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September 30, 2002

HAND DELIVERY

RECEIVED-TPSC
02 SEP 30 PM 2:10
COMMISSION
CLERK

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

Re: Docket No. 020407-WS; Application of Cypress Lakes Utilities, Inc., for Rate Increase in Polk County, Florida
Our File No.: 30057.45

Dear Ms. Bayo:

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

- Sixteen (16) copies of the Application for Increase in Rates 10459-02
- Sixteen (16) copies of the minimum filing requirements (Exhibit "1") 10460-02
- Sixteen (16) copies of the Affidavit required by Rule 25-22.0407, Florida Administrative Code (Exhibit "2") 10461-02
- Two (2) copies of the Billing Analysis (Exhibit "3") 10462-02
- Two (2) copies of the additional engineering information (Exhibit "4") 10463-02
- One (1) detailed map (Exhibit "5") FORWARDED TO ECR
- Three (3) Affiliated Party Schedules (Exhibit "6") 10464-02

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ECR Merchant
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OPC I
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Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward deposit information to Records.

Initials of person who forwarded check:
[Handwritten initials]

Ms. Blanca Bayo
September 30, 2002
Page 2

- The original and three (3) copies of the proposed Interim Rate Tariff Sheets (Exhibit "7") 10465-02
- The original and three (3) copies of the proposed Final Rate Tariff Sheets (Exhibit "8") 10466-02
- Our check in the amount of \$5,500.00 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. Steve Lubertozzi (w/o enclosures)
Mr. Don Rassmussen (w/o enclosures)
Mr. Frank Seidman (w/o enclosures)

Utilities\Cypress Lakes Rate Case\Bayo (PSC) 01.ltr

Ms. Blanca Bayo
September 30, 2002
Page 3

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

Jack Myers, Chairman
Polk County Board of Count Commissioners
Post Office Box 9005
Drawer BC01
Bartow, FL 33831

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of)
CYPRESS LAKES UTILITIES, INC.)
for a rate increase in Polk County) DOCKET NO. 020407-WS
_____)

APPLICATION FOR INCREASE IN RATES

Applicant, CYPRESS LAKES UTILITIES, INC. (hereinafter "CLU", 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 Polk 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:

Cypress Lakes Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062

- (b) The address of the Florida office is:

Cypress Lakes Utilities, Inc.
200 Weathersfield Avenue
Altamonte Springs, FL 32714-4099

The name and address of the person authorized to receive notices and

DOCUMENT NUMBER-DATE

10459 SEP 30 8

FPSC-COMMISSION CLERK

communications in respect to this application is:

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
650 S. North Lake Boulevard, Suite 420
Altamonte Springs, Florida 32701
PHONE: (407) 830-6331
FAX: (407) 830-8522
E-MAIL: mfriedman@rsbattorneys.com

(b) Cypress Lakes Utilities, Inc. , is a Florida corporation incorporated in Florida on September 23, 1997. The names and addresses of the persons owning more than 5% of the Utility's stock are:

| | |
|----------------------|------|
| Utilities, Inc. | 100% |
| 2335 Sanders Road | |
| Northbrook, IL 60062 | |

(c) Water and wastewater rates have not been set since the water and wastewater systems were acquired by the Utility. Rate base was established as of December 31, 1997, in connection with the Commission's approval of the transfer in Order No. PSC-00-0264-FOF-WS. The current rates were approved by Polk County on August 6, 1996 and grandfathered by this Commission at the time of granting of a Grandfather Certificate in Order No. PSC-97-0569-FOF-WS.

(d) CLU 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:

Lakeland Public Library
100 Lake Morton Road
Lakeland, FL 33801

(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 Orders 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.

The Utility's systems have costs or charges to it from an affiliate or related party which costs are reported in **Exhibit "6"**. Further, the PSC Staff has an undocketed proceeding to audit affiliate transactions for the year ended December 31, 2001 (Audit Control No. 02-122-3-1).

VII.

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

VIII.

The original and two copies of the Revised Tariff Sheets reflecting the proposed final rates are attached hereto as Composite **Exhibit "8"**.

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 "7"**.

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 \$5,500 since the Utility has the existing capacity to serve from 501 to 2,000 wastewater ERCs and between 2001 and 4000 water 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 wastewater 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 "7"**.
3. Grant final rates as requested herein and contained in the tariffs included in **Exhibit "8"**.

4. Provide such other and further relief as is fair, just and equitable.

Respectfully submitted this 30th
day of September, 2002, by:

ROSE, SUNDSTROM & BENTLEY, LLP
605 S. North Lake Boulevard, Suite 420
Altamonte Springs, Florida 32701
(407) 830- 6331
(407) 830-8522 (fax)



MARTIN S. FRIEDMAN
For the Firm

ASO\Utilities\Cypress Lake Rate Case\Application for Rate Increase

9/27/02