

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into possible overcollection of Allowance for Funds Prudently Invested (AFPI) in Lake County, by Lake Utility Services, Inc.

DOCKET NO. 980483-WU

FILED: December 9, 1998

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-98-1038-PCO-WU, issued July 28, 1998, the Commission Staff (Staff) files its prehearing statement as follows:

A. Witnesses

Staff intends to call the following witnesses:

JoAnn Chase of the Florida Public Service Commission. She will provide testimony as to the circumstances surrounding and ultimate decisions in Dockets Nos. 871080-WU and 920174-WU, with regard to approval of allowance for funds prudently invested charges (AFPI) for Lake Utility Services, Inc. (LUSI or utility).

Marshall Willis of the Florida Public Service Commission. He will provide testimony to explain AFPI, what it is designed to accomplish, and how the AFPI charges are calculated. In addition, Staff Witness Willis will address the applicability of the 106 ERC limitation for LUSI's additional approved territory and the apparent over collection of AFPI charges by LUSI.

ACK _____
 AFA B. Exhibits
 APP _____ Staff intends to sponsor the following exhibits:
 CAF _____
 CMU _____ JC-1: Proposed tariff revisions filed by LUSI in Docket No. 920174-WU
 CTR _____
 EAG _____ JC-2: LUSI developer agreement
 LEG _____
 LIN 3 JC-3: Staff recommendation in Docket No. 920174-WU
 OPC _____ JC-4: Tariff approval No. WS-92-0035
 RCH _____
 SEC 1 MWW-1: Commission Order No. 19962
 WAS _____ MWW-2: Commission Order No. PSC-97-0531-FOF-WU
 OTH _____

DOCUMENT NUMBER-DATE

13855 DEC-98

FPC RECORDS/REPORTING

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C. Basic Position

The Commission did not formally approve allowance for funds prudently invested (AFPI) charges specifically for the additional territory granted LUSI in Order No. PSC-92-1369-FOF-WU. However, through the tariff approval process, staff inadvertently approved AFPI charges for this additional territory. Regardless, the 106 equivalent residential connection (ERC) limitation contained on LUSI's Third Revised Sheet No. 25.1 - 25.1A applies to the additional territory. Further, LUSI overcollected AFPI charges from the Crescent Bay Subdivision and the additional territory approved in Order No. PSC-92-1369-FOF-WU on a combined basis. Therefore, LUSI should be required to refund the overcollection of AFPI charges, consistent with Rule 25-30.360, Florida Administrative Code.

D. Issues of Fact, Law and Policy

The following are issues identified by Staff and the positions taken by Staff witnesses on these issues.

ISSUE 1: Were Allowance for Funds Prudently Invested (AFPI) charges specifically approved for the additional territory in Order No. PSC-92-1369-FOF-WU in Docket No. 920174-WU?

POSITION: No. (Chase, Willis)

ISSUE 2: Were AFPI charges applicable to this additional territory approved in Order No. PSC-92-1369-FOF-WU?

POSITION: Yes, these AFPI charges were inadvertently approved by staff through the tariff approval process. (Willis)

ISSUE 3: Does the 106 ERC limitation contained on Third Revised Sheet No. 25.1 - 25.1A also apply to the additional territory?

POSITION: Yes. (Willis)

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ISSUE 4: Did Lake Utility Services, Inc. overcollect AFPI charges from the Crescent Bay Subdivision and the additional territory approved in Order No. PSC-92-1369-FOF-WU?

POSITION: Yes, Lake Utility Services, Inc. overcollected AFPI charges from the Crescent Bay Subdivision and the additional territory approved in Order No. PSC-92-1369-FOF-WU on a combined basis. (Willis)

ISSUE 5: What is the appropriate action in regards to the overcollection?

POSITION: Lake Utility Services, Inc. should be required to refund the overcollection of AFPI charges, consistent with Rule 25-30.360, Florida Administrative Code. (Willis)

E. Stipulated Issues

Staff proposes that the exhibits which LUSI and Staff intend to sponsor with their respective prefiled testimony be stipulated into the record at hearing.

F. Pending Matters

There are no matters pending at this time.

G. Requirements That Cannot Be Complied With

There are no requirements of Order No. PSC-98-1038-PCO-WU that cannot be complied with at this time.


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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the COMMISSION STAFF'S PREHEARING STATEMENT has been furnished by U.S. Mail, on this 9th day of December, 1998, to the following:

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