBIT

A

ORDER NO. PSC-92-1369-FOF-WU
DOCKET NO. 920174-WU
PAGE 2

On September 30, 1992, by letter, the city of Clermont indicated that its City Council had voted to withdraw its objection to Lake Utility Services, Inc.'s application for amendment of Water Certificate No. 496-W. Accordingly, we hereby accept the city of Clermont's withdrawal of its objection.

Application

The application is in compliance with Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules. In particular, the notarized application contains:

1. A filing fee in the amount of \$2,250.00, which amount is \$1,350.00 in excess of the required fee as prescribed by Rule 25-30.020, Florida Administrative Code.
2. Adequate service territory and system maps and a territory description, as prescribed by Rule 25-30.036, Florida Administrative Code. The additional territory in the South Clermont Region of Lake County is described in Attachment A of this Order, which by reference is incorporated herein.
3. Proof of notice of application to interested governmental and regulatory agencies and utilities within a four-mile radius of the territory, and proof of advertisement in a newspaper of general circulation in Lake County, as prescribed by Rule 25-30.030, Florida Administrative Code.
4. Evidence that the utility owns the land upon which its facilities are located, as required by Rule 25-30.036, Florida Administrative Code.

Based on the information filed with the application, it appears that LUSI has the technical capability and financial resources to adequately serve the additional territory.

The additional territory is located in close proximity to the utility's existing service area and will provide service to several residents in an area currently receiving service from EOB contaminated wells. The utility plans to interconnect their present water systems in the area to provide more reliable and efficient service and to extend transmission lines from those systems to the additional territory as service is requested. In addition, the Department of Environmental Regulation (DER) was contacted and stated that LUSI has no current violations.

ORDER NO. PSC-92-1369-POF-WU
DOCKET NO. 920174-WU
PAGE 3

Based on the above information, the Commission finds that it is in the public interest to grant the application of Lake Utility Services, Inc. for amendment of Water Certificate No. 496-W to include the territory described in Attachment A. The utility has returned the certificate for entry and filed revised tariff sheets that reflect the correct territory description.

Refund of Excess Filing Fee

The Commission required an increase of the original filing fee of \$150.00 to the maximum amount of \$2,250.00 based on estimates of the potential occupancy of all the land portions of the territory to be included within the certificate. The utility paid the additional fee, under protest, and requested a review on the basis of projected population growth. Population growth for the next ten years is projected to be 4,780 persons and, pursuant to Rule 25-30.020, Florida Administrative Code, the correct filing fee for an amendment application to provide service to an additional 4,780 persons is \$900.00. Therefore, the Commission finds that the applicant is due a refund of a portion of the filing fee in the amount of \$1,150.00.

Rates and Charges

LUSI presently charges two different sets of rates to the systems it owns in the requested area. The charges set by the Commission in the original certificate case for Crescent Bay includes a plant capacity charge of \$569 per equivalent residential connection (ERC), a main extension charge of \$506 per ERC, and meter installation charges by meter size including a charge of \$100 for a 5/8" x 3/4" meter. We believe that the charges approved for the Crescent Bay system will provide for future customers to pay their pro rata share of the cost of the lines and treatment plant necessary to provide them service. These charges will serve to increase the utility's level of contribution-in-aid-of-construction (CIAC), thus keeping the utility's rate base at a lower level for rate-making purposes. Therefore, LUSI shall charge the customers in the additional territory the rates and charges approved in its tariff for the Crescent Bay system currently on file with this Commission.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Certificate No. 496-W held by Lake Utility Services, Inc., 200 Weatherfield Avenue, Altamonte Springs, Florida 32714, is hereby

ORDER No. PSC-92-1369-POP-WU
DOCKET No. 920174-WU
PAGE 4

amended to include the territory described in Attachment A of this Order, which by reference is incorporated herein. It is further


ORDERED that the overpayment of filing fee, in the amount of \$1,150.00, be refunded to the applicant. It is further

ORDERED that the customers in the territory added herein shall be charged the rates and charges approved in Lake Utility Services, Inc.'s tariff for the Crescent Bay system currently on file with the Commission. It is further

ORDERED that the provisions of this order establishing rates and charges for the territory added herein are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that this docket shall be closed if no protest is received.

by ORDER of the Florida Public Service Commission this 24th day of November, 1992.


STEVE TRIPLE, Director
Division of Records and Reporting

(S F A I)

SLE

ORDER NO. PSC-92-1369-FOF-WU
DOCKET NO. 920174-WU
PAGE 5

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.60, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action establishing rates and charges is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (b), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Calusa Street, Tallahassee, Florida 32399-0070, by the close of business on December 15, 1992. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(A), Florida Rules of Appellate Procedure.

ORDER NO. PSC-92-1369-PUP-WU
DOCKET NO. 920174-WU
PAGE 6

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Case No. PSC-92-1369-FOF-WU
ET No. 920174-WU
Page 7

ATTACHMENT A

LAKE UTILITY SERVICES, INC.

SERVICE TERRITORY DESCRIPTION - SOUTH CLEMMONT REGION - LAKE COUNTY

Township 22 South, Range 25 East, Lake County

ALL OF SECTION 35, LESS LAKE HINNEHANA.
ALL OF SECTION 36, LESS LAKE HINNEHANA.

Township 22 South, Range 26 East, Lake County

ALL OF SECTION 31, LESS LAKE HINNEHANA.
ALL OF SECTION 32 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27.

Township 23 South, Range 25 East, Lake County

ALL OF SECTION 1, LESS LAKE HINNEHANA, AND LAKE SUSAN.
ALL OF SECTION 2, LESS LAKE HINNEHANA, AND CRESCENT LAKE.
ALL OF SECTION 11, LESS CRESCENT LAKE, AND SAW HILL LAKE.
ALL OF SECTION 12, LESS CRESCENT LAKE, FLORENCE LAKE, AND
RALPH LAKE.
ALL OF SECTION 13, LESS LAKE HELLIE.
ALL OF SECTION 14, LESS SAW HILL LAKE AND LAKE CLONIA.
ALL OF SECTION 23, LESS LAKE HELLIE, AND LAKE GARY.
ALL OF SECTION 24, LESS LAKE HELLIE.

Township 23 South, Range 26 East, Lake County

ALL OF SECTION 4 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27.
ALL OF SECTION 5 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27.
ALL OF SECTION 6, LESS LAKE SUSAN, AND LAKE LOUISA.
ALL OF SECTION 7, LESS LAKE LOUISA.
ALL OF SECTION 8, LESS LAKE LOUISA.
ALL OF SECTION 9 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27.
ALL OF SECTION 16 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27, AND LESS LAKE LOUISA.
ALL OF SECTIONS 17, 18, 19 AND 20, LESS LAKE LOUISA.
ALL OF SECTION 21 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27, LESS LAKE LOUISA.

LAKE UTILITY SERVICES, INC.
RATES AND CHARGES
ON FILE WITH
THE FLORIDA PUBLIC SERVICE COMMISSION
FOR
THE CRESCENT BAY SYSTEM
AT THE TIME OF ISSUANCE OF
ORDER NO. PSC-92-1369-FOF-WS, 11/24/92

Sixth Revised Sheet	No. 18.0,	Effective 08/07/92
Sixth Revised Sheet	No. 19.0,	Effective 08/07/92
Third Revised Sheet	No. 20.0,	Effective 01/08/92
Original Sheet	No. 22.1,	Effective 08/12/91
Fifth Revised Sheet	No. 24.0,	Effective 02/14/92
Original Sheet	No. 25.1,	Effective 04/12/91
First Revised Sheet	No. 25.1-A,	Effective 04/12/91
Second Revised Sheet	No. 26.0,	Effective 04/12/91
Second Revised Sheet	No. 27.2,	Effective 12/19/90
Second Revised Sheet	No. 27.3,	Effective 04/12/91
Third Revised Sheet	No. 27.4,	Effective 04/12/91
Second Revised Sheet	No. 27.5,	Effective 12/19/90



Sixth Revised Sheet No. 10.0
Cancels Fifth Revised Sheet No. 10.0

NAME OF COMPANY Lake Utility Services, Inc.

WATER TARIFF

GENERAL SERVICE

RATE SCHEDULE GS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - To any customer in the Crescent Bay and Lake Saunders Acres subdivisions for which no other schedule applies.
- LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.

~~TERMS OF PAYMENT~~ ~~BY MONTH~~

<u>RATE</u>	(PER MONTH)	<u>Base Facility Charge</u>
	<u>Meter Size</u>	
	5/8"x3/4"	\$ 14.69
	3/4"	22.01
	1"	36.69
	1 1/2"	73.39
	2"	117.41
	3"	234.83
	4"	366.92
	Gallonage Charge Per 1,000 gallons	\$ 1.65

MINIMUM BILL - Base Facility Charge

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.

EFFECTIVE DATE - August 7, 1992

Patrick J. O'Brien
ISSUING OFFICER

TYPE OF FILING - 1992 Price Index and
Pass Through Rate
Adjustment

Vice President, Finance
TITLE

Florida Public Service Commission

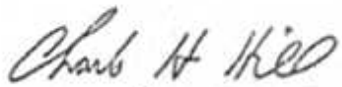
APPROVED

Case No. HS-92-0145

Docket No. N/A

Order No. N/A

Effective August 7, 1992



Director
Division of Water and Sewer

Sixth Revised Sheet No. 19.0
Cancels Fifth Revised Sheet No. 19.0

CP COMPANY Lake Utility Services, Inc.

WATER TARIFF

RESIDENTIAL SERVICE

RATE SCHEDULE RS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - To any customer in the Crescent Bay and Lake Saunders Acres subdivisions for which no other schedule applies.
- LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - BI-MONTHLY
- RATE - (PER MONTH)
Meter Size Base Facility Charge
5/8" x 3/4" SM14769 2.00
- Gallonage Charge \$ 1.65
Per 1,000 gallons
- MINIMUM BILL - Base Facility Charge
- TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.
- EFFECTIVE DATE - August 7, 1992 Patrick J. O'Brien
ISSUING OFFICER
- TYPE OF FILING - 1992 Price Index and
Pass Through Rate
Adjustment Vice President, Finance
TITLE

Florida Public Service Commission

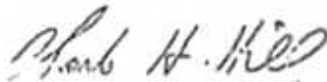
APPROVED

City No. HS-92-0145

Account No. N/A

Order No. N/A

Effective August 7, 1992



Director
Division of Water and Sewer

THIRD REVISED SHEET NO. 20.0
CANCELS SECOND REVISED SHEET NO. 20.0

Water Services, Inc.
Water Tariff

MULTI-RESIDENTIAL SERVICE
RATE SCHEDULE MS

AVAILABILITY - Available throughout the area served by the company.

APPLICABILITY - To any master-metered residential customer in the Crescent Bay subdivision and Lakewood Acres subdivision including but not limited to, Condominiums, Apartments and Mobile Home Parks.

LIMITATIONS - Subject to all of the rules and regulations of this Tariff and General Rules and Regulations of the Commission.

RATE - Not applicable at this time

MINIMUM CHARGE - Per-

TERM OF PAYMENT - Bills are due and payable when rendered and become delinquent if paid within twenty (20) days. After (5) five days written notice, service may then be discontinued.

EFFECTIVE DATE - January 8, 1992

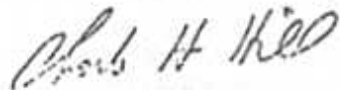
TYPE OF FILING - Territory Amendment

Patrick J. O'Brien
Vice President, Finance

Florida Public Service Commission

APPROVED

City No. MS-91-0234
Docket No. 910760-WU
Order No. 24286
Effective January 8, 1992



Director
Division of Water and Sewer

ORIGINAL SHEET NO. 221
 CANCELS RULE NO. 24.0 (FIRST REVISED SHEET NO. 13.0
 & FIRST REVISED SHEET NO. 14.0)

UTILITY SERVICES, INC.
 WATER TARIFF

SCHEDULE OF CUSTOMER DEPOSITS

Crescent Bay Subdivision

ESTABLISHMENT OF CREDIT - Before rendering water service, the Company may require an applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the customer from complying with the Company's rules for prompt payment. Credit will be deemed so established, in accordance with Rule 25-30.311, Florida Administrative Code, if:

- (A) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for the service requested.
- (B) The applicant pays a cash deposit
- (C) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety bond

AMOUNT OF DEPOSIT - The amount of initial deposit shall be the following according to meter size, or an amount to cover charges for three (3) months service whichever is greater.

	<u>Residential</u>	<u>General Service</u>
5/8 - 3/4	\$50.00	\$ 50.00
1"	\$50.00	\$ 90.00
1 1/2"	N/A	\$160.00
Over 2"	N/A	\$250.00

ADDITIONAL DEPOSIT - Under Rule 25-30.311(7) Florida Administrative Code, the Company may require a new deposit in order to secure payment of current bills provided The Company shall provide the customer with reasonable written notice of not less than 30 days where such request or notice is separate and apart from any bill for service. The amount of the required deposit shall not exceed an amount equal to the average

(Continued to Sheet No. 221-A)

Patrick J. O'Brien
 Vice President

Florida Public Service Commission

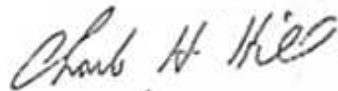
APPROVED

Authority No. WS-90-0390

Docket No. 900906-WU

Order No. 24139

Effective April 12, 1991



Director
Division of Water and Sewer

FIFTH REVISED SHEET NO. 24.0
CANCELS THIRD REVISED SHEET NO. 24.0

UTILITY SERVICES, INC.
Tariff

MISCELLANEOUS SERVICE CHARGES

Amber Hill, Clermont I - Four Winds, Clermont II,
Crescent West, Highland Point, Lake Ridge Club,
The Oranges, The Vistas I & II,
Crescent Bay, Lake Crescent Hills and Lake Saunders Acres Subdivisions

The company may charge the following miscellaneous service charges in accordance with the terms stated herein. If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the company requires multiple actions.

INITIAL CONNECTION - This charge would be levied for service initiation at location where service did not exist previously.

NORMAL RECONNECTION - This charge would be levied for transfer of service to a new customer account at a previously served location or reconnection of service subsequent to a customer requested disconnection.

VIOLATION RECONNECTION - This charge would be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.

