

Commissioners:
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CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

Public Service Commission

February 22, 1999

Ms. Linda J. McKenna
134 Shanghai Island Road
Leesburg, Florida 34788

Re: Docket No. 990080-WS - Complaint and request for hearing by Linda J. McKenna, and 54 petitioners regarding unfair rates and charges by Shangri-La by the Lake Utilities, Inc. in Lake County

Dear Ms. McKenna:

Please be advised that the Florida Public Service Commission staff is investigating the concerns raised by the Shangri La by the Lake Homeowner's Association (Association) during its January 28, 1999, meeting with staff, in regard to the above-referenced docket. Staff has also received your February 4, 1999, letter which includes your notes from that meeting.

Based upon staff's understanding, the Association's main concern is over the amounts being charged by Shangri La by the Lake Utilities, Inc. (Shangri La) for water and wastewater rates. In that regard, there are a number of underlying concerns which include the following:

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

- 1) The notice provided by Shangri La of its application for water and wastewater certificates;
- 2) Required information missing from customer bills;
- 3) The \$.02 discrepancy in the wastewater gallonage charge;
- 4) The condition of and cost of installation of the original utility plant;
- 5) The level of plant operation and maintenance, DEP permitting compliance, and the overall quality of product being delivered to the customers.
- 6) Customers billed prior to meter installation;
- 7) Accuracy of meter readings;

DOCUMENT NUMBER - DATE

02324 FEB 22 99

PSC RECORDS/REPORTING

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Upon completion of its investigation, staff will prepare a recommendation for the Commission regarding the appropriate action to take in this docket. In order for staff to give this matter the attention it deserves, the recommendation is scheduled to be filed on June 17, 1999 for presentation to the Commission at the June 29, 1999, agenda conference.

Please be advised that Mr. Stan Rieger will be visiting the service area in the near future. The nature of his visit is to review meter installation, field testing for accuracy, and water consumption review. Mr. Rieger will also be bringing the remaining documents you have requested, which are the audit workpapers and system maps. Staff provided you with a copy of the original cost study, the allocation of the fixed and variable expenses, the audit report, and the recommendation and order from the utility's original certificate docket at the January 28, 1999 meeting.

With regard to your concern over possible customer billing prior to meter installation, please provide me a list of customers, and I will investigate the matter as soon as possible. I would also appreciate it if you would provide copies of any potential court documents which may arise from civil litigation in this matter.

I hope this letter addresses all of your concerns at this time. If you have any questions, please call me at (850)413-6181. Also, please be advised that Mr. Martin S. Friedman is the attorney representing Shangri La in this docket. Please provide Mr. Friedman copies of any materials provided to staff. His address is:

Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Thank you for your cooperation.

Sincerely,



Tim Vaccaro
Senior Attorney

TV/lw

cc: Division of Water and Wastewater (Williams, Bethea, Rieger, Golden)
Division of Records and Reporting
Martin S. Friedman, Esquire