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RECORDS AND REPORTING

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September 11, 1998

Ms. Blanca S. Bayo, Director Division of Records and Reporting Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32301

Re: Docket No. 980483-WU, Investigation into Possible Overcollection of Allowance for Funds Prudently Invested (AFPI) in Lake County by Lake Utilities Services, Inc.

Dear Ms. Bayo:

Enclosed for filing in the above referenced docket are the original and fifteen copies of the following:

- 1. Direct Testimony of Carl Wenz
- Exhibits of Carl Wenz

Thank you for your assistance.

FPSC BUREAU OF RECORDS

Sincerely yours,

Ben E. Girtman

AFA .	Engl. cc w/encl.	Mr.	Carl Wenz
APP .		Mr.	Frank Seidman
CAF .			
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DOCUMENT NUMBER-DATE

FPSC-RECORDS/REPORTING

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

DOCUMENT NUMBER-DATE
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FFSS-RECORDS/REPORTING

### DIRECT TESTIMONY OF CARL WENZ DOCKET NO. 980483-WU

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1		DIRECT TESTIMONY OF CARL WENZ
2		BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
3		REGARDING THE INVESTIGATION INTO POSSIBLE
4	OVE	RCOLLECTION OF ALLOWANCE FOR FUNDS PRUDENTLY INVESTED
5		IN LAKE COUNTY
6		BY LAKE UTILITY SERVICES, INC.
7		DOCKET NO. 980483-WU
8		
9	Q.	Mr. Wens, please state your business address for
10		the record?
11	Α.	2335 Sanders Road, Northbrook, Illinois 60062.
12		
13	Q.	By whom are you employed and what is your position?
1.4	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	۵.	Please state your professional and educational
9		experience.
0	Α.	I have been employed by Utilities, Inc. since 1984.
1		Over the last ten years I have been involved in all
2		phases of the regulatory process. Utilities, Inc.
3		owns water and/or wastewater utilities in fifteen
4		states. I have testified before the commissions in
5		several states, including Florida, North Carolina,

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

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

# Q. What is the purpose of your testimony?

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

1	۵.	Have you prepared any exhibits to accompany your
2		testimony?
3	Α.	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	BAC	KGROUND
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

certain information to assist in its determination.

-	-	-					Information	vermiest ed?
1	Q.	MUST	was tu	e nature	OI	rne	information	rednesceat

The information requested primarily related to a 2 Α. description of the areas from which AFPI had been 3 collected, the amounts collected from within and 4 from outside the Crescent Bay subdivision, the 5 number of ERCs within Crescent Bay subdivision, and 6 information on the dates of interconnection to 7 other subdivisions within LUSI's service area. A 8 response was requested by July 25, 1997. 9

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- Q. Was there any indication in the letter as to what precipitated the investigation?
- 13 A. No.

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- Q. Did LUSI respond to the information request?
- Yes. In a letter dated July 21, 1997, from Mark 16 A. Kramer, Manager of Regulatory Matters for LUSI's 17 parent, Utilities, Inc., all of the requested 18 information was provided [see Exhibit (CW-1)\_\_\_\_, 19 20 Doc.2]. In addition, Mr. Kramer informed Staff that 21 this question had already been addressed and resolved in the utility's favor in 1993 in response 22 to a developer's inquiry. 23

24

Q. When did LUSI again hear from the Commission?

In a letter dated September 8, 1997, to Mr. Melson, λ. PSC Staff informed LUSI of the results of its informal investigation [see Exhibit (CW-1)\_\_\_\_, Doc.3). Staff took the position that LUSI had inappropriately collected AFPI. Staff's position was based on its interpretation that LUSI's tariffs allowed collection of AFPI only from within the Crescent Bay subdivision (which consisted of a total of only 106 ERCs), not from within the additional territory granted by Order No. PSC-92-1369-FOF-WU. The total of 106 ERCs was the original buildout capacity of the Crescent Bay subdivision and the service area. With regard to LUSI's professed resolution of this issue in 1993, the Staff erroneously took the position that the issue of AFPI had not been addressed. However, Staff acknowledged that it had received LUSI's letter dated October 14, 1993 (Exhibit CW-3, Doc.2) which had informed Staff that LUSI was collecting AFPI in the additional territory out side of Crescent Bay. was Staff also acknowledged that there indication that they had ever responded to that letter from LUSI.

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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

5 provided six exhibits supporting its position

6 Exhibit (CW-1)\_\_\_\_, Doc.4].

7

#### 8 Q. What was Staff's response?

In a letter dated January 27, 1998, Staff changed 9 A. its mind and responded that, yes, it was proper to 10 collect AFPI from the additional territory, but 11 that the amount collected was still limited to 106 12 ERCs, the original buildout capacity of just the 13 Crescent Bay subdivision [see Exhibit (CW-1)\_\_\_\_, 14 Doc.5). The Staff also indicated that if LUSI had 15 wanted to recover a fair return for additional 16 17 investment and additional ERCs in the service area other than the Crescent Bay subdivision, it should 18 have requested that new AFPI charges be established 19 in September, 1993. 20

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- Q. What is the significance of the September, 1993
  date?
- 24 A. I don't know.

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

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

Upon review of this matter, we believe that extenuating circumstances exist on both sides of this issue, which makes it unclear as to whether LUSI is authorized to collect AFPI beyond 106 ERCs for the 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.

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

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#### LUSI'S POSITION

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

than the 106 ERC limitation is applicable to other 1 rates and charges in the additional territory. 2 3 In your opinion, what are the primary concerns in 4 0. this proceeding? 5 There are two. First, did LUSI properly interpret 6 Α. that Order No. PSC-92-1369-FOF-WU, issued November 7 24, 1992, included AFPI as a part of the Crescent 8 Bay rates and charges to be applied to the new 0 territory? Second, did LUSI properly interpret 10 that the 106 ERC limitation (for applying AFPI 11 within the Crescent Bay subdivision) did not apply 12 to the additional territory granted by the order. 13 We believe the answer to both questions is "yes". 14 15 HISTORY OF PERTINENT EVENTS 16 Would you please summarize the pertinent events 17 0. that have led LUSI to conclude that it is properly 18 administering the AFPI charge? 19 Yes. By Order No. 18605, issued December 24, 1987, 20 Α. Lake Utility Services, Inc. was granted original 21 certificate no. 496-W. The area to be served was a 22 subdivision, unnamed in the order. The 23 certificate was granted prior to rate setting so 24

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that a permit could be obtained to begin

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

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When were rates set for the LUSI service area? New rates were set nine months later, in Order No. 19962, issued September 8, 1938. That order established the initial rates and charges for the new LUSI service area. In that order, the service area was identified as Crescent Bay subdivision. A final buildout of 106 single family residences was also identified, as was the fact that no future expansion of the subdivision was anticipated. The order stated that, consistent with Commission policy in an original certificate application, projections were used to establish initial rates. The projected costs were those associated with serving 106 ERCs. The Commission established monthly service rates which were based on 80% of the 106 ERC design capacity, service availability charges that would result in a 74% CIAC level at the system capacity of 106 ERCs, and AFPI charges for plant prudently constructed but exceeding the needs of the development in its early stages. That is, the AFPI charge was based on all assets at buildout and all ERCs at buildout.

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#### Q. What was the next pertinent event?

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

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## 19 Q. What pertinent event happened next?

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

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

- 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?
- A. Yes. The order stated that, "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."

  There were no exceptions listed in the order.

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

rates and charges?

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

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

- Just what did the order say about rates and 0. 18 charges? 19
- 20 Α. The order included one full paragraph regarding rates and charges. It is short and specific and 21 reads as follows, in its entirety: 22

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

charges set by the area. The in the original Commission 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 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 contributions-in-aid-ofconstruction (CIAC), thus keeping the utility's rate base at a lower level for ratemaking purposes. Therefore, LUSI shall charge the customers in the additional territory the rates and charges approved in its tariff for the

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1	Crescent Bay system currently on
2	file with this Commission. [92 FPSC
3	11:499, 501)
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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 ar
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	۵.	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.
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Since only the service availability charges were 1 Q. specifically discussed in the order, did LUSI 2 conclude that the monthly rates and other charges 3 (such as APPI) which were not discussed, were not 5 to be applied to the additional territory?

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

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- 12 To the best of your knowledge, are the Commission Q. Staff and the Commission now in agreement that all 13 of the Crescent Bay rates and charges are 14 applicable to customers in the additional 15 territory? 16
- Yes. Although Staff initially took the position 17 λ. 18 that the AFPI charge was not approved for the 19 additional territory [Exhibit (CW-1) , Doc.3], upon further review Staff concluded that LUSI acted 20 properly in collecting the AFPI from costumers in 21 22 the additional territory [Exhibit (CW-1) , 23 Doc.5]. The Commission's PAA also acknowledges that collection of the AFPI charge from customers in the 24

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

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#### THE 106 ERC LIMITATION

- Q. If there is agreement that it was proper for LUSI to collect AFPI from customers in the additional territory, why is there still an allegation that LUSI has overcollected?
- 9 There is still an allegation because, although the Α. Staff has abandoned its original position that AFPI 10 11 could only be collected from within Crescent Bay, 12 it has now grafted the 106 ERC limitation from Crescent Bay (which has a 106 ERC buildout 13 potential) onto the additional territory as well 14 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 Bay subdivision that appears on the Crescent Bay 18 19 AFPI tariff sheet also limits the collection of 20 AFPI from the additional territory to 106 ERCs.

- 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

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

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- Q. Would you please explain your understanding of the
  purpose of the Commission's practice of
  establishing rates and charges for customers in
  additional territories at the same level as for
  customers in the existing service area?
- 11 It is my understanding that the purpose of the A. 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 rates and charges, without any cost analysis, 20 21 until all rates and charges are analyzed and 22 changed in a full rate proceeding.

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

When the additional territory was added to the certificate, the service area went from one small subdivision with a 106 ERC buildout potential to 20 schare miles with what was then estimated to have a 1,600 ERC potential. When the Commission ordered that 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, it didn't say stop charging rates when 106 ERCs are connected or stop collecting service availability charges when 106 ERCs are connected. Nor did it say stop collecting AFPI when 106 ERCs are connected. It simply said, "charge the customers in the additional territory the rates and charges approved in its tariff for the Crescent Bay system."

