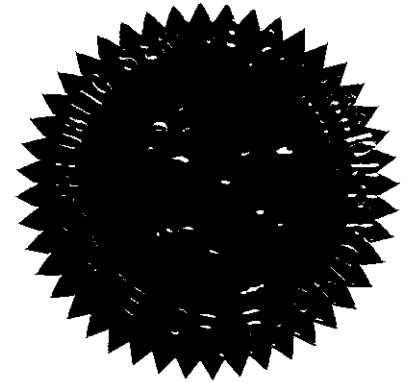


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 070693-WS

In the Matter of:

APPLICATION FOR INCREASE IN WATER  
AND WASTEWATER RATES IN LAKE COUNTY  
BY LAKE UTILITY SERVICES, INC.



PROCEEDINGS: AGENDA CONFERENCE  
ITEM NO. 11

BEFORE: CHAIRMAN MATTHEW M. CARTER, II  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER KATRINA J. McMURRIAN  
COMMISSIONER NANCY ARGENZIANO  
COMMISSIONER NATHAN A. SKOP

DATE: Monday, January 26, 2008

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR  
Official FPSC Reporter  
(850) 413-6732

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PARTICIPATING:

RICK WRIGHT, JENNIE LINGO, and TOM WALDEN,  
representing the Commission Staff.

## P R O C E E D I N G S

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**CHAIRMAN CARTER:** Item 11, also an oral modification.  
Staff, you're recognized.

**MR. WRIGHT:** Commissioners, Rick Wright with  
Commission staff.

Item 11 concerns an application for an increase in  
water and wastewater rates by Lake Utility Services, Inc. Lake  
Utility Services is a Class A water and wastewater utility  
located in Lake County. The utility rates were last  
established in 2002. Staff has an oral modification, and I'll  
turn it over to Ms. Lingo.

**MS. LINGO:** Good morning, Commissioners. Jennie  
Lingo with Commission staff.

Commissioners, staff made an inadvertent  
double-counting of some reuse revenues that should have been  
removed from wastewater before we calculated the wastewater  
rates, so this resulted in an oral modification.

And, Commissioners, if we could start on Page 32,  
please. In the staff recommendation statement, on the second  
line there's a figure of 26.9 -- whoops.

**CHAIRMAN CARTER:** 26.6.

**MS. LINGO:** Yes, I apologize. See, I'm getting way  
ahead of myself. Let me just read off of the script. See, I  
was trying to ad lib. And, see, this is why I'm not going to  
make the big room.

1           Commissioners, in Issue 19, the next to the last  
2 sentence in the recommendation paragraph has the figure -- the  
3 last word or the last figure is 1,944,781. Commissioners, that  
4 figure should be corrected to reflect 2,059,386.

5           **COMMISSIONER EDGAR:** 26?

6           **MS. LINGO:** Commissioners, turning to Page 33 --

7           **COMMISSIONER EDGAR:** Jennie, could you do that number  
8 one more time. It's a little different than what I had in  
9 front of me.

10          **DOCTOR BANE:** 386 or 326?

11          **MS. LINGO:** 326. And, apparently, I still need  
12 practice. I apologize.

13                 Let me do this one more time, Commissioners. The  
14 figure should be 2,059,326.

15                 Commissioners, on Page 33, the next to the last  
16 sentence in staff's analysis, the last figure appears as  
17 1,944,781. That figure should be changed to 2,059,326.

18                 Commissioners, moving on to Page 34, Issue 20.  
19 Commissioners, in the recommendation paragraph, the second  
20 sentence, the last word, or the last figure there is 1,944,781.  
21 It should be changed to 2,059,326.

22                 In the staff analysis portion, Commissioners, in the  
23 first sentence on the third line you'll see that  
24 1,944,781 figure appear again. That figure, again, should be  
25 changed to 2,059,326.

1           Staying in that first paragraph of staff's analysis,  
2 Commissioners. In the last sentence, the figure 972,391  
3 appears in two places. Commissioners, both of those numbers  
4 should be changed to reflect the total of 1,029,663.

5           Commissioners, the fallout of those changes affect  
6 Schedule 4C, the wastewater rates, and we believe that you all  
7 should have the revised rates in your possession already, and  
8 we're happy to answer whatever questions you have.

9           **CHAIRMAN CARTER:** Commissioner Argenziano.

10           **COMMISSIONER ARGENZIANO:** Yes, please. If you could  
11 go over for me, and anybody who may be watching, and I have it  
12 in front of me, but they don't, what the current rates would be  
13 and what they would be going to? Especially for the  
14 wastewater, please.

