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December 10, 2008

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward deposit information to Records.

Initials of person who forwarded check:

Ms. Anne Cole, Commission Clerk
 Florida Public Service Commission
 2540 Shumard Oak Boulevard
 Tallahassee, Florida 32399-0850

Dear Ms. Cole:

In connection with the Application of Southlake Utilities, Inc. ("Applicant") for increased water and wastewater rates in Lake County ("Application"), Docket No. 030597-WS, please find in two boxes shipped simultaneously the following:

1. Original and 15 copies of the Application of Southlake Utilities, Inc. For Increased Water and Wastewater Rates in Lake County with the Affidavit of Jeff Cagan, President and Director of Applicant attached.
2. Applicant's check payable to the Florida Public Service Commission in the amount of \$8,000.00.
3. The original and 15 copies of the Minimum Filing Requirements containing:
 - a. Volume 1 - Financial, Rate and Engineering Minimum Filing Requirements.
 - b. Volume 2 - Billing Analysis.
 - c. Volume 3 - Engineering Information.
 - d. Volume 4 - Supporting Work Papers.
4. One set of Applicant's water and wastewater system maps in color.

11456-08

COM _____
 ECR
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 OPC _____
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 SSC _____
 SGA _____
 ADM _____
 CLK _____

The above described documents should be sufficient to complete Applicant's Application's for increased water and wastewater rates in Lake County. If, however, you have

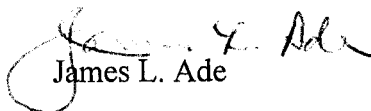
* Maps forwarded to ECR.

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Ms. Anne Cole, Commission Clerk
December 10, 2008
Page 2

any questions or need any additional information concerning this matter please do not hesitate to contact me.

Sincerely,


James L. Ade

JLA/lef

cc: Mr. Marshall Willis w/out enc.
Mr. Jeffrey Cagan w/ Application only
William Deas, Esquire w/ Application only
Mr. John Guastella w/ Application only
Mr. Gary White w/ Application only
Mr. Sambamurthi Munipalli w/Application only
Mr. Randall Corbin w/ Application only
Mr. David deNagy w/Application only

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Southlake)
Utilities, Inc. for Increased Water)
and Wastewater Rates in Lake)
County.)
_____)

Docket No. 080597-WS
Date Submitted For
Filing December 10, 2008

**APPLICATION OF SOUTHLAKE UTILITIES, INC.
FOR INCREASED WATER AND WASTEWATER RATES IN LAKE COUNTY**

Southlake Utilities, Inc., a Florida Corporation ("Southlake Utilities"), hereinafter referred to as the "Applicant", pursuant to Section 367.081 (2), (3), (5), (6), (7) and (8), Section 367.0816 and Section 367.082 (1), (2), (3), (4), and (5), Florida Statutes (2008); Rules 25-30.433, 25-30.436, 25-30.437, 25-30.4385, 25-30.440 and 25-30.4415, Florida Administrative Code; and Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements, Form PSC/ECR 20-W, hereby files its Application for authority to increase its water and wastewater rates and charges and states as follows:

1. The name and principal business address of the Applicant is as follows:

Southlake Utilities, Inc.
16554 Cagan Crossings Boulevard – Suite #2
Clermont, Florida 34714

2. The persons authorized to receive notices, orders, pleadings, and other documents and communications with respect to this Application are as follows:

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

William J. Deas, Esquire
2215 River Boulevard
Jacksonville, Florida 32204-4647
(904) 387-9292 (Telephone)
(904) 389-3035 (Telecopier)

John Guastella, President
Guastella Associates, Inc.
6 Beacon Street – Suite 410
Boston, Massachusetts 02108
(617) 423-3030 (Telephone)
(617) 423-2929 (Telecopier)

3. Applicant was incorporated on August 27, 1990, under the laws of the State of Florida and is currently authorized to conduct its business in the State of Florida. Applicant is a Class B water and wastewater utility providing service in Lake County.

4. This Application is filed pursuant to Section 367.081 (2), (3), (5), (6), (7) and (8), Section 367.816 and Section 367.082(1), (2), (3), (4), and (5), Florida Statutes (2008).

5. Applicant requests that this Application be processed pursuant to the Proposed Agency Action procedure outlined in Section 367.081(8), Florida Statutes (2008).

6. An Affidavit signed by Jeff Cagan, President and Director of the Applicant, stating that Applicant will comply with the notice requirements set forth in Rule 25-22.0407, Florida Administrative Code, for applications for water and wastewater rate increases, is attached hereto as Exhibit "A".