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- Q. But doesn't the AFPI tariff sheet, specifically
  state, "AFPI will continue to be collected until
  the utility reaches design capacity, which is 106
  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

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

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- Q. Then what is the basis for charging the AFPI to customers in the additional territory?
- A. The basis for charging the AFPI to customers in the additional territory is Section 6.0 of Tariff Sheet No. 27.3. That sheet was changed, effective April 2, 1993, as the result of the territory amendment. At that time, the title of Tariff Sheet No. 27.3 was changed effective April 2, 1993, specifically

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

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- Q. What language in Section 6.0 provides the basis for charging the AFPI to customers in the additional territory?
- A. Section 6.0 begins with the sentence, "In addition to the foregoing fees, customers shall pay service availability fees as follows." The section then lists meter fees, the system capacity charge, the line extension fee and the AFPI. For the applicable dollar amounts of meter fees and AFPI,

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

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- Q. Aren't Tariff Sheet Nos. 25.1 and 25.1-A the same ones still designated "Crescent Bay Subdivision"?
- Yes. But all Tariff Sheet No. 27.3 does is direct 6 A. you to Tariff Sheet Nos. 25.1 and 25.1-A to find 7 the list of the dollar amounts of the meter fees 8 and AFPI charges instead of reprinting the long 9 schedules for those fees and charges. There is no 10 ERC limitation in Tariff Sheet No. 27.3 and that 11 tariff sheet makes no reference to the ERC 12 limitation in the other tariff sheets. 13

- 15 Q. Does the 106 ERC limit still apply to Crescent Bay 16 subdivision?
- Yes, according to Tariff Sheet Nos. 25.1 and 17 Α. 25.1-A, which are applicable to the Crescent Bay 18 subdivision. But, it doesn't matter in this case. 19 The buildout potential of the Crescent Bay 20 21 subdivision hasn't change and is still 106 ERCs. It is proper to have the 106 ERC limitation apply to 22 Crescent Bay, and LUSI has not reached or exceeded 23 that limitation. Buildout in the subdivision has 24 not yet been attained, nor have AFPI charges been 25

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

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- Staff has suggested that the 106 ERCs now be 10 Q. 11 interpreted as the combined limit on both the 12 Crescent Bay subdivision and the new territory. Do 13 you agree?
  - No. The only way to reach that conclusion would be A. to interpret the order and the tariff to decrease the limitation in Crescent Bay to less than the approved 106 ERC limitation, on a 1-for-1 basis, with each ERC collected in the additional territory outside of Crescent Bay. That just doesn't make sense. The rates and charges at Crescent Bay were all developed together, and if they are to be applicable in the additional territory they should be applicable together, without a reduction in the ERC limitation for Crescent Bay, until the rates and charges are changed in another rate proceeding.

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

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

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

- Q. Couldn't LUSI have applied for another AFPI charge for the additional territory?
- A. On what basis? The Commission had authorized and required LUSI to collect the existing Crescent Bay rates and charges in the additional territory. LUSI would have no reason to expect that it needed another AFPI charge.

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

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

- Q. If the Commission Staff had any concerns regarding LUSI's interpretation of its tariff, or with LUSI's collection of, or limitations on the collection of, AFPI charges from customers in the additional territory, when would you reasonably have expected 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

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

- Q. Has there been any other correspondence between the Commission and LUSI regarding the applicability of the AFPI charge to customers in the additional territory?
- Not until notice of this investigation in June, Α. 1997. For the approximately four years, from October, 1993, (when LUSI informed the Commission Staff that Staff had omitted reference to AFPI and reminded Staff that AFPI was a part of the tariff and would be collected) until June, 1997, (when LUSI was notified of an investigation of AFPI charges), LUSI continued to collect AFPI charges with every reason to believe that the Staff was aware of, and concurred in, that procedure.

1	THE	PAA

- 2 Q. What did the PAR 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.

- Q. Has any customer been injured by having to pay the charge?
- A. No. Each customer that has paid the AFPI charge has
  paid its pro rata share of the carrying cost to
  make facilities available for them upon request for
  connection. That is the intent of the charge and
  why the Commission authorizes it.

8

- 9 Q. Would LUSI be injured if it is required to refund 10 any of the charges collected?
- Yes. LUSI would lose not only the recovery of the Α. 11 carrying cost associated with investment used to 12 serve customers in the additional territory, it 13 would also lose the opportunity to ever recover 14 15 those costs. LUSI cannot now go back and request an increase in either monthly rates or AFPI charges 16 for the period 1993 forward to make up the loss for 17 the prior four years. That would be considered 18 retroactive ratemaking. In the same sense, a 19 Commission order to refund these charges would be 20 21 retroactive ratemaking and is not permissible.

22

23

Q. In the PAR, did the Commission provide for a "compromise" solution?

A. In what the Commission characterized as a
"reasonable compromise" it found it "appropriate"
for LUSI to record all AFPI collected beyond 106
ERCs as CIAC. According to the Commission, this
would allow LUSI to keep the monies collected and
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 an equitable solution. LUSI had not been made aware 14 of, was not asked its opinion of, nor did it 15 16 consent to, such a "compromise." This may be a "compromise" between the commissioners or between 17 18 the Commissioners and Commission Staff, but not between parties. 19

20

21

22

23

24

#### 1 RELATIONSHIP TO PENDING RATE CASE

service area.

- Q. Earlier in your testimony, you indicated that
  notice of the investigation that resulted in this
  proceeding was received during a pending rate case
  for LUSI. As part of the filing in that case, did
- for LUSI. As part of the filing in that case, did

  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

12

11

- Q. What is the status of that case with regard to the 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,

22

21

Q. Does this have any bearing on this proceeding?

and all future areas served.

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

entire LUSI service area, including the additional 1 territory to which the Crescent Bay rates and 2 charges previously had been made applicable. 3 Second, it indicates that there is still a 4 mathematical justification for an AFPI to be 5 charged. That is, 106 ERCs would represent an 6 unrealistic and artificial cut off point. Third, 7 April 15, 1998 provides a specific cut off date 8 after which the revised AFPI charges must be 9 assessed and the original AFPI charges may no 10 longer be assessed. 11 12 Has LUSI been charging the revised AFPI since April 13 Q. 14 15, 1998? 15 A. Yes. 16 And was LUSI charging the original AFPI up until 17 Q. April 15, 1998? 18 Yes.

19 A. 20

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

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

the Commission. The Commission should find that the allegations of overcollection of AFPI charges are unfounded and unsupported and allow LUSI to retain, as revenues, the AFPI charges collected. Does that complete your direct testimony? Q. Yes it does. A. 

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 form 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.

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

NO

#### STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
SUSAN F. CLARK
TERRY DEASON
JUE 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 Sampled Green, Same & 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. inapproriately 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.

- From the utility's certificated territory, please provide a territorial description
  of the areas, from which, the utility has collected AFPI.
- 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 Subdivison.
- 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.
- 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 Line 23, 1997

> 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 he sitate 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. 989483-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 Fatimule 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 Ms. Billie Messer from the Bureau of Economic Regulation of the FPSC.

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

#### Data Requests

- From the utility's certificated territory, please provide a territorial description of the areas, from which the utility has collected AFFI.
- 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.
- 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
- 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.

te Utility Bervices, Inc. July 21, 1997 Page 2 of 2

- 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.
- Provide the date of the interconnection between the Crescent Bay Subdivision, Highland Joint, 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.

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CADER NO. PAC-93-1349-FUF-WI DOCKET NO. 920174-WI PAGE 7

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ALL OF SECTION 24, LESS LAXE SELLIE, AND LAXE GART.

ALL OF SECTION 24, LESS LAXE SELLIE.

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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



DIVERUN OF WATER & WASTER ATER CHARLES H. HILL DIRECTOR (\$50) 413-6900

JLC

## Public Service Commission

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 I rudently 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.

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Hasping Green, Same & 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 Sentember 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 Colober 21, 1997 Agenda Conference. At this time, we will be recommending that the AFPI confected 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

Division of Water and Wastewater (Willis, Rendell, Austin) Cr.

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.

Docket No. 880423-WU Witness: Wenz Exhibit (CW-1), Doc. 4

### BEN E. GIRTMAN

Attorney at Law

1000 Link Lafayette Street Sane Link Taraha Me, Plorida 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 one 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, PPSC 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 or 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 Ceptember 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 lity, and sent a letter dated September 30, 1993, to the oveloper. A copy of the letter is attached as Exhibit "C". On october 14, 1993, the utility informed Staff of the specific marges 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 rea. Staff, by now attempting to limit the AFPI charge to innections 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 quests 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

#### DEFORE THE FLORIDA PUBLIC SERVICE COUNTSSION

Application for Amendment of Cortificate No. 'a Lake County by LAKE COLLEGE, INC.

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

The tollowing Commissioners participated in the disposition of

THOMAS II. BEARD, Chaleman SUSAN F. CLARK J. TERRY BEASON BETTY EASLEY LUIS J. LAUREDO

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

by THE COMMISSION:

horice 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 that unless 8 person whose interests are substantially affected files a petition for a formal proceeding pursuant to Rule 25-22.029, riorlda Administrative Code.

#### Dackground

Lake Utility Services Inc. (LUSI or utility) is a Class C utility providing water service to twolve separate service areas in Lake County. This amendment application encompasses a 20 square mile area which includes ten of the twelve previously certificated stems owned by LUSI. The utility provides water service in Lake County to approximately 300 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 rebruary 25, 1992, the utility applied for an amendment to extend the certificated territory. An objection to the application was filed by letter dated linrch 4, 1992, by the City of Clermont (City). The City's objection was based on its ballet that the quested extension of territory was in conflict with the City's approved comprehensive plan.

13017 10029 ELL TEG-LECCLUSZREPORTOL



ORDER NO. PSC-92-1169-FOF-HU DOCKET NO. 920174-NU PAGE 2

on September 10, 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. 196-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 fules. In particular, the hotarized application contains:

- A filling fee in the amount of \$2,250.00, which amount is \$1,350.00 in excess of the required fee as preactibed by Rule 25-30.020, Florida Administrative Code.
- 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.
- Proof of notice of application to interested governmental and regulatory agencies and utilities within a four-mile tadius 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.
- 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 tust 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 deveral tesidents in an area currently receiving service from too contaminated wells. The utility plans to interconnect their present water systems in the area to provide more reliable and present water systems in the area to provide more reliable and efficient nervice and to extend transmission lines from these efficient nervice and to extend transmission lines from these efficient nervice and to extend transmission lines from these efficient nervice and to extend transmission lines from these efficient nervice and to extend transmission lines from these efficient nervice and to extend transmission lines from these contacted and stated that tust has no current violations.

ORDER NO. PSC-92-1369-FOF-NU DOCKET NO. 920174-NU PAGE 1

based on the above information, the Comminsion 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 Fed

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 \$11 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 25-20.020, flotida 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 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 blant capacity charge of \$569 per equivalent residential connection (ERC), a main extension charge of \$500 per ERC, and meter installation charges by meter size including a charge of \$100 for \$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 tata 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-ald-of-construction (CIAC), thus keeping the object of the lange of a lover level for retemaking burposes. Therefore, Lusi shall charge the customers in the additional territory the rates and charges approved in its tariff for the crescent Bay system cuttently on file with this Commission.

based on the torogolng, It is, therefore,

ondened by the florids rubile Service Commission that Certificate No. 496-W held by Lakh Utility Services, Inc., 200 Weatherstield Avenue, Altamonte Springs, Florida 32714, is hereby

DOCKET NO. PSC-92-1369-FOF-NU DOCKET NO. 920174-HU

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

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

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

ondened 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 ioi East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ondened that this docket shall be closed it no protest is teceived.

by oncen of the florida bubile service commission this 24th

Divinion of Records and Reporting

1 5 t. A 1. 1

SLE

DOCKET NO. 920174-WU

#### HOTICE 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 judicidi teview 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 teview 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 fermal 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 Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on December 15, 1992. In the absence of much a petition, this order shall become effective on the date subsequent to the above date as provided by File 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 televant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Fiorida Supreme Court in the case of an electric, gas or telephone utility or by the First bistict Court of Appeal in the case of a water or wastewater utility by filling a notice of appeal with the birector, bivision of Records and Reporting and filling a copy of the notice of appeal and the filling fee with the appropriate court. This filling must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Fiorida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(s), Florida Rules of Appellate Procedure.

