

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Lake Utility) DOCKET NO. 900645-WU
Services, Inc. for amendment of) ORDER NO. 23839
Certificate No. 496-W in Lake County.) ISSUED: 12-7-90
_____)

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
THOMAS M. BEARD
BETTY EASLEY
GERALD L. GUNTER
FRANK S. MESSERSMITH

ORDER APPROVING TRANSFER AND AMENDING
CERTIFICATE TO INCLUDE ADDITIONAL TERRITORY

BY THE COMMISSION:

Background

On July 20, 1990, Lake Utility Services, Inc. (LUSI or Utility) filed an application with this Commission for amendment of Certificate No. 496-W to include the Harbour Oaks and Four Lakes Subdivisions. LUSI's water system provides water service to nine customers in the Crescent Bay subdivision in Lake County and projects that it will serve 107 customers at buildout. The Harbour Oaks and Four Lakes Subdivisions (HOFLS) system serves 32 single family homes and can serve 74 customers at buildout.

Originally, the HOFLS system was certificated under the name of L. Neal Smith Utilities (L. Neal Smith), and provided water service to the Harbour Oaks, Four Lakes and Montverde Mobile Home Subdivisions. On December 3, 1986, this Commission issued Order No. 16290 acknowledging the sale of L. Neal Smith to a nonprofit corporation and cancelling L. Neal Smith's certificates. Order No. 16290 was in error since only the Montverde Mobile Home Subdivision was sold.

The HOFLS system has deteriorated since the transfer. The Department of Environmental Regulation (DER) conducted a sanitary inspection in December of 1989, and found 12 deficiencies. LUSI purchased the facility on May 1, 1990, and responded to the deficiencies by letter to DER on May 17, 1990. According to DER, the problems have been resolved.

Although the closing on the sale of the system occurred prior to Commission approval, we are not penalizing LUSI because the

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Commission Staff was advised of the proposed sale prior to its consummation. The closing took place prior to Commission approval so that the deficiencies could be corrected.

Application

Except as explained in the background, the application is in compliance with Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules concerning applications for amendment and transfer of facilities. In particular, the application contains:

1. A filing fee in the amount of \$150.00, as prescribed by Rule 25-30.020, Florida Administrative Code.
2. Proof of notice to all governmental and regulatory agencies and all utilities within a four-mile radius of the territory, and proof of advertisement in a newspaper of general circulation in Lake County, as prescribed by Rule 25-30.030, Florida Administrative Code.
3. Proof of notice to all customers of record, pursuant to Rule 25-30.030(2)(g), Florida Administrative Code.
4. Evidence that the Utility owns the land upon which the facilities are located as required by Rule 25-30.035(3)(f), Florida Administrative Code.

No objections to the notice have been received and the time for filing such has expired. The territory being transferred is described in Attachment A of this Order.

According to the Utility, the HOFLS system's water plant consists of one 2-inch well with a submersible well pump. Disinfection is provided by a liquid chlorination system, and a 2,000 gallon hydropneumatic tank maintains the pressure in the system. The system originally had two wells, but one collapsed. The Utility is working with the Water Management District to obtain a drilling permit for another well.

The water distribution system consists of 2-inch and 4-inch pipes. There are no fire hydrants. As stated previously, service is provided to approximately 32 residential customers with the potential of serving 74 lots at buildout.

LUSI's parent company, Utilities, Inc. of Florida, owns and operates several water and sewer systems in the State of Florida. The Utility has the expertise and the capital necessary to provide quality service to the customers in the additional territory. Therefore, we find that the transfer is in the public interest and it is approved. Certificate No. 496-W is amended to include the territory described in Attachment A of this Order. LUSI submitted Certificate 496-W, for amendment, with its application.

Rate Base

Rate base is usually established in cases involving the acquisition of existing facilities. However, in this case there is insufficient information to establish rate base at the time of purchase. The Utility intends to file a request for a rate case to develop a uniform rate for its systems in Lake County, and has requested that rate base be established at that time. An original cost study is necessary before rate base can be established; such a study can be done in the proposed rate case. Also, at that time, we will determine if an acquisition adjustment should be included in rate base. Therefore, rate base is not being established in this docket.

Rates and Charges

The current rates approved for the L. Neal Smith system are as follows:

| | |
|---------------------------|---------|
| Monthly rate for | |
| First 3,000 Gallons | \$ 4.50 |
| Gallonage charge Per Each | |
| Additional 1,000 Gallons | .65 |

L. Neal Smith has a service availability charge of \$125 for recovery of costs associated with meter installation and service lines. The Utility does not, however, have authority to collect miscellaneous service charges or customer deposits.

Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates, classification and regulations of the former operating company unless authorized to change by the Commission. In its application, LUSI requested to increase its rates and charges. Upon learning that additional

information would be needed to support the increase, LUSI withdrew its request.

Therefore, we authorize the continuation of the rates and charges set forth above. LUSI shall file tariff sheets reflecting the additional territory and the rates and charges approved herein within 30 days of the date of this Order. The tariff will be effective for service provided or connections made after the stamped approval date.

It is, therefore,

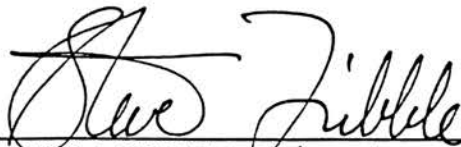
ORDERED by the Florida Public Service Commission that the transfer of facilities, Harbour Oaks and Four Lakes Subdivisions, from L. Neal Smith Utilities, Post Office Box 56, Montverde, Florida 32756, to Lake Utility Services, Inc., 200 Weathersfield Avenue, Altamonte Springs, Florida 32714, is hereby approved. Certificate No. 496-W, held by Lake Utility Services, Inc., is amended to include the additional territory. It is further

ORDERED that Lake Utility Services, Inc. shall charge the rates and charges approved in the body of this Order until authorized to change by the Commission. It is further

ORDERED that Lake Utility Services, Inc. shall file revised tariff sheets reflecting the additional territory and the rates and charges approved herein. The tariff sheets shall be effective for service provided or connections made after the stamped approval date on the tariff sheets. It is further

ORDERED that Docket No. 900645-WU is hereby closed.

By ORDER of the Florida Public Service Commission, this 7th day of DECEMBER, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

ATTACHMENT A

LAKE UTILITY SERVICES INC.
DESCRIPTION OF
THE HARBOUR OAKS AND THE FOUR LAKES SUBDIVISIONS
IN LAKE COUNTY

Township 22 South, Range 26 East

Section 2

Harbour Oaks Subdivision

The South 1/2 of the Southwest 1/4 of the Southwest 1/4

Section 11

Four Lakes Subdivision

The North 1/2 of the Northwest 1/4 of the Northwest 1/4 and the Southwest 1/4 of the Northwest 1/4 of the Northwest 1/2 and the West 133 feet more or less of the Southeast 1/4 of the Northwest 1/4 of the Northwest 1/4.

Also

From a Point-Of-Beginning at the Northwest corner of the Northeast 1/4 of the Northwest 1/4 run due South along the West boundary of said Northeast 1/4 of the Northwest 1/4 a distance of 480 feet more or less to a point on said boundary, then North 30 degrees 43 minutes 40 seconds East a distance of 100 feet, then North 49 degrees a distance of 460 feet more or less to the shore of Lake Florence, the meander the shoreline of said Lake Florence Northwesterly to the intersection with the North boundary of said Section 11, then due West along said boundary a distance of 165 feet more or less to the Point-Of-Beginning.