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March 10, 2000

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Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, Florida 32399-0850

Re: Placid Lakes Utilities, Inc.'s Request for Approval of Test Year

Dear Ms. Bayo:

Placid Lakes Utilities, Inc. ("Placid Lakes") is a Class B water utility providing service in Highlands County. By this letter and pursuant to Rule 25-30.430, Florida Administrative Code, Placid Lakes requests approval of a historic test year ended December 31, 1999 for a rate case (Application and Minimum Filing Requirements hereinafter referred to collectively as the "Rate Application") to be filed within ninety (90) days of approval of this test year letter. Placid Lakes proposes to use the historic twelve months ended December 31, 1999 and the 1999 year-end rate base as the basis for requesting both interim rates pursuant to Section 367.082(1), Florida Statutes, and final rates pursuant to Section 367.081(8), Florida Statutes.. Fifteen copies of this letter are enclosed for distribution to the Commission staff.

The calendar year 1999 historical information was examined and found to be a reasonable representation of Placid Lakes' typical and normal level of operations. The major plant additions to the source of supply, pumping equipment and storage facilities were placed in service in 1997. Operations and maintenance costs for calendar year 1999 are indicative of Placid Lakes' current operations and costs. There were no extraordinary maintenance or rehabilitation projects undertaken in 1999. Customer growth in 1999 occurred at a level consistent with prior years.

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The 1999 historic operating results were adjusted to reflect a pro forma year-end test year to enable Placid Lakes to recover its current cost of operations. Placid Lakes' operations and maintenance expenses for the test year ended December 31, 1999 exceed the revenues produced by the current rates. Placid Lakes is seeking to recover its current level of operating costs and a fair rate of return on its rate base investment. A significant part of the proposed increase is to recover costs and return on investment of approximately \$550,000 of plant additions installed since mid-year 1995 which comprise most of the current rate base of \$705,034. These costs have already been incurred.

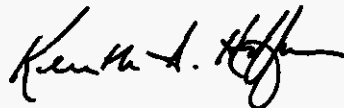
Placid Lakes is currently experiencing a severe earnings shortfall. Pursuant to the Rate Application, actual, historic 1999 data will be utilized for purposes of establishing interim rates with pro forma 1999 year-end adjustments reflected in final rates.

Finally, Placid Lakes requests that the Rate Application be adjudicated pursuant to the proposed agency action process provided for in Section 367.081(8), Florida Statutes.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your consideration of the requests made in this letter and your assistance with this filing.

Respectfully submitted,



Kenneth A. Hoffman
Attorney for Placid Lakes Utilities, Inc.

cc: Ms. Pam Brewer
Mr. John Guastella

Placid.bayo