DOCKET NO. 920174-WU

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.

: No. rsc-92-1369-FOF-NU ET 110. 920174-WU . .... 7

#### ATTACILHERT A

#### LAKE UTILITY benvices, INC.

BERVICE TERRITORY DESCRIPTION - BOUTH CLERHOUT REGION - LAKE COUNTY

Township 22 South, Range 25 East, Lake County

ALL OF SECTION 35, LESS LAKE HIMBERAIN. . ALL, OF SECTION 36, LESS LAKE HIMMEHAMA.

Township 22 South, Range 26 East, Lake County

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

Township 23 South, Range 25 East, Lake County

ALL OF SECTION 1, LESS LAKE HIMMERANA, AND LAKE SUSAN. ALL OF SECTION 2, LESS LAKE HIMMEMANA, AND CRESCENT LAKE. ALL OF SECTION 11, LESS CRESCENT LAKE, AND SAN 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 SAN HILL LAKE AND LAKE GLOWA. ALL OF SECTION 21, LESS LAKE HELLIE, AND LAKE GARY.

Township 23 South, Range 26 East, Lake County

ALL OF SECTION A 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 G. LESS LAKE SUSAN, AND LAKE LOUISA.

ALL OF SECTION 7, LESS LAKE LOUISA. ALL OF SECTION 0, LESS LAKE LOUISA.

ALL OF SECTION 9 THAT IS WEST OF THE CENTERLINE OF U.S.

HIGHWAY 27. ALL OF SECTION IS THAT IS WEST OF THE CENTERLINE OF U.S. HICHHAY 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. AY 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 Effective 08/07/92 Sixth Revised Sheet No. 19.0, 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 Effective 04/12/91 Original Sheet No. 25.1, 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, IDS. WATER TARIFF

#### GENERAL SERVICE

#### RATE SCHEDULE GS

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

of the Commission.

#### BLEDENCAPERIOD AND THE HONTHERS

MINIMUM BILL

BATE	- (PER MONTH) Meter Size 5/8"x3/4" 3/4"	Base Facility Cha \$ 14.69 22.01 36.69	rgs
	1 1/2" 2" 3" 4"	73.39 117.41 234.03 366.92	
	Gallonaga Charge Per 1,000 gallons	\$ 1.65	

TERMS OF PAYMENT	-	Bills	are	due	and	payable	when	rend

- Baso Facility Charge

lered 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	Vice President, Finance
		Addwarment	

Florida Public Service Commission

APPROVED

Docket No. <u>HS-92-0145</u>

Docket No. <u>N/A</u>

Docke

Director Division of Water and Sewer Sixth Rovised Sheet No. 15.0 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

BATE - (PERCHONTH)
Metor Size
5/8"x 3/4"
Boso Facility Charge
SE14769 3 28

Gallonage Charge \$ 1.65 Per 1,000 gallons

MINIMUM RILL - Base Facility Charge

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.

...ECTIVE DATE - August 7, 1992

Patrick J. O'Brich ISSUING OFFICER

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

Vice President, Financo

Florida Public Service Commission
APPROVED

W. 1912/1920

August 7, 1992

Mark H. Kill

Director Division of Water and Sewer

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

Us-

TERVICES, INC.

Water ruffft

#### MULTI-RESIDENTIAL SERVICE RATE SCHEDULE MS

AVAILABILITY - Available throughout the area served by the company.

APPLICABILITY -To any moster-metered residential customer in the Crescent Boy subdivision) and Lake Saunder Acres subdivisions including but not limited to. Condominiums, Aparlments and Mobile Home Parks.

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

RAIE - Not applicable at this time

MINIMUM CHARGE .

Par-

IERM OF PAYMENT - Bills are due and payable when rendered and become delinquent if paid with a wenty (20) days. After (5) five days written notice, sorvice may then be discontinued.

""CLIVE DATE - January 8, 1992

TYPE OF FILING - Tenitory Amendment

Poirick J. O'Biten Vice President, Finance , Florida Public Service Commission
APPROVED

ity No. WS-91-0234

Docket No. 910760-WU

orger No. 24286

January 8, 1992

Director Division of Water and Sewer

Ofthe H Keo

1

ORIGINAL SHEET NO. 22.1

CANCELS RULE NO. 24.0 (FIRST REVISED SHEET NO. 14.0)

& FIRST REVISED SHEET NO. 14.0)

LATTY SERVICES, INC.

# 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 guaranter 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 IMPOSIT - The amount of initial deposit shall be the following according to metor size, or an amount to cover charges for three (3) months service which over is greater.

General Service

citates in Reconst	Residential	Ceneral Scivits
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 Ruse 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 exparate and apart from any bill for service. The mount of the required deposit shall not exceed an amount equal to the average.

in inued to Sheet No. 22 1-A)

Patrick | O Brien

Florida Public Service Commission

#### APPROVED

Order No. 24139

Effective April 12, 1991

Charle H IKES

Director

Division of Water and Sewer

# CANCELS THIRD REVISED SHEET NO. 24.0

TOUR SERVICES, INC.

### MISCELLANEOUS SERVICE CHARGES

Amber Hill, Clermont I - Four Winds, Clermont II.

Croscont Wast, Highland Point, Lake Ridge Club.

The Oranges, The Vistos I & II.

Croscont Bay, Lake Crescont Hills and Lake Saunders Acres Subdivisions

The company may charge the following miscellaneous service charges in occordance with the terms stated herein. If both water and wastewater services are provided, only a single charge is appropriate unless accumstances 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.

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

PREMISES VIST 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 orrangements to pay the bill.

# Schedule of Miscellangous Service Charges

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

EFFECTIVE DATE - 02/14/92

TYPE OF FILING - Tarritt Correction

Patrick J. O'Brien Vice President, Finance Florida Public Service Commission

APPROVED

Docket No. N/A

Order No. N/A

Effective February 14, 1992

Director Division of Water and Sewer

Charle H 1kill

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

1 THE UTILITY SERVICES, INC. TO THE 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 Per ERC/Year	\$ 14.28 \$ 171.34

# , ALLOW ANCE FOR FUNDS PRUDENTLY INVESTED

# SCHEDULE OF CHARGES IF CONNECT TO LINES CONSTRUCTED BY UTILITY

	1958	1969	1990	1991	1992
January.	\$ 15.10 30.20	\$198.05 214.87	\$401.85 420.60	\$605.09 605.09	\$608.09 608.09
February March	45.31	231.69	139.35	608.09	608.09
April	60.45	248.52	458.10	608.09	608.09 608.09
May	75.51	265.34 282.16	476.85 495.60	608.09 608.09	603.09
june July	90.61 105.71	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	349.46 366.28	570.59 589.34	608.09 608.09	608.09
November December	166.12 181.22	383.10	608.09	605.09	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 FT - 'd: Public Service Commission
APPROVED

/uthority No. WS-90-0390

Docket No. 900906-WU

Green No. 24139

Effective April 12, 1991

Charle H Kill

Director Division of Water and Sewer

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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

# ALLOW ANCE FOR FUNDS PRUDENTLY INVESTED

# SCHEDULE OF CHARGES IF CONNECT TO LINES CONTRIBUTED TO UTILITY

January February March April May June July August September October	1988 5 7.45 14.90 22.35 29.81 37.26 44.71 52.16 59.61 67.06 74.51	1989 \$ 97.72 106.01 114.31 122.61 130.91 139.21 147.51 155.81 164.11 172.41	1990 \$196.25 207.50 216.74 225.99 235.24 244.49 253.73 262.98 272.23 281.47	1991 \$299.97 299.97 299.97 299.97 299.97 299.97 299.97 299.97 299.97	1992 \$299.97 299.97 299.97 299.97 299.97 299.97 299.97 299.97 299.97
October November December	74.51 81.96 89.42	180.71 189.00	290.72 299.97	299.97 299.97	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	Foo
	\$100.00
5/8" 13/4"	\$143.00
	\$290.00
1.5	\$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

> Director Division of Water and Sewer

> > 1

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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

m -- Ida Public Service Commission

### APPROVED

Docket No. 900906-WU

Order No. 24139

Effective April 12, 1991

Charle H 1600

Division of Water and Sewer

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

LAME UTILITY SERVICES, INC.

# 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

.thority No. WS-90-0255

Docket No. 900645-WU

Order No. 23839

Effective December 19, 1990

Short H KED

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

## 1.0 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 precodent 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 System Capacity Charge Per ERC Line Extension Fee per ERC (for Lines Constructed by the Utility) Allowance for Funds Prudently Invested See Sheet No. 25.1-A 5569.00

\$506.00

See Sheat No. 25.1-25.1-A

### Public Service Commission

#### APPROVED

no ty No	. WS-90-0390
Pocket No.	900906-WU
· · · · · · · · · · · · · · · · · · ·	24139
Effective	April 12, 1991

Director

Charle H. 1120

Division of Water and Sewer

Third Revised Sheet No. 17.4 Cancels Second Revised Sheet No. 17.4

LAME UTILITY SERVICES, INC.

# CRESCENT BAY SURDIVISION

# 1.0 INSPECTION FEES

1

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 for 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.

## 0.0 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

Charle H 1kill

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 Doveloper 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 unloss the Contributor agrees in advance, to defray those initial expenses an 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 .t O'Brian

+ 140

. ...ida Public Service Commission

### APPROYED

Authority No. WS-90-0255 Docket No. 900645-WU Order No. \_\_\_23839 Effective December 19, 1990

Director

Division of Water and Sewer

Charle H 1keo

### 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)

OCT 11 1983

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,

Charlotte M. Hand-Regulatory Analyst

Charlotte m. Han

Ben E. Girtman, Esquire

EXHIBIT

#### LAKE UTILITY SERVICES. INC. AN APPILIATE OF UTILITIES, INC.

200 WEATHERSFIELD AVENUE

ALTAMONTE SPRINGS, FLORIDA 32714

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

October 14, 1993



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

OCT 18 1993

Office of BEN E GIRTMAN ... Florida: \$20-272-1919

Fax: 407-869-6961

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

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-POF-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) Main Extension Fee (16 sites x \$506.00) Amount Due at time of Agreement

\$ 9.104.00 8.096.00 \$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.

Warld Krommun Donald Rasnfusson Regional Director

DR/Jr

Enclosures cc w/encl:

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



# THIL. REVISED SHEET NO. 26.0 CANCELS SECOND REVISED SHEET NO. 26.0

LAKE UTILITY SERVICES, INC.

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 \$569.00

MAIN EXTENSION FEE

\$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).

