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REPLY TO CENTRAL FLORIDA OFFICE

November 9, 2007

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Chairman Lisa Polack Edgar
Florida Public Service Commission
2540 Shumard Oak Blvd.
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070693-WS

Re: Lake Utility Services, Inc.
2007 General Rate Increase Application
Our File No. 30057.148

Dear Chairman Edgar:

This letter, pursuant to Rule 25-30.430, Florida Administrative Code, requests approval of a test year for Lake Utility Services, Inc. (the "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 Lake County, Florida. The Company intends to submit the minimum filing requirements ("MFRs") on or before March 31, 2008.

The Company's last rate proceeding was an Overearnings Investigation in Docket
CMP _____ No. 020567, utilizing a Commission-mandated test year ending December 31, 2002,
COM _____ which culminated in Order No. PSC-04-0404-FOF-WS, issued April 19, 2004.

CTR _____ The Company requests a projected test year ending June 30, 2009 for final rates,
ECR 1 with interim rates based upon a test year ending June 30, 2007.

GCL 1
OPC 1 The Company is requesting a projected test year because it believes that the use of
RCA _____ a projected test year is more representative than the use of a historical test year due to
SCR _____ the extensive capital improvements that have been or will be installed during the
SGA _____ projected years and the substantial customer growth.

SEC _____

OTH _____

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FPSC-COMMISSION CLERK

Since the Company's last rate proceeding, the Company has constructed numerous water main extensions to physically connect ten (10) individual water systems into one combined system called LUSI North (Four Lakes and Lake Saunders remain isolated from the system). Additionally, the Company has expended substantial amounts in maintaining, upgrading and refurbishing the water system, including the following:

- A 16" water transmission main was built to connect the Lake Groves WTP to LUSI North;
- All disinfection systems were converted to liquid chlorine;
- Ground Storage Tanks and high service pump stations were built at Lake Louisa WTP, Vistas WTP and CR 561 WTP using existing wells to increase total treatment and pumping capacity;
- Large raw water mains were constructed to connect three wells to the CR 561 WTP and two wells to the Lake Louisa WTP;
- Construction of various transmission mains to the north and south of CR 561 WTP to meet peak hour and max day demand;
- Ten individual Consumptive Use Permits were combined into one CUP and now comprise the LUSI North facilities;
- Emergency generators were installed at Four Lakes, Lake Saunders, Crescent Bay and Lake Crescent Hills;
- Vistas Well #3 was built;
- Lake Groves Well #3 and an 18" transmission main were built;
- Lake Groves WTP has been upgraded to 6.0 mgd permitted capacity and includes sulfide removal and odor control equipment, ground storage, high service pumps, an emergency generator, chemical storage and instrumentation.

The Company has maintained, upgraded and refurbished its wastewater system by constructing a force main to connect Lake Groves WWTP with Lake Louisa State Park, constructing a field office and equipment storage building, upgrading Lake Groves WWTP to reuse (completion contemplated in 2008), and construction of reuse transmission mains to deliver reuse water to six pre-piped subdivisions in 2008.

The Company will include in its filing major pro forma plant additions, including the design, permitting and construction of Timberlane Water Treatment Plan, the installation of generators and electrical equipment at four water treatment plants, expansion and upgrade of Lake Groves water and wastewater treatment plants,

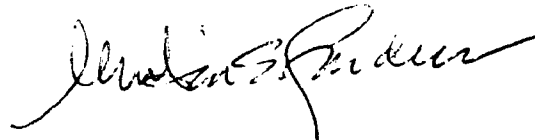
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installation of reuse transmission mains, replacement of water main and valves, extension of water mains on CR 561, Southglen Drive, and US 27, Installation of SCADA and alarm equipment linking remote water and wastewater assets, renewal of LUSI South CUP, and replacement of the hydro tank. In addition to including pro forma salaries, employee benefits and taxes (payroll, income and other taxes), the Company will include pro forma adjustments to all other expenses by applying an index to historical test year expenses, make pro forma adjustments for changes in the operational expenses and/or depreciation resulting from the new capital expenditures and any new regulatory mandated expense.

Pursuant to Section 367.081(8), Florida Statutes, the Company requests that the Commission process this petition for rate relief using the proposed agency action procedure.

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/tlc

cc: Ms. Kirsten Weeks
John Hoy, Chief Regulatory Officer
Rick Durham, Regional Vice President for Operations
Patrick C. Flynn, Regional Director
Mr. John Williams
Mr. Troy Rendell, Division of Economic Regulation (via hand delivery)
Ms. Deborah Swain

M:\1 ALTAMONTE\UTILITIES INC\LUSI (148) 2007 RATE CASE\Ltr to PSC Chair (Test Year Letter).wpd