

**ROSE, SUNDBSTROM & BENTLEY, LLP**

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10 OCT 22 AM 10:41

Please Respond to the Longwood Office

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ROBERT M.C. ROSE, (1924-2006)

October 22, 2010

100426-WS

HAND DELIVERY

Chairman  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Re: Lake Utility Services, Inc.  
2010 General Rate Increase Application  
Our File No. 30057.194

Dear Chairman:

This letter, pursuant to Rule 25-30.430, Florida Administrative Code, requests approval of a test year for Lake Utility Services, Inc. (the "Company"). The Company intends to submit an application for general rate relief to the Florida Public Service Commission for its water and wastewater systems located in Lake County, Florida. The Company intends to submit the minimum filing requirements ("MFRs") on or before December 31, 2010.

The Company's last rate proceeding and review of rate base was in Docket No. 070693-WS, utilizing a projected test year ending June 30, 2009, which culminated in Order No. PSC-09-0101-PAA-WS, issued February 16, 2009.

The Company requests an historic test year ending June 30, 2010. The requested test year is representative of a normal full year of operation.

Since the Company's last rate proceeding, the growth upon which the revenue requirement was calculated in the last rate proceeding failed to materialize and costs have risen substantially.

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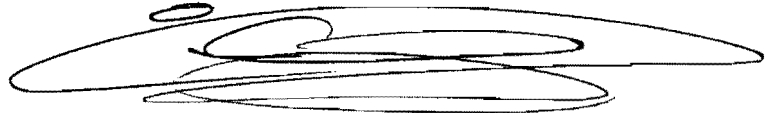
The Company currently proposes to make the following pro forma additions:

1. Design, permit and construct a water supply well into the Lower Floridan Aquifer as mandated by St. Johns River WMD. There is a need to decrease negative impacts to wetlands and surface water bodies caused by groundwater withdrawal from the Upper Floridan Aquifer using LUSI's existing wells. Scheduled to be on line by 12/31/11. Cost estimate: \$1,000,000
2. Execute a feasibility study for the land purchase of a suitable site for the future Northeast WTP. This will identify where another LFA well similar to the one mentioned in Item #1 is constructed to meet additional demand generated from future customer growth and consistent with our master water supply plan. Cost estimate: \$100,000
3. Complete the Consumptive Use Permit renewal process currently under way, including a merger of the LUSI North and LUSI South CUPs into one CUP for the combined system. The renewal process was initiated in 2007 and is expected to be completed in 2011 with the issuance of a CUP that will expire in 2013. Cost estimate: \$211,036
4. Make improvements to the Lake Groves WWTP headworks, with completion estimated by 6/30/12. The purpose is to reduce head conditions on lift station pumps to improve pumping efficiency. Cost estimate: \$60,000
5. Design, permit and construct the Oranges-to-Vistas raw water line. Estimated completion is by 6/30/12. This will provide additional permitted water capacity to meet FDEP regulations. Cost estimate: \$250,000
6. Design and install a SCADA system to monitor and manage water supply, distribution, and wastewater collection facilities, to be complete by 6/30/12. The SCADA system will allow for the optimum use of various water supply wells to meet demand without being out of compliance with FDEP treatment and storage regulations. Cost estimate: \$500,000
7. Alternative water supply planning necessary to meet Special Conditions mandated by SJRWMD in the LUSI CUP. This is a multi-phase effort with Phase 1 completed by 6/30/12. Cost estimate: \$100,000

Pursuant to Section 367.081(8), Florida Statutes, the Company requests that the Commission process this petition for rate relief using the proposed agency action procedure. The Company also will request interim rates based on the historic test year.

Should you or members of the Staff have any questions regarding this request, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read 'CHRISTIAN W. MARCELLI', with several loops and a long horizontal stroke extending to the right.

CHRISTIAN W. MARCELLI  
For the