Motor Size	12	Fee
5/8" x 3/4"		\$100.00
10 23/1	¥1	\$143.00
15"		\$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

# 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  Per ERC/Year	\$ 14.28 \$ 171.34

# ALLOW ANCE FOR FUNDS PRUDENTLY INVESTED

# SCHEDULE OF CHARGES IF CONNECT TO LINES CONSTRUCTED BY UTILITY

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

EFFECTIVE DATE - April 12, 1991

TYPE OF FILING - Corporate Reorganization

(Continued to Sheet No. 25.1A)

Patrick J. O'Brien Vice President, Finance

#### DEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

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

The following Commissioners participated in the disposition of this matter!

THORAS H. BEARD, Chaleman SUSAN F. CLARK J. TERRY DEASON BETTY EASLEY LUIS J. LAUREDO

EINAL ORDER GRANIING ANDITIONAL TERRITORY
AND
NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTANIISHING RATES AND CHARGES

by THE COMMISSION:

NOTICE IS HERENY 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 & 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 twolve separate service areas in Lake County. This amendment application encompasses a 20 aquare mile area which includes ten of the twolve previously certificated systems owned by LUSI. The utility provides water service in take County to approximately 130 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 harch 4, 1992, by the City of Clermont (City). The City's objection was based on its ballet that the requested extension of territory was in conflict with the City's approved comprehensive plan.

- - The Table Transfer of \$15

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THES - LECCLIES / REPORTED.

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

On September jo, 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:

- A flling 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.
- Adequate service territory and system maps and a territory description, as prescribed by Rule 25-30.036, territory description, as prescribed by Rule 25-30.036, the roll of the code. The additional territory in the South Clermont Region of take County is described in Attachment A of this Order, which by reference is incorporated herein.
- J. Proof of notice of application to interested governmental and regulatory agencies and utilities within a four-mile tadius of the territory, and proof of advertisement in a newspaper of general circulation in take county, as prescribed by hule 25-30.030, Florida Administrative Code.
- Evidence that the utility owns the land upon which its facilities are located, as required by hule 25-30.036, Florida Administrative code.

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

The hadditional territory is located in close proximity to the utility's existing nervice area and will provide service to deveral tesidents in an area currently receiving service from ton contaminated wells. The utility plans to interconnect their efficient nervice and to extend transmission lines from these efficient nervice and to extend transmission lines from these efficient nervice and to extend transmission lines from these efficient nervice and to extend transmission lines from these efficient nervice and to extend transmission lines from these addition, the Department of Environmental Regulation (DER) was contacted and stated that tust has no current violations.

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

based on the above information, the Comminsion 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.

# Retund of Excess Filled Fed

The Commission required an increase of the original filing tee of \$150.00 to the maximum amount of \$2,250.00 based on estimates of the potential occupancy of \$11 the land portions of the territory to be included within the certificate. The utility paid the additional tee, under protest, and requested a review on the basis of projected population growth. Population growth for the next ten years 18 projected to be 4.780 persons and, pursuant to Rule 25-30.020, fiorida Administrative code, the correct filing fee for an amendment application to provide service to an additional 4.780 persons 18 \$900.00. Therefore, the Commission finds that the amount of \$1,350.00.

## Rates and Charges

LUS1 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 \$500 per ERC, and meter installation charges by meter size including a charge of \$100 for a \$/8" x 1/4" meter. We believe that the charges approved for the Crescent Bay system will provide for tuture customers to pay their pro tata 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 and charges the customers in the additional territory the rates and charges approved in its tailf for the Crescent Bay system cuttently on file with this Commission.

based on the toregoing, it is, therefore,

onvenes by the florida rubile service commission that certificate No. 496-W held by Lakh Utility Services, Inc., 200 Heatherstield Avenue, Altemonte Springs, Florida 32714, is hereby

ORDER NO. PSC-92-1369-FOF-NU bocket No. 920174-NU PAGE 4

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

ti, 150.00, be retunded to the applicant. It is turther

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

onother 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 betition 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 12399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

oncenen that this docket shall be closed it no protest is

by onder of the florida tubile service commission this 24th

Divinion of Records and Reporting

1 S E A 1. 1

SLE

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

### HOTICE 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 judicist teview 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 Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on December 15, 1992. In the absence of nucli 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 protent 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 protent 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 filling a notice of appeal with the birector, bivision of Records and Reporting and filling a copy of the notice of appeal and the filling fee with the appropriate court. This filling must be completed within thirty (10) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate freedure. The notice of appeal must be in the form specified in Rule 9.900(s), Florida Rules of Appellate freedure.

DOCKET NO. 920174-NU PAGE 6

Any party adverse y 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 electtic, gas or telephone utility or the Fitst District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Actords 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-NU DOCKET NO. 920174-NU PAGE 7

. .

### ATTACHHENT A

#### LAKE UTILITY BERVICES, INC.

BERVICH TERRITORI DESCRIPTION - SOUTH CLERHONT REGION - LAKE COUNTY

Township 22 South, Range 25 East, Lake County

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

Township 22 South, Range 26 East, Lake County

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

Tounship 23 South, Range 25 East, Lake County

ALL OF SECTION 1, LESS LAKE HINNEHAMA, AND LAKE SUSAN.
ALL OF SECTION 2, LESS LAKE HINNEMANA, AND CRESCENT LAKE. ALL OF SECTION 11, LESS CRESCENT LAKE, AND SAW HILL LAKE.
ALL OF SECTION 12, LESS CRESCENT LAKE, FLORENCE LAKE, AND HALFII LAKE.

ALL OF SECTION 13, LESS LAKE HELLIE.

ALL OF SECTION 14, LESS SAN HILL LAKE AND LAKE GLONA. 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. HIGHNAY 27.

ALI, 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. HICHHAY 27, AND LESS LAKE LOUISA.

ALL OF SECTIONS 17, 10, 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-1), Doc. «

# LAKE UTILITY SERVICES, INC.

200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS, FLORIDA 32714

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

November 12, 1993

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

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) \$ 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.

Anialil Framusa

Regional Director

If this Agreement is acceptable, please sign and return.

Accepted: Preben Olesen

11-15-93 Date EXHIBIT

DOCKET NO. 980483-WU

Witness: Wenz

Exhibit (CW-1)\_\_\_\_

Doc.5: January 27, 1998 letter to Ben Girtman form 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
(\$50) 413-6900

# Public Service Commission

January 27, 1998



Office of BEN E GIRTMAN

Ben 1 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 <u>until</u> the utility reaches design capacity, which is <u>106 ERCs</u>. 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.

Docket No. 980483-WU Witness: Wenz Exhibit (CW-1), Doc. 6

### BEN E. GIRTMAN Attorney at Law

1020 East Lafayette Street Suite 207 Tallahassee, Florida 32301-4552 Tulephone: (904) 636-3232

(904)

Facsimile: (904)

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 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 <a href="Exhibit "F"">Exhibits "A"</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 arm would result in having AFPI for fewer ERCs in Crescent Bay, reduced on a one-forone 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 <u>rates</u> 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-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.

#### 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
System Capacity Charge Per ERC
Line Extension Fee per ERC (for
Lines Constructed by the Utility)
Allowance for Funds Prudently
Invested

See Sheet No. 25.1.-A \$569.00

\$506.00

See Sheet No. 25.1-25.1-A

Effective: April 2, 1993

Territory Amendment

Vice President, Finance



AFTER

Sep-19-97 11:45A Utilities Inc. of FL

407 559-6961

P.06

LAKE UTILITY SERVICES, INC. WATER TARIFF

Second Bevised Sheet No. 27.6 Cancels First Pevised Sheet No. 27.6

SCALDULE OF PEES AND CHARGES CAESCENT BAY SUBDIVISION

LAKE UTILITY SERVICES, INC.

CANCELS SECOND NEW SED SHEET NO. 27-3

Crescent Bay Subdivision

SERVICE AVAILABILITY SCHEDULE OF PEFS AND CHARGES

PLANT CAPACITY CHARGE Per ERC

1569.00

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

\$ 506.00

\$ 569.00

\$ 1428

GLARANTEED REVENUE CHARGE Per ERC/Month

\$ 14.78

\$306.00

(Connect to Lines Constructed by the Utility) Per INC.

PLANT CAPACITY CHANGE

PER ENC

MAIN LITENSTON FEE

CURRANTEED REVENUE CHANCE

Per EMC/Month Per EMC/Year

Per INC/Year

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

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Docket No. 980483-WU Witness: Wenz Exhibit (CW-1), Doc. 6

3222222222 PPPPPPPPPPPPP

EFFECTIVE DATE - April 12, 1991

IYPE OF FILING - Corporate Reorganization

(Continued to Sheet No. 23.14.)

Effective: Amendment

Patrick J. O'Belen Vice President December 19, 1990

BEFORE

407 869-6961

49-19-97 12:01P Utilities Inc. of FL

90.4

AFTER

669-6961 403 up-19-97 12:01P Utilities Inc. of

P.07

OF FL

Sep-19-97 11:46A Utilities Inc.

407 869-5951

P.03

LAKE UTILITY SERVICES, INC WATER TARIFF

CANCELS SECOND REVISED SHEET NO. 27.7

ORIGINAL SHEET NO. 25.1-A

Continued from Sheet No. 25-13

# SERVICE AVAILABILITY SCHEDULE OF EFFS AND CHARGES

Crescent Bay Subdivision

ALLOWANCE FOR FUNES PRUDENTLY INVESTIG

YOU THE OF CHARGES IF CONNECT TO LIMES CONTRESSURED BY UTILITY

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March	22.33	11431	216.74	299.57	299.97
April	29.81	122.61	275.99	299.63	299.95
May	37.26	130.91	23524	299.50	299.97
June	44.71	13921	244.49	266.62	299 97
July	32.16	1031	23173	299.57	299 47
August	3941	13541	24.2 98	299.97	299.97
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## METER INSTALLATION FEE

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April 17, 1991 EFFECTIVE DATE .

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Patrick 1 O Brien

CACLES ORIGINAL SMEET NO. 25.1-A SERECTED SEE SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES CHERT CHE THE PROPERTY OF CHANGES IN CONNECT TO LINES CONTRIBUTION TO FINE STATES. Crescent Bay Subdivision 1127 ALLOWANT FOR FUNDS PRUGENTLY INVESTED 198.5 197.72 106.01 125 130.91 139.21 10.31 (Continued from Sheet No. 73.1) LAKE UTILITY SERVICES, INC. WATER TARIFF Sovember . December

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## MATTER DESTALLATION TEES

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April 17, 1991 DITECTIVE DATE .

Docket No. 980483-WU Witness: Wenz Exhibit (CW-1), Doc. 6

TYPE OF FILING - Corporate Resugsationing

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.

Docket No. 980491 Mr./ Witness: Wenz Exhibit (CW-1), Doc 7

### BEN E. GIRTMAN

Attorney at Law

1020 East Lafayette Street Suite 207 Tuitahassee, Fierida 32301-4552 Telephone: (904) 656-3232

(90

Facsimile: (904) 050-5-55

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 postponin, 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-97-0331-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.

# ADDITIONAL TERRITORY GRANTED BEFORE

Sixth Ervised Sheet So. 18.1 Cancels Fifth Eavised Sheet So. 18.1

MANUEL DIV CONDANT

I ALE WILLING SPRINGS, INC.

