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May 9, 2002

VIA HAND DELIVERY

Chairman Lila Jaber
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Cypress Lakes Utilities, Inc.
2002 General Rate Increase Application
Our File No. 30057.45

020407-WS

Dear Chairman Jaber:

This letter, pursuant to Rule 25-30.430, Florida Administrative Code, requests approval of a test year for Cypress Lakes Utilities, Inc. ("Company"). The Company intends to submit an application for general rate relief to the Florida Public Service Commission for its water and wastewater systems located in Polk County, Florida. The Company intends to submit the minimum filing requirements ("MFRs") on or before September 30, 2002. The Company intends to utilize the PAA process and will be requesting interim rates.

Water and wastewater rates have not been set since the Company acquired these systems. The transfer was approved in Order No. PSC-98-0993-FOF-WS and rate base subsequently established as of December 31, 1997 in Order No. PSC-00-0264-FOF-WS. The current rates, subject to indexing and pass through increases, were set by Polk County on August 6, 1996 and grandfathered by this Commission in Order No. PSC-97-0569-FOF-WS.

The Company proposes a test year of the year ending December 31, 2001. The Company believes that year is representative of current operations and is a representative period to measure the cost of service and to establish new rates. Since the expenses incurred are typical and it is the most current year for which financial information is available. There has been no material growth in the systems. There

DOCUMENT NUMBER-DATE

05046 MAY-98

FPSC-COMMISSION CLERK

Chairman Lila Jaber
May 9, 2002
Page 2

have been no major plant additions in the most recent 18 months and there are no proforma adjustments known at this time, which will be requested in this proceeding.

Should you or members of the Staff have any questions regarding this request, please do not hesitate to contact me.

Very truly yours,

MARTIN S. FRIEDMAN
For the Firm

MSF/brm

cc: Mr. Steve Lubertozi
Mr. Frank Seidman
Ms. Trish Merchant
Mr. Jan Kyle
Ms. Blanca Bayo

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