15           **MS. LINGO:** Ma'am, the current rates -- prior to the  
16 utility filing this rate case, for a 5/8th-inch meter, a  
17 wastewater customer would be paying a rate of 15.72 for the  
18 base facility charge and \$1.08 for the gallonage charge up to a  
19 maximum of 10,000 gallons.

20           Staff's revised wastewater rates, the base facility  
21 charge for a 5/8th inch meter would be \$24.00, and the  
22 gallonage charge would be \$4.38.

23           **COMMISSIONER ARGENZIANO:** Do you have right offhand  
24 the percentage of increase that that is. I saw it, but I don't  
25 see it now. Or I had it.

1           **MS. LINGO:** Well, Commissioner, if you don't mind,  
2 how about if I give you the percentage increases, say, for a  
3 bill at 3,000 and for a bill at 10,000.

4           **COMMISSIONER ARGENZIANO:** That would be great.

5           **MS. LINGO:** Okay. If you'll give me just a moment,  
6 please, ma'am.

7           Ma'am, for a bill at 3,000 gallons, the percentage  
8 increase is approximately 96 percent. And for a bill at 10,000  
9 gallons, it's approximately 156 percent.

10          **CHAIRMAN CARTER:** Does your oral modification affect  
11 any of the other data within the recommendation, other than the  
12 wastewater?

13          **MS. LINGO:** No, sir. The oral modification covered  
14 everything that was affected.

15          **CHAIRMAN CARTER:** Just for the wastewater?

16          **MS. LINGO:** Yes, sir.

17          **CHAIRMAN CARTER:** Okay. Commissioner Skop, you're  
18 recognized.

19          **COMMISSIONER SKOP:** Thank you, Mr. Chairman. Just a  
20 quick question of staff with respect to the revised Schedule 4C  
21 that has been handed out.

22                 On the prior staff recommendation final for the base  
23 facility charge for 5/8th meter, the prior staff recommendation  
24 was 22.67 and the final revised staff recommendation is \$24.00.  
25 Can staff briefly explain what drove that difference?

1           **MS. LINGO:** Yes. When we calculate wastewater rates  
2 for service we have to back out first any miscellaneous service  
3 revenues or any reuse revenues that would be associated with  
4 wastewater before we actually calculate the revenues that  
5 should be generated for monthly service.

6           We inadvertently removed too many wastewater revenues  
7 before we calculated our original rates. So the effect of  
8 double-counting some reuse revenues was that we understated the  
9 total wastewater revenues to be generated from service and,  
10 therefore, we understated the resulting rates. So by not  
11 double-counting, or by adding some revenues back to be  
12 generated from rates for monthly service, that's what has  
13 driven the increase in the wastewater charges from the reserved  
14 versus what we had filed.

15           **COMMISSIONER SKOP:** Thank you.

16           **CHAIRMAN CARTER:** Thank you.

17           Commissioners, anything further?

18           Commissioner McMurrrian.

19           **COMMISSIONER McMURRIAN:** I guess one more question  
20 that perhaps clarifies it for me. But, Jennie, the numbers  
21 that you stated, the 96 percent and the 156 percent based on  
22 3,000 and 10,000, that was lumping the water and wastewater all  
23 together, right?

24           **MS. LINGO:** No, ma'am.

25           **COMMISSIONER McMURRIAN:** Or was that just wastewater?

1           **MS. LINGO:** That's just wastewater.

2           **COMMISSIONER McMURRIAN:** Okay. So help me with the  
3 water. Those rates went down, right? I don't necessarily need  
4 percentages, but with respect to 3,000 --

5           **MS. LINGO:** Yes, ma'am, you're correct.

6           **COMMISSIONER McMURRIAN:** -- it when down. And 10,000  
7 gallons, I suppose it did increase.

8           **MS. LINGO:** Yes, ma'am. And that would be -- we  
9 modified the utility's rate structure to make a conservation  
10 effect more apparent at the higher consumption levels, so you  
11 will see that at the lower consumption levels it decreased  
12 somewhat, but we wanted to target the higher consumption folks.

13           **COMMISSIONER McMURRIAN:** Thank you.

14           Thank you, Chairman.

15           **CHAIRMAN CARTER:** Thank you.

16           Commissioner Argenziano.

17           **COMMISSIONER ARGENZIANO:** Yes.

18           Can we go over the history just briefly again of this  
19 case? Wasn't there a problem, originally, with the consumers  
20 not having confidence in the company, and that prompted a DEP  
21 consent order?

22           **MS. LINGO:** Ma'am, with all due respect, let me pass  
23 that on to --

24           **COMMISSIONER ARGENZIANO:** Sure. The passee, where  
25 are you? (Laughter.)