PREMISES VISIT CHARGE (IN LIEU OF DISCONNECTION) - This charge would be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectable bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

Schedule of Miscellaneous Service Charges

Initial Connection	\$15.00
Normal Reconnection	\$15.00
Violation Reconnection	\$15.00
Premises Visit (In lieu of disconnection)	\$10.00

EFFECTIVE DATE - 02/14/92

TYPE OF FILING - Tariff Correction

Patrick J. O'Brien
Vice President, Finance

Florida Public Service Commission

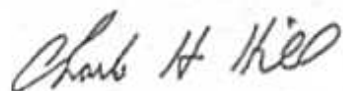
APPROVED

Authority No. WS-92-0024

Docket No. N/A

Order No. N/A

Effective February 14, 1992



Director
Division of Water and Sewer

ORIGINAL SHEET NO. 25.1
CANCELS SECOND REVISED SHEET NO. 27.6

LAKE UTILITY SERVICES, INC.
WATER TARIFF

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Crescent Bay Subdivision

<u>PLANT CAPACITY CHARGE</u> Per ERC	\$ 569.00
<u>MAIN EXTENSION FEE</u> (Connect to Lines Constructed by the Utility) Per ERC	\$ 506.00
<u>GUARANTEED REVENUE CHARGE</u> Per ERC/Month	\$ 14.28
Per ERC/Year	\$ 171.34

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

SCHEDULE OF CHARGES IF CONNECT TO LINES CONSTRUCTED BY UTILITY

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
January	\$ 15.10	\$198.05	\$401.85	\$608.09	\$608.09
February	30.20	214.87	420.60	608.09	608.09
March	45.31	231.69	439.35	608.09	608.09
April	60.45	248.52	458.10	608.09	608.09
May	75.51	265.34	476.85	608.09	608.09
June	90.61	282.16	495.60	608.09	608.09
July	105.71	298.99	514.34	608.09	608.09
August	120.81	315.81	533.09	608.09	608.09
September	135.92	332.63	551.84	608.09	608.09
October	151.02	349.46	570.59	608.09	608.09
November	166.12	366.28	589.34	608.09	608.09
December	181.22	383.10	608.09	608.09	608.09

EFFECTIVE DATE - April 12, 1991

TYPE OF FILING - Corporate Reorganization

(Continued to Sheet No. 25.1A)

Patrick J. O'Brien
Vice President, Finance

Florida Public Service Commission

APPROVED

Authority No. WS-90-0390

Docket No. 900906-WU

Order No. 24139

Effective April 12, 1991

Charl H. Hill

Director
Division of Water and Sewer

FIRST REVISED SHEET NO. 25.1-A
 CANCELS ORIGINAL SHEET NO. 25.1-A

LAKE UTILITY SERVICES, INC.
 WATER TARIFF

(Continued from Sheet No. 25.1)

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Crescent Bay Subdivision

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

SCHEDULE OF CHARGES IF CONNECT TO LINES CONTRIBUTED TO UTILITY

	1988	1989	1990	1991	1992
January	\$ 7.45	\$ 97.72	\$196.25	\$299.97	\$299.97
February	14.90	106.01	207.50	299.97	299.97
March	22.35	114.31	216.74	299.97	299.97
April	29.81	122.61	225.99	299.97	299.97
May	37.26	130.91	235.24	299.97	299.97
June	44.71	139.21	244.49	299.97	299.97
July	52.16	147.51	253.73	299.97	299.97
August	59.61	155.81	262.98	299.97	299.97
September	67.06	164.11	272.23	299.97	299.97
October	74.51	172.41	281.47	299.97	299.97
November	81.96	180.71	290.72	299.97	299.97
December	89.42	189.00	299.97	299.97	299.97

The above Allowance for Funds Prudently Invested (AFPI) Charges will stop escalating when the utility is serving 85 ERC's which is currently projected to occur in December, 1990. AFPI will continue to be collected until the utility reaches design capacity, which is 106 ERC's. This is currently projected to occur in December, 1991.

METER INSTALLATION FEES

(The actual or average cost to the utility to install the water measuring device at the point of delivery, including materials and labor required).

Meter Size	Fee
5/8" x 3/4"	\$100.00
1"	\$143.00
1.5"	\$290.00
2"	\$400.00
Over 2"	Actual Cost (1)

(1) Actual Cost is equal to the total cost incurred for services rendered by a customer.

EFFECTIVE DATE - April 12, 1991

TYPE OF FILING - Corporate Reorganization

Florida Public Service Commission

APPROVED

Authority No. WS-91-0119

Docket No. 900906-WU

Order No. 24139

Effective April 17, 1991

Charles H. Hill

Director
Division of Water and Sewer

SECOND REVISED SHEET NO. 26.0
CANCELS FIRST REVISED SHEET NO. 26.0

NAME OF COMPANY LAKE UTILITY SERVICES, INC.

Docket No. 980483-WU
Witness: Wenz
Exhibit (CW-1), Doc. 4

TARIFF

HELD FOR FUTURE USE

Patrick J. O'Brien
ISSUING OFFICER

Vice President, Finance
TITIF

Mesa Public Service Commission

APPROVED

Authority No. WS-90-0390

Docket No. 900906-WU

Order No. 24139

Effective April 12, 1991

Charles H. Kies

Director
Division of Water and Sewer

Second Revised Sheet No. 27.2
Cancels First Revised Sheet No. 27.2

LAKE UTILITY SERVICES, INC.
Water Tariff

SERVICE AVAILABILITY AND MAIN EXTENSION POLICY
WATER
CRESCENT BAY SUBDIVISION

1.0 GENERAL

The utility adopts and incorporates herein by reference, Chapter 25-30, Florida Administrative Code, (F.A.C), promulgated under Florida Public Service Commission Order No. 11066.

2.0 AVAILABILITY

The provisions of this policy are available throughout the territory subject to matters of economic feasibility as defined by Rule 25-30.515(7) F.A.C.

3.0 ON-SITE FACILITIES

On-site water facilities may be provided by the Contributor pursuant to the requirements and specifications of the Utility. Any facilities which may be constructed by the Contributor outside the point of delivery as defined by rules 25-30(7), F.A.C. shall be conveyed to the Utility by a bill of sale together with perpetual rights-of-way and easements for appropriate access to facilities as well as complete as-built plans for all such lines and facilities together with accurate cost records establishing the construction costs of all Utility facilities as a condition precedent to their acceptance by the Utility and the initiation of service.

Effective: December 19, 1990
Amendment

Patrick J. O'Brien

Florida Public Service Commission

APPROVED

Authority No. WS-90-0255
Docket No. 900645-WU
Order No. 23839
Effective December 19, 1990

Charles H. Hill

Director
Division of Water and Sewer

Second Revised Sheet No. 27.3
First Revised SHEET NO. 27.3

LAKE UTILITY SERVICES, INC.
Water Tariff

CRESCENT BAY SUBDIVISION

4.0 OFF-SITE FACILITIES

Off-site systems may be provided by the Contributor in accordance with the Utility's specifications and conveyed to the Utility by bill of sale with necessary maintenance and replacement easements and rights-of-way together with as-build drawings of the facilities and accurate cost records establishing the construction cost of the facilities, to include material, labor, engineerings, administrative and other related costs, as a condition precedent to their acceptance by the Utility and the initiation of service.

5.0 ADVANCES

If the off-site or on-site facilities can serve other areas than those of the Contributor, the service company may require that they be oversized to enable service to be provided to additional territory and that the Contributor advance the cost of such oversize facilities. So much of the cost as exceeds the hydraulic share of the Contributor will be refunded by the Utility as refundable advances over a period not to exceed eight years, from extension fees paid by other Contributors connecting to the main or mains in accordance with their hydraulic share.

6.0 SYSTEM CAPACITY CHARGE

In addition to the foregoing fees, customer shall pay service availability fees as follows:

Appropriate Meter Installation Fees	See Sheet No. 25.1-A
System Capacity Charge Per ERC	\$569.00
Line Extension Fee per ERC (for Lines Constructed by the Utility)	\$506.00
Allowance for Funds Prudently Invested	See Sheet No. 25.1-25.1-A

Public Service Commission

APPROVED

Case No. WS-90-0390

Docket No. 900906-WU

File No. 24139

Effective April 12, 1991



Director
Division of Water and Sewer

Third Revised Sheet No. 27.4
Cancels Second Revised Sheet No. 27.4

LAKE UTILITY SERVICES, INC.
Water Tariff

CRESCENT BAY SUBDIVISION

7.0 INSPECTION FEES

Engineering plans or designs for, or construction of facilities by a Contributor which are to become a part of Utility's system will be subject to review and inspection by the Utility. For this service, Utility may charge an inspection and plan review fee based upon the actual cost of the Utility for review of plans and inspection of facilities constructed by Contributor for independent contractors for connection with the facilities of the Utility. Such inspection fees shall be paid by a Contributor in addition to all other charges above stated, as a condition precedent to service.

8.0 GUARANTEED REVENUES

That not less than thirty days after the execution of a contract to reserve capacity and on each anniversary thereafter until all plant capacity reserved for the Developer is serving a customer, or consumer, developer shall pay to the Utility the sum of money as set forth on Original Sheet No. 25.1 for each reserved equivalent residential connection for which the Utility has constructed adequate water supply and treatment capacity to serve such reserved connection for a period of one calendar year in advance. As customers, as defined on Second Revised Sheet No. 5.0, by technical term 7.0 of the Rules and Regulations, are added to the system, appropriate guaranteed revenue charges will be deducted from the amount paid by the Developer and refunded by the Utility to the Developer at the end of one year from the date of payment of the guaranteed revenue deposit.

Finally, if the Developer shall refuse or fail to pay the money required by this paragraph, the agreement for reservation by the Utility for

Florida Public Service Commission

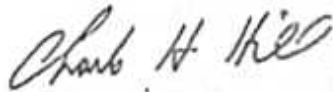
APPROVED

Authority No. WS-90-0390

Docket No. 900906-WU

Order No. 24139

Effective April 12, 1991



Director
Division of Water and Sewer

Second Revised Sheet No. 27.5
Cancels First Revised Sheet No. 27.5

LANE UTILITY SERVICES, INC.
Water Tariff

CRESCENT BAY SUBDIVISION

the Developer shall be void and no capacity shall be reserved for such Developer.

9.0 RESERVE CAPACITY CHARGE

If authorized by the Florida Public Service Commission pursuant to Order and under such terms and conditions as prescribed therein, the Utility may enter into an agreement with the Contributor requiring Contributor to pay a minimum guaranteed connection charge, based upon the demand to be placed upon the Utility's system. Such agreement will be applicable in those instances where the Utility is required to proceed with the construction of an expansion of its water supply and/or treatment facilities in order to assure the Contributor that there will be available sufficient plant capacity.

10.0 SERVICE OUTSIDE TERRITORY

Providing service outside the Utility's territory involves formal notice and formal proceedings before the Florida Public Service Commission and therefore entails engineering, administrative and legal expenses in addition to costs incurred by the Utility providing service within its territory. The Utility, will therefore, not be obligated to provide service outside the territory unless the Contributor agrees in advance, to defray those initial expenses as to pay the estimated costs thereof. The advancement will be adjusted to conform with actual expenses after the proceedings have been completed. The Utility will further make such extensions outside the territory only if the extensions and treatment plant reservation or expansion to serve such extensions are economically feasible as defined by rules 25-30.515(7) F.A.C.

Effective: December 19, 1990
Amendment

Patrick J. O'Brien

Florida Public Service Commission

APPROVED

Authority No. WS-90-0255

Docket No. 900645-WU

Order No. 23839

Effective December 19, 1990

Charles H. Hill

Director
Division of Water and Sewer

State of Florida

Commissioners:
J. TERRY DEASON, CHAIRMAN
SUSAN F. CLARK
LUIS J. LAUREDO
JULIA L. JOHNSON

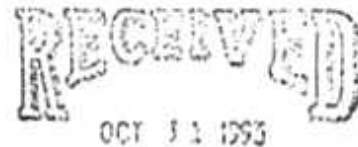


DIVISION OF WATER &
WASTEWATER
CHARLES HILL
DIRECTOR
(904) 488-8482

Public Service Commission

September 30, 1993

Mr. Preben Olesen
12634 Valencia Drive
Clermont, Florida 34711



RE: Lake Utility Services, Inc. (LUSI)

Office of
DEN E. GIRTMAN

Dear Mr. Olesen:

Staff has reviewed the service availability charges for your proposed development which is located in Township 22 South, Range 26 East, Section 32. According to our records, this territory was added to the utility's certificated service area in Order No. PSC-92-1369-FOF-WU, issued November 24, 1992. Also in that Order, the Commission authorized LUSI to collect plant capacity charges in the amount of \$569 per equivalent residential connection, a main extension charge of \$506 per equivalent residential connection, and meter installation charges based on meter size, including a charge of \$100 for a 5/8" x 3/4" meter. These charges are provided on page 26.0 in the utility's tariff.

Assuming that your 16 single family home development will use 5/8" x 3/4" meters, the service availability charges are \$9,104 for plant capacity charges, \$8,096 in main extension charges, and \$1,600 in meter installation charges, totaling \$18,800. If you are installing a main extension line, which you had mentioned, the main extension charges are waived. The plant capacity charges and any main extension charges must be paid prior to construction. Meter installation charges may be paid any time prior to connection for water service at each site. If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Charlotte M. Hand".

Charlotte M. Hand
Regulatory Analyst

cc Ben E. Girtman, Esquire



LAKE UTILITY SERVICES, INC.
AN AFFILIATE OF UTILITIES, INC.
200 WEATHERSFIELD AVENUE
ALTAMONTE SPRINGS, FLORIDA 32714

RI

Docket No. 980483-WU
Witness: Wenz
Exhibit (CW-1), Doc. 4

OCT 18 1993

Office of
BEN E. GIRTMAN
Telephone: 407-869-1919
Florida: 800-272-1919
Fax: 407-869-6961

CORPORATE OFFICES:
2335 Sanders Road
Northbrook, Illinois 60062
Telephone: 708-498-6440

October 14, 1993

Ms. Charlotte Hand
Regulatory Analyst
Division of Water and Wastewater
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0873

Re: Development by Mr. Preben Olesen in the service area of Lake Utility Services, Inc.

Dear Ms. Hand:

Your letter dated September 30 to Mr. Olesen confirms that the charges applicable to his development of 16 single-family homes are those ordered by the Florida Public Service Commission in Order No. PSC-92-1369-POP-WU. The Order is quite emphatic, in the text at page 3 and in the ordering paragraph at page 4, that customers shall be charged the rates and charges approved for the Crescent Bay system currently on file with the Commission. However, the copy of the letter to Mr. Olesen received by our attorney on October 11 fails to specify the AFPI charges which are a part of the approved Crescent Bay tariff.

