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REPLY TO ALTAMONTE SPRINGS

August 13, 2002

VIA FEDERAL EXPRESS

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 020344-SU; Application of Key Haven Utility Corporation for Rate Increase in Monroe County, Florida
Our File No.: 26043.10

Dear Ms. Bayo:

Enclosed are the following for filing in the above-referenced docket:

- Sixteen (16) copies of the Application for Increase in Rates 08540-02
- Sixteen (16) copies of the minimum filing requirements (Exhibit "1") 08541-02
- Sixteen (16) copies of the Affidavit required by Rule 25-22.0407, Florida Administrative Code (Exhibit "2") 08542-02
- Two (2) copies of the Billing Analysis (Exhibit "3") 08543-02
- Two (2) copies of the additional engineering information (Exhibit "4") 08544-02
- One (1) detailed map (Exhibit "5") 08545-02

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MMS _____
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Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

MAP TO ECR/MERCHANT

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DISTRIBUTION CENTER

Initials of person who forwarded check:

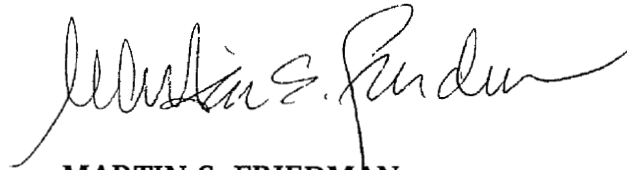
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- The original and three (3) copies of the proposed Interim Rate Tariff Sheets (Exhibit "6") 08546-02
- The original and three (3) copies of the proposed Final Rate Tariff Sheets (Exhibit "7") 08547-02
- Our check in the amount of \$2,000.00 representing the appropriate filing fee.

Should you have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF:dmp
Enclosures

cc: Mr. Wayne Lujan
Robert C. Nixon, CPA
Chairman, Monroe County Board of County Commissioners

Key Haven\PSC Clerk (Bayo)01.ltr

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of)
KEY HAVEN UTILITY CORPORATION)
for a rate increase in Monroe County .)
_____)

DOCKET NO. 020344-SU

APPLICATION FOR INCREASE IN RATES

Applicant, KEY HAVEN UTILITY CORPORATION (hereinafter "KEY HAVEN", the "Utility", or the "Applicant"), by and through its undersigned attorneys and pursuant to Section 367.081 and 367.082, Florida Statutes, and Chapter 25-30, Florida Administrative Code, files this Application for a rate increase in Monroe County, Florida.

I.

The following information is provided pursuant to Rule 25-30.436, Florida Administrative Code:

1. (a) The name of the Utility and its principal place of business is:

Key Haven Utility Corporation
1104 Truman Avenue
Key West, FL 33040

The name and address of the person authorized to receive notices and communications in respect to this application is:

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
650 S. North Lake Boulevard, Suite 420
Altamonte Springs, FL 32701
PHONE: (407) 830-6331
FAX: (407) 830-8522

DOCUMENT NUMBER-DATE

08540 AUG 14 88

FPSC-COMMISSION CLERK

(b) Key Haven Utility Corporation is a Florida corporation incorporated in Florida on June 8, 1962. The names and addresses of the persons owning more than 5% of the Utility's stock are:

Estate of Arthur B. Lujan 100%
1104 Truman Avenue
Key West, FL 33040

(c) Key Haven's last rate case was in Docket No. 940299-SU which utilized a 1993 calendar year as the test year. That proceeding was concluded with the approval of a stipulation in Order No. PSC-94-0157-S-SU issued December 13, 1994.

(d) Key Haven does not have a business office in the service area. The address where the application is available for customer inspection during the time the rate application is pending is:

May Hill Russell Public Library
700 Fleming Street
Key West, FL 33040

(e) The Utility is requesting rates which would allow it to recover all expenses that the Utility will incur on a going-forward basis, and generate a fair rate of return on its investment. The Utility is seeking rate relief in order to allow it to recover its expenses and earn a fair rate of return on its investment all property used and useful in the public service.

(f) The Utility is also seeking interim rates based upon the historic test year ended December 31, 2001. The Utility has demonstrated through the supporting schedules within the attached **Exhibit "1"** that it is earning outside its range of

reasonable returns, calculated in accordance with Section 367.082(5), Florida Statutes. Submitted as part of **Exhibit "1"** are schedules of rate base (Schedule A-2), cost of capital (Schedule D-1) and net operating income (Schedule B-2), as applicable, pursuant to Commission Rule 25-30.437(5), F.A.C.

(g) An Affidavit signed by the Chief Executive Officer of the Utility that the Utility will comply with Rule 25-22.0407, F.A.C., is provided herewith as **Exhibit "2"**.

(h) The Utility requests that this case be processed utilizing the Proposed Agency Action procedure outlined in Section 367.081(8), F.S..

2. There has been no new land recorded on the Utility's books since the Utility's rate base was last established in the Order referenced in Paragraph 1(c) above.

II.

Sixteen copies of the Utility's Financial, Rate and Engineering Minimum Filing Requirements (Form PSC/WAW 20) are provided herewith as **Exhibit "1"**.

III.

Two copies of the Billing Analysis Schedules as required by Rule 25-30.437(4) are provided herewith as **Exhibit "3"**.

IV.

Two copies of the Additional Engineering Information required by Rule 25-30.440(2)-(10), F.A.C. are provided herewith as **Exhibit "4"**.

V.

One copy of a detailed system map as required by Section 25-30.440(1)(a) and (b) are attached hereto as **Exhibit "5"**.

VI.

Key Haven's system has costs or charges to it from an affiliate or related party which costs are reported in Schedule B-12 of **Exhibit "1"**.

VII.

The original and two copies of the Revised Tariff Sheets reflecting the proposed interim rates are attached hereto as Composite **Exhibit "6"**.

VIII.

The original and two copies of the Revised Tariff Sheets reflecting the proposed final rates are attached hereto as Composite **Exhibit "7"**.

IX.

The Utility requests that the Commission grant interim rates pursuant to Section 367.082, F.S. in accordance with the schedules contained in **Exhibit "1"** and the tariffs contained in **Exhibit "6"**.

X.

The Utility is not requesting any changes in its service availability policy or charges in this proceeding.

XI.

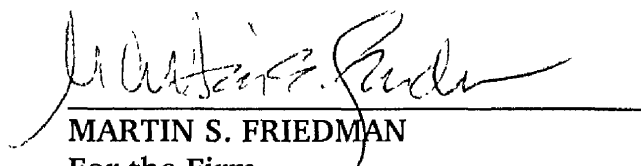
The filing fee required by Rule 25-30.020(1)(e), F.A.C., is \$2,000 since the Utility has the existing capacity to serve from 500 to 2,001 wastewater ERCs. A check in that amount is included with this filing.

WHEREFORE, the Utility requests that the Florida Public Service Commission do the following:

1. Accept jurisdiction of this Application to grant an increase in waste water rates utilizing the Proposed Agency Action procedure outlined in Section 367.081(8), F.S.
2. Grant the interim rates as requested herein and contained in the tariffs included as **Exhibit "6"**.
3. Grant final rates as requested herein and contained in the tariffs included in **Exhibit "7"**.
4. Provide such other and further relief as is fair, just and equitable.

Respectfully submitted this 13th
day of August, 2002, by:

ROSE, SUNDSTROM & BENTLEY, LLP
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Altamonte Springs, Florida 32701
(407) 830 - 6331
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MARTIN S. FRIEDMAN
For the Firm