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March 20, 2008

080168

08 MAR 21 11:10 AM
RECEIVED-PPSC

Ms. Blanca Bayo, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

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COMMISSION
CLERK

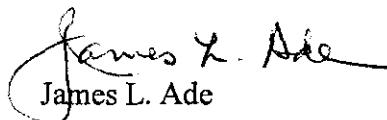
RE: Application by Southlake Utilities, Inc. for Approval of an AFUDC Rate

Dear Ms. Bayo:

Enclosed for filing on behalf of Southlake Utilities, Inc. ("Southlake Utilities") are the original and sixteen copies of Southlake Utilities' Application for an AFUDC rate.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me in the enclosed self-addressed, stamped envelope.

Sincerely yours,


James L. Ade

JLA/lefr

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FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition by)
Southlake Utilities, Inc.)
For Establishment of an)
AFUDC Rate)
_____)

Docket No. 080168
Mailed For Filing: March 20, 2008

PETITION FOR ESTABLISHMENT OF AN AFUDC RATE

Southlake Utilities, Inc., a Florida corporation (“Southlake Utilities”), by and through its undersigned counsel, and pursuant to Chapter 367, Florida Statutes, and Rule 25-30.116, Florida Administrative Code, hereby requests the Florida Public Service Commission (“Commission”) to establish an allowance for funds used during construction (“AFUDC”) rate for its system located in Lake County, Florida. In support of this Application, Southlake Utilities states as follows:

APPLICANT INFORMATION

1. The name and mailing address of the Applicant is:

Southlake Utilities, Inc.
16554 Cagan Crossings Boulevard - Suite #2
Clermont, Florida 34714
(352) 394-8898 (Telephone)
(352) 394-8894 (Facsimile)

2. The names and addresses of the Applicant’s authorized representatives are:

James L. Ade, Esquire
James L. Ade, P.L.
841 Prudential Drive – Suite 1400
Jacksonville, Florida 32207
(904) 858-0123 (Telephone)
(904) 858-0124 (Facsimile)

-and-

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William J. Deas, Esquire
William J. Deas, P.A.
2215 River Boulevard
Jacksonville, Florida 32204
(904) 387-9292 (Telephone)
(904) 389-3035 (Facsimile)

-and-

John F. Guastella, President
Guastella Associates, Inc.
133 Mystic Lane
Jupiter, Florida 33458
(561) 747-9867 (Telephone)
(561) 745-9585 (Facsimile)

AFUDC RATE

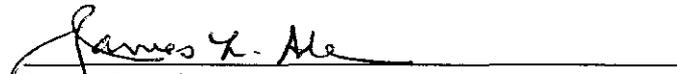
3. The Commission has never set an AFUDC rate for Southlake Utilities.
4. Through this Application, Southlake Utilities seeks approval from the Commission for an AFUDC rate to be effective as of January 1, 2008, pursuant to the criteria established by Rule 25-30.116, Florida Administrative Code. The calculation of the appropriate AFUDC rate for this utility is set out in the attached supporting schedules, which are prepared in accordance with the requirements of Rule 25-30.116, Florida Administrative Code.
5. Schedule "A," attached hereto, shows the capital structure, cost rates, and weighted average cost of capital that are the basis for the AFUDC rate to be calculated pursuant to Rule 25-30.116(2), Florida Administrative Code.
6. Schedule "B," attached hereto, shows the capital structure adjustments including the unadjusted capital structure, reconciling adjustments and adjusted capital structure that are the basis for the AFUDC rate to be calculated pursuant to Rule 25-30.116(2), Florida Administrative Code.

7. Schedule "C," attached hereto, shows the calculation of the monthly AFUDC rates using the methodology set forth in Rule 25-30.116, Florida Administrative Code.

WHEREFORE, Southlake Utilities respectfully requests that the Commission:

- A. Approve Southlake Utilities' request for an AFUDC rate as shown in the attached Schedules;
- B. Order that the date of the approved AFUDC rate shall be effective as of January 1, 2008; and
- C. Grant such other relief as may be appropriate.

Respectfully submitted this 20th day of March, 2008.


James L. Ade
James L. Ade, P.L.
841 Prudential Drive, Suite 1400
Jacksonville, Florida 32207
Telephone: (904) 858-0123
Facsimile: (904) 858-0124

**Capital Structure Schedule
Establishing ADUDC Rate**

Schedule A

Southlake Utilities, Inc.

Florida Public Service Commission

<u>Class of Capital</u>	<u>Average Balance</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long-Term Debt	\$0	0.00%		0.00%
Short-Term Debt	0	0.00%		0.00%
Preferred Stock	0	0.00%		0.00%
Customer Deposits	207,197	2.80%	6.00%	0.17%
Common Stock	7,500	0.10%	9.12%	0.01%
Common Equity	7,174,962	97.09%	9.12%	8.86%
Accumulated Deferred Income Taxes	0	0.00%		0.00%
Other	0	0.00%		0.00%
Total	\$7,389,659	100.00%		9.04%

FPSC Equity Leverage Formula = 7.1 + 1.961 / 97.20% = 9.12

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**Capital Component Schedule
12 Month Average Balance**

Schedule B

Southlake Utilities, Inc.

Florida Public Service Commission

Class of Capital	Year-End 2006 Amount	Year-End 2007 Amount	Average Balance	Adjustment	Adjusted Average Balance
Long-Term Debt	\$756,069	\$756,069	\$756,069	(\$756,069) a	\$0
Short-Term Debt	0	0	0		0
Preferred Stock	0	0	0		0
Customer Deposits	202,310	212,083	207,197		207,197
Common Stock	7,500	7,500	7,500		7,500
Common Equity	6,168,886	6,668,900	6,418,893	756,069	7,174,962
Accumulated Deferred Income Taxes	0	0	0		0
Other	0	0	0		0
Total	\$7,134,765	\$7,644,552	\$7,389,659		\$7,389,659

Note : (a) Reclass Land Lease Agreement to Equity Capital.

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**Calculation
of Monthly
AFUDC Rate**

Schedule C

**Southlake
Utilities, Inc.**

**Florida Public Service
Commission**

Rule 25-30.116 Formula:

$$M = [(1+A/100)^{1/12}-1]*100$$

M Monthly
= Rate
A Annual
= Rate = 9.04% (see Schedule A)

M
= 0.723812% Monthly Rate

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