



JACK SHREVE
PUBLIC COUNSEL

STATE OF FLORIDA
OFFICE OF THE PUBLIC COUNSEL

c/o The Florida Legislature
111 West Madison St.
Room 812
Tallahassee, Florida 32399-1400
850-488-9330

RECEIVED FPSC ORIGINAL

00 FEB 29 PM 3: 54

RECORDS AND
REPORTING

February 29, 2000

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

RE: Docket No. 990080-WS

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of Citizens' Petition on Proposed Agency Action and Objection to Proposed Agency Action for filing in the above referenced file.

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,

Stephen C. Burgess
Deputy Public Counsel

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- MAS SA
- OPC _____
- RRR _____
- SEC _____
- WAW _____
- OTH _____

SCB/dsb
Enclosures

Done 3/02/00

C:\DATA\STEEVEB\990080\BAYO2.LTR

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
02681 FEB 29 8
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint and request)
for hearing by Linda J. McKenna)
and 54 petitioners regarding)
unfair rates and charges of)
Shangri-La by the Lake)
Utilities, Inc. in Lake County.)
_____)

DOCKET NO. 990080-WS
FILED: February 29, 2000

**PETITION ON PROPOSED AGENCY ACTION
AND OBJECTION TO PROPOSED AGENCY ACTION**

The Citizens of the State of Florida, through their attorney, the Florida Public Counsel, pursuant to Section 120.80(13), Florida Statutes, and Rule 28-106.201, Florida Administrative Code, hereby object to certain specified portions of Order No. PSC-00-0259-PAA-WS and put in dispute the issues specified in this pleading. In support of this objection, the Citizens submit the following:

1. The agency affected is the Florida Public Service Commission (PSC), 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. The docket number is Docket No. 990080-WS.
2. During the course of these proceedings, service is to be directed to:

Jack Shreve, Public Counsel
Office of Public Counsel
111 W. Madison Street, Room 812
Tallahassee, Florida 32399-1400

3. Because Shangri-La by the Lake Utilities, Inc. (Shangri-La, or the Utility) is a protected monopoly, its customers have no alternative for obtaining water and wastewater service. They must bear the price charged by Shangri-La, as approved by the Commission through this proceeding. As demonstrated in paragraphs 5 and 6, the PSC has allowed Shangri-La to collect excessive rates and proposes to allow Shangri-La to continue to collect excessive rates. Participation in this procedure is the only opportunity for the customers to affect the rates which they are required to pay.

Accordingly, the customers' substantial interest is affected by this docket. Section 367.0611(1) empowers the Public Counsel, in the name of utility customers, to petition for any action in any proceeding before the Commission.

4. The Public Counsel's office received notice of the PSC's proposed action by receipt of a copy of Order No. PSC-00-0259-PAA-WS on February 11, 2000.

5. The Citizens raise the following disputed issues of material fact, along with the respective specific facts that merit modification of the proposed agency action:

(a) Did the PAA overstate the used and useful percentage applicable to the sewage treatment plant?

Yes, the used and useful ratio for the sewage treatment plant should be reduced substantially to properly establish rates.

(b) Did the PAA overstate the used and useful percentage applicable to the water distribution system?

Yes, the used and useful ratio for the water distribution system should be reduced substantially to properly establish rates.

(c) Did the PAA overstate the used and useful percentage applicable to the wastewater collection system?

Yes, the used and useful ratio for the wastewater collection system should be reduced substantially to properly establish rates.

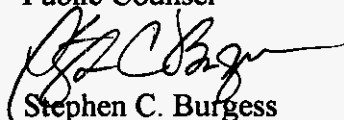
(d) Has the utility collected excessive rates because of the error in the original cost study referenced on page 17 of the Order?

Yes, the utility has collected excessive rates due to the error in its original cost study.

WHEREFORE, the Citizens of the State of Florida object to Order No. PSC-00-0259-PAA-
WS, and seek modifications consistent with the disputed issues described herein.

Respectfully submitted,

Jack Shreve
Public Counsel


Stephen C. Burgess
Deputy Public Counsel

Office of the Public Counsel
c/o The Florida Legislature
111 West Madison Street
Tallahassee, Florida 32399-1400
(850) 488-9330

Attorneys for the Citizens
of the State of Florida

(e) Should the utility be required to refund what it has collected in excess rates associated with the error in the original cost study?

Yes, the Commission should order Shangri-La to refund that portion of the rates which it has collected that were excessive because of the error in the original cost study.

6. The Citizens allege the following ultimate facts:

(a) The rates that have been collected by Shangri-La are excessive as a result of the overstatement of rate base because of the error in the original cost study, and the excess should be refunded.

(b) Order No. PSC-00-0259-PAA-WS overstates rate base by including significant portions of non-used and useful plant. This overstatement causes an excess of depreciation expense and an excess of return on investment. As such, the rates that would be established by Order No. PSC-00-0259-PAA-WS are excessive and contrary to Florida Statutes. The PAA should be modified to reflect the removal of the non-used and useful plant.

7. The rates which Shangri-La has been collecting, and would continue to collect violate the requirements of Section 367.081, Florida Statutes. Order No. PSC-00-0259-PAA-WS should be modified to order a refund and establish rates that meet the requirements of Section 367.081, F.S.

8. As relief, the Citizens seek a refund of the excessive rates that have been collected by Shangri-La and a reduction of rates to be paid by the customers of Shangri-La.

**CERTIFICATE OF SERVICE
DOCKET NO. 990080-WS**


I HEREBY CERTIFY that a true and correct copy of the foregoing Petition on Proposed Agency Action and Objection to Proposed Agency Action has been furnished by U.S. Mail or *hand delivery to the following parties, this 29th day of November, 2000.

Timothy Vaccaro, Esquire*
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

Linda J. McKenna
5 Tarkin Hill Road
Raymond, ME 04071

Shangri-La by the Lake Utilities, Inc.
11654 Long Lake Drive
Sparta, MI 49345



Stephen C. Burgess
Deputy Public Counsel