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MARSHALL WILLIS, DIRECTOR  
DIVISION OF ECONOMIC REGULATION  
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# Public Service Commission

January 28, 2011

Mr. Christian Marcelli  
Rose, Sundstrom & Bentley, LLP  
766 North Sun Drive, Suite 4030  
Lake Mary, FL 32746

**Re: Docket No. 100426-WS - Application for increase in water and wastewater rates in Lake County by Lake Utility Services, Inc.**

Dear Mr. Marcelli:

Staff is requesting the following data and information to complete our review of the application filed by Lake Utility Services, Inc. (LUSI or Utility).

1. Please refer to MFR Schedule A-3, page 1 of 3, line 22. Please explain, in detail, what the *Adjustments to Rollforward Plant* in the amount of \$7,306,431 represents.
2. Please refer to MFR Schedule A-4, page 1 of 1.
  - a. Please provide a description of all plant additions made since the last rate case.
  - b. Please provide a description of all the additions that comprise the amount of \$8,568,682 listed on line 7.
  - c. Please provide a description of all the additions that comprise the amount of \$7,330,623 listed on line 12.
  - d. Please provide a description of all plant retirements made since the last rate case.
  - e. Please explain, in detail, the adjustment in the amount of \$6,809,056 for water on line 33.
  - f. Please explain, in detail, the adjustment in the amount of \$3,520,700 for wastewater on line 33.
3. A note on MFR Schedule F-1, page 1 of 3, states that LUSI is allocating resources to address UAW to survey the residential meters to determine their accuracy and replace those meters that are found to be outside the acceptable range. Please provide further detail of this undertaking, including any anticipated costs and a schedule of completion. Also, please describe the anticipated impact that this program will have on the test year billing determinants.

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4. A note on MFR Schedule F-1, page 3 of 3, states that the excess UAW is attributable to poor metering at the Wastewater Treatment Plant (WTP) site as well as a bad solenoid valve on the iron removal filter, but that these items has been rectified. Please provide detail related to the resolution of these issues, including the nature of the resolution, dates of completion, and associated costs.
5. Please refer to MFR Schedule F-4. Please explain the decrease in the permitted plant capacity of the WTP since the last rate case. Please provide all documentation and correspondence with the Florida Department of Environmental Protection regarding the decrease in permitted plant capacity.
6. Please refer to MFR Schedule SAC-2. Please explain how LUSI calculated the proposed main extension charge in the amount of \$800. Please clarify if the proposed main extension charge is in addition to donated property.
7. Regarding the Utility's proposed Service Availability Charges, please refer to the following table. Using the account balances submitted by LUSI, staff determined that the total level of CIAC for Water Plant in Service at the Utility's design capacity is projected to be approximately 69 percent based on Rule 25-30.580, Florida Administrative Code, Guidelines for Designing Service Availability Policy. Does LUSI agree with staff's calculation? If not, please provide the rationale for the Utility's difference of opinion.

Line No.	LUSI Combined Water Plant Capacity and Main Extension Charges	LUSI Avg. Test Year Balance 6/30/2010	Additions	LUSI Proposed 12/31/2023
1	Water Utility Plant in Service	36,545,401		36,545,401
2	Accumulated Depreciation	6,047,755		17,970,023
3	Net Utility Plant	30,497,646		18,575,378
4	CIAC	17,040,299	9,032,751	26,073,050
5	Accumulated Amortization of CLAC	3,863,517	1,966,882	13,251,449
6	Net CIAC	13,176,782		12,821,601
7	Net Utility Plant Investment	17,320,864		5,753,777
<b>8</b>	<b>Percent CIAC</b>	<b>43.21%</b>		<b>69.02%</b>
9	Percent Investment	56.79%		30.98%

8. Based on the Utility's existing Service Availability Policy and Charges for wastewater, please provide the percentage of CIAC that would exist for Wastewater Plant at design capacity. Please include all calculations and assumptions in the response.

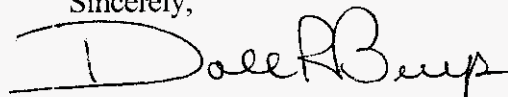
Mr. Christian Marcelli

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Please submit the requested data and information to the Office of Commission Clerk by February 26, 2011. If you have any questions, please contact me by phone at (850) 413-6536 or by e-mail at [dbuys@psc.state.fl.us](mailto:dbuys@psc.state.fl.us).

Sincerely,

A handwritten signature in black ink that reads "Dale R. Buys". The signature is written in a cursive style with a large, looped initial "D".

Dale R. Buys

Regulatory Analyst IV

Bureau of Rate Filings, Surveillance, Finance & Tax

cc: Office of Commission Clerk  
Office of the General Counsel (Sayler)  
Division of Economic Regulation (Cicchetti, Daniel, Fletcher, Lingo, Maurey, Stallcup,  
Williams)  
Office of the Public Counsel