WATER TARIFF

CENTRAL SERVICE

IATE SOSTABLE SE

Greecest Will, Clermost I. - Cour Winds Clermost II.

Greecest West, Highland Pales, Like Hidge Club
The Orenges, The Vision I & II.
and Lake Greecest Mills

· Available throughout the area served by the Coopury AWALLAMILITY

For water service to all customers for which no other echedule applies. APPLICABILITY

Subject to all of the Bules and Japulations of this tariff and Conersi Bules and Repulations of the Commission. LIMITATIONS

· \$1 - BONTHLY MILLING PURIOR ( BI-ROWTHLY ) RAIL

14.07 first 10.000 gallens .49 per 1.000 excess Sater Jies All Seter Store

have facility Charge THE MINIMIN Bills are due and payable when rendered and become delinquent if met paid within twonty (10) days. After five (5) working days written notice is nailed to the customer separate and spert from any wider bill, service may then be discontinued. THESE OF PATRICES .

. July 8, 1994 DESCRIPT MIL

Ph. rrice index . Pass Demph DAY OF FILLS.

Patrick J. S'Bries ESSUENC PERSON

Pica Prasident, Fluence UTLE

# ADDITIONAL TERRITORY GRANTED AFTER

CANCELS SOUTH HEVISED SHEET HO. 19

LAKE UTILITY MERICES, INC. NAME OF COMPANY

WATER TARIFF

GENERAL SERVICE

BATE SCHEDULE GS

Available throughout the area served by the Cump AYAILABILITY -

To all customers in the Chermont I it il. Amber 118. Highland Putst. The Charges, Lake Ridge Clab. The Vistas I it il. Crescent West, Lake Crescest Hills, Crescent Ray, Presion Care, South Curmon Regon and all Assure areas APPLICABILITY -

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

M-MORTHLY DELLING PERSONS.

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Bate Facility Cherry VF:3/c

Callenage Charge Per 1,000 gallons

100

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Bills are due and payable when rendered and become delinquent if not paid within twenty DOI days. After the E3 working days writien notice is mailed to the customer acquirest and apart from any other bill, service may then be TERM OF PAYMENT.

September 20, 1996 EFFECTIVE DATE.

Stecontinued.

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MIDIN

Docket No. 980481-WU

Witness: > Exhibit (CW-2)

# ADDITIONAL TERRITORY GRANTED BEFORE

Stath Lawiesd Sheet He. 19.2 Cancels Fifth Lawiesd Sheet He. 19.2

ANCE OF CONTRAFT

LACK VILLITY SERVICES. DIC

WATER TARIFF

RESIDENTIAL SERVICE

BATA SCHOOL AS

Amber Hill, Clermont I - Four Unde, Glarmont II., Crescent Vest, Highland Polot, Labs Midge Club The Oranges, The Vistas I & II., and Labs Greecest Hills

. Available throughout the aces served by the company ATAILABILLIT APPLICABILITY

For vacar service for all purposes in private residences and individually secured apartment units.

Subject to all of the Dales and Repulations of this tariff and General Dales and Repulations of the Commission. LINITATIONS

AI - NOWTHEN ALLING PEXIOD ( BI-MONTHLY )

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Sater Alan

14.07 first 10,000 gallons .69 per 1,000 excess

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. July 8, 1994 DIRECTIVE DATE

. 1994 Price Indes & Pass Through DATE OF PILISO

Parriet J. O'Acles Issuine Pinton

Vice President. Plasnes TITLE

## ADDITIONAL TERRITORY GRANTED AFTER

CANCELS SECTI REVISED SHEET NO. 19

LAKE UTILITY MERVICES, INC. NAME OF COMPANY

WATER TAUGT

PETEDENTAL SERVICE

BATE SCHEDULE BY

Arsdable Unoughood the area served by the Company

AYALLABILITY

To all contonners in the Clermont I & R. Anther Nill, Rightand Pearl, The Oranges, Lake Ridge Clock, The Visitas I & R. Crescess West, Lake Crescent Hills, Orangest Region and all Asture areas APPLICABILITY -

Subject to all of the Rules and Pegulations of this tarist and General Pulsa and Pegulations of the Commission. LIMITATIONS -

IN-MONTHLY MILIBEL PERIODS

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Per Month

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September 20, 1996 EFFECTIVE DATE.

Interton Pates TYPE OF FILLING - Cadd Wirst ISSURE OFFICER Year Drawless, Benjalists His TITLE

Docket No. 980483-WU

Witness: Wenz Exhibit (CW-2)

CANCELS RITE NO. 240 (FIRST REVISED SHEET NO. 130
4. FIRST REVISED SHEET NO. 140

LAKE UTILITY SERVICES. INC WATER TAKIFF

# SCHEDULE OF CLYTOMER DEPOSITS

## Crescent Bay Subdevision

EXIABLISHMENT OF CRIDII. Before rendering water service, the Company may require an applicant for service to saird actionly establish credit but such establishment of credit shall not relieve the customer from complying with the Company a rules for prompt payment. Gredit will be deemed to established, in accordance with Rule 25-30.311. Florida Administrative Code, if:

- 1A: The applicant for service formother a ransfactory guarantor to recure pay ment of hills for the service requested
- (B) The applicant pays a cash deposit
- IC. The applicant for service furnisher an irrevocable letter of credit from a bank or a surety bond.

AMOUNT OF PERMIT - The assount of initial deposit thall be the following activiting inmeter size or an assount to cover charges for three 131 months service whichever is preside.

General Service

Retroental

\$ 50.00	2 90 00	\$16000	\$25000	
2005	\$5000	N/A	N/A	
5/6 1 3/4	-	1 1/2	Over 2	

ADDITIONAL DEPOSIT - Under Rule 25-30-31 1171 Florida Administrative Code, the Company may require a new deposit in order to secure pay meat of current bulls provided. The Company shall provide the curtomer with reasonable written notice of my less than 30 days where such request or notice is separate and apart from any bull for service. The total amount of the required deposit shall not effect an amount of the average.

Continued to Spect No. 22 1-A.

## APPER ADDITIONAL TERRITORY GRANTED

CANCELS GRICIAL SHEET NO. 22.1

WATER TAKET

# SCHEDISK OF CLESCHER DEPOSITS

Crescent Bar: Subdivision and that Additional Territory Approved in \$75C-82-1389 FOF-BU

ESTABLESIMENT OF CIRCLET - Refore rendering water screeks, the Company may require an applicant for service to authorizedly establish credit, but such establishment of credit shall not reform the continues from complying with the Company's rules for periods payment. Credit will be deemed to established, to accordance with Rude 25 30 311, Fuerda Administrative Corp., E.

- (A) The applicant for service furnishes a satisfactory goarnator to sectors payment of bills for the service request.
- I The applicant pays a cash deposal.
- 63 The applicant for sorvice furnishes an introscable letter of credit from a bank or a sweety band.

AMOLITICAL DICENTIAL - The amount of buttal depost shall be the fallowing accreting in meter wise, or an amount to cover charges for them CB months service, whethever is greater.

puttal Graze	620.00 6 20.0 620.00 8 90.0 N/A 6160.0
	11/2 200 T

ADDITIONAL DEPOSITE Under Rude 25-30.311 (7) Plantes Administrative Code, the Company may require a new deposit in order to secure prevent of current build provided. The Company shall provide the customer with reasonable written maker of not less than 30 days where such request or notice is an order and apart from any buil for service. The latal amount of the required of positive to expert to an amount step this overage.

EFFECTIVE. April 2, 1993

Territory Amendment

Vice President, Plunce

# ADDITIONAL TERRITORY GRANTED

CWCELS THATO REVISED SHEET NO. 24.8

LAME URLEY SERVICES, INC. WOLN TONE

# MISCRIMAGOUS SERVICE CHARGES

Antibe Hit Central I-fou Windt, Clemon B.
Cescent West, Highband Plets, Lobe Bid. je Ch.d.,
The Concept Be Wilder B B.
Cescent Boy, Loke Cescent His and Lobe Sounder Acres Subdivision

The company may charge the following miscelaneous service charges in occopance with the leans plated heath. If both water and waterwides services are provided, only a single charge it aspropriate unless characteristics beyond the control of the company enhances the control of the company enhances.

MINA CORRECTION: the charge would be texted for service relation of localism where service did not easil previously. NORMAL RECORRECTION—The charge would be levied for learner of survive to 0 new customer occount of a previously served location or recommends of services actualized to a customer requested abconnection.

VICARION SECONNICALNIA - Pre-charge would be invited piter to reconnection of on senting customes often disconnection of senten for course occording to Rus 75 XX XXIII. Houdo Administrative Code. including a deimpassicy in tall popensing.

RESIDENT VER CHARGE (FRIED OF DESCREECINGS). The charge would be beined when a savice representable with a person for the purpose of decontrusty savice for norphymers of a due and categorists the purpose of decontrusty savice but norphymers of a due and categorists that and does not decontrust savice but norphymers for a savice regresserable or otherwise modes indispotable grangements to pay the bit.

# Schacke of Miscelpheora Service Chapma

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THE OF RU. . - Tork . . . Clan

# AFTER ADDITIONAL TERRITORY GRANTED

CANCELS FUTH REPERED SHEET NO. 34.0

LAKE UTILITY SERVICES, DIC.

# MINISTER AND SERVICE CHARGES

ALL APEAS - EXCEPT HARBOR DAYS AND FOUR LAKES SUIDINISIONS

The company may charge the following misschancous arrives charges in accordance with the terms stated berete. If both water and vusit-water services are provided, only a single charge is appropriate unites circumstances beyond the central of the company requires multiple activities.

INITIAL CONSTITUTION. Thus charge would be levind for service institute at hesisten where nervice did not exist previously.

MORBASE EXCENDENCED 1. This charge would be levied for transfer of service is a new customer recount at a previously served location or reconnection of service autosupurest to a customer requested disconnection.

YOLAYEDE BECORRECTICIE - This charge would be broad print to retrainention of an eaksing customer alter disconnection of service for cause according to Rule 25-20 33-2021. Flurds Administrative Cude, including a delimporing to full payment. PSZNESEZ WEST CHARGOE I BE LIELLOF DE DIFCONSECTIONS - This change would be haved when a survice representative visits a permitient for the purpose of discussionaling service for inapparent of a due and onlinesable buil and does and discussional service because the customers pero the terries representative or otherwise makes autidisting serongumenta to pay the both.

# Scholak of Hiscolanean Service Changes

815.0	615.0	0.519	810.0
			section )
			of checusary
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Cambridge	on Recor	on Rece	RED VISE
Infilla	Norms	Value	Į

EFFECTIVE DATE - April 2, 1993

TYPE OF PILING - Territory Amendment

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

Being tone

Vce heiden, fronce

#### BEFORE ADDITIONAL TERRITORY GRANTED

#### AFTER ADDITIONAL TERRITORY GRANTED

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

LAKE UTILITY SERVICES, INC.

