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May 13, 2004

Braulio Baez, Chairman
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

RE: Indiantown Company, Inc.

040450-WS

Dear Chairman Baez:

This letter requests approval of a test year for Indiantown Company, Inc. The Company intends to submit an application for general rate relief to the Florida Public Service Commission for both its water system (Certificate No. 387W) and its wastewater system (Certificate No. 331S) in Martin County, Florida. The Company intends to submit the Minimum Filing Requirements (MFR's) on or before August 1, 2004, if the requested test year is approved.

Indiantown Company, Inc.'s last rate case was in Docket No. 990939-WS, which set Indiantown Company's rates and charges in Order No. PSC-00-2054-PAA-WS, issued on October 27, 2000. Subsequent to that rate proceeding, Indiantown Company, Inc. has filed and received indexed rate increases in 2001, 2002, and 2003.

Indiantown Company, Inc. requests that the Commission approve the historic twelve-month test period ended December 31, 2003, to which the Company will apply certain proforma adjustments to permit the establishment of appropriate rates on a going forward basis. The historic test period requested is appropriate for the following reasons:

1. The Company believes that the test year ended December 31, 2003 is representative of current operations.
2. The Company has not changed the mode of water or wastewater operations.
3. The Company has not experienced, and does not expect significant population growth in the near term, so that the proforma expenses will be for the benefit of existing customers.

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4. There have been no major plant expansions for which capital recovery will be requested in this case. Although the Company will request inclusion of certain known and measurable proforma capital items, as outlined below, those expenditures will benefit current customers and should not have an undue impact on the representative nature of the requested test year.

The Company intends to request a limited number of proforma adjustments relating to rate base and operation and maintenance expenses. With regard to the rate base adjustments, a limited number of items for water and wastewater will be requested. The water rate base adjustments consist of the following:

1. Security camera and security screen over filters and tanks, which is to be required by FDEP (\$6,000 and \$12,990, respectively). The security screen was installed May 7, 2004. The camera will be installed within the next twelve months.
2. Paving of the utility office parking lot, which was completed on April 14, 2004, at a cost of \$5,400.
3. Recognition in rate base of the cost of a new truck purchased in late December 2003, at a cost of \$17,613.

The rate base adjustments for wastewater are expected to be as follows:
Purchase of a new generator at a cost of approximately \$69,000.

1. Relocation of a major lift station at an estimated cost of \$75,000.
2. Recognition of the cost of a new truck purchased in late December 2003, at a cost of \$17,613.
3. The cost of relining approximately 335 feet of 10-inch force main at a cost of approximately \$23,000. This project was completed in April 2004.

With regard to operation and maintenance expenses the Company intends to request annualization of existing water and wastewater expenses for employee salaries, health insurance benefits, and management fees. In the wastewater division, two other adjustments will be requested. These are as follow:

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1. Additional percolation pondweed control requested by FDEP at a cost of approximately \$3,700. This expense is currently being incurred and began in March 2004.
2. Interior painting of the sewer plant tankage at a cost of \$70,000. This amount will be amortized over a five-year period.

Finally, Indiantown Company, Inc. requests a waiver of preparing and filing certain schedules in the income tax section of the MFR schedules. The waiver is requested to reduce rate case expense and conform to the Commission Staff's current practice and methodology in computing the provision for income taxes on a Regulatory basis. The Company will compute the provision for income taxes in accordance with current Staff practices and include a parent-debt adjustment, as established in the last rate case. The Company requests a waiver from filing the following schedules: C-1, C-2, C-3, C-4, C-5, and C-7.

Thank you for your prompt consideration of this request for test year approval.

Very truly yours,



David B. Erwin