Since the developer will be connecting his on-site lines to the Utility's extended off-site facilities, as contemplated in Rule 25-30.515 (12), F.A.C., the main extension fee and related AFPI charges are required.

Therefore, the applicable charges as shown on Tariff Sheets 26.0 and 25.1 are as follows:

Plant Capacity Charge (16 sites x \$569.00)	\$ 9,104.00
Main Extension Fee (16 sites x \$506.00)	<u>8,096.00</u>
Amount Due at time of Agreement	\$17,200.00

The \$17,200 must be remitted at the time of entering into the service availability agreement. In this case, the Utility is willing to defer collection of the allowance for funds prudently invested of \$608.00 for each site until the time of connection to each site. In addition, a meter installation fee of \$100 per meter for each 5/8" x 3/4" meter must be paid at the time of connection to each site.

By copy of this letter, we are providing Mr. Olesen with this information.

As soon as an agreement is executed, we will begin working with Mr. Olesen on providing the service. For his convenience in reviewing this matter, we are providing copies of the applicable Order and tariff sheets.

Sincerely,

Donald Rasnussen
Donald Rasnussen
Regional Director

DR/jr

Enclosures
cc w/encl:

Mr. Preben Olesen
Mr. James Camaren
Mr. Ben E. Girtman, Esq.



LAKE UTILITY SERVICES, INC.
Water Tariff

Docket No. 980483-W
Witness: Wenz
Exhibit (CW-1), Doc. 4

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

This schedule applies to the additional territory approved by Order No. PSC-92-1369-FOF-WU
for which no other schedule applies

PLANT CAPACITY CHARGE Per ERC	\$509.00
MAIN EXTENSION FEE Per ERC	\$506.00

METER INSTALLATION FEES

(The actual or average cost to the utility to install the water measuring device at the point of delivery,
including materials and labor required).

<u>Meter Size</u>	<u>Fee</u>
5/8" x 3/4"	\$100.00
1"	\$143.00
1.5"	\$290.00
2"	\$400.00
Over 2"	Actual Cost (1)

(1) Actual Cost is equal to the total cost incurred for services rendered by a customer.

EFFECTIVE DATE - April 2, 1993

TYPE OF FILING - Territory Amendment

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 25.1
 CANCELS SECOND REVISED SHEET NO. 27.6

LAKE UTILITY SERVICES, INC.
 WATER TARIFF

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Crescent Bay Subdivision

PLANT CAPACITY CHARGE \$ 569.00
 Per ERC

MAIN EXTENSION FEE \$ 506.00
 (Connect to Lines Constructed by the Utility)
 Per ERC

GUARANTEED REVENUE CHARGE \$ 14.28
 Per ERC/Month
 \$ 171.34
 Per ERC/Year

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

SCHEDULE OF CHARGES IF CONNECT TO LINES CONSTRUCTED BY UTILITY

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
January	\$ 15.10	\$198.05	\$401.85	\$608.09	\$608.09
February	30.20	214.87	420.60	608.09	608.09
March	45.31	231.69	439.35	608.09	608.09
April	60.45	248.52	458.10	608.09	608.09
May	75.51	265.34	476.85	608.09	608.09
June	90.61	282.16	495.60	608.09	608.09
July	105.71	298.99	514.34	608.09	608.09
August	120.81	315.81	533.09	608.09	608.09
September	135.92	332.63	551.84	608.09	608.09
October	151.02	349.46	570.59	608.09	608.09
November	166.12	366.28	589.34	608.09	608.09
December	181.22	383.10	608.09	608.09	608.09

EFFECTIVE DATE - April 12, 1991

TYPE OF FILING - Corporate Reorganization

(Continued to Sheet No. 25.1A)

Patrick J. O'Brien
 Vice President, Finance

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for
Amendment of Certificate No.
496-W in Lake County by LAKE
UTILITY SERVICES, INC. }

DOCKET NO. 920174-WU
ORDER NO. FSC-92-1369-FOF-WU
ISSUED: 11/24/92

The following Commissioners participated in the disposition of
this matter:

THOMAS H. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

FINAL ORDER GRANTING AMENDMENT OF CERTIFICATE TO
INCLUDE ADDITIONAL TERRITORY
AND
NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING RATES AND CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service
Commission that the action discussed herein establishing rates and
charges is preliminary in nature, and as such, will become final
unless a person whose interests are substantially affected files a
petition for a formal proceeding pursuant to Rule 25-22.029,
Florida Administrative Code.

BACKGROUND

Lake Utility Services Inc. (LUSI or utility) is a Class C
utility providing water service to twelve separate service areas in
Lake County. This amendment application encompasses a 20 square
mile area which includes ten of the twelve previously certificated
systems owned by LUSI. The utility provides water service in Lake
County to approximately 330 customers, 260 of which are in the
requested territory. The utility's water systems are combined for
annual report purposes; however, the utility has three separate
sets of water rates for its Lake County systems.

On February 25, 1992, the utility applied for an amendment to
extend the certificated territory. An objection to the application
was filed by letter dated March 4, 1992, by the City of Clermont
(City). The City's objection was based on its belief that the
requested extension of territory was in conflict with the City's
approved comprehensive plan.

RECEIVED
11/24/92
REG. RECORDS/REPORTING

ORDER NO. PSC-92-1369-FOF-WU
DOCKET NO. 920174-WU
PAGE 2

On September 30, 1992, by letter, the city of Clermont indicated that its City Council had voted to withdraw its objection to Lake Utility Services, Inc.'s application for amendment of Water Certificate No. 496-W. Accordingly, we hereby accept the city of Clermont's withdrawal of its objection.

Application

The application is in compliance with section 367.045, Florida Statutes, and other pertinent statutes and administrative rules. In particular, the notarized application contains:

1. A filing fee in the amount of \$2,250.00, which amount is \$1,350.00 in excess of the required fee as prescribed by Rule 25-30.020, Florida Administrative Code.
2. Adequate service territory and system maps and a territory description, as prescribed by Rule 25-30.036, Florida Administrative Code. The additional territory in the South Clermont Region of Lake County is described in Attachment A of this Order, which by reference is incorporated herein.
3. Proof of notice of application to interested governmental and regulatory agencies and utilities within a four-mile radius of the territory, and proof of advertisement in a newspaper of general circulation in Lake County, as prescribed by Rule 25-30.030, Florida Administrative Code.
4. Evidence that the utility owns the land upon which its facilities are located, as required by Rule 25-30.030, Florida Administrative Code.

Based on the information filed with the application, it appears that LUSI has the technical capability and financial resources to adequately serve the additional territory.

The additional territory is located in close proximity to the utility's existing service area and will provide service to several residents in an area currently receiving service from EOB contaminated wells. The utility plans to interconnect their present water systems in the area to provide more reliable and efficient service and to extend transmission lines from these systems to the additional territory as service is requested. In addition, the Department of Environmental Regulation (DER) was contacted and stated that LUSI has no current violations.

ORDER NO. PSC-92-1369-FOF-WU
DOCKET NO. 920174-WU
PAGE 3

Based on the above information, the Commission finds that it is in the public interest to grant the application of Lake Utility Services, Inc. for amendment of Water Certificate No. 496-W to include the territory described in Attachment A. The utility has returned the certificate for entry and filed revised tariff sheets that reflect the correct territory description.

Refund of Excess Filing Fee

The Commission required an increase of the original filing fee of \$150.00 to the maximum amount of \$2,250.00 based on estimates of the potential occupancy of all the land portions of the territory to be included within the certificate. The utility paid the additional fee, under protest, and requested a review on the basis of projected population growth. Population growth for the next ten years is projected to be 4,780 persons and, pursuant to Rule 25-30.020, Florida Administrative Code, the correct filing fee for an amendment application to provide service to an additional 4,780 persons is \$900.00. Therefore, the Commission finds that the applicant is due a refund of a portion of the filing fee in the amount of \$1,350.00.

Rates and Charges

LUGI presently charges two different sets of rates to the systems it owns in the requested area. The charges set by the Commission in the original certificate case for Crescent Bay includes a plant capacity charge of \$569 per equivalent residential connection (ERC), a main extension charge of \$506 per ERC, and meter installation charges by meter size including a charge of \$100 for a 5/8" x 3/4" meter. We believe that the charges approved for the Crescent Bay system will provide for future customers to pay their pro rata share of the cost of the lines and treatment plant necessary to provide them service. These charges will serve to increase the utility's level of contribution-in-aid-of-construction (CIAC), thus keeping the utility's rates base at a lower level for rate-making purposes. Therefore, LUGI shall charge the customers in the additional territory the rates and charges approved in its tariff for the Crescent Bay system currently on file with this Commission.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Certificate No. 496-W held by Lake Utility Services, Inc., 200 Weatherfield Avenue, Altamonte Springs, Florida 32714, is hereby

ORDER NO. FSC-92-1369-FOR-WU
DOCKET NO. 920174-WU
PAGE 4

amended to include the territory described in Attachment A of this order, which by reference is incorporated herein. It is further

ORDERED that the overpayment of filing fee, in the amount of \$1,150.00, be refunded to the applicant. It is further

ORDERED that the customers in the territory added herein shall be charged the rates and charges approved in Lake Utility Services, Inc.'s tariff for the Crescent Bay system currently on file with the Commission. It is further

ORDERED that the provisions of this order establishing rates and charges for the territory added herein are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0070, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that this docket shall be closed if no protest is received.

by ORDER of the Florida Public Service Commission this 24th day of November, 1992.



STEVE TRINDLE, Director
Division of Records and Reporting

(S E A L)

SLE

ORDER NO. FSC-92-1369-POF-WU
DOCKET NO. 920174-WU
PAGE 5

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action establishing rates and charges is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Calusa Street, Tallahassee, Florida 32399-0870, by the close of business on December 15, 1992. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(d), Florida Rules of Appellate Procedure.

ORDER NO. PSC-92-1369-FOF-WU
DOCKET NO. 920174-WU
PAGE 6

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ORDER NO. PSC-92-1369-FOF-WU
DOCKET NO. 920174-WU
PAGE 7

ATTACHMENT A

LAKE UTILITY SERVICES, INC.

SERVICEM TERRITORY DESCRIPTION - SOUTH CLEMONT REGION - LAKE COUNTY

Township 22 South, Range 25 East, Lake County

- ALL OF SECTION 35, LESS LAKE HINNEHANA.
- ALL OF SECTION 36, LESS LAKE HINNEHANA.

Township 22 South, Range 26 East, Lake County

- ALL OF SECTION 31, LESS LAKE HINNEHANA.
- ALL OF SECTION 32 THAT IS WEST OF THE CENTERLINE OF U.S. HIGHWAY 27.

Township 23 South, Range 25 East, Lake County

- ALL OF SECTION 1, LESS LAKE HINNEHANA, AND LAKE SUSAN.
- ALL OF SECTION 2, LESS LAKE HINNEHANA, AND CRESCENT LAKE.
- ALL OF SECTION 11, LESS CRESCENT LAKE, AND SAW HILL LAKE.
- ALL OF SECTION 12, LESS CRESCENT LAKE, FLORENCE LAKE, AND RALPH LAKE.
- ALL OF SECTION 13, LESS LAKE HELLIE.
- ALL OF SECTION 14, LESS SAW HILL LAKE AND LAKE GLOMA.
- ALL OF SECTION 23, LESS LAKE HELLIE, AND LAKE GARY.
- ALL OF SECTION 24, LESS LAKE HELLIE.

Township 23 South, Range 26 East, Lake County

- ALL OF SECTION 4 THAT IS WEST OF THE CENTERLINE OF U.S. HIGHWAY 27.
- ALL OF SECTION 5 THAT IS WEST OF THE CENTERLINE OF U.S. HIGHWAY 27.
- ALL OF SECTION 6, LESS LAKE SUSAN, AND LAKE LOUISA.
- ALL OF SECTION 7, LESS LAKE LOUISA.
- ALL OF SECTION 8, LESS LAKE LOUISA.
- ALL OF SECTION 9 THAT IS WEST OF THE CENTERLINE OF U.S. HIGHWAY 27.
- ALL OF SECTION 16 THAT IS WEST OF THE CENTERLINE OF U.S. HIGHWAY 27, AND LESS LAKE LOUISA.
- ALL OF SECTIONS 17, 18, 19 AND 20, LESS LAKE LOUISA.
- ALL OF SECTION 21 THAT IS WEST OF THE CENTERLINE OF U.S. HIGHWAY 27, LESS LAKE LOUISA.

LAKE UTILITY SERVICES, INC.
AN AFFILIATE OF UTILITIES, INC.
200 WEATHERSFIELD AVENUE
ALTAMONTE SPRINGS, FLORIDA 32714

CORPORATE OFFICES:
2335 Sanders Road
Northbrook, Illinois 60062
Telephone: 708-498-6440

Telephone: 407-869-1919
Florida: 800-272-1919
Fax: 407-867-6961

November 12, 1993

Sent by Fax (904) 394-8326

Mr. Preben Olesen
12634 Valencia Dr.
Clermont, Florida 34711

Dear Mr. Olesen:

Our Florida subsidiary is willing to provide central water utility service to your proposed 16 lot extension of the "Royal View Estates" development which is within our certificated franchise territory in Lake County, Florida.

Under our proposal, it will be your responsibility and sole cost to install all necessary distribution facilities to serve the project. These facilities, which will include all water mains, meter boxes, valves, service lines and all other required facilities, will be conveyed as they are installed at no cost or expense to our company. Additionally, you will be required to interconnect the new distribution facilities to our existing water utility facilities at both the east and west sides of your development.

All facilities installed by you will be in accordance with all governmental standards and be in conformance with the current construction standards approved by our company. As developer of the project, you will indemnify our utility from any liability incurred in the installation of the distribution facilities by you or by anyone acting on your behalf.

Subject to the terms of this agreement, our utility will operate and maintain the water utility system serving the project in accordance with the regulations of the appropriate regulatory agencies and authorities. Usage fees for customers within the new extension would be the same as those for the existing utility customers.

In consideration of our investment in providing the necessary water supply and storage facilities, upon execution of this letter agreement, you will be required to pay the applicable charges as shown on our Tariff Sheets 26.0 and 25.1 as follows:

Plant Capacity Charge (16 sites x \$569.00)	\$ 9,104.00
Main Extension Fee (16 sites x \$508.00)	8,096.00
Amount Due at time of Execution of Agreement	\$17,200.00

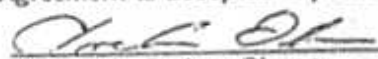
In this case, we are willing to defer collection of the allowance for funds prudently invested of \$608.09 for each site until the time of connection to each site. In addition, a meter installation fee of \$100.00 per meter for each 5/8" x 3/4" meter must be paid at the time of connection to each site.