Mater Tariff

SCHEDULE OF FEES AND CHANCES

CRESCENT BAY SUBDIVISION

PLANT CAPACITY CHARGE

PER ENC

\$549.00

HAIR EXTENSION FEE

(Connect to Lines Constructed by the Utility)

Per ERC

1506.00

CHARACTEED REVENUE CHARGE

Per ERC/Month

\$ 14.28

Per ENC/Year \$171.34

ALLOHANCE FOR FUNDS PRODUCTLY DOVESTED

SCHEDULE OF CHARGES IF COMMICT TO LINES CONSTRUCTED BY DTILLTY

	1308	1389	1330	1991	1992
January	\$15.10	\$190.05	\$401.83	1408.09	1408.09
February	30.20	214.67	420.60	608.09	608.09
Harch	45.31	231.69	439.35	600.09	608.09
April	60.45	248.52	450.10	608.09	608.09
Rey	75.51	265.34	476.05	608.09	606.09
June	90.61	282.16	495.60	608.09	604.09
July	105.71	290.99	514.34	600.09	600.09
August	120.91	315.81	533.09	600.09	608.09
September	135.92	332.63	551.04	600.09	608.09
October	151.02	349.46	570.59	608.09	608.09
Hovenber	166.12	366.28	589.34	608.09	608.09
December	181.22	383.10	608.09	600.09	608.09

Effective: December 19, 1990

Amendment

Patrick J. O'brien Vice President

ORIGINAL SHEET NO. 23-1 CANCELS SECOND REVISED SHEET NO. 27.6

LAKE UTILITY SERVICES, INC. WATER TARIFF

#### SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Cresceat 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 OLARGE

Per ERC/Month Per ERC/Year

\$ 14.28

\$ 171.34

ALLOW ANCE FOR FUNDS PRUDENTLY INVESTED

SCHEDULE OF CHARGES IF CONNECT TO LINES CONSTRUCTED BY UTILITY

	1258	1982	1222	1991	1992
Jeauncy	\$ 13 10	\$296.03	\$401.03	\$406.09	1404 09
February	39.29	214 17	429 60	101.09	405.09
March	ON	231 69	439 35	M05 09	600.09
April	44.65	24532	C# 10	68E 09	405 09
May	75 34	265.34	676.85	669.09	609.09
Jeas	90 61	212 16	495.40	408.09	408 09
jean jety	103.71	298 99	314.34	405.09	601 09
August	129.03	315 81	333.09	605.09	404 09
September	130.92	332 43	331.84	486.09	405.09
October	151 02	301-66	379.39	604.09	60E 09
Hevenber	164.12	344.23			
Becomber	111.22	383 10	305.34 605.09	608.09 608.09	664.09
					608.09

EFFECTIVE DATE - April 12, 1991

TYPE OF FILING - Corporate Reorganization

(Continued to Sheet No. 23.1A)

# BEFORE ADDITIONAL TERRITORY GRANTED

CANCELS SECOND REVISED SHEET NO. 27.7

LAKE UTILITY SERVICES. INC. WATER TARIFF (Continued from Sheet No. 25-1)

# SERVICE AVAILABILITY SCHEMIL OF FEES AND CHARGES

Grescent Bay Subdivision

ALLOWANT FOR FUNDS PRODOCTLY DEPESTED

YOR MELL OF CHARGES IF CONDECT TO LIMES CONTRIBUTED BY LIMES CONTRIBUTED BY

	1301	1382	1990	1991	1992
Passary.	270	247.72	\$146.23	5799 47	52999 47
Fohrmary	2 .	10,00	207 30	299 67	299 97
March	22.33	114.31	234.74	25.862	200 002
April	1162	17241	22.59	25662	240 95
May	27.20	139 14	235.74	200 052	299 47
Jose	47	13921	264.69	299.47	250 652
Party.	**	1031	20173	200.47	248 47
August	3941	13581	26.2 46	2882	298 67
September	67.0%	11111	277.23	299.62	299 62
October	7431	17241	210	299.62	299 67
Sovember	# 11	130 71	270 72	2442	299.67
Decraper	11.4	389.00	288.67	244.50	244.97

The above Allowance for Funds Prudently Invested (APPI) Charges will stop esculating when the sidely a serving SI Dit's which is correstly projected in secur in Decamber, 1949, APPI will consisse to be collected until the white resches design capacity, which is 10s INCn. This is correstly projected in secur in Bromaine, 1991.

## STITM INSTALLATION FIXS

(The second or orwangs cost to the vidity to install the water measuring device at the point of delivery, including meterials and labor required)

Ess	\$100.00	\$143.60	57.00.00	5400 009	Actual Cost ()
Metac Siza	3/1.13/6	_	15.	١.	Over Z.

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

EFECTIVE DATE - April 12, 1991

TYPE OF FILING - Corporate Resugnatization

# ADDITIONAL TERRITORY GRANTED

CANCILLS DESCRIAES SMEET NO. 23,1-4

VATER TALIFF

Cantinued from Sheet No. 15-1)

# SPRYICE AVAILABILITY SCHEDULE OF FIES AND CHARGES

Creacent Bay Subdivision

ALLOWANCE FOR FUNDS PRINCIPLY BRYESTER

SCHEDULE OF CHANCES IF COMPACT TO LINES CONFIDENCE OF CHANCES

1982	2249.67	299.67	24.45	288.82	28.62	26662	244.42	28882	24.62	24.45	26 662	28.42
1981	25,005.67	258.97	299.50	259.57	298.57	299.97	299.97	298.60	299.97	248.97	299.50	238.83
1990	\$146.23	25.22	216.74	27.75	255.24	204.69	251.71	24.2 98	27.73	201.0	2740.72	258.50
1382	2 47 72	107.01	114.51	17.77	130.90	139.21	1031	13.34	H	172.41	120.71	97 681
120	176	14.00	22.10	38.81	17.26	44.71	20 18	1766	67.88	74.31	20 12	2.00
	Passage .		March	175	1		Li	The Party of	/ Santomber	S Ormans	Bernaher	December

The above Albertace for Iteach Fresholds Invested (APR) Charges will stop escalating when the utility is serving 15 DIC s which is correctly prejected to occur in Becomber, 1940. APR will continue to be collected until the willier reaches design capacity, which is 166 DICs. This is correctly prejected to occur in Becomber, 1991.

MITTE DESTALLATION TIES

The actual or sweenge cost to the utility to lantall the water measuring device at the point of deliver including meterical and labor required).

Zon.	3,100,00	\$1-G 80	\$270.00	1400.00	Actional Cost.	
Motor Site	N.17C	_	i,		Over I'	

Docket No. 980483-WU Witness: Wenz

=

Exhibit (CW-2)

(1) Actual Cost is equal to the total cost incurred for services maderné oy a custam

EFECTIVE DATE - April 12, 1991

Detriet 1 Offices

Docket No. 990493-WU Witness: Wenz Exhibit (CW-2)

Prince & of Persons

ADDITIONAL TERRITORY GRANTED BEFORE

GANCELS FIRST REVISED SHEET NO. 26.0

AND OF COPPART LASS ETILITY SERVICES, 19C.

MATER TARIFF

MELD FOR FUTURE USE

ADDITIONAL TERRITORY GRANTED AFTER

THIRD REVISED SHEET HO. 24.0 CANCELS SECOND REVISED SHEET HO. 24.0

WARE THIS SERVICES, INC.

DERVICE AVAILABILITY SCHEDULE OF FIES AND CHARGES

This echodule applies to the additional territory approved by Onler Ho, FEC-52-1340-PCF-WU for wheth no other schedule applies

PLANT CAPACITY CHANCE PERSIC

6069.00

MAIN EXTENSION PLE Per ENC

9506.00

METER DESTALLATION PERS

(The actual or everuge cost to the villiey to install the water measuring device of the point of delivery. Including measurink and labor required).

Eas \$100.00 \$140.00 \$240.00 \$400.00 Actual Gas (1) Mater Size 3/5' 1 3/4 -2-4

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

EPPECTIVE DAIR - April 2, 1993

TYPE OF PILING - Terriary Amendment

ISSUING OFFICE

Vice President, Finance

# BEFORE ADDITIONAL TERRITORY GRANTED

Second Ravised Sheet No. 27.2 Cancels First Ravised Sheet No. 27.2

MAKE UTILITY SERVICES, INC.

SERVICE AVAILABILITY AND MAIN EXTENSION POLICY MATER

CAESCENT BAY SUBDIVISION

### 1 0 CONTRAL

The utility adopts and incorporates herein by reference, Chapter 23-30, Florids Administrative Code, (F.A.C), promulgated under Florids Public Service Commission Order No. 11066.

## 2.8 AVAILABILITY

The provisions of this policy are available throughout the territory subject to matt...s of economic feesibility as delined by hake 25-30.515(7) F.A.C.

## 3.2 CH-SITE PACILITIES

On-site water facilities may be provided by the Contributor pursuant to the requirements and specifications of the Utility.

May 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 most records establishing the construction costs of all Otility facilities as a condition precedent to their acceptance by the Utility and the initiation of pervice.

## APTER ADDITIONAL TERRITORY GRANTED

Third Restard Shoot Hts. 27.2 Cancels Second Newtond Shoot Hts. 27.2

> LASE UTILITY SERVICES, INC. Water Tard

SERVICE AVARABILITY AND MAIN EXTENSION POLICY

WATER

Crescent Bay Subdivision and that Additional Territory Approved to Order #FSC-82-1388-FOF-WU

10 GENERAL

The utility adopts and incorporates herein by reference, Chapter 25-33, Franka. Administrative Cede, (F.A.C.), presentigated under Plestia Public Survice Cumentasian Order No. 11086.

NO AVALLABILITY

The provisions of this policy out available throughood the terminy soliged to matters f economic leastfully as defined by Bule 25-30.516 (F) F.A.C.

NO CHI STE PACULTIES

On este water lacitates may be provided by the Contribution pursuend to the requirements and specifications of the Utility. Any facilities which may be constructed by the Contributes which may be constructed by the Contributes which the point of delivery as defined by rules 25-30 (7), P.A.C. shall be conveyed to the Utility by a hill of sole together with perpetual right-of-way and casements for appropriate second to facilities as well as complete as built plans for all such lines and bedittes tagerileer with accurate cost records exishibiting the construction costs of all Utility helps as a condition precudent to their acceptance by the Utility and the initiation of service.