7. The Applicant was last granted rate relief by the Commission pursuant to Order No. 24564 issued in Docket No. 900738-WS. Except as may be specifically identified herein, Applicant does not know of any manner in which this Application deviates from the policies, procedures or guidelines prescribed by the Commission and relevant rules prescribed by the Commission in Applicant's last rate case.

8. A check in the amount of \$8,000.00 accompanies this Application which constitutes the filing fee of \$4,500.00 for the request for the increased water rates and the filing fee of \$3,500.00 for the request for the increased wastewater rates.

9. The documents in the Minimum Filing Requirements in support of and accompanying this Application are incorporated herein by reference. This Application and supporting documents may be inspected at the Applicant's business office located at 16554 Cagan Crossings Boulevard – Suite 2, Clermont, Florida 34714.

10. The necessity for a rate increase arises from the fact that Applicant did not earn a fair and reasonable rate of return for the historical test year ended December 31, 2007. For the historical test year ended December 31, 2007, Applicant experienced a rate of return of 7.43% for its water system and a negative rate of return of (7.68%) for its wastewater system. Applicant has used a historical test year ended December 31, 2007, as the basis for requesting interim rates pursuant to Section 367.082, Florida Statutes, and a projected average test year ending December 31, 2008, as the basis for requesting final rates pursuant to Section 367.081, Florida Statutes.

11. The primary reason for the continued deterioration of returns through the historical test year ended December 31, 2007 are that total operating expenses, rate base investment and scope of operations have increased significantly since 1991, when the Applicant's rates were initially set. Other than sporadic pass-through and/or indexing adjustments, the Company's cost of providing service and revenue requirement has not been examined by the Commission since its initial rate filing in 1990.

12. Applicant is currently experiencing a severe earnings shortfall. Actual, historical 2007 data has been utilized for purposes of establishing interim rates with projected test year 2008 year end investments reflected in the proposed final rates. Applicant proposes and will

establish in this proceeding that a fair and reasonable rate of return on its rate base is 9.44%. This proposed rate of return is based in part on the Commission's approval of a return on equity invested in utility operations of 9.56%.

13. Based on the foregoing and in order to have an opportunity to earn a fair and reasonable rate of return on its current rate base necessary for its water and wastewater service, the Commission should allow Applicant to place into effect final rates which will produce total annual water revenues of \$1,184,327 and total annual wastewater revenues of \$1,293,211.

14. Pending the establishment of final rates in this proceeding, Applicant requests interim water and wastewater rates as set forth in its Minimum Filing Requirements. The interim rates are based on the test year ended December 31, 2007, and will produce annual revenues for water operations of \$1,048,544 and annual revenues for wastewater operations of \$1,168,746.

WHEREFORE, the Applicant requests:

A. That the Commission take jurisdiction over this Application;

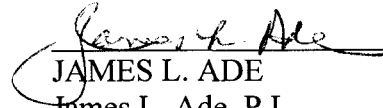
B. That the Commission allow Applicant to place into effect interim rates which will produce additional operating revenues for its water operations in the amount of \$56,905 and additional operating revenues for its wastewater operations in the amount of \$372,449.

C. That the Commission allow Applicant to place into effect final rates which will produce additional operating revenues for its water operations in the amount of \$183,853 and additional operating revenues for its wastewater operations in the amount of \$487,912.

D. That the Commission find that a fair and reasonable rate of return on Applicant's rate base is 9.44% based on a return on equity of 9.56% for the projected test year ending December 31, 2008; and

E. That the Commission grant any other relief it deems fair, just, equitable and appropriate.

Respectfully submitted,



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

AFFIDAVIT

STATE OF ILLINOIS

COUNTY OF COOK


BEFORE ME, the undersigned authority, personally appeared **JEFF CAGAN**, who being by me first duly sworn, deposes and says:

1. That he is the President and Director of Southlake Utilities, Inc. ("Southlake Utilities");

2. That in his capacity as President and Director of Southlake Utilities, he has actual knowledge of the facts and representations set forth in this Affidavit; and


3. That he will cause representatives of Southlake Utilities to comply with the notice and public information requirements for a general rate increase set forth in Section 25-22.0407 of the Florida Administrative Code for the Application of Southlake Utilities filed in Florida Public Service Commission Docket No. 080597-WS.

FURTHER AFFIANT SAYETH NOT.



JEFF CAGAN

Sworn to and subscribed before me this 7 day of November, 2008, by **JEFF CAGAN** who [] is personally known to me or [] has produced a _____ as identification and did not take an oath.



Notary Public, State and County Aforesaid
Printed: JOSEPH M. GOTTESMAN
My Commission expires: 12-6-2010
Commission No. _____

EXHIBIT A