1           **MR. WALDEN:** I'm Tom Walden with the Commission  
2 staff.

3           The company got a consent order from DEP because they  
4 had failed to submit a consumer confidence report to their  
5 customer base. That was in 2004. That item was resolved in  
6 2005.

7           **COMMISSIONER ARGENZIANO:** And I guess there was a new  
8 wastewater plant built, right?

9           **MR. WALDEN:** Correct.

10          **COMMISSIONER ARGENZIANO:** And about 5 million spent  
11 on that plant? Let me ask this a different way. There was  
12 quality of service problems, or problems with the water, and  
13 the wastewater area also, the drinking water -- the potable  
14 water plus the ability to handle the wastewater?

15          **MR. WALDEN:** No, ma'am, I don't think that's exactly  
16 right. For water, they were having some capacity issues. They  
17 added a new well. The well that they installed was subject to  
18 the DEP rules on hydrogen sulfide. The new well had some  
19 hydrogen sulfide in it, and the company installed packed tower  
20 aeration to remove that hydrogen sulfide from the water. So it  
21 was really a capacity issue for water.

22          For wastewater, their old plant was also nearing  
23 capacity. It had quite a bit of age on it in addition. As a  
24 result of constructing a new plant, the company also has  
25 provided a degree of treatment where reuse is now available to

1 some of the customer base.

2 **COMMISSIONER ARGENZIANO:** And have we heard from any  
3 of the consumers since the new plant on any complaints?

4 **MR. FLETCHER:** There have been no complaints that we  
5 received since the filing of this case. There were four  
6 customers that attended the customer meeting, only two spoke,  
7 and they were about billing issues.

8 **COMMISSIONER ARGENZIANO:** Billing issues. Okay.

9 Just one more. Could you give me an example of the  
10 current amount of a bill today in the different gallonage usage  
11 to what it would be today to what it will go to when the rate  
12 increase hits, because that's a pretty hefty rate increase.

13 **MS. LINGO:** Yes, ma'am. Looking at Schedule 4A and  
14 4B.

15 **COMMISSIONER ARGENZIANO:** On what page, I'm sorry?

16 **MS. LINGO:** I apologize, ma'am. 4A is on Page 56.  
17 Page 4A depicts the rate changes that would be experienced by  
18 all of the customers, excluding those customers in the Lake  
19 Groves service area. The utility, when they filed the case,  
20 had two separate rate structures for the different service  
21 areas, so we did our analysis and the price changes that would  
22 be received by the customers separately so that you could see  
23 what was going on with each service area.

24 For the area excluding Lake Groves, for 5,000 gallons  
25 the bill is going to go from 16.08 up to 16.60. And at

1 10,000 gallons, it's going to go from 19.68 to 27.05. The area  
2 excluding Lake Groves when they filed the case had a bi-monthly  
3 rate structure, and their rates were approximately half of what  
4 the Lake Groves service area's rates are. So when we talk  
5 about the rates on the next page, you are going to see a  
6 disparity between the amounts of the increase.

7 On Page 57, Schedule 4B, a customer using  
8 5,000 gallons in the Lake Groves area, their bill at the time  
9 of filing would have been 18.82. And as a result of the rate  
10 case, Commissioners, it will go down to 16.60. And, again, the  
11 disparity is because of the different rates in place before  
12 filing.

13 **COMMISSIONER ARGENZIANO:** Okay. Thank you.

14 **MS. LINGO:** Yes, ma'am.

15 **CHAIRMAN CARTER:** Thank you.

16 Commissioners, anything further?

17 Commissioner Edgar, you're recognized for a motion.

18 **COMMISSIONER EDGAR:** Mr. Chairman, I would make a  
19 motion at this time to approve the staff recommendation as  
20 modified.

21 **COMMISSIONER SKOP:** Second.

22 **CHAIRMAN CARTER:** Anything further, Commissioners?  
23 Any further debate, discussion?

24 Hearing none, all those in favor, let it be known by  
25 the sign of aye.

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(Simultaneous aye.)

**CHAIRMAN CARTER:** All those opposed, like sign.  
Show it done.

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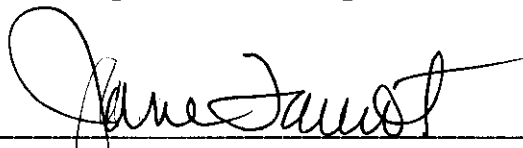
COUNTY OF LEON )

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 3rd day of February, 2009.



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JANE FAUROT, RPR  
Official FPSC Hearings Reporter  
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