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Public Service Commission

September 27, 1996

Mr. Richard D. Melson, Esq.
Hopping Green Sams & Smith
P. O. Box 6526
Tallahassee, FL 32314

Re: Docket No. 960444-WU, Application for rate increase and for increase in service availability charges in Lake County by Lake Utility Services, Inc. (LUSI)

Dear Mr. Melson:

The utility has requested uniform rates in this proceeding. Correlatively, we believe it is appropriate to consider whether LUSI is a single system, as defined in Section 367.021(11), Florida Statutes. Accordingly, Staff requests the following information.

General Information

1. The following questions relate to the following passage of the utility's Settlement Proposal that was approved by the Commission in Order No. PSC-96-0504-AS-WU: "In the 1996 Rate Case, LUSI will propose uniform rates and uniform SACs for all of its operations in Lake County, except Four Lakes/Harbor Oaks and Lake Saunders Acres."

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
DTR _____
EAG _____
LEG _____
JIN _____
JPC _____
RCH _____
SEC _____
VAS _____
JTH _____

- a) In the above-referenced passage, Four Lakes and Harbor Oaks are listed as one area. However, Four Lakes and Harbor Oaks are listed as separate subdivisions on Schedule E-1, p. 3 of the utility's MFRs. Are Four Lakes and Harbor Oaks in fact separate subdivisions?
- b) If the response to (a) is affirmative, are the two subdivisions served by the same water plant?
- c) If the response to (a) is affirmative, please explain the reason for listing the two areas as though it were only one area as shown in the Settlement Proposal.

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- d) If the response to (b) is negative, does the utility have plans to interconnect the water plants serving the Four Lakes and Harbor Oaks areas?
- e) If the response to (d) is affirmative, please provide the approximate month and year that this interconnection is contemplated to be completed. To the extent there are contingencies which will affect the date this interconnection will occur, please explain the contingencies.
- f) According to the above-referenced passage of the Settlement Proposal, the utility was not to request uniform rates for Four Lakes/Harbor Oaks and Lake Saunders Acres. However, as shown on Schedules E-1 and E-2 of the utility's MFRs, the utility has requested uniform rates for the aforementioned areas. Please explain why the utility is requesting uniform rates for these areas, in contradiction to what the utility agreed to in its Settlement Proposal.
- g) If the utility did not intend to request uniform rates for the areas in (f) above, please provide revised Schedules E-1, pp.1 and 3, which reflect the appropriate requested rates for the Lake Saunders Acres and Four Lakes/Harbor Oaks areas, respectively. In addition, please provide a revised Schedule E-2 which incorporates the effects of the revised requested rates for these areas. **Please ensure that any revision(s) made in response to this request are reflected in the utility's responses to Staff's letter dated September 20, 1996.**

Physical Interconnection

- 2. According to Schedule F-1 in the utility's MFRs, there are 10 water plants that are interconnected in three groups: 1) Clermont I, Amber Hill and Lake Ridge Club; 2) Hills of Lake Louisa, Crescent Bay, Crescent West, Highland Point and Lake Crescent Hills; and 3) Oranges and Vistas.
 - a) Does the utility have any plans to interconnect any or all of the three groups of plants?
 - b) If the response to (a) is affirmative, please indicate which group(s) the utility plans to interconnect, and the approximate month and year that the interconnection(s) is contemplated to be completed.
 - c) If the response to (a) is affirmative, has the utility contacted the Department of Environmental Protection (DEP) with regard to obtaining the appropriate permit(s) for the interconnection(s)?

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- (d) If the response to (c) is affirmative, what was the DEP's response to the utility's request? In addition, please provide all correspondence or any other documentation from the DEP which supports the utility's response to this question.
- (e) If the response to (a) is affirmative, please provide all engineering plans and maps which indicate how the group(s) of systems will be interconnected.
- (f) If the response to (c) is negative, when does the utility anticipate initiating discussions with the DEP regarding the interconnection(s)?

Sources of Supply

- 3) Please identify the aquifer(s) from which each of the utility's sources of supply makes a withdrawal.

Administrative Functions

- 4) According to its 1995 Annual Report, Utilities, Inc. is the parent company for LUSI. In addition, Water Service Corporation is described as a service organization providing administrative and other service functions for Utilities, Inc.
 - a) Does Water Service Corporation provide administrative and/or service functions for LUSI?
 - b) If the response to (a) is affirmative, where is Water Service Corporation's central location?
 - c) If the response to (a) is affirmative, please list all such functions (e.g., accounting, billing, engineering, payroll, etc.), and the benefits, if any, that enure to LUSI's customers as a result of the functions provided by Water Service Corporation.
 - d) If the response to (a) is negative, who performs the administrative and service functions for LUSI, and where is this entity located?
 - (e) Are the materials and supplies for each of LUSI's plants purchased through a centralized purchasing department?

- (f) If the response to (e) is affirmative, where is the centralized purchasing department located?
 - (g) If the response to (e) is affirmative, please describe which materials and/or supplies are acquired via centralized purchasing, and indicate how those items are distributed to the individual plants.
 - (h) If the response to (e) is affirmative, does the purchasing department buy any items (e.g., water meters, chemicals) in bulk?
 - (i) If the response to (h) is affirmative, please list all items purchased in bulk, and indicate which items receive volume discounts and the amounts of the discounts, if applicable.
5. (a) Does Utilities, Inc., impose the same employee policies regarding paycales, work hours, overtime, etc., for all of its systems in Florida?
- (b) If the response to (a) is negative, does LUSI impose the same employee policies regarding paycales, work hours, overtime, etc., for all of its plants?
- (c) If the response to (b) is negative, please indicate which plants have the same employee policies.
6. (a) Is Utilities, Inc., responsible for obtaining all forms of third party financing for all of its systems in Florida?
- (b) If the response to (a) is affirmative, please explain what benefits, if any, enure to LUSI's customers as a result of the financing being obtained by Utilities, Inc.
- (c) If the response to (a) is negative, who is responsible for obtaining LUSI's third party financing?
7. (a) Do the insurance policies for Utilities, Inc., (e.g., covering general liability, property damage, automobile and workers' compensation) provide coverage for all of its systems in Florida?
- (b) If the response to (a) is affirmative, please explain what benefits, if any, enure to LUSI's customers as a result of the insurance coverage being provided under the policy of Utilities, Inc.

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Operational and Managerial Functions

8. (a) Does the utility share plant operators between the three groups of interconnected plants referred to in Question 2 above?
- (b) If the response to (a) is affirmative, please indicate the approximate number of hours per week that the plant operators share their time at another group of interconnected plants.
9. (a) Does the utility share other field personnel (e.g., grounds maintenance) between the three groups of interconnected plants referred to in Question 2 above?
- (b) If the response to (a) is affirmative, please indicate the approximate number of hours per week that the field personnel share their time at another group of interconnected plants.

In order to allow sufficient time for Staff to analyze the data requested, please provide these responses by October 24, 1996. We request that the responses be provided on a piecemeal basis, to the extent possible. If you have any questions, please do not hesitate to contact me at (904) 413-6181 or Ms. Jennie Lingo at (904) 413-6964.

Sincerely,



Tim Vaccaro
Senior Attorney

TV:FJL/mw

cc: Division of Water and Wastewater (Hill, Willis, Merchant,
Crouch, Rendell, Chase, Austin, Lingo, Munroe, Zhang)
Division of Records and Reporting ✓