The terms of this proposal are valid until November 30, 1993. If you have any questions or concerns please contact me directly.

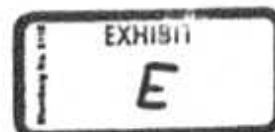
Sincerely,


Donald Rasmussen
Regional Director

If this Agreement is acceptable, please sign and return.


Accepted: Preben Olesen

11-15-93
Date



DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-1)_____

Doc.5: January 27, 1998 letter to Ben Girtman from PSC Staff
replying to LUSI's September 29, 1997 response.

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.



DIVISION OF WATER & WASTEWATER
CHARLES H. HILL
DIRECTOR
(550) 413-6900

Public Service Commission

RECEIVED

JAN 30 1998

January 27, 1998

Office of
BEN E. GIRTMAN

Ben¹ Girtman, Esquire
1020 East Lafayette Street, Suite 207
Tallahassee, FL 32301-4552

Re: Undocketed - Lake Utility Services, Inc. (LUSI or utility) - Allowance for Funds
Prudently Invested

Dear Mr. Girtman:

We have reviewed the information provided in your letter dated September 29, 1997. This letter addresses that review.

In the utility's letter, it requested that staff reconsider its preliminary statement and recognize that the intent of Order No. PSC-92-1369-FOF-WU was that all of the rates and charges applicable to Crescent Bay were to be applicable to connections and customers in the additional territory. Staff does not agree nor recognize that the intent of the order was that all of the rates and charges were applicable to the additional territory. However, staff does recognize that the utility has an approved tariff sheet (Third Revised Sheet No. 27.3) which allows the collection of Allowance for Funds Prudently Invested (AFPI) for the additional territory.

The utility also requested that staff find that LUSI has properly collected AFPI charges from connections in the additional territory. Staff finds that LUSI has properly collected AFPI from the additional territory in accordance with Third Revised Tariff Sheet No. 27.3. However, staff finds that the utility has collected AFPI for connections over the number approved in its tariff. Based on the review of the tariff, the utility was to continue collecting AFPI until the utility reached design capacity of 106 ERCs. Specifically, the tariff states:

Mr. Ben E. Girtman
Page 2
January 27, 1998

The above Allowance for Funds Prudently Invested (AFPI) Charges will stop escalating when the utility is serving 85 ERCs which is currently projected to occur in December, 1990. AFPI will continue to be collected until the utility reaches design capacity, which is 106 ERCs. This is currently projected to occur in December, 1991. (emphasis added)

The utility provided in a previous response (dated July 21, 1997) that it has collected \$134,995.98 for AFPI as of December 1996. Based on our calculation, if the utility collected AFPI at the higher charge of \$608.09, for the 106 ERCs, it should have collected no more than \$64,457.54. Further, by dividing the total amount collected, \$134,995.98, by the maximum AFPI charge, \$608.09, it appears the utility has collected AFPI from at least 222 ERCs. The 222 ERCs is far more than 106 ERCs for which the AFPI was intended.

When the utility addressed the 106 ERCs in its letter, it explained that the AFPI along with the other rates and charges were developed based on the assumption that there would be no future expansion anticipated and with the purpose of providing a full return on the projected investment to serve 106 ERCs. The utility further explained that the Commission was aware that additional investment would be involved in the serving of the ERCs in the additional territory and that the rates and charges would apply to more than 106 ERCs. An AFPI charge is design to allow a utility the opportunity to recover a fair rate of return on the portion of the plant facilities which were prudently constructed, but exceed the amount necessary to serve current customers. In order to determine that charge per ERC, the net investment is divided by the specific number of ERCs remaining until build-out. If the utility wanted to recover a fair rate of return for additional investment and additional ERCs, it should have requested that new AFPI charges be established at that time in September 1993.

Again, the utility's tariff for AFPI was approved only for 106 ERCs. Pursuant to Section 367.091 (2), Florida Statutes, each utility's rates, charges, and customer service policies must be contained in a tariff approved by and on file with the Commission. Further, Section 367.091(3), Florida Statutes provides that a utility may only impose and collect those rates and charges approved by the Commission for the particular class of service involved and a change in any rate schedule may not be made without Commission approval. The collection of the AFPI charge for the 107th ERC and above is not consistent with the Commission approved tariff and the statute. Therefore, the utility should refund the AFPI collected beyond the 106th ERC.

Mr. Ben E. Girtman
Page 3
January 27, 1998

Please provide a refund plan for review within 20 days for our review. Once the refund plan is approved, the utility may begin the refunds which are to be completed within 90 days. If you have any questions with regards to this matter, please feel free to contact Shannon J. Austin at (850) 413-7021.

Sincerely,



Charles H. Hill
Director
Division of Water and Wastewater

CHH/sja

cc: Division of Water and Wastewater (Willis, Rendell, Austin)
Division of Legal Services (Jaber, Vaccaro)

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-1)_____

Doc.6: February 19, 1998 letter to PSC Staff from Ben Girtman clarifying remarks regarding Staff's January 27, 1998 letter and a request to Staff to reconsider its interpretation.

BEN E. GIRTMAN
Attorney at Law

1020 East Lafayette Street
Suite 207
Tallahassee, Florida 32301-4552

Telephone: (904) 636-3234
(904) 636-3234
Facsimile: (904) 636-3234

February 19, 1998

Mr. Charles C. Hill, Director
Division of Water and Wastewater
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Undocketed, Lake Utility Services, Inc., Allowance for Funds
Prudently Invested (AFPI)

Dear Mr. Hill:

Thank you for your letter of January 27, 1998. It has helped to better understand Staff's question about the collection of AFPI by Lake Utility Services, Inc. (hereinafter referred to as LUSI or the utility).

As background for this response, please see the utility's comments made in its response dated September 29, 1997. The comments herein are in addition to the September 29 response.

First, it may help to try to clarify the issue. As the utility now understands it, the Staff's position is that, even after Order No. PSC-92-1369-FOF-WU (issued 11/24/92) made the Crescent Bay rates and charges applicable in the two additional service areas approved by the Commission, Staff believes that the total, 106-ERC limit now includes hookups in those two new areas in addition to Crescent Bay. This appears to be the crux of the misunderstanding on this matter.

Your letter of January 27, 1997, on page one acknowledges that:

. . . staff does recognize that the utility has an approved tariff sheet (Third Revised Sheet No. 27.3) which allows the collection of Allowance for Funds Prudently Invested (AFPI) for the additional territory.

* * *

Staff finds that LUSI has properly collected AFPI from the additional territory in accordance with Third Revised Tariff Sheet No. 27.3.

Mr. Charles C. Hill
February 19, 1998
Page 2

We are in agreement on those two points. By the Commission's Order No. PSC-92-1369-FOF-WU, LUSI was authorized to collect AFPI in the two additional service areas, in addition to collecting all the other categories of rates and charges which previously had been collected in the Crescent Bay service area. A copy of Third Revised Sheet No. 27.3 is attached as Exhibit "F". (Exhibits "A" through "E" are included in the Utility's response dated September 29, 1997.)

Third Revised Sheet No. 27.3 states that:

In addition to the foregoing fees, customer shall pay service availability fees as follows:

* * *

Allowance for Funds See Sheet No. 25.1-25.1-A
Prudently Invested

Effective: April 2, 1993

The basis for this Third Revised Sheet No. 27.3 was shown on the bottom left corner to be "Territory Amendment", which was approved based on Order No. PSC-92-1369-FOF-WU (issued 11/24/92), in contrast to "'Corporate Reorganization" on Sheet Nos. 25.1 - 25.1-A.

Attached as Exhibit "G" is a copy of the two tariff sheets 25.1 and 25.1-A. Original Sheet No. 25.1 is titled "SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES". That sheet contains a schedule of AFPI charges applicable if connected to lines "CONSTRUCTED BY UTILITY". First Revised Sheet No. 25.1-A also carries the same title, "SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES". It contains an alternative schedule of AFPI charges applicable if "LINES CONTRIBUTED TO UTILITY". (Also included are the predecessors of those two tariff sheets.)

Perhaps the disagreement as to the 106 ERCs arises from the interpretation of the following paragraph which is near the bottom of First Revised Sheet No. 25.1-A:

The above Allowance for Funds Prudently Invested (AFPI) Charges will stop escalating when the utility is serving 85 ERCs which is currently projected to occur in December, 1990. AFPI will continue to be collected until the utility reaches design capacity, which is 106 ERCs. This is currently projected to occur in December, 1997. [Emphasis added.]

Mr. Charles C. Hill
February 19, 1998
Page 3

Unquestionably, this limitation of 106 ERCs applied to Crescent Bay when the two tariff sheets numbered 25.1 and 25.1-A became effected on April 12, 1992 due to a "Corporate Reorganization". However, those two tariff sheets were not revised as a result of the "Territory Amendment" approved in Order No. PSC-92-1369-FOF-WU (issued 11/24/92). Instead, the sheet cited in your most recent letter, Third Revised Sheet No. 27.3, makes the AFPI charge in Sheet Nos. 25.1 - 25.1-A applicable to the two new, additional service areas. The new sheet 27.3 does not mention any limitations (106 or otherwise) in the number of ERCs to which the AFPI charge is applicable in the two new service territories.

The 106-ERC limitation applies only to the Crescent Bay area, as shown by the title in both sheets 25.1 and 25.1-A:

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES
Crescent Bay Subdivision

The 106 ERC limitation is in the tariff relating to only Crescent Bay, and it is not in the tariff relating to the charges in the other two areas (see sheet no 27.3).

Therefore, the result is that the Utility is limited to collecting 106 ERCs in Crescent Bay, but the other two service areas are not included in the 106-ERC limitation.

The wording of the tariff sheets and the Commission Order are determinative of that fact. Also, the Commission policy and the logic and common sense behind applying existing rates to new territory (rather than requiring a complete rate filing to set new rates) also dictates that this is the only appropriate conclusion.

The 106-ERC limitation was calculated based upon what was in place in 1988, almost ten years ago. The additional connections available from the two new service areas must add to the amount of required plant and plant which was prudently constructed to provide for future growth. To argue that the total 106-ERC limitation was to also apply to the much larger service areas would result in having AFPI for fewer ERCs in Crescent Bay, reduced on a one-for-one basis with the number of ERCs for which AFPI could be collected from the other two areas. That would make no sense.

Furthermore, Order No. PSC-92-1369-FOF-WU made no mention whatsoever of the 106-ERC limitation as being applicable to the two additional service areas.

Staff's position, as stated on page two of your letter, is that if the utility wanted to recover a fair return on additional investment, it should have requested that a new AFPI be

Mr. Charles C. Hill
February 19, 1998
Page 4

established. That is completely missing the point.

Staff would be correct if, at the time rates were set for the new territory, LUSI had been required to establish a basis for new rates and charges. It was not, and it did not. Consistent with PSC policy, Order No. PSC-92-1369-FOF-WU simply approved (for the new territory) the rates and charges already in effect in the existing territory, without any examination of the underlying parameters, until such time as a new rate case filing would be submitted. Order No. 19982, (issued 9/8/88) in which the initial rates and charges were set for the Crescent Bay Subdivision, shows that rate base and rates and charges, including AFPI, all were based on a design capacity of 106 ERCs. But Commission-approved changes have occurred since Order No. 19982 was issued in 1988.

Following Staff's logic, LUSI should not only have stopped collecting the AFPI charges when 106 ERCs was reached, it should also have stopped collecting rates for basic service when 106 ERCs was reached, because the rates were only designed to recover the rate base associated with a capacity to serve 106 ERCs. By staff's own calculations, LUSI is already serving more than 200 ERCs in Crescent Bay Subdivision and in the new territory combined. Obviously, the initial design capacity of 106 ERCs basis for the rates and charges, including AFPI, has changed.

In conclusion, Lake Utility Services, Inc. has collected the appropriate amount of AFPI in accordance with its approved tariffs, in compliance with Sections 367.091(2) and (3), Florida Statutes, and in compliance with Order No. PSC-92-1369-FOF-WU. Therefore, the utility renews its request that Staff reconsider its position and acknowledge that LUSI has properly collected AFPI charges from connections in the additional territory. Otherwise, please submit this issue to the Commissioners for a final decision.

Sincerely yours,



Ben E. Girtman

Encls.
cc: w/encls.
Ms. Shannon J. Austin
Mr. Mark Kramer
Mr. Frank Seidman

LAKE UTILITY SERVICES, INC.
Water Tariff

Crescent Bay Subdivision and that Additional Territory Approved in
Order #PSC-92-1369-FOF-WU

40 OFF-SITE FACILITIES

Off-site systems may be provided by the Contributor in accordance with the Utility's specifications and conveyed to the Utility by bill of sale with necessary maintenance and replacement easements and right-of-way together with as-built drawings of the facilities and accurate cost records establishing the construction cost of the facilities, to include material, labor, engineerings, administrative and other related costs, as a condition precedent to their acceptance by the Utility and the initiation of service.

50 ADVANCE

If the off-site or on-site facilities can serve other areas than those of the Contributor, the service company may require that they be oversized to enable service to be provided to additional territory and that the Contributor advance the cost of such oversize facilities. So much of the cost as exceeds the hydraulic share of the Contributor will be refunded by the Utility as refundable advances over a period not to exceed eight years, from extension fees paid by other Contributors connecting to the main or mains in accordance with their hydraulic share.

