

ORIGINAL

M E M O R A N D U M

March 8, 1999

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (MCRAE) *J.M.*

RE: DOCKET NO. 981198-WS - APPLICATION FOR STAFF-ASSISTED
RATE CASE IN HIGHLANDS COUNTY BY DAMON UTILITIES, INC.

Please place the attached letter dated March 4, 1999, and Notice of Customer Meeting in the docket file.

SAM/lw

Attachment

cc: Division of Water and Wastewater (Galloway, Butts, T. Davis, Gilchrist, Golden, Rendell)

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

DOCUMENT NUMBER-DATE

03111 MAR 10 99

FPSC-RECORDS/REPORTING

DAMON UTILITIES, INC.
47 LAKE DAMON DRIVE
AVON PARK, FL 33825
941-453-0773

March 4, 1999

Public Service Commission
Attn: Samantha A. McRae
2540 Shumard Oak Boulevard
Tallahassee, FL 33299-0850

Re: Docket No. 981198-WS - Application for a staff-assisted rate case in Hithlands
County by Damon Utilities

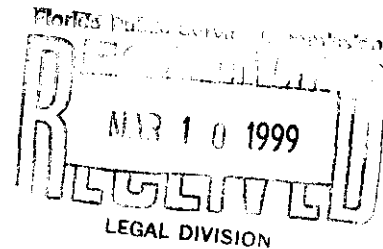
Dear Ms. McRae:

In accordance with your letter dated February 22, 1999, please find a dated copy of the
customer meeting notice. This notice was mailed to our customers on March 3, 1999.

Sincerely,



Lisa C. Davis
Manager



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF CUSTOMER MEETINGS

TO THE CUSTOMERS OF DAMON UTILITIES, INC.

AND

ALL OTHER INTERESTED PERSONS

DOCKET NO. 981198-WS

APPLICATION OF DAMON UTILITIES, INC.

FOR A STAFF-ASSISTED RATE CASE IN
HIGHLANDS COUNTY

DATED: March 3, 1999

Notice is hereby given that the Staff of the Florida Public Service Commission will conduct a customer meeting to discuss the application of Damon Utilities, Inc. (Damon or utility) for a staff-assisted rate case in Highlands County. The meeting will be held at the following time and place:

6:30 p.m., Wednesday, March 24, 1999
River Greens Clubhouse
47 Lake Damon Drive
Avon Park, Florida 33825

All persons who wish to comment are urged to be present at the beginning of the meeting, since the meeting may be adjourned early if no customers are present. The meeting will begin as scheduled and will continue until all the customers have been heard.

The Public Service Commission Staff is also attempting to meet with representatives of customer groups and homeowners associations on March 24, 1999 between 2:00 p.m. and 4:00 p.m. at River Greens Clubhouse. If you are a representative of a customer group or homeowners association and you have not been contacted by the Public Service Commission Staff, and wish to meet with staff, please contact Cecilia Galloway of the Public Service Commission staff at (850)413-6972, prior to March 24, 1999.

All persons who wish to participate in individual meetings are urged to make an appointment, since the individual meeting session may be canceled if no appointments are made.

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Any person requiring some accommodation at the customer meeting(s) because of a physical impairment should call the Division of Records and Reporting at (850)413-6770 at least 48 hours days prior to the meeting(s). Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

PURPOSE

The purpose of this meeting is to give customers and other interested persons an opportunity to offer comments to the Public Service Commission Staff regarding the quality of service the utility provides, the proposed rate increase, and to ask questions and comment on staff's preliminary rates included in this notice as well as other issues. Staff members will summarize Damon's proposed filing, the preliminary work accomplished, and answer questions to the extent possible. A representative from the utility has also been invited to respond to questions.

At the beginning of the meeting, procedures will be established for the order of comments. The Public Service Commission Staff will have sign-up sheets, and customers will be called to speak in the order that they sign-up. Public Service Commission Staff will be available to coordinate customers' comments and to assist members of the public.

Any person who wishes to comment or provide information to staff may do so at the meetings, orally or in writing. Written comments may also be sent to the Commission at the address given at the end of this notice. Your letter will be placed in the correspondence file of this docket. You may also submit comments through the Public Service Commission's toll-free facsimile line at 1-800-511-0809.