Effective: April 2, 1993

Turtiery Amendme

Vice President, Transcr

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

Patrick J. O'Brien

December (119, 1990

Effective:

# ADDITIONAL TERRITORY GRANTED BEFORE

Second Aguland Shant No. 77.3 First Seriood SEERT NO. 27.3

LAGE UTILITY SERVICES, 1MC. Mater Tatilif

# CRESCING NAY SURRIVISION

## DET-SITE PACILITIES

administrative and other related costs, as a condition procedent to easonerits and rights-of-way topether with se-build drawings of the facilities and accurate cost records establishing the construction Dellity by bill of sale with secessary maintenance and replacement cost of the facilities, to include material, labor, engineerings, accordance with the Diflity's specifications and conveyed to the their ecceptance by the Utility and the initiation of service. Off-site systems may be provided by the Contributor in

## S. D. AUYEMETS

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

# S. B. SYSTEM CAPACITY CHARGE

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

See Sheet No. 25.1-4 3549.00	1504.00	See Sheet No. 25.1-75.1-4
Appropriate Mater Installation Fees System Capacity Charge Per LDC	(8)	In eather

# ADDITIONAL TERRITORY GRANTED AFTER

Third Revised Blood Hts, 27.3 Cancels Second Revised Shoot Hts, 27.3

UNIC UTILITY SERVICES, INC. Water Tariff

Descent Bay Bubblewon and that Additional Territory Approved in Order 4FSC-42-1369-FOF-INU

## OFF-SOR FACILITIES

nent essements and right of way topether with so-build deswings of the facilities and abar, engineerings, administrative and other related costs, as a condition precedent to their accurate cost recards establishing the countraction cost of the facilities, to include material, Off-sake opsicins may be provided by the Contathutes in accordance with the Utility's specifications and conveyed to the Utility by bill of sole with necessary manischance and ecceptance by the Utility and the 'subation of service,

### D ADVANCE

Utility as refundable advances over a period not is exected right years, from extension free past additional territory and that the Contestinator advance the cost of such everalse facilities. So If the off-sate are on-sate factifiers can serve other seress than those of the Contributer the service company may require that they be overstand to enable service to be provided to by other Caru-foutons connecting to the mate or mains to accordance with their hydrauke much of the cost as excrets the hydraulic share of the Contributor will be reloaded by the

# SO STREEM CARACITY CHANCE

shall pay service availability less as follows In addition to the fortgring fers, cust rinie Meter Imstallation Fees

tom Capacity Charge Per ESIC Live Extension For per ERC for Lines Constructed by the Ustaby Allowance for Funds Productly Invested

Ser Sheet No. 25.1.-A 6569.00 600,00

See Shart No. 25.1-25.1-4

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

Effective: April 2, 1993

Territory Amendmen

Vice President, Prunner

# BEFORE ADDITIONAL TERRITORY GRANTED

Cancels Second Sewised Sheet No. 27.4

NACE UTILITY SCHOOLS, INC.

# CHESCONT ANY SURDIVILLION

## 2 o DESPECTION FIELS

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 rawlew and imagnetion by the Utility. For this service, Utility may charge an imagnetion and plan review fee based upon the actual cost of the Utility for review of plans and imagnetion of facilities constructed by Contributor for independent contractors for connection with the facilities of the Utility. Such imagnetion fees shall be paid by a Contributor in addition to all other charges above stated, as a condition

## L B CHARACTEED BEYENETS

That not less than thirty days after the essention of a contract to reserve capacity and -- each analysezsary thereafter satil all plant capacity reserved for the Developer is serving a customer, or componer, developer shall pay to the Dillity the samed money as set forth on Original Sheet No. 25.1 for each reserved experisal connection for which the Orility has constructed adequate wars: supply and treatment capacity to serve such reserved connection for a period of one calendar year to serve such reserved connection for a period of one calendar year to serve such reserved connection for a period of one calendar year to serve served connection for a period of one calendar year to serve technical term 7.0 of the Nulse and Depalations, are added to the system, appropriate puaranteed revenue charges will be deducted from the amount paid by the Developer and refunded by the Otility to the Developer at the end of one year from the date of payment of the quaranteed revenue deposit.

Finally, if the Developer shall refuse on fail to pay the money required by this paragraph, the Agreement for sessivation by the Dillity for

# APDITIONAL TERRITORY GRANTED

Cancals Their Revised Sheet No. 27.4 Cancals Third Revised Sheet No. 27.4

> LAKE UTILITY SERVICES, INC. Water Tard

Craccal Bay Subdension and that Additional Terrainy Approves, as Order 491C-52-1368-FOF-WU

## TO DESTRUCTION PLES

Engineering plans or designs for, or construction of facilities by a Carterbular which are to become a part of Utility's system will be insighed to review and important by the Utility. For this service, Utility may charge an inspection and plan review and important by easted upon the actual cost of the Utility for review of plans and inspection of facilities constructed by Contributes for independent constructors for connection with the facilities of the Utility. Such imagentian less shall be paid by a Contributer in addition to all other charges above stated, as a consistent president.

# MO GLARANTEED REVENUES - APPlies only to the Crescent Bay Subdivision

That mot less than thirty days after the execution of a construct to magne expactly and on each assistentially the sum of the construct to magne expactly and on each assistentially the sum of many as set forth as configurate, or consumer, developer shall pay to the Utility the sum of many as set forth as Cryginal Sheet No. 25, it for each reserved equivalent residential connection for which the Utility has constituted adequate water supply and treatment expansity is some such reserved connection for a ported of one calcular supply and treatment expansity is some such reserved resembly has constituted for a ported of one calcular year in adequate. As continuous, we adding to faces a printing forth to 5.0, by technical term 7.0 of the fluids and Regulations, are adding to the system. Appropriate guaranteed revenue changes will be deducted from the annum paid by the Developer and refusaled by the Utility to the Developer at the cold of one year from the date of payment of the guaranteed revenue deposit.

Finally, if the Developer shall refuse or fad to pay the money required by this purigraph, the agreement for reservation by the Utdity for the Developer shall be well and no expectly shall be reserved for such Developer.

Electore. April 2, 1993

Territory Amendment

Ver President Finance

Docket No. \$80483-Wu Witness: Wenz Exhibit (GW-2)

# BEFORE ADDITIONAL TERRITORY GRANTED

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

DATE UTILITY SERVICES, INC.

## CHESCENE BAY SURGIVISION

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

# 9 9 BESERVE CREACITY CRASCE

If suchecised by the Finelda Public Service Commission purroant 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 quaranteed 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 requit. S to proceed with the construction of an expansion of its vater supply and/or treatment facilities in order to assure the Contributor that there will be evalable pufficient plant capacity.

# 18.8 SERVICE CHISIDE TERRITORY

Providing service outside the Utility's territory involves formal sotice and formal processions before the Florida Public Service Commission and therefore seralls empiasering, administrative and legal expenses in addition to costs incurred by the Otility providing service within its territory. The Otility, 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 extincted costs thereof. The edvancement will be adjusted to conform with actual expenses after the processions have been completed. The Otility will further make such estansions ovtaide the territory only if the extensions and treatment plant reservation or empansion to serve such extensions are economically feasible as defined by rules 25-30.315(7) F.A.C.

[ffective, December 19, 1930

# APDITIONAL TERRITORY GRANTED

LAKE UTILITY SERVICES, INC.

Third Revised Short Rt. 27.5 Cannils Socond Revised Short Rt. 27.5

Centered Bay Subdenson and that Additional Territory Approved in Order #PEC-82-1369-FOF-BU MO RESERVE CAPACITY CRAMMER - Applies Only to the Crescent Bay Subdivision

If auchierized by the Planda Public Service Commission pursuant to Origin and under noch learns and conditions as prescribed therein, the Utility may enter tota an agreement with the Contributer requiring Contributor to pay a minimum guaranteed connection charge, based upon the domaind to be plant upon the Utility's system. Such agreement will be applicable to those instances where the Utility is required to precend with the construction of an expension of its weller and supply and/ver treatment facilities to order to assume the Contributor that there will be available sufficient plant expandy.

# NO SKIPNICE OUTSIDE TERRITORIE

Providing activity and the Unitry's territory immines formal native and formal proceedings before the Phends Public Service Commission and therefore estable engineering, administrative and legal coperates in addition in costs incurred by the Unitry providing service within its territory under the Unitry, will therefore, and be adapted to provide service avoisable the territory unders the Contributes agrees in advance, is addity these initial expenses as in pay the established may be advancement will be adjusted to endure with actual expenses after the proceedings have been completed. The Unitry will faither make such extensions and under the territory only if the extensions and treatment plant reservation or expansion to serve each extensions are economically feasible as delibed by rules 25-30.51577 F.A.C.. Effective: April 2, 1993.

Territory Amen,iment

Patrick J. Official 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 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)

OCI 11 1993

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,

Charlotte M. Hand Regulatory Analyst

Charlotte M. Hal

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. Sep-09-98 04:59P UTILITIES INC OF FL

407 869 69

Docket No. 980483-WU

Witness: Wenz Exhibit (CW-3), Doc. 2

OCT 18 1993

Office of BEN E GIRTMAN !!

Plorida: \$00-272-1919 Pax: 407-869-6961

LAKE UTILITY SERVICES, INC AN APPILLATE OF UTILITIES, INC.

200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS, FLORIDA 32714

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

...

October 14, 1993

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

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

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 tartiff.

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 siles x \$569.00] Main Extension Fee (16 sites x \$506.00) Amount Due at time of Agreement

\$ 9,104.00 8.096.00 \$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 Rasniussen Regional Director

DR/IT

Enclosures cc w/encl:

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



#### THIRD REVISED SHEET NO. 26.0 CANCELS SECOND REVISED SHEET NO. 26.0

LAKE UTILITY SERVICES, INC. Water Tartif

Docket No. 980483-WU Witness: Wenz Exhibit (CW-3), Doc 2

#### 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

\$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).

Motor Size	,	Fee
5/8" 13/4"		\$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 LAKE UTILITY SERVICES. INC. WATER TARIFF

Docket No. \$80483-WIJ Witness: Wenz Exhibit (CW-3), Doc. 2

### SERVICE AVAILABILITY SCHEDULB OF FEES AND CHARGES

#### Crescent Bay Subdivision

PLANT CAP	CITY	CHARGE
-----------	------	--------

\$ 569.00 Per ERC

#### 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

### ALLOW ANCE 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	248.32	458.10	608.09	608.09
April May	75.51	265.34	476.83	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

DEFORE THE PLORIDA PORTE STRATER CONSULSTION OFFICE OF

Is re: Application for Assemble of Cartificate No. 494-W in take County by LANZ UTILITY SERVICES, INC.

DOCKET NO. 920174-WU ORDER NO. PSC-92-1349-FOF-WU LEGUED: 13/24/92

The following Commissioners participated in the disposition of this marter:

THORAS N. BEARD, Chairman SUZLY P. CLANK J. TEGET DEASON BETTE ENSUET LUIS J. DAUREDO POWAL GEOGRA CRAMITING AND TERRITORY INCLINE ABOLITIONAL INTRITORY AND SALES OF PROPOSED AGENCY AND CRAMES CROSS CRAMES AND CRAMES

BY THE COMMISSION:

MOTICE IS MERCHY GIVEN by the Florida Public Service Commission that the scalon discussed herein establishing rates and charges is preliminary in nature, and as such, will becose final unless a person whose interests are substantially affected films perfetted for a formal proceeding pursuant to Eule 25-22.039, Florida Adalmistrative Code.

## Background

take Utility Services Inc. (LUST or utility) is a Class C stility providing water service to thelve separate service areas in lake Consty. This seembant application uncompasses a 20 square mile area which includes ten of the trany provides layer certificated systems camed by LUST. The utility provides water service in lake requested territory. The utility's veter systems are combined for annual report purposes; however, the utility has three separate sets of uter for its lake County systems.

on Tehruary 15, 1992, the utility applied for an apendment to extend the cartificated territory. An objection to the application was filled by letter dated March 4, 1992, by the City of Clersont (City). The City's objection was based on its beliet that the requested extension of territory was in contline with the City's approved comprehensive plan.