60 SYSTEM CAPACITY CHARGE

In addition to the foregoing fees, customer shall pay service availability fees as follows:

Appropriate Meter Installation Fees	See Sheet No. 25.1.-A
System Capacity Charge Per ERC	\$569.00
Line Extension Fee per ERC (for Lines Constructed by the Utility)	\$506.00
<u>Allowance for Funds Prudently Invested</u>	<u>See Sheet No. 25.1-25.1-A</u>

Effective: April 2, 1993

Territory Amendment

Patrick J. O'Brien
Vice President, Finance



BEFORE

10-19-97 12:01P Utilities Inc. of FL 407 869-6961 P.06

Second Revised Sheet No. 27.6
Cancels First Revised Sheet No. 27.6

LAKE UTILITY SERVICES, INC.
Water Tariff

**SCHEDULE OF FEES AND CHARGES
CRESCENT BAY SUBDIVISION**

PLANT CAPACITY CHARGE
Per ERC \$569.00

MAIN EXTENSION FEE
(Connect to Lines Constructed by the Utility)
Per ERC \$506.00

GUARANTEED REVENUE CHARGE
Per ERC/Month \$ 14.28
Per ERC/Year \$171.34

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

SCHEDULE OF CHARGES IF CONNECT TO LINES CONSTRUCTED BY UTILITY

	1988	1989	1990	1991	1992
January	\$15.10	\$198.05	\$401.85	\$608.09	\$608.09
February	30.20	214.87	420.60	608.09	608.09
March	45.31	231.69	439.35	608.09	608.09
April	60.45	248.52	458.10	608.09	608.09
May	75.51	265.34	476.85	608.09	608.09
June	90.61	282.16	495.60	608.09	608.09
July	105.71	298.99	514.34	608.09	608.09
August	120.81	315.81	533.09	608.09	608.09
September	135.92	332.63	551.84	608.09	608.09
October	151.02	349.46	570.59	608.09	608.09
November	166.12	366.28	589.34	608.09	608.09
December	181.22	383.10	608.09	608.09	608.09

Effective: December 19, 1990
Amendment

Patrick J. O'Brien
Vice President



AFTER

10-19-97 11:45A Utilities Inc. of FL 407 869-6961 P.06

ORIGINAL SHEET NO. 25.1
CANCELS SECOND REVISED SHEET NO. 27.6

LAKE UTILITY SERVICES, INC.
Water Tariff

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Crescent Bay Subdivision

PLANT CAPACITY CHARGE
Per ERC \$569.00

MAIN EXTENSION FEE
(Connect to Lines Constructed by the Utility)
Per ERC \$506.00

GUARANTEED REVENUE CHARGE
Per ERC/Month \$ 14.28
Per ERC/Year \$171.34

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October	151.02	349.46	570.59	608.09	608.09
November	166.12	366.28	589.34	608.09	608.09
December	181.22	383.10	608.09	608.09	608.09

Effective DATE - April 12, 1991

TYPE OF FILING - Corporate Reorganization

(Continued to Sheet No. 25.14)

BEFORE

ORIGINAL SHEET NO. 23.1-A
CANCELS SECOND REVISED SHEET NO. 27.7

LAKE UTILITY SERVICES, INC.
WATER TARIFF

(Continued from Sheet No. 23.1)

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Crescent Bay Subdivision

ALLOWANCE FOR FUNDS PRESENTLY INVESTED

SCHEDULE OF CHARGES IF CONNECT TO LINES CONTRIBUTED BY UTILITY

	1993	1993	1999	2001	2002
January	\$ 7.45	\$ 97.72	\$ 196.25	\$ 299.97	\$ 299.97
February	14.90	106.01	207.50	299.97	299.97
March	22.35	114.31	216.74	299.97	299.97
April	29.81	122.61	225.99	299.97	299.97
May	37.26	130.91	235.24	299.97	299.97
June	44.71	139.21	244.49	299.97	299.97
July	52.16	147.51	253.73	299.97	299.97
August	59.61	155.81	262.98	299.97	299.97
September	67.06	164.11	272.23	299.97	299.97
October	74.51	172.41	281.47	299.97	299.97
November	81.96	180.71	290.72	299.97	299.97
December	89.42	189.00	299.97	299.97	299.97

The above Allowance for Funds Presently Invested (AFPI) Charges will stop accruing when the utility is serving 85 DBC's which is currently projected to occur in December, 1999. AFPI will continue to be collected until the utility reaches design capacity, which is 106 DBC's. This is currently projected to occur in December, 1991.

METER INSTALLATION FEES

(The actual or average cost to the utility to install the water measuring device at the point of delivery, including materials and labor required)

Meter Size	Est
3/8" x 3/4"	\$100.00
1"	\$143.00
1 1/2"	\$200.00
2"	\$400.00
Over 2"	Actual Cost (1)

(1) Actual Cost is equal to the total cost incurred for services rendered by a customer.

EFFECTIVE DATE - April 17, 1991

TYPE OF FILING - Corporate Reorganization

Patrick J. O'Brien

AFTER

FIRST REVISED SHEET NO. 23.1-A
CANCELS ORIGINAL SHEET NO. 23.1-A

LAKE UTILITY SERVICES, INC.
WATER TARIFF

(Continued from Sheet No. 23.1)

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Crescent Bay Subdivision

ALLOWANCE FOR FUNDS PRESENTLY INVESTED

SCHEDULE OF CHARGES IF CONNECT TO LINES CONTRIBUTED BY UTILITY

	1993	1993	1999	2001	2002
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April	29.81	122.61	225.99	299.97	299.97
May	37.26	130.91	235.24	299.97	299.97
June	44.71	139.21	244.49	299.97	299.97
July	52.16	147.51	253.73	299.97	299.97
August	59.61	155.81	262.98	299.97	299.97
September	67.06	164.11	272.23	299.97	299.97
October	74.51	172.41	281.47	299.97	299.97
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METER INSTALLATION FEES

(The actual or average cost to the utility to install the water measuring device at the point of delivery, including materials and labor required)

Meter Size	Est
3/8" x 3/4"	\$100.00
1"	\$143.00
1 1/2"	\$200.00
2"	\$400.00
Over 2"	Actual Cost (1)

(1) Actual Cost is equal to the total cost incurred for services rendered by a customer.

EFFECTIVE DATE - April 17, 1991

TYPE OF FILING - Corporate Reorganization

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-1) _____

Doc.7: May 4, 1998 LUSI letter to PSC Staff from Ben Girtman
commenting on Staff's recommendation to the Commission for
the May 12, 1998 Agenda Conference.

BEN E. GIRTMAN
Attorney at Law

1020 East Lafayette Street
Suite 207
Tallahassee, Florida 32301-4552

Telephone: (904) 656-3232
(904) 656-3232
Facsimile: (904) 656-3232

May 4, 1998

Mr. Charles C. Hill, Director
Division of Water and Wastewater
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 980483-WU, Lake Utility Services, Inc.
Allowance for Funds Prudently Invested (AFPI)
May 12 Agenda Conference, Item 24

Dear Mr. Hill:

The Staff Recommendation for Item 24 of the Agenda Conference scheduled for May 12 has been received and reviewed by the utility.

After the utility's lengthy correspondence on two occasions responding to Staff inquiries, Staff now agrees that the utility properly collected AFPI from the additional service area. It also acknowledges in the Staff Recommendation that the revised tariffs do reference AFPI for Crescent Bay and the additional territory, but that it "was an oversight during the staff approving process" for the AFPI to be made applicable to the additional territory. The only remaining Staff concern appears to be whether the utility properly or improperly collected AFPI for more than 106 ERCs.

It is still the utility's opinion that Staff is incorrectly interpreting the tariff and the Commission's practice. When a new territory is added to an existing certificated service area, it has been Commission practice to make all of the existing rates and charges applicable to the new area. This has been the practice even though it is recognized that the addition of the new territory may well have an impact on the cost of service and the resulting rates and charges. The reasons for taking this approach have been to allow a utility to expeditiously serve the new area and to postpone any specific and factual analysis of rates and charges (and the cost associated with such analysis) until the next full rate case. To our knowledge, this is a long-standing practice, that, imperfect as it may be, has worked well, and has saved substantial dollars in rate case expense which otherwise would be passed on to the customers.

This Commission practice recognizes that the monthly rates and the AFPI charges go hand in hand. The monthly rates are designed to cover the costs associated with used and useful facilities,

Mr. Charles C. Hill
May 4, 1998
Page 2

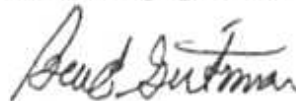
the AFPI charges are designed to recover costs associated with non-used facilities. They are two sides of the same coin. However, the Staff's recommendation is for the Commission to address the two sides differently. It thwarts the Commission's purpose and practice aimed at postponing the expense of economic analysis and development of revised rates and charges until the next rate case. And in this case, Staff is recommending that the Commission do so retroactively.

Since the time the additional territory was approved and the tariff charges were approved and made applicable to that new territory, the utility has relied on the revenue from monthly charges to customers and the AFPI revenue from new hookups. If the utility is required to refund a portion of the AFPI charges, it does not have the option of retroactively applying for a change in rates to existing customers to make up for that shortfall. The utility does not have any objection to modifying its collection of AFPI on a going forward basis.

In fact, the utility has just completed a rate case for the entire service area and is awaiting a PAA order. Revised tariff sheets have been submitted to the Commission for approval of new AFPI charges. [See Docket No. 960444-WU, PAA Order No. PSC-97-0531-FOF-WU, and correspondence dated April 8, 1998, with proposed tariff sheets from Mr. Richard D. Melson to Mr. Charles H. Hill]

After extensive analysis, the utility strongly believes that its interpretation of the tariffs is correct. In addition to the tariffs attached to the Staff Recommendation, correspondence and exhibits reflect the extensive research and the basis for the utility's position in this matter. It is the utility's hope that a full hearing can be avoided by focusing on this matter now.

Sincerely yours,



Ben E. Girtman

cc: Commissioner Julia L. Johnson
Commissioner Joe A. Garcia
Commissioner J. Terry Deason
Commissioner Susan F. Clark
Commissioner E. Leon Jacobs
Ms. Shannon J. Austin
Mr. Mark Kramer
Mr. Frank Seidman

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-2)_____

Side-by-Side Comparison of LUSI Tariff Sheets in Effect
Before and After Additional Territory Was Granted.

**BEFORE
ADDITIONAL TERRITORY GRANTED**

Sixth Revised Sheet No. 18.1
Cancels Fifth Revised Sheet No. 18.1

NAME OF COMPANY LAKE UTILITY SERVICES, INC.

WATER TARIFF

**GENERAL SERVICE
RATE SCHEDULE GS**

Amber Hill, Clermont I - (Four Villages) Clermont II,
Crescent West, Highland Point, Lake Ridge Club
The Oranges, The Villas I & II,
and Lake Crescent Hills

- AVAILABILITY** - Available throughout the area served by the Company.
- APPLICABILITY** - For water service to all customers for which no other schedule applies.
- LIMITATIONS** - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD** - BI-MONTHLY
- RATE** - (BI-MONTHLY)
- | | | | |
|------------|----|-------|----------------------|
| Meter Size | \$ | 14.07 | first 10,000 gallons |
| | | | .69 per 1,000 excess |
- MINIMUM BILL** - Base Facility Charge
- TERMS OF PAYMENT** - Bills are due and payable when rendered and become delinquent if not paid within ten (10) days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.

EFFECTIVE DATE - July 8, 1994

TITLE OF FILING - Rate Change Through

Patrick J. O'Brien
ISSUING PERSON
Vice President, Finance
TITLE

**AFTER
ADDITIONAL TERRITORY GRANTED**

SEVENTH REVISED SHEET NO. 18
CANCELS SIXTH REVISED SHEET NO. 18

NAME OF COMPANY LAKE UTILITY SERVICES, INC.

WATER TARIFF

**GENERAL SERVICE
RATE SCHEDULE GS**

Available throughout the area served by the Company.

APPLICABILITY - To all customers in the Clermont I & II, Amber Hill, Highland Point, The Oranges, Lake Ridge Club, The Villas I & II, Crescent West, Lake Crescent Hills, Crescent Bay, Precision Care, South Charmant Region and all future areas served.

LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.

BILLING PERIOD - BI-MONTHLY

RATE - (Per Month)

Meter Size	Base Facility Charge
5/8" x 3/4"	\$8.84
1"	21.61
1 1/2"	43.21
2"	69.14

Gallons Charge
Per 1,000 gallons \$ 1.07

MINIMUM CHARGE - Base Facility Charge

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within ten (10) working days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.

EFFECTIVE DATE - September 20, 1996

TITLE OF FILING - Interim Rates

Docket No. 980481-WU
Witness: v
Exhibit (CW-2)

ATL:WJ
P:DJG
P:G
CLR
JBC
JBY

**BEFORE
ADDITIONAL TERRITORY GRANTED**

Sixth Revised Sheet No. 19-2
Cancels Fifth Revised Sheet No. 19-2

NAME OF COMPANY **LAKE UTILITY SERVICES, INC.**
WATER TARIFF

**RESIDENTIAL SERVICE
RATE SCHEDULE #1**

Amber Hill, Clermont 1 - Four Wlads, Clermont II,
Crescent West, Highland Point, Lake Ridge Club,
The Granges, The Villas I & II,
and Lake Crescent Hills

- AVAILABILITY** - Available throughout the area served by the company.
- APPLICABILITY** - For water service for all purposes in private residences and individually metered apartment units.
- LIMITATIONS** - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD** - BI-MONTHLY
- RATE** - (BI-MONTHLY)

Basic Rate \$ 14.97 First 10,000 gallons
All Meter Sizes .69 per 1,000 excess

MINIMUM BILL - Base Facility Charge

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.

EFFECTIVE DATE - July 8, 1994

TYPE OF FILING - 1994 Price Index & Pass Through

Patrick J. O'Brien
ISSUING OFFICER
Vice-President, Finance
TITLE

**AFTER
ADDITIONAL TERRITORY GRANTED**

SEVENTH REVISED SHEET NO. 19
CANCELS SIXTH REVISED SHEET NO. 19

NAME OF COMPANY **LAKE UTILITY SERVICES, INC.**
WATER TARIFF

**RESIDENTIAL SERVICE
RATE SCHEDULE #2**

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - To all customers in the Clermont I & II, Amber Hill, Highland Point, The Granges, Lake Ridge Club, The Villas I & II, Crescent West, Lake Crescent Hills, Crescent Bay, Pavilion Club, South Crescent Region and all future areas served.

LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.

BILLING PERIOD - BI-MONTHLY

RATE - Per Month)

Meter Size **Base Facility Charge**

5/8" x 3/4"	\$8.54
1"	21.61
1 1/2"	43.21
2"	68.14

Calloway Charge Per 1,000 gallons \$ 1.07

MINIMUM CHARGE - Base Facility Charge

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.

