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RECORDS AND REPORTING



JACK SHREVE
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July 12, 1999

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

RE: Application for staff assisted rate case in Highlands County by Damon Utilities, Inc.;
Docket No. 981198-WS

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of Citizens' Petition for Formal Hearing in the above-referenced docket.

Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter.

Sincerely,

H F. Mann
Associate Public Counsel

AFA	1
APP	HFM/dsb
CAF	Enclosures
CAU	_____
CTR	_____
EAG	_____
LEG	1
MAS	3
OPC	_____
RRR	_____
SLC	_____
THM	
OTR	_____

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for staff assisted)
rate case in Highlands County by)
Damon Utilities, Inc.)
) Docket No. 981198-WS
) Filed: July 12, 1999
))
))
))

CITIZENS' PETITION FOR FORMAL HEARING

The Citizens of the State of Florida, by and through JACK SHREVE, Public Counsel (Citizens) pursuant to the provisions of Order No. PSC-99-1223-PAA-WS issued June 21, 1999 in Docket No.981198-WS hereby request a formal hearing on this matter and allege the following:

1. The name and address of the agency affected and the agency's file number are:

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Docket No. 981198-WS

2. The Petitioners are the Citizens of the State of Florida. They are represented by JACK SHREVE, Public Counsel, 111 W. Madison Street, Tallahassee, Florida 32399-1400.

3. Order No. PSC-99-1223-PAA-WS, giving notice of proposed agency action in this docket, was issued by the Commission on June

21, 1999 and established July 12, 1999 as the date by which protests must be filed.

4. Petitioners' substantial interests are affected by the Commission's Order No. PSC-99-1223-PAA-WS in that the Order proposes to increase rates and charges for water and wastewater service provided the Petitioner. The Petitioners believe that the proposed rate increase is excessive and unjustified because:

Rate Base

- a. Utility plant in service is overstated due to the inclusion of a new computer; and inclusion of a lift station and piping serving two exclusive customers;
- b. Non-used and useful components are understated;
- c. Working capital is overstated;
- d. Accumulated depreciation balance is understated;
- e. Rate base is overstated;
- f. Rate base is not properly allocated due to unequal numbers of water and wastewater customers.

Capital Structure

- g. The overall cost of capital is overstated due to related party debt;

Operating Statement

- h. Operating expenses are overstated;

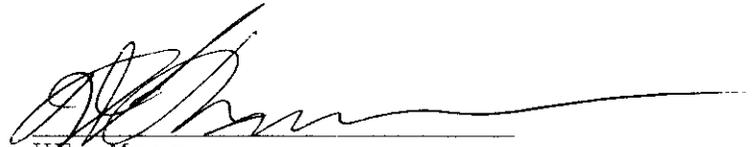
Quality of Service

- i. Quality of service is unsatisfactory.

WHEREFORE, Petitioners hereby protest Commission PAA Order PSC-99-1223-PAA-WS, issued June 21, 1999, and request a formal hearing to be held in this docket.

Respectfully submitted,

JACK SHREVE
PUBLIC COUNSEL



H.F. Mann
Associate Public Counsel

111 W. Madison Street
Tallahassee, FL 32399-1400

Attorneys for the Citizens of
the State of Florida

CERTIFICATE OF SERVICE
Docket No. 981198-WS

I HEREBY CERTIFY that a correct copy of the foregoing was sent to the following parties by *hand-delivery or U.S. Mail on this 12th day of July, 1999.

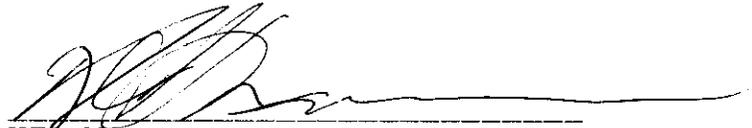
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HF. Mann

Associate Public Counsel