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Public Service Commission

March 18, 2008

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COMMISSION
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Mr. Martin Friedman
Rose, Sunstrom & Bentley, LLP
Sanlando Center
2180 W. State Road 434, Suite 2118
Longwood, FL 32779

Re: Docket No. 070693-WS - Application for increase in water and wastewater rates in Lake County by Lake Utilities Services, Inc.

Dear Mr. Friedman:

We have reviewed the minimum filing requirements (MFRs) submitted on February 18, 2008, on behalf of Lake Utilities Services, Inc. (LUSI or utility). After reviewing the utility's filing, we find the MFRs to be deficient.

Rule 25-30.437, Florida Administrative Code (F.A.C.), requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 19 (11/93), entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." Further, Rule 25-30.110, F.A.C., requires that each utility shall furnish any information the Commission requests or requires for determining rates of the utility and that the information be consistent with and reconcilable with the utility's annual report to the Commission. The specific deficiencies are identified below:

1. Schedule B-12, Allocation of Expenses

The utility is required to provide a cumulative schedule for 12 months ending June 30, 2006 for water and wastewater. Also, the utility is required to provide historical schedules for the quarters ending September 30, 2006 and December 31, 2006.

2. Schedule C-1, Reconciliation of Total Income Tax Provision

The amounts for Total Income Tax Expense reported on Schedule C-1 do not agree with the amounts reported for the Provision for Income Taxes shown on Schedule B-1, Schedule of Water Net Operating Income and Schedule B-2, Schedule of Wastewater Net Operating Income.

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3. Schedule C-2, State and Federal Income Tax Calculation

The amounts for Total Income Tax Expense, Water and Wastewater, reported on Schedule C-2 do not agree with the amounts reported for the Provision for Income Taxes shown on Schedule B-1, Schedule of Water Net Operating Income and Schedule B-2, Schedule of Wastewater Net Operating Income.

4. Schedule C-6, Accumulated Deferred Income Taxes – Summary

The amounts shown on Schedule C-6, Page 1 of 3, do not agree with the Accumulated Deferred Income Taxes amount reported on Line 28 of Schedule A-18, Comparative Balance Sheet – Assets. Rule 25-30.110(2) requires that data furnished by the utility shall be consistent with and reconcilable with the utility's annual report to the Commission. Amounts for December 2006, reported on Schedule A-18, Schedule A-19, and Schedule C-6 do not agree with the amounts reported in LUSI's 2006 annual report.

5. Rule 25-30.436(4)(h), F.A.C., requires that the utility file three copies of detailed information related to costs being allocated to the utility. Please provide two copies of the allocation manual used to allocate costs to LUSI for the quarters ending March 31, 2007 and June 30, 2007. Also, provide three copies of the allocation manual used to allocate costs to LUSI for the quarters ending September 30, 2006 and December 31, 2006.

6. Rule 25-30.440(2), F.A.C., requires that each applicant for a rate increase shall provide the Commission one copy of a list of chemicals used for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized. The utility, in Volume III (A), provided a list of chemicals used for wastewater treatment, however, the list did not have the dosage rates utilized for treatment. Please provide a list of chemicals that has the dosage rates utilized for wastewater treatment as required by this Rule.

7. Rule 25-30.440(4), F.A.C., requires all water and wastewater plant operating reports for the test year and the year preceding the test year. These monthly operating reports are missing in Volume III(C) and (D) for Lake Louisa for water for the months of July through December, 2005. Monthly operating reports are also missing in Volume III(C) and (D) for Crescent West and Highland Point for the months of July through December, 2006.

8. On Schedule E-2, Pages 1 and 3, the irrigation consumption shown is 34,984 kgals. However, this figure does not tie to the corresponding totals of the applicable consumption figures from Schedule E-14. In a related matter, Schedule E-14, Page 30, columns (5), (7) and (8) are incorrect. Specifically, the final entries for the cumulative gallons in column (5) and the consolidated factor gallons in column (7) do not reflect the addition of the 2,255,000 gallon entry in Column 1. Furthermore, many of the percentages in column (8) are greater than 100%. Please revise Schedule E-14, Page 30, making all necessary corrections. In addition, please revise Schedule E-2, Pages 1 and 3, so that these pages reflect the appropriate number of irrigation kgals.

9. Schedule E-1, Page 2 of 3, lists the general service irrigation rate for a 1" meter as \$11.00. However, the corresponding rate contained within the utility's proposed tariffs is \$27.50. Please

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revise Schedule E-1, Page 2 of 3, so that the proposed rate is consistent with the rate shown on its proposed tariff page.

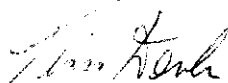
10. Schedule E-1, Page 3 of 3, indicates a proposed rate for bill code 67581, general service over 4" of \$2,250. However, this proposed rate is not included in the utility's proposed wastewater tariff. Please correct and refile the utility's proposed wastewater tariff page. Please be sure to indicate on the proposed tariff page the meter size that corresponds to \$2,250.

11. The specific instruction for Schedule E-3 states, "Provide a schedule of monthly customers billed **or served** by class" (emphasis added). However, the utility has combined both bi-monthly billed customers and monthly billed customers on this schedule. Please correct Schedule E-3 so that all bills are restated on a monthly basis.

12. On Schedule E-14, Page 37, the cumulative kgals in column (5) does not match the consolidated factor kgals in column (7). In addition, the percentage in column (8) does not total 100%. Please make the necessary corrections to this schedule.

If any above corrections require a corresponding change to any MFR schedules, those corrected schedules must also be submitted. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than April 17, 2008.

Sincerely,



Timothy Devlin
Director

TD:rw

cc: Division of Economic Regulation (Bulecza-Banks, Fletcher, Lingo, Stallcup, Walden, Wright)
Office of the General Counsel (Young, Brubaker)
~~Office of Commission Clerk~~