

State of Florida

Susan F. Clark
Chairman



Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(904) 413-6040
FAX (904) 487-1716

Public Service Commission

April 8, 1996

Mr. Mark F. Kramer
Utilities, Inc.
2335 Sanders Road
Northbrook, Illinois 60062-6196

RE: Docket No. 960444-WU, Application of Lake Utility Services, Inc. for an increase in water rates and a change in service availability charges.

Dear Mr. Kramer:

We have received your letter dated April 1, 1996, requesting approval to use an historic test year ended December 31, 1995, for Lake Utility Services, Inc., for both interim and final rates. Your test year request is hereby approved. Be aware that prefiled direct testimony must be filed with the minimum filing requirements if you do not elect to request the proposed agency action process.

For administrative purposes only, Docket No. 960444-WS has been assigned to the forthcoming case. Your petition will be deemed filed on the date that the Division of Records and Reporting receives the complete petition, revised tariff sheets, the minimum filing requirements, testimony (if not requesting PAA) and the filing fee. To minimize any regulatory lag that may occur, we request that you file the above no later than June 1, 1996. Because of the difficulty in scheduling hearing dates it is not anticipated that an extension of this filing date will be granted.

Under the file and suspend law, the time period for processing the request will begin on the date that all of the required data is completely filed. If not complete, the official filing date will be the date the complete corrections to the deficiencies are filed. The utility is instructed to file all information it wishes the Commission to consider when arriving at a decision on its rate case application with its original filing. Because of the time limitations contained in Section 367.081, Florida Statutes, and the lengthy auditing and investigation required, information not filed with the

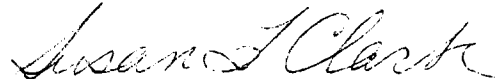
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original application may not be considered. Lastly, the utility should be prepared to justify all increased operation and maintenance expenses, particularly those in excess of customer growth and inflation from five years prior to the historic test year.

Sincerely,



Susan F. Clark
Chairman

SFC/MWW

cc: Commissioners
Mr. Talbott
Dr. Bane
Nanette Fisher
Division of Records and Reporting
Division of Legal Services (Jaber)
Division of Water and Wastewater (Willis)
Jack Shreve, Office of Public Counsel

UTILITIES, INC.

2335 Sanders Road
Northbrook, Illinois 60062-6196
(847) 498-6440
Fax: (847) 498-2066

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Florida Public Service Comm.
Commissioner Clark

April 1, 1996

Susan F. Clark, Chairman
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Dear Chairman Clark:

Lake Utility Services, Inc. respectfully requests approval of a test year ending December 31, 1995, for the filing of a rate increase application for its water operations in Lake County including the setting of interim rates and an application for a change in its service availability charges. This test year is the most current and representative period to measure the cost of service and establish new rates.

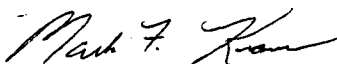
Segments of the water distribution system have been extended and interconnected to create a regional system. A substantial portion of this project has been completed by the end of the requested test year.

Only a few pro forma adjustments will be made to the test year for known and measurable changes in expenses and rate base.

Lake Utility Services, Inc. intends to file using the proposed agency action process.

If further information is required, please advise.

Respectfully Submitted,



Mark F. Kramer
Manager of Regulatory Accounting

cc: Mr. Marshall Willis
Mr. Richard Melson