

LAW OFFICES

ROSE, SUNDSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE  
TALLAHASSEE, FLORIDA 32301

080 695-WU

FREDERICK L. ASCHAUER, JR.  
CHRIS H. BENTLEY, P.A.  
ROBERT C. BRANNAN  
F. MARSHALL DETERDING  
JOHN R. JENKINS, P.A.  
KYLE L. KEMPER  
STEVEN T. MINDLIN, P.A.  
CHASITY H. O'STEEN  
WILLIAM E. SUNDSTROM, P.A.  
DIANE D. TREMOR, P.A.  
JOHN L. WHARTON

(850) 877-6555  
FAX (850) 656-4029  
www.rsbatorneys.com

CENTRAL FLORIDA OFFICE  
SANLANDO CENTER  
2180 WEST STATE ROAD 434  
SUITE 2118  
LONGWOOD, FLORIDA 32779  
(407) 830-6331  
FAX (407) 830-8522

ROBERT M. C. ROSE, (1924-2006)

December 2, 2008

MARTIN S. FRIEDMAN, P.A.  
BRIAN J. SWEET  
CHRISTIAN MARCELLO, OF COUNSEL  
(LICENSED IN NEW YORK ONLY)  
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DEC - 2 PM 4:50  
COMMISSION CLERK

Matthew Carter, Chairman  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Peoples Water Service Company of Florida, Inc.; 2008 General Rate Increase Application  
Our File No. 31007.03

Dear Chairman Carter:

This letter requests approval of a test year for Peoples Water Service Company of Florida, Inc. ("Peoples"). The Company intends to submit an application for general rate relief to the Florida Public Service Commission for its water system (Certificate No. 543-W) in Escambia County, Florida. The Company intends to submit the minimum filing requirements (MFRs) on or before 90 days from the date of test year approval.

Peoples has never had a general rate increase application processed before the Florida Public Service Commission. The Utility's last general rate increase request was approved by the Escambia County Board of County Commissioners in June of 1991. The Commission took jurisdiction over utilities in Escambia County and therefore over Peoples in December of 1991 and the Utility has had no request for rate relief processed by the Commission since that time.

Since the Florida Public Service Commission acquired jurisdiction over Peoples in 1991, the Utility has also implemented numerous pass-through and indexing adjustments pursuant to the provisions of Section 367.081(4)(a) and (b), Florida Statutes.

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The Company believes that the proposed base year and its fiscal year ended August 31, 2008, is representative of current operations, and should be utilized as the test period with the possibility of some proforma adjustments for known changes which are expected to occur in the future. The need for rate relief is the result of general changes in regulatory requirements; refurbishing costs for an older water system; and the length of time since its last general rate increase request.

There are no major plant expansions or change in operational methods which have occurred in the most recent 18 months or which will occur during the requested test year.

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Matthew Carter, Chairman  
December 2, 2008  
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The Utility has begun the transition from manual read to radio read meters in July of 2005, which has continued through the test year, and which is expected to be completed by the end of fiscal year ended August 31, 2009. The Utility anticipates that it will incur approximately \$129,000 in additional costs related to this change out program in the year following the historic test year, and intends to request recognition of those additional costs in its filing.

In addition, the Utility operates five wells ranging age from 20 to 57 years and is currently in the process of adding a new well to back up and/or replace a portion of this aging infrastructure. Recognition of the estimated additional cost of the new well is expected to be requested as part of the proforma adjustments to the historic test year ended August 31, 2008.

The Utility will be seeking interim rate relief based upon the historic fiscal year ended August 31, 2008 operations, because the Utility is already in a position of earning below a reasonable rate of return during the most recent historical fiscal year.

Should you or any members of the staff have any questions with regard to this application, please do not hesitate to contact me.

Sincerely,  
ROSE, SUNDBSTROM & BENTLEY, LLP



F. Marshall Deterding  
For The Firm

FMD\tms

cc: Ann Cole, Clerk  
Marshall Willis  
Tim Devlin  
Bart Fletcher  
Cheryl Bulecza-Banks  
Sherlock Gillet, Jr.  
Robert C. Nixon, CPA