12 K245 LTSTI

STORY VIOLENCE

DECEMBER NO. 920174-WU PAGE 2 PAGE 2

on Suptailer 10, 1992, by latter, the city of Clermont Indicated that its City Council had woted to withdraw its ebjection to Lake Utility Services, Inc.'s application for amendment of Water Cartiflette 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, Torida Statutes, and other pertinent statutes and administrative rules. In particular, the noterized application centains:

- A filling fee in the emoint of \$2,250.00, which asount is \$1,250.00 to excess of the required fee as prescribed by Bule 25-30.020, Florids Administrative Ceds.
- 2. Adequate service territory and system maps and a tarritory description, as prescribed by Eals 27-30-304. Florida Administrative Code. The edditional territory in the South Clermont Region of Lake County is described in Attachment A of this Order, which by reference is incorporated barein.
- Proof of notice of application to interested governantal
  and regulatory agencies and utilities within a fear-milo
  redius of the territory, and proof of absertiseaent is a
  newspaper of general circulation in take County, as
  proceeding by Rule 25-30.030, Florida Amelnistrative
  code.
- Evidence that the utility owns the land upon which it getilities are located, as required by Eule 29-30.036 ylaride Administrative Cods.

Based on the information filed with the opplication, it appears that life has the technical capability and financial resources to adequately kerve the additional territory.

The additional territory is located in close provisity to the relity's axisting service area and will provide service to several residents in an area currently receiving service from EDS residents in an area currently receiving service from EDS present water systems in the area to provide note reliable and efficient service and to extend translassion lines from theas efficient tervice and to extend translassion lines from theas edution, the Department of Environmental Regulation (DEM) was contacted and stated that LESS has no Current violations.

Docket No. 980483-WU Witness: Wenz Exhibit (CW-3), Doc. 2

GRADES NO. 75C-92-1349-707-4U DOCKET NO. 920174-8U PAGE 3 hased on the above information, the commission finds that it is in the public interest to grant the application of lake Otility Sarvices, Inc. for exendent of water Certificate No. 496-W to include the territory described in Attachaent A. Tho utility has returned the certificate for entry and filled revised tariff sheets that reflect the certwick territory description.

# Refund of Excess Filing Per

The Commission required an increase of the original filling fee of \$150.00 to the maximum amount of \$2,250.00 based on extinates of the potential company of all the land portions of the Carritory to be included within the cartificate. The utility paid the additional fee, under protest, and requested a review on the basis of projected population growth. Sepulation growth for the next ten years is projected to be 4,183 persons and, pursuant to Rule 25-30.020, Piorida Adalairtrative Code, the correct filling fee for an amendment application to provide service to an additional 4,780 persons is \$800.00. Therefore, the Commission filling fee in the applicant is the a retund of a portion of the filling fee in the

## RALES AND ChANGES

uystams it owns in the requested aron. The charges set by the commission in the original certificate case for Createst hey the sactudes a plant capacity charge of \$569 per equivalent residential connection (ERC), a sain seriesion charge of \$569 per equivalent residential connection (ERC), a sain seriesion charge of \$569 per equivalent residential mater installation charges by metar size including a charge of \$100 mater for a 5/8 × 3/4 \* aster. We balleve that the charges approved for the Createst Bay system will provide the that the charges approved for thair peo rate abase of the cost of the lines and treatest plant thair peo rate abase of the cost of the lines and treatest plant increase the utility's level of contribution-in-advo-construction (CIAC), thus keeplog the relations. These charges will serve to increase the utility's level of contribution-in-advo-construction cast of the lines additional territory the rates and charges approved in its tariff for the Createst Bay system currently on file with this commission.

Dased on the foregoing, it is, therefore,

Cartificate Mo. 454-W held by Lake Utility Services, Inc., 200 Meathersfield Avenue, Altamonte Springs, Florids 32714, is hereby

CADITS NO. PSC-92-1349-F0F-WD DOCKET NO. 920174-MD PMCE 4 assended to include the territory described is Attachaent A of this Order, which by reference is incorporated herein. It is further

CEGERETS that the overpayment of filling fee. in the assume of 51,350.00, he refunded to the applicant, it is further

CARCINED that the customers in the territory added bereis stail be charged the rates and charges approved in take Utility Services. Inc.'s teriff for the Grancast hay system currently on file with the Conmission. It is FUFUSER

capting that the provisions of this Order establishing rates and charges for the territory added herein are issued as proposed agazcy scriou and shall become final, unless an appropriate petition in the form provided by Rula 25-27-03; Flacida Administrative Code, is received by the Director, Bivision of Records and Reporting at his orfice at 181 East Caines Street, Hotida 2339-0870, by the date set forth in the Motice of Further Proceedings below. It is further

oappend that this docket shall be closed if no protest in received.

by ORDER of the Florida Public Service Commission this 11th day of McCommiss. 1122.

STITE THEMER. Director and Deporting

(SEAL)

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Docket No. 980483-W Witness: Wenz Exhibit (CW-3), Doc. 2

CEDER NO. PSC-51-1369-FOF-MU DOCKET NO. 920174-WU PACE 5

# MOTICE OF PURTICE PROCEEDINGS OR DEDICIAL REVIEW

The Florida Public Service Commission is required by Section 110.59(4), Florida Statutes, to rotify parties of any administrative bearing or judicial review of Commission orders that a sea savilable under Sections 120.57 or 110.48, Florida Statutes, as is available under Sections 120.57 or 110.48, Florida Statutes, as abould not be construed to mean all requests for an administrative bearing or judicial review will be granted or result in the relief account.

As identified in the body of this order, our action establishing rates and charges is preliminary in nature and will not become effective or (inch, except as provided by guide 25-pot become effective or (inch, except as provided by guide 25.029, Florida Administrative Code. Any person whose substantial 22.029, Florida Administrative Code, in the form provided by 25.12.029(4), Yiderida Administrative Code, in the form provided by 25.12.029(4), Yiderida Administrative Code, in the form provided by 25.12.029(4), Yiderida Administrative Code, in the form provided by guile patition ware be received by two Observor, Division of Secords and patition ware be received by two Observor, Division of Secords and In the absence of such a petition, this order shall become affective on the date subsequent to the above date as provided by said 25.12.026(6), Florida Administrative Code.

Any objection or protoat filed in this docket before the issuance date of this order is considered abandoned units at its sailstles the foregoing conditions and is renoved vithin the appecified protest period.

If the relevant portion of this order becomes final and affective on the date described above, any party adversaly affected may request judicial review by the Plottida Supress Court in the may request judicial review by the Plottida Supress Court in the last of an electric, das or telephane utility or by the Pirst Court of Appeal in the cast of a water or wastewater District Court of Appeal in the cast of a water or wastewater the filling a notice of appeal with the Director, Division of Records and Superting and filling a court. This filling must be the filling fee with the appropriate court. This filling must be completed within thirty [10] days of the effective date of this order, pursuant to Role 9.110, Florida Rules of Appellate procedure. The motice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

OMDER NO. PAC-91-1369-FOF-MU DOCKET PO. \$20174-MU PACE 6 Any party edvatasly affected by the Commission's final action in this satter may request: (1) recompidation at the decision by filling a bottom for recommindenties with the Director, bivision of Encords and Reporting withis fiftuesn (15) days at the issuance of Encords and Reporting withis fiftuesn (15) days at the issuance of Encords and Reporting withis fiftuesn (15) days at the Thorida Sepress Administrative code; or (2) judicial review by the Florida Sepress Administrative code; or (2) judicial review by the Florida Sepress first bistrict Court of Appeal in the case of a water or unitrate. First bistrict Court of Appeal in the case of a water or unitrate. Willing a notice of appeal with the mineton of unitrans and Records and Reporting and filling a copy of the action of appeal and Records and Reporting and filling a court. This filling seat the filling fee with the appropriate court. This filling seat to appeal with a suppress of the seconds: This parties of Appeal mask be in the form specified in Rule S. 900(a), Florida Encodmire.

CONDEX NO. PSC-32-1349-707-440 DOCKET NO. 920174-440 PAGE 7

## ATTACHOUNT A

# LANE BYLLITY PRAVICES, DEC.

RESPYCE TENSIONY DESCRIPTION - POSTS CLEROST PRICES - LAKE COUNTY

Towns.ip 22 South, Range 25 Fast, Lake County

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

ALL OF SECTION 33, LESS LAKE HENDEDUM.
ALL OF SECTION 33 THAT IS NEST OF THE CENTRALINE OF U.S. Township 22 South, Range 26 East, Lake County

Township 23 South, Range 25 East, 1ake County

DIGGOAY 27.

ALL OF SECTION 1, LESS LAKE MINICIDADA, AND LAKE SOSAN.
ALL OF SECTION 2, LESS LAKE MINICIDADA, AND CRESCEST LAKE.
ALL OF SECTION 11, LESS CHESCENT LAKE, AND SAW MILL LAKE.
ALL OF SECTION 12, LESS CRESCENT LAKE, FLORENCE LAKE, AND

LESS LAKE MELLIE.
LESS EAW MILL LAKE AND LAKE GLOUA.
LESS LAKE WELLE. AND LAKE GAST.
LESS LAKE MELLE. ALL OF SECTION 13, ALL OF SECTION 13, ALL OF SECTION 24, ALL OF SECTION 23, ALL OF SECTION 24,

Tounghip 23 South, Range 26 East, Lake County

ALL OF SECTION 4 THAY IS MEST OF THE CENTERLIME OF U.S. ALL OF SECTION S THAT IS VEST OF THE CDITERLINE OF U.S. CCCIDALY 27. HIGHWAY 27.

ALL OF SECTION 9, LESS LAKE SUSSAN, AND LAKE LOGISA.
ALL OF SECTION 7, LESS LAKE LOGISA.
ALL OF SECTION 6, LESS LAKE LOGISA.
ALL OF SECTION 9, TEAT IS WEST OF THE CEMERALINE OF U.S.

INCOMMAY 27, AND LESS LAKE LOCIESA.

ALL OF SECTIONS 17, 16, 19 AND 20, LESS LAKE LOUISA.

ALL OF SECTION 21 THAT 18 WEST OF THE CENTERLINE OF U.S. ALL OF SECTION 16 THAT IS WEST OF THE CENTERLINE OF U.S.

CCENAR 27.

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.

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

#### LAKE UTILITY SERVICES, INC. AN APPILIATE OF UTILITIES, INC.

200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS, FLORIDA 32714

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

November 12, 1993

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

Fax: 407-869-6961

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 Tartif Sheets 26.0 and 25.1 as follows:

\$ 9.104.00 Plant Capacity Charge (16 sites x \$569.00) Main Extension Fee (16 sites x \$506.00) 8,096,00 \$17,200,00 Amount Due at time of Execution of Agreement

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.

null X amuss Donald Rasmussen Regional Director

If this Agreement is acceptable, please sign and return.

Accepted: Preben Olesen

11-15-93 Date