BACKGROUND

Damon is a Class C water and wastewater utility located in Highlands County. It provides water service to approximately 226 (224 residential and 2 general) customers and wastewater service to approximately 79 residential customers. The utility's water revenue for the test period is \$36,230 and adjusted operating expenses are \$33,569, resulting in an adjusted net operating income of \$2,661 for the test period. This level of income for the water system allows the utility a 6.89% return on its investment which is less than staff's recommended return of 9.21%. The utility's wastewater revenue for the test period is \$21,475 and adjusted

operating expenses are \$25,199, resulting in an adjusted net operating loss of (\$3,724). The test period for setting rates is the historical twelve month period ending December 31, 1998.

CURRENT AND PRELIMINARY RATES AND CHARGES

Staff has compiled the following rates and charges for the purpose of discussion at the customer meeting. These rates are preliminary and subject to change based on information gathered at the customer meeting, further staff review, and the final decision by the Commissioners. The utility's current and staff's preliminary rates and charges are as follows:

WATER MONTHLY RATES

Residential and General Service	Existing	Staff's
BASE FACILITY CHARGE	Rates	PRELIMINARY
<u>Meter Size</u>		<u>Rates</u>
5/8 x 3/4"	\$ 8.08	\$ 8.28
3/4"	12.15	12.42
1"	20.24	20.69
1 1/2"	40.46	41.39
2"	64.75	66.22
3"	129.50	132.44
4"	202.34	206.94
6"	405.47	413.88
GALLONAGE CHARGE	\$ 1.38	\$ 1.45

WASTEWATER MONTHLY RATES

	Existing	Staff's
	Rates	PRELIMINARY
<u>Residential</u>		<u>Rates</u>
BASE FACILITY CHARGE		
All Meter Sizes	\$ 14.92	\$ 16.55
GALLONAGE CHARGE	\$ 2.82	\$ 5.76
(8,000 gallon cap)		
<u>General Service</u>		
BASE FACILITY CHARGE		
Meter Size		
5/8 x 3/4"	\$ 14.92	\$ 16.55
3/4"	22.37	24.66
1"	37.29	41.38
1 1/2"	74.60	82.76
2"	119.36	132.42
3"	238.72	264.85

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4"	372.98	413.82
6"	745.97	827.65
GALLONAGE CHARGE	\$ 2.82	\$ 6.91
	<u>Existing</u> <u>Rate</u>	Staff's <u>PRELIMINARY</u> <u>Rate</u>
METER INSTALLATION CHARGE	\$ 75.00	\$155.00

STAFF REPORTS AND UTILITY APPLICATION

The results of staff's preliminary investigation are contained in Staff's Report dated February 23, 1999. Copies of the report may be examined by interested members of the public from 8:00 a.m. to 4:00 p.m. at the following location:

River Greens Clubhouse
47 Lake Damon Drive
Avon Park, FL 33825
(941) 453-0773

Office Hours:
8:00 a.m. - 4:00 p.m.
Monday - Friday

If these times are not convenient, please call the utility and other arrangements can be made.

PROCEDURES AFTER CUSTOMER MEETINGS

After the meetings, Public Service Commission Staff will prepare a recommendation which is tentatively scheduled to be submitted to the Public Service Commission on April 22, 1999. The Public Service Commission will then vote on staff's recommendation at its May 4, 1999 agenda conference. The Commission will thereafter issue a proposed agency action (PAA) order containing rates which may be different from those contained in staff's final recommendation. Substantially affected persons have 21 days from the date the PAA order is issued to protest the Commission's proposed agency action order. Five to ten customers or persons who attend the meeting and who wish to receive a copy of the recommendation and the order should so indicate at the meeting. Those individuals are expected to distribute the information in the recommendation and the order to other customers. Anyone who is unable to attend and who wishes to obtain a copy of the recommendation or the order may do so in writing to the Commission at the address at the end of this notice.

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HOW TO CONTACT THE COMMISSION

Written comments regarding the utility and the proposed rates, and requests to be placed on the mailing list for this case, may be directed to this address:

Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

All correspondence should refer to "Docket No. 981198-WS, Damon Utilities, Inc."

If you wish to contact the Commission regarding complaints about service, you may call the Commission's Division of Consumer Affairs at the following toll-free number: 1-800-342-3552.

This notice was prepared by Commission Staff for distribution by the utility to its customers.