

STATE OF FLORIDA

RONALD A. BRISÉ
CHAIRMAN



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Public Service Commission

August 23, 2013

Mr. Martin S. Friedman
Sundstrom, Friedman & Fumero, LLP
766 North Sun Drive
Suite 4030
Lake Mary, FL 32746

Re: Docket No. 130212-WS - Application for increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

Dear Mr. Friedman:

The Florida Public Service Commission received your August 5, 2013 letter regarding a proposed rate case by Cypress Lakes Utilities, Inc. (Cypress Lakes or Utility). In that letter, Cypress Lakes requested to use a historic test year ended December 31, 2012, for establishing final rates.

You state the Utility will file its application using the Proposed Agency Action provision set forth in Section 367.081(8), Florida Statutes (F.S.). Pursuant to Rule 25-30.430, Florida Administrative Code (F.A.C.), Cypress Lakes' test year request as outlined above is hereby approved for purposes of filing its Minimum Filing Requirements (MFRs). Docket No. 130212-WS has been assigned to the forthcoming case. Your petition will be deemed filed on the date the Office of Commission Clerk receives the complete petition, the MFRs, and the filing fee. To process this case expeditiously, we request that you file the above no later than September 30, 2013.

Pursuant to Section 367.083, F.S., the official filing date will be the date that complete corrections to any deficiencies, if any, are filed. Please note that many schedules included in the MFRs are designed with a column titled "Balance Per Books." This column must reflect the balances on the general ledger and be reconciled with the balances reported in the Utility's Annual Report on file with the Commission. This requirement is applicable to all primary account balances as required by the NARUC Uniform System of Accounts. Pursuant to Rule 25-30.110(2), F.A.C., all data the Commission requests and requires to be submitted in determining a utility's rates "shall be consistent with and reconcilable with the utility's annual report to the Commission."

In addition, Cypress Lakes should satisfactorily document that it has recorded all adjustments to the Utility's general ledger and accounts that have been ordered by the Commission in any prior proceeding relating to this system. If adjustments were ordered for prior periods that impact subsequent years, the related adjustments shall also be made to reflect the impact for the appropriate period up to and including the approved test year. Further, Cypress Lakes should be prepared to justify its requested test year operation and maintenance expenses, particularly those which have

Mr. Martin S. Friedman

Page 2

August 21, 2013

increased above the level of customer growth and inflation from the year ended five years prior to the test year.

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, F.S., and the lengthy auditing and investigation required, the Commission may disregard any information not filed with the original application. Approval of the test year for filing purposes does not mean that an issue regarding the appropriateness of the test period could not be raised at any time during the proceeding. If you have any questions, please contact Bart Fletcher at (850) 413-7017 or bart.fletcher@psc.state.fl.us.

Sincerely,



Ronald A. Brisé
Chairman

RAB/BF:jk

cc: Commissioner Lisa Polak Edgar
Commissioner Art Graham
Commissioner Eduardo E. Balbis
Commissioner Julie Imanuel Brown
Braulio Baez, Executive Director
Lisa Harvey, Deputy Executive Director - Technical
Curt Kiser, General Counsel
Division of Accounting and Finance (Willis, Bulecza-Banks, Fletcher, Maurey, Norris, Kelly)
Division of Auditing & Performance Analysis (Mailhot, Deamer)
Division of Economics (Dean)
Division of Engineering (Ballinger)
Office of the General Counsel (Crawford)
Office of Commission Clerk (Docket No. 130212-WS)
Mr. J. R. Kelly, Office of Public Counsel