EFFECTIVE DATE - September 20, 1996

TYPE OF FILING - Interim Price

Docket No. 980483-WU
Witness: Wenz
Exhibit (CW-2)

Carl J. Wenz
ISSUING OFFICER
Vice-President, Regulatory Affairs
TITLE

**BEFORE
ADDITIONAL TERRITORY GRANTED**

ORIGINAL SHEET NO. 221
CANCELS RULE NO. 240 (FIRST REVISED SHEET NO. 130
& FIRST REVISED SHEET NO. 140)

LAKE UTILITY SERVICES, INC.
WATER TARIFF

SCHEDULE OF CUSTOMER DEPOSITS

Crescent Bay Subdivision

ESTABLISHMENT OF CREDIT - Before rendering water service, the Company may require an applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the customer from complying with the Company's rules for prompt payment. Credit will be deemed to be established, in accordance with Rule 25-30.311, Florida Administrative Code, if:

- (A) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for the service requested
- (B) The applicant pays a cash deposit
- (C) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety bond

AMOUNT OF DEPOSIT - The amount of initial deposit shall be the following according to meter size or an amount to cover charges for three (3) months service whichever is greater:

	Residential	General Service
5/8 x 3/4	\$50.00	\$ 50.00
1	\$50.00	\$ 90.00
1 1/2	N/A	\$160.00
Over 2	N/A	\$250.00

ADDITIONAL DEPOSIT - Under Rule 25-30.311(7) Florida Administrative Code, the Company may require a new deposit in order to secure payment of current bills provided. The Company shall provide the customer with reasonable written notice of not less than 30 days where such request or notice is separate and apart from any bill for service. The total amount of the required deposit shall not exceed an amount equal to the average

**AFTER
ADDITIONAL TERRITORY GRANTED**

FIRST REVISED SHEET NO. 221
CANCELS ORIGINAL SHEET NO. 221

LAKE UTILITY SERVICES, INC.
WATER TARIFF

SCHEDULE OF CUSTOMER DEPOSITS

Crescent Bay Subdivision and the Additional Territory Approved in
Order #PSC-82-1388-PDF-WU

ESTABLISHMENT OF CREDIT - Before rendering water service, the Company may require an applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the customer from complying with the Company's rules for prompt payment. Credit will be deemed to be established, in accordance with Rule 25-30.311, Florida Administrative Code, if:

- (A) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for the service requested.
- (B) The applicant pays a cash deposit.
- (C) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety bond.

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	Residential	General Service
5/8 x 3/4	\$50.00	\$ 50.00
1	\$50.00	\$ 90.00
1 1/2	N/A	\$160.00
Over 2	N/A	\$250.00

ADDITIONAL DEPOSIT - Under Rule 25-30.311(7) Florida Administrative Code, the Company may require a new deposit in order to secure payment of current bills provided. The Company shall provide the customer with reasonable written notice of not less than 30 days where such request or notice is separate and apart from any bill for service. The total amount of the required deposit shall not exceed an amount equal to the average

EFFECTIVE - April 2, 1993

Territory Amendment

BEFORE
ADDITIONAL TERRITORY GRANTED

FIFTH REVISED SHEET NO. 24.9
CANCELS THIRD REVISED SHEET NO. 24.9

LAKE UTILITY SERVICES, INC.
Water Treat

MISCELLANEOUS SERVICE CHARGES

Amber Hill, Clemond I - Four Winds, Clemond II,
Crescent West, Highland Point, Lake Breeze Club,
The Oanges, The Villas I & II,
Crescent Bay, Lake Crescent Hills and Lake Sounders Acres Subdivisions

The company may charge the following miscellaneous service charges in accordance with the terms stated herein. If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the company require multiple actions.

INITIAL CONNECTION - This charge would be levied for service installation at location where service did not exist previously.

NORMAL RECONNECTION - This charge would be levied for transfer of service to a new customer account or a previously served location or reconnection of service subsequent to a customer requested disconnection.

RELOCATION RECONNECTION - This charge would be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.220(2), Florida Administrative Code, including a delinquency in bill payment.

RESUMES USE CHARGE (IN LIEU OF DISCONNECTIONS) - This charge would be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectable bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

Schedule of Miscellaneous Service Charges

Initial Connection	\$15.00
Normal Reconnection	\$15.00
Relocation Reconnection	\$15.00
Resumes Visit (in lieu of disconnection)	\$10.00

EFFECTIVE DATE - April 2, 1993

TYPE OF FILING - Territorial Amendment

Patricia J. O'Brien
Vice President, Finance

AFTER
ADDITIONAL TERRITORY GRANTED

SIXTH REVISED SHEET NO. 24.9
CANCELS FIFTH REVISED SHEET NO. 24.9

LAKE UTILITY SERVICES, INC.
Water Treat

MISCELLANEOUS SERVICE CHARGES

ALL AREAS - EXCEPT HARBOR OAKS AND FOUR LAKES SUBDIVISIONS

The company may charge the following miscellaneous service charges in accordance with the terms stated herein. If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the company require multiple actions.

INITIAL CONNECTION - This charge would be levied for service installation at location where service did not exist previously.

NORMAL RECONNECTION - This charge would be levied for transfer of service to a new customer account at a previously served location or reconnection of service subsequent to a customer requested disconnection.

RELOCATION RECONNECTION - This charge would be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.220(2), Florida Administrative Code, including a delinquency in bill payment.

RESUMES USE CHARGE (IN LIEU OF DISCONNECTIONS) - This charge would be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectable bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

Schedule of Miscellaneous Service Charges

Initial Connection	\$15.00
Normal Reconnection	\$15.00
Relocation Reconnection	\$15.00
Resumes Visit (in lieu of disconnection)	\$10.00

EFFECTIVE DATE - April 2, 1993

TYPE OF FILING - Territorial Amendment

BEFORE
ADDITIONAL TERRITORY GRANTED

Second Revised Sheet No. 27.6
Cancels First Revised Sheet No. 27.6

LAKE UTILITY SERVICES, INC.
Water Tariff

SCHEDULE OF FEES AND CHARGES
CRESCENT BAY SUBDIVISION

<u>PLANT CAPACITY CHARGE</u> PER ERC	\$549.00
<u>MAIN EXTENSION FEE</u> (Connect to Lines Constructed by the Utility) Per ERC	\$506.00
<u>GUARANTEED REVENUE CHARGE</u> Per ERC/Month	\$ 14.28
Per ERC/Year	\$171.34

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

SCHEDULE OF CHARGES IF CONNECT TO LINES CONSTRUCTED BY UTILITY

	1988	1989	1990	1991	1992
January	\$15.10	\$198.05	\$401.85	\$600.09	\$600.09
February	30.20	214.87	420.60	600.09	600.09
March	45.31	231.69	439.35	600.09	600.09
April	60.45	248.52	458.10	600.09	600.09
May	75.51	265.34	476.85	600.09	600.09
June	90.61	282.16	495.60	600.09	600.09
July	105.71	298.99	514.34	600.09	600.09
August	120.81	315.81	533.09	600.09	600.09
September	135.92	332.63	551.84	600.09	600.09
October	151.02	349.46	570.59	600.09	600.09
November	166.12	366.28	589.34	600.09	600.09
December	181.22	383.10	608.09	600.09	600.09

Effective: December 19, 1990
Amendment

Patrick J. O'Brien
Vice President

AFTER
ADDITIONAL TERRITORY GRANTED

ORIGINAL SHEET NO. 25.1
CANCELS SECOND REVISED SHEET NO. 27.6

LAKE UTILITY SERVICES, INC.
WATER TARIFF

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Crescent Bay Subdivision

<u>PLANT CAPACITY CHARGE</u> Per ERC	\$ 549.00
<u>MAIN EXTENSION FEE</u> (Connect to Lines Constructed by the Utility) Per ERC	\$ 506.00
<u>GUARANTEED REVENUE CHARGE</u> Per ERC/Month	\$ 14.28
Per ERC/Year	\$ 171.34

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

SCHEDULE OF CHARGES IF CONNECT TO LINES CONSTRUCTED BY UTILITY

	1988	1989	1990	1991	1992
January	\$ 15.10	\$198.05	\$401.85	\$600.09	\$600.09
February	30.20	214.87	420.60	600.09	600.09
March	45.31	231.69	439.35	600.09	600.09
April	60.45	248.52	458.10	600.09	600.09
May	75.51	265.34	476.85	600.09	600.09
June	90.61	282.16	495.60	600.09	600.09
July	105.71	298.99	514.34	600.09	600.09
August	120.81	315.81	533.09	600.09	600.09
September	135.92	332.63	551.84	600.09	600.09
October	151.02	349.46	570.59	600.09	600.09
November	166.12	366.28	589.34	600.09	600.09
December	181.22	383.10	608.09	600.09	600.09

EFFECTIVE DATE - April 12, 1991

TYPE OF FILING - Corporate Reorganization

(Continued to Sheet No. 25.1A)

Patrick J. O'Brien

Docket No. 880483-VU
Witness: Wentz
Exhibit (CW-2)

BEFORE
ADDITIONAL TERRITORY GRANTED

ORIGINAL SHEET NO. 23.1-4
CANCELS SECOND REVISED SHEET NO. 27.7

LAKE UTILITY SERVICES, INC.
WATER TARIFF

(Continued from Sheet No. 23.1)

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Crescent Bay Sub-division

ALLOWANCE FOR FUNDS PROBABLY INCURRED

SCHEDULE OF CHARGES IF CONSENT TO LINKS CONTRIBUTED TO UTILITY

	1988	1989	1990	1991	1992
January	\$ 7.40	\$ 97.72	\$196.23	\$299.97	\$299.97
February	14.90	106.01	207.50	299.97	299.97
March	22.35	114.31	216.74	299.97	299.97
April	29.81	122.61	225.99	299.97	299.97
May	37.26	130.91	235.24	299.97	299.97
June	44.71	139.21	244.49	299.97	299.97
July	52.16	147.51	253.73	299.97	299.97
August	59.61	155.81	262.98	299.97	299.97
September	67.06	164.11	272.23	299.97	299.97
October	74.51	172.41	281.47	299.97	299.97
November	81.96	180.71	290.72	299.97	299.97
December	89.42	189.00	299.97	299.97	299.97

The above Allowance for Funds Probably Incurred (AFPI) Charges will stop accruing when the utility is serving 95 EDC's which is currently projected to occur in December, 1990. AFPI will continue to be collected until the utility reaches design capacity, which is 106 EDC's. This is currently projected to occur in December, 1991.

METER INSTALLATION FEES

(The actual or average cost to the utility to install the water measuring device at the point of delivery including materials and labor required)

Misc. Size	Est
3/8" x 3/4"	\$100.00
1"	\$143.00
1 1/2"	\$270.00
2"	\$400.00
Over 2"	Actual Cost (1)

(1) Actual Cost is equal to the total cost incurred for services rendered by a customer.

EFFECTIVE DATE - April 12, 1991

TYPE OF FILING - Corporate Reorganization

Docket 10-0-0-0-0

AFTER
ADDITIONAL TERRITORY GRANTED

FIRST REVISED SHEET NO. 23.1-4
CANCELS ORIGINAL SHEET NO. 23.1-4

LAKE UTILITY SERVICES, INC.
WATER TARIFF

(Continued from Sheet No. 23.1)

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Crescent Bay Sub-division

ALLOWANCE FOR FUNDS PROBABLY INCURRED

SCHEDULE OF CHARGES IF CONSENT TO LINKS CONTRIBUTED TO UTILITY

	1988	1989	1990	1991	1992
January	\$ 7.40	\$ 97.72	\$196.23	\$299.97	\$299.97
February	14.90	106.01	207.50	299.97	299.97
March	22.35	114.31	216.74	299.97	299.97
April	29.81	122.61	225.99	299.97	299.97
May	37.26	130.91	235.24	299.97	299.97
June	44.71	139.21	244.49	299.97	299.97
July	52.16	147.51	253.73	299.97	299.97
August	59.61	155.81	262.98	299.97	299.97
September	67.06	164.11	272.23	299.97	299.97
October	74.51	172.41	281.47	299.97	299.97
November	81.96	180.71	290.72	299.97	299.97
December	89.42	189.00	299.97	299.97	299.97

The above Allowance for Funds Probably Incurred (AFPI) Charges will stop accruing when the utility is serving 95 EDC's which is currently projected to occur in December, 1990. AFPI will continue to be collected until the utility reaches design capacity, which is 106 EDC's. This is currently projected to occur in December, 1991.

METER INSTALLATION FEES

(The actual or average cost to the utility to install the water measuring device at the point of delivery including materials and labor required)

Misc. Size	Est
3/8" x 3/4"	\$100.00
1"	\$143.00
1 1/2"	\$270.00
2"	\$400.00
Over 2"	Actual Cost (1)

(1) Actual Cost is equal to the total cost incurred for services rendered by a customer.

EFFECTIVE DATE - April 12, 1991

Docket No. 980483-WU
Witness: Wenz
Exhibit (CW-2)

BEFORE
ADDITIONAL TERRITORY GRANTED

SECOND REVISED SHEET NO. 26.0
CANCELS FIRST REVISED SHEET NO. 26.0

NAME OF COMPANY LAKE UTILITY SERVICES, INC.
WATER TARIFF

MILO FOR FUTURE USE

AFTER
ADDITIONAL TERRITORY GRANTED

THIS REVISED SHEET NO. 26.0
CANCELS SECOND REVISED SHEET NO. 26.0

LAKE UTILITY SERVICES, INC.
WATER TARIFF

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

This schedule applies to the additional territory approved by Order No. PSC 82-1328-PCF-WU for which no other schedule applies

PLANT CAPACITY CHARGE
Per EFC 6008.00
MAIN EXTENSION FEE
Per EFC 6008.00

METER INSTALLATION FEES

(The actual or average cost to the utility to install the water metering device at the point of delivery, including materials and labor required.)

Meter Size	Fee
3/8" x 3/4"	1100.00
1"	1143.00
1 1/2"	1290.00
2"	1400.00
Over 2"	Actual Cost (1)

(1) Actual Cost is equal to the total cost incurred for services rendered by a customer.

EFFECTIVE DATE - April 2, 1993
TYPE OF FILING - Territorial Amendment

Patrick J. O'Brien
ISSUING OFFICER

Vice President, Finance

BEFORE
ADDITIONAL TERRITORY GRANTED

AFTER
ADDITIONAL TERRITORY GRANTED

Second Revised Sheet No. 27.2
Cascals First Revised Sheet No. 27.2

Third Revised Sheet No. 27.2
Cascals Second Revised Sheet No. 27.2

LAKE UTILITY SERVICES, INC.
Water Tariff

LAKE UTILITY SERVICES, INC.
Water Tariff

SERVICE AVAILABILITY AND MAIN EXTENSION POLICY

SERVICE AVAILABILITY AND MAIN EXTENSION POLICY

WATER

WATER

CRESCENT BAY SUBDIVISION

Crescent Bay Subdivision and that Additional Territory Approved in
Order #75C-62-1389-PGF-WU

1.B. GENERAL

The utility adopts and incorporates herein by reference, Chapter 25-30, Florida Administrative Code, (F.A.C.), promulgated under Florida Public Service Commission Order No. 11066.

The utility adopts and incorporates herein by reference, Chapter 25-30, Florida Administrative Code, (F.A.C.), promulgated under Florida Public Service Commission Order No. 11066.

2.B. AVAILABILITY

The provisions of this policy are available throughout the territory subject to matters of economic feasibility as defined by Rule 25-30.515(7) F.A.C.

The provisions of this policy are available throughout the territory subject to matters of economic feasibility as defined by Rule 25-30.515 (7) F.A.C.

3.B. ON-SITE FACILITIES

On-site water facilities may be provided by the Contributor pursuant to the requirements and specifications of the Utility. Any facilities which may be constructed by the Contributor outside the point of delivery as defined by rules 25-30(7), F.A.C. shall be conveyed to the Utility by a bill of sale together with perpetual rights-of-way and easements for appropriate access to facilities as well as complete as-built plans for all such lines and facilities together with accurate cost records establishing the construction costs of all Utility facilities as a condition precedent to their acceptance by the Utility and the initiation of service.

On-site water facilities may be provided by the Contributor pursuant to the requirements and specifications of the Utility. Any facilities which may be constructed by the Contributor outside the point of delivery as defined by rules 25-30(7), F.A.C. shall be conveyed to the Utility by a bill of sale together with perpetual right-of-way and easements for appropriate access to facilities as well as complete as-built plans for all such lines and facilities together with accurate cost records establishing the construction costs of all Utility facilities as a condition precedent to their acceptance by the Utility and the initiation of service.

Effective: December 19, 1990
Amendment

Patrick J. O'Brien

Docket No. 980483-WU
Witness: Wenz
Exhibit (CW-2)

Patrick J. O'Brien
Vice President, Chairman

BEFORE
ADDITIONAL TERRITORY GRANTED

AFTER
ADDITIONAL TERRITORY GRANTED

Third Revised Sheet No. 27.3
Canada Second Revised Sheet No. 27.3

Second Revised Sheet No. 27.2
First Revised Sheet No. 27.3

LAKE UTILITY SERVICES, INC.
Water Tariff

LAKE UTILITY SERVICES, INC.
Water Tariff

Consent Buy Subdivision and that Additional Territory Approved in
Order #PSC-93-1388-PCF-WU

5.0. OFF-SITE FACILITIES

5.0. OFF-SITE FACILITIES

Off-site systems may be provided by the Contributor in accordance with the Utility's specifications and conveyed to the Utility by bill of sale with necessary maintenance and replacement easements and right-of-way together with as-built drawings of the facilities and accurate cost records establishing the construction cost of the facilities, to include material, labor, engineering, administrative and other related costs, as a condition precedent to their acceptance by the Utility and the initiation of service.

Off-site systems may be provided by the Contributor in accordance with the Utility's specifications and conveyed to the Utility by bill of sale with necessary maintenance and replacement easements and right-of-way together with as-built drawings of the facilities and accurate cost records establishing the construction cost of the facilities, to include material, labor, engineering, administrative and other related costs, as a condition precedent to their acceptance by the Utility and the initiation of service.

5.0. ADVANCE

If the off-site or on-site facilities can serve other areas than those of the Contributor, the service company may require that they be oversized to enable service to be provided to additional territory and that the Contributor advance the cost of such oversize facilities. So much of the cost as exceeds the hydraulic share of the Contributor will be refunded by the Utility as refundable advances over a period not to exceed eight years, from extension fees paid by other Contributors connecting to the main or mains in accordance with their hydraulic share.

If the off-site or on-site facilities can serve other areas than those of the Contributor, the service company may require that they be oversized to enable service to be provided to additional territory and that the Contributor advance the cost of such oversize facilities. So much of the cost as exceeds the hydraulic share of the Contributor will be refunded by the Utility as refundable advances over a period not to exceed eight years, from extension fees paid by other Contributors connecting to the main or mains in accordance with their hydraulic share.

5.0. SYSTEM CAPACITY CHARGE

In addition to the foregoing fees, customer shall pay service availability fees as follows:
Appropriate Meter Installation Fees See Sheet No. 25.1-4
System Capacity Charge Per EMC \$569.00
Line Extension Fee Per EMC (for Lines Constructed by the Utility) \$506.00
Allowance for Funds Prudently Invested In-estr. See Sheet No. 25.1-15.1-4

5.0. SYSTEM CAPACITY CHARGE

In addition to the foregoing fees, customer shall pay service availability fees as follows:
Appropriate Meter Installation Fees See Sheet No. 25.1-4
System Capacity Charge Per EMC \$569.00
Line Extension Fee Per EMC (for Lines Constructed by the Utility) \$506.00
Allowance for Funds Prudently Invested See Sheet No. 25.1-25.1-4

Effective: April 2, 1993

Territory Amendment

See Sheet No. 25.1-15.1-4

Derrick J. U'Brien
Vice President, Finance

Docket No. 980483-WU
Witness: Wenz
Exhibit (CW-2)

BEFORE
ADDITIONAL TERRITORY GRANTED

Third Revised Sheet No. 27.4
Cancel Second Revised Sheet No. 27.4

LAKE UTILITY SERVICES, INC.
Water Tariff

CRESCENT BAY SUBDIVISION

2.0 INSPECTION FEES

Engineering plans or designs for, or construction of facilities by a Contributor which are to become a part of Utility's system will be subject to review and inspection by the Utility. For this service, Utility may charge an inspection and plan review fee based upon the actual cost of the Utility for review of plans and inspection of facilities constructed by Contributor for independent contractors for connection with the facilities of the Utility. Such inspection fees shall be paid by a Contributor in addition to all other charges above stated, as a condition precedent to service.

2.0 GUARANTEED REVENUES

That not less than thirty days after the execution of a contract to reserve capacity and until all plant capacity reserved for the Developer is serving a customer, or consumer, developer shall pay to the Utility the sum of money as set forth on Original Sheet No. 25.1 for each reserved equivalent residential connection for which the Utility has constructed adequate water supply and treatment capacity to serve such reserved connection for a period of one calendar year in advance. As customers, as defined on Second Revised Sheet No. 3.0, by technical term 7.0 of the Rules and Regulations, are added to the system, appropriate guaranteed revenue charges will be deducted from the amount paid by the Developer and refunded by the Utility to the Developer at the end of one year from the date of payment of the guaranteed revenue deposit.

Finally, if the Developer shall refuse or fail to pay the money required by this paragraph, the agreement for reservation by the Utility for

AFTER
ADDITIONAL TERRITORY GRANTED

Fourth Revised Sheet No. 27.4
Cancel Third Revised Sheet No. 27.4

LAKE UTILITY SERVICES, INC.
Water Tariff

Crescent Bay Subdivision and the Additional Territory Agreements as
Order #PSC-82-1388-PGF-WU

2.0 INSPECTION FEES

Engineering plans or designs for, or construction of facilities by a Contributor which are to become a part of Utility's system will be subject to review and inspection by the Utility. For this service, Utility may charge an inspection and plan review fee based upon the actual cost of the Utility for review of plans and inspection of facilities constructed by Contributor for independent contractors for connection with the facilities of the Utility. Such inspection fees shall be paid by a Contributor in addition to all other charges above stated, as a condition precedent to service.

2.0 GUARANTEED REVENUES - Applies only to the Crescent Bay Subdivision

That not less than thirty days after the execution of a contract to reserve capacity and on each anniversary thereafter until all plant capacity reserved for the Developer is serving a customer, or consumer, developer shall pay to the Utility the sum of money as set forth on Original Sheet No. 25.1 for each reserved equivalent residential connection for which the Utility has constructed adequate water supply and treatment capacity to serve such reserved connection for a period of one calendar year in advance. As customers, as defined on Second Revised Sheet No. 3.0, by technical term 7.0 of the Rules and Regulations, are added to the system, appropriate guaranteed revenue charges will be deducted from the amount paid by the Developer and refunded by the Utility to the Developer at the end of one year from the date of payment of the guaranteed revenue deposit.

Finally, if the Developer shall refuse or fail to pay the money required by this paragraph, the agreement for reservation by the Utility for the Developer shall be void and no capacity shall be reserved for such Developer.

Effective: April 2, 1993

Territory Amendment

BEFORE
ADDITIONAL TERRITORY GRANTED

Second Revised Sheet No. 27.3
Cancels First Revised Sheet No. 27.3

LAKE UTILITY SERVICES, INC.
Water Tariff

CRESCENT BAY SUBDIVISION

the Developer shall be void and no capacity shall be reserved for such Developer.

3.0. RESERVE CAPACITY CHARGE

If authorized by the Florida Public Service Commission pursuant to Order and under terms and conditions as prescribed therein, the Utility may enter into an agreement with the Contributor requiring Contributor to pay a minimum guaranteed connection charge, based upon the demand to be placed upon the Utility's system. Such agreement will be applicable in those instances where the Utility is required to proceed with the construction of an expansion of its water supply and/or treatment facilities in order to assure the Contributor that there will be available sufficient plant capacity.

3.0. SERVICE OUTSIDE TERRITORY

Providing service outside the Utility's territory involves formal notice and formal proceedings before the Florida Public Service Commission and therefore entails engineering, administrative and legal expenses in addition to costs incurred by the Utility providing service within its territory. The Utility, will therefore, not be obligated to provide service outside the territory unless the Contributor agrees in advance, to defray those initial expenses as to pay the estimated costs thereof. The advancement will be adjusted to conform with actual expenses after the proceedings have been completed. The Utility will further make such extensions outside the territory only if the extensions and treatment plant reservation or expansion to serve such extensions are economically feasible as defined by rules 25-30.315(7) F. A. C.

Effective, December 19, 1970
Per Sheet

AFTER
ADDITIONAL TERRITORY GRANTED

Third Revised Sheet No. 27.5
Cancels Second Revised Sheet No. 27.5

LAKE UTILITY SERVICES, INC.
Water Tariff

Crescent Bay Subdivision and the Additional Territory Approved in
Order #PSC-82-1369-PCF-WU

3.0. RESERVE CAPACITY CHARGE - Applies Only to the Crescent Bay Subdivision

If authorized by the Florida Public Service Commission pursuant to Order and under such terms and conditions as prescribed therein, the Utility may enter into an agreement with the Contributor requiring Contributor to pay a minimum guaranteed connection charge, based upon the demand to be placed upon the Utility's system. Such agreement will be applicable in those instances where the Utility is required to proceed with the construction of an expansion of its water and supply and/or treatment facilities in order to assure the Contributor that there will be available sufficient plant capacity.

3.0. SERVICE OUTSIDE TERRITORY

Providing service outside the Utility's territory involves formal notice and formal proceedings before the Florida Public Service Commission and therefore entails engineering, administrative and legal expenses in addition to costs incurred by the Utility providing service within its territory. The Utility, will therefore, not be obligated to provide service outside the territory unless the Contributor agrees in advance, to defray those initial expenses as to pay the estimated costs thereof. The advancement will be adjusted to conform with actual expenses after the proceedings have been completed. The Utility will further make such extensions outside the territory only if the extensions and treatment plant reservation or expansion to serve such extensions are economically feasible as defined by rules 25-30.315(7) F. A. C.

Effective: April 2, 1973

Territory Amendment

Docket No. 980483-WU
Witness: Weitz
Exhibit (CW-2)

Patrick J. O'Brien
Vice President, Finance

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-3)_____

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-3) _____

Doc.1: September 30, 1993 letter to Mr. Preben Oleson
(developer) from PSC Staff confirming applicability of LUSI'
service availability charges.

State of Florida

Docket No. 980483-WU
Witness: Wenz
Exhibit (CW-3), Doc. 1

Commissioners:
J. TERRY DEASON, CHAIRMAN
SUSAN P. CLARK
LUIS J. LAUREDO
JULIA L. JOHNSON



DIVISION OF WATER &
WASTEWATER
CHARLES HILL
DIRECTOR
(904) 488-8482

Public Service Commission

September 30, 1993

Mr. Preben Olesen
12634 Valencia Drive
Clermont, Florida 34711

RECEIVED
OCT 31 1993

RE: Lake Utility Services, Inc. (LUSI)

Office of
BEN E. GIRTMAN

Dear Mr. Olesen:

Staff has reviewed the service availability charges for your proposed development which is located in Township 22 South, Range 26 East, Section 32. According to our records, this territory was added to the utility's certificated service area in Order No. PSC-92-1369-FOF-WU, issued November 24, 1992. Also in that Order, the Commission authorized LUSI to collect plant capacity charges in the amount of \$569 per equivalent residential connection, a main extension charge of \$506 per equivalent residential connection, and meter installation charges based on meter size, including a charge of \$100 for a 5/8" x 3/4" meter. These charges are provided on page 26.0 in the utility's tariff.

Assuming that your 16 single family home development will use 5/8" x 3/4" meters, the service availability charges are \$9,104 for plant capacity charges, \$8,096 in main extension charges, and \$1,600 in meter installation charges, totaling \$18,800. If you are installing a main extension line, which you had mentioned, the main extension charges are waived. The plant capacity charges and any main extension charges must be paid prior to construction. Meter installation charges may be paid any time prior to connection for water service at each site. If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Charlotte M. Hand".

Charlotte M. Hand
Regulatory Analyst

c: Ben E. Girtman, Esquire

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-3) _____

Doc.2: October 14, 1993 letter to PSC Staff from Don Rasmussen (LUSI) pointing out omission of reference to AFPI charges in the September 30, 1993 letter to Mr. Oleson.

LAKE UTILITY SERVICES, INC.
AN AFFILIATE OF UTILITIES, INC.
200 WEATHERSFIELD AVENUE
ALTAMONTE SPRINGS, FLORIDA 32714

RECORDED
OCT 18 1993

Office of
BEN E. GIRTMAN
Telephone: 407-869-1919
Florida: 800-222-1919
Fax: 407-869-6961

CORPORATE OFFICES:
2335 Sanders Road
Northbrook, Illinois 60062
Telephone: 708-498-6440

October 14, 1993

Ms. Charlotte Hand
Regulatory Analyst
Division of Water and Wastewater
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0873

Re: Development by Mr. Preben Olesen in the service area of Lake Utility Services, Inc.

Dear Ms. Hand:

Your letter dated September 30 to Mr. Olesen confirms that the charges applicable to his development of 16 single-family homes are those ordered by the Florida Public Service Commission in Order No. PSC-92-1369-FOF-WU. The Order is quite emphatic, in the text at page 3 and in the ordering paragraph at page 4, that customers shall be charged the rates and charges approved for the Crescent Bay system currently on file with the Commission. However, the copy of the letter to Mr. Olesen received by our attorney on October 11 fails to specify the AFPI charges which are a part of the approved Crescent Bay tariff.

Since the developer will be connecting his on-site lines to the Utility's extended off-site facilities, as contemplated in Rule 25-30.515 (12), F.A.C., the main extension fee and related AFPI charges are required.

Therefore, the applicable charges as shown on Tariff Sheets 26.0 and 25.1 are as follows:

Plant Capacity Charge (16 sites x \$569.00)	\$ 9,104.00
Main Extension Fee (16 sites x \$506.00)	<u>8,096.00</u>
Amount Due at time of Agreement	\$17,200.00

The \$17,200 must be remitted at the time of entering into the service availability agreement. In this case, the Utility is willing to defer collection of the allowance for funds prudently invested of \$608.09 for each site until the time of connection to each site. In addition, a meter installation fee of \$100 per meter for each 5/8" x 3/4" meter must be paid at the time of connection to each site.

By copy of this letter, we are providing Mr. Olesen with this information.

As soon as an agreement is executed, we will begin working with Mr. Olesen on providing the service. For his convenience in reviewing this matter, we are providing copies of the applicable Order and tariff sheets.

Sincerely,

Donald Raasfussen
Donald Raasfussen
Regional Director

DR/jr

Enclosures
cc w/encl:

Mr. Preben Olesen
Mr. James Camaren
Mr. Ben E. Girtman, Esq.

EXHIBIT
D

LAKE UTILITY SERVICES, INC.
Water Tariff

Docket No. 980483-WU
Witness: Wenz
Exhibit (CW-3), Doc 7

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

This schedule applies to the additional territory approved by Order No. PSC-92-1369-FOF-WU
for which no other schedule applies

PLANT CAPACITY CHARGE Per ERC	\$569.00
MAIN EXTENSION FEE Per ERC	\$506.00

METER INSTALLATION FEES

(The actual or average cost to the utility to install the water measuring device at the point of delivery, including materials and labor required).

<u>Meter Size</u>	<u>Fee</u>
5/8" x 3/4"	\$100.00
1"	\$143.00
1 1/2"	\$290.00
2"	\$400.00
Over 2"	Actual Cost (1)

(1) Actual Cost is equal to the total cost incurred for services rendered by a customer.

EFFECTIVE DATE - April 2, 1993
TYPE OF FILING - Territory Amendment

Patrick J. O'Brien
Vice President, Finance

LAKE UTILITY SERVICES, INC.
WATER TARIFF

Docket No. 880483-W1
Witness: Wenz
Exhibit (CW-3), Doc. 2

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Crescent Bay Subdivision

PLANT CAPACITY CHARGE

Per ERC

\$ 569.00

MAIN EXTENSION FEE

(Connect to Lines Constructed by the Utility)

Per ERC

\$ 506.00

GUARANTEED REVENUE CHARGE

Per ERC/Month

\$ 14.28

Per ERC/Year

\$ 171.34

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

SCHEDULE OF CHARGES IF CONNECT TO LINES CONSTRUCTED BY UTILITY

	1988	1989	1990	1991	1992
January	\$ 15.10	\$198.05	\$401.85	\$608.09	\$608.09
February	30.20	214.87	420.60	608.09	608.09
March	45.31	231.69	439.35	608.09	608.09
April	60.45	248.52	458.10	608.09	608.09
May	75.51	265.34	476.85	608.09	608.09
June	90.61	282.16	495.60	608.09	608.09
July	105.71	298.99	514.34	608.09	608.09
August	120.81	315.81	533.09	608.09	608.09
September	135.92	332.63	551.84	608.09	608.09
October	151.02	349.46	570.59	608.09	608.09
November	166.12	366.28	589.34	608.09	608.09
December	181.22	383.10	608.09	608.09	608.09

EFFECTIVE DATE - April 12, 1991

TYPE OF FILING - Corporate Reorganization

(Continued to Sheet No. 25.1A)

Patrick J. O'Brien
Vice President, Finance

Office of
BEN E. GIRIMAN

BEFORE THE FLORIDA PUBLIC-SERVICE COMMISSION

Is re: Application for
Amendment of Certificate No.
494-W in Lake County by LAKE
UTILITY SERVICES, INC.

DOCKET NO. 920174-WU
ORDER NO. PSC-92-1349-PDF-WU
ISSUED: 23/24/92

ORDER NO. PSC-92-1349-PDF-WU
DOCKET NO. 920174-WU
PAGE 2

On September 30, 1992, by letter, the City of Clermont indicated that its City Council had voted to withdraw its objection to Lake Utility Services, Inc.'s application for amendment of Water Certificate No. 494-W. Accordingly, we hereby accept the City of Clermont's withdrawal of its objection.

Application

The application is in compliance with Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules. In particular, the notarized application contains:

1. A filing fee in the amount of \$2,350.00, which amount is \$1,358.00 in excess of the required fee as prescribed by Rule 25-30.020, Florida Administrative Code.
2. Adequate service territory and system maps and a territory description, as prescribed by Rule 25-30.036, Florida Administrative Code. The additional territory in the South Clermont Region of Lake County is described in Attachment A of this order, which by reference is incorporated herein.
3. Proof of notice of application to interested governmental and regulatory agencies and utilities within a four-mile radius of the territory, and proof of advertisement in a newspaper of general circulation in Lake County, as prescribed by Rule 25-30.030, Florida Administrative Code.
4. Evidence that the utility owns the land upon which its facilities are located, as required by Rule 25-30.036 Florida Administrative Code.

Based on the information filed with the application, it appears that LUSI has the technical capability and financial resources to adequately serve the additional territory.

The additional territory is located in close proximity to the utility's existing service area and will provide service to several residents in an area currently receiving service from EDH contaminated wells. The utility plans to interconnect their present water systems in the area to provide more reliable and efficient service and to extend transmission lines from these systems to the additional territory as service is requested. In addition, the Department of Environmental Regulation (DER) was contacted and stated that LUSI has no current violations.

Docket No. 920174
Witness: Wenz
Exhibit (CW-3), D.

The following Commissioners participated in the disposition of this matter:

- THOMAS H. BEARD, Chairman
- SUZAN P. CLARK
- J. TERRY DEASON
- BETTY KASLEY
- LUIS J. LAUREDO

EQUAL OPPORTUNITY GRANTING AGREEMENT OF CERTIFICATE TO
INCLUDE ADDITIONAL TERRITORY
AND
NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING RATES AND CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein establishing rates and charges is preliminary in nature, and as such, will become final unless a person whose interests are substantially affected files a petition for a formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Background

Lake Utility Services Inc. (LUSI or utility) is a Class C utility providing water service to twelve separate service areas in Lake County. This amendment application encompasses a 29 square mile area which includes ten of the twelve previously certificated systems owned by LUSI. The utility provides water service in Lake County to approximately 330 customers, 260 of which are in the requested territory. The utility's water systems are combined for annual report purposes; however, the utility has three separate sets of water rates for its Lake County systems.

On February 25, 1992, the utility applied for an amendment to extend the certificated territory. An objection to the application was filed by letter dated March 4, 1992, by the City of Clermont (City). The City's objection was based on its belief that the requested extension of territory was in conflict with the City's approved comprehensive plan.

13517 09:24 201
PSC-REGULATORY REPORTS

ORDERED that the territory described in Attachment A of this Order, which by reference is incorporated herein. It is further ORDERED that the overpayment of filing fee, in the amount of \$1,350.00, be refunded to the applicant. It is further

ORDERED that the customers in the territory added herein shall be charged the rates and charges approved in late utility services, Inc.'s tariff for the Crescent Bay system currently on file with the Commission. It is FURTHER

ORDERED that the provisions of this Order establishing rates and charges for the territory added herein are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that this docket shall be closed if no protest is received.

By ORDER of the Florida Public Service Commission this 11th day of November, 1992.


STEVE THIBAUT, Director
Division of Records and Reporting

(S E A L)
512

Based on the above information, the Commission finds that it is in the public interest to grant the application of Lake Utility Services, Inc. for amendment of Water Certificate No. 496-M to include the territory described in Attachment A. The utility has returned the certificate for entry and filed revised tariff sheets that reflect the correct territory description.

Refund of Excess Filing Fee

The Commission required an increase of the original filing fee of \$150.00 to the maximum amount of \$2,350.00 based on estimates of the potential occupancy of all the land portions of the territory to be included within the certificate. The utility paid the additional fee, under protest, and requested a review on the basis of projected population growth. Population growth for the next ten years is projected to be 4,783 persons and, pursuant to Rule 25-22.029, Florida Administrative Code, the correct filing fee for an amendment application to provide service to an additional 4,780 persons is \$900.00. Therefore, the Commission finds that the applicant is due a refund of a portion of the filing fee in the amount of \$1,350.00.

Rates and Charges

LUSI presently charges two different sets of rates to the systems it owns in the requested area. The charges set by the Commission in the original certificate case for Crescent Bay includes a plant capacity charge of \$569 per equivalent residential connection (ERC), a main extension charge of \$465 per ERC, and meter installation charges by meter size including a charge of \$100 for a 5/8" x 3/4" meter. We believe that the charges approved for the Crescent Bay system will provide for future customers to pay their pro rata share of the cost of the lines and treatment plant necessary to provide this service. These charges will serve to increase the utility's level of contribution-in-aid-of-construction (CIAC), thus keeping the utility's rate base at a lower-level-fee rate-making purpose. Therefore, LUSI shall charge the customers in the additional territory the rates and charges approved in its tariff for the Crescent Bay system currently on file with this Commission.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Certificate No. 496-M held by Lake Utility Services, Inc., 200 Weatherfield Avenue, Altamonte Springs, Florida 32714, is hereby

NOTICE OF FURTHER PROCEDURES OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 320.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 320.57 or 320.49, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action establishing rates and charges is preliminary in nature and will not become effective or final, except as provided by Rule 22-029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.026(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0070, by the close of business on December 15, 1992. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is removed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.049, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ORDER NO. PSC-93-1369-FOF-60
DOCKET NO. 920174-60
PAGE 7

ATTACHMENT A

LAKE EVIDARY SERVICES, INC.

SERVICE TERRITORY DESCRIPTION - SOUTH CLEMENS REGION - LAKE COUNTY

Township 22 South, Range 25 East, Lake County

ALL OF SECTION 35, LESS LAKE MINNEBADA.
ALL OF SECTION 36, LESS LAKE MINNEBADA.

Township 22 South, Range 26 East, Lake County

ALL OF SECTION 33, LESS LAKE MINNEBADA.
ALL OF SECTION 32 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27.

Township 23 South, Range 25 East, Lake County

ALL OF SECTION 1, LESS LAKE MINNEBADA, AND LAKE SUSAN.
ALL OF SECTION 2, LESS LAKE MINNEBADA, AND CRESCENT LAKE.
ALL OF SECTION 11, LESS CRESCENT LAKE, AND SAW HILL LAKE.
ALL OF SECTION 22, LESS CRESCENT LAKE, FLORENCE LAKE, AND
RALPH LAKE.

ALL OF SECTION 13, LESS LAKE NELLIE.
ALL OF SECTION 14, LESS SAW HILL LAKE AND LAKE GLOMA.
ALL OF SECTION 23, LESS LAKE NELLIE, AND LAKE GARY.
ALL OF SECTION 24, LESS LAKE NELLIE.

Township 23 South, Range 26 East, Lake County

ALL OF SECTION 4 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27.

ALL OF SECTION 5 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27.

ALL OF SECTION 6, LESS LAKE SUSAN, AND LAKE LOUISA.
ALL OF SECTION 7, LESS LAKE LOUISA.

ALL OF SECTION 8, LESS LAKE LOUISA.
ALL OF SECTION 9 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27.

ALL OF SECTION 16 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27, AND LESS LAKE LOUISA.

ALL OF SECTIONS 17, 18, 19 AND 20, LESS LAKE LOUISA.
ALL OF SECTION 21 THAT IS WEST OF THE CENTERLINE OF U.S.
HIGHWAY 27, LESS LAKE LOUISA.

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-3) _____

Doc.3: November 17, 1993 letter to Mr. Oleson from Mr. Rasmussen re proposal of service extension and charges to Royal View Estates, and Mr. Oleson's acceptance.

LAKE UTILITY SERVICES, INC.
AN AFFILIATE OF UTILITIES, INC.
200 WEATHERSFIELD AVENUE
ALTAMONTE SPRINGS, FLORIDA 32714

CORPORATE OFFICES:
2335 Sanders Road
Northbrook, Illinois 60062
Telephone: 708-498-6440

Telephone: 407-869-1919
Florida: 800-272-1919
Fax: 407-869-6961

November 12, 1993

Sent by Fax (904) 394-8326

Mr. Preben Olesen
12634 Valencia Dr.
Clermont, Florida 34711

Dear Mr. Olesen:

Our Florida subsidiary is willing to provide central water utility service to your proposed 16 lot extension of the "Royal View Estates" development which is within our certificated franchise territory in Lake County, Florida.

Under our proposal, it will be your responsibility and sole cost to install all necessary distribution facilities to serve the project. These facilities, which will include all water mains, meter boxes, valves, service lines and all other required facilities, will be conveyed as they are installed at no cost or expense to our company. Additionally, you will be required to interconnect the new distribution facilities to our existing water utility facilities at both the east and west sides of your development.

All facilities installed by you will be in accordance with all governmental standards and be in conformance with the current construction standards approved by our company. As developer of the project, you will indemnify our utility from any liability incurred in the installation of the distribution facilities by you or by anyone acting on your behalf.

Subject to the terms of this agreement, our utility will operate and maintain the water utility system serving the project in accordance with the regulations of the appropriate regulatory agencies and authorities. Usage fees for customers within the new extension would be the same as those for the existing utility customers.

In consideration of our investment in providing the necessary water supply and storage facilities, upon execution of this letter agreement, you will be required to pay the applicable charges as shown on our Tariff Sheets 26.0 and 25.1 as follows:

Plant Capacity Charge (16 sites x \$569.00)	\$ 9,104.00
Main Extension Fee (16 sites x \$506.00)	<u>8,096.00</u>
Amount Due at time of Execution of Agreement	\$17,200.00

In this case, we are willing to defer collection of the allowance for funds prudently invested of \$608.09 for each site until the time of connection to each site. In addition, a meter installation fee of \$100.00 per meter for each 5/8" x 3/4" meter must be paid at the time of connection to each site.

The terms of this proposal are valid until November 30, 1993. If you have any questions or concerns please contact me directly.

Sincerely,


Donald Rasmussen
Regional Director

If this Agreement is acceptable, please sign and return.


Accepted: Preben Olesen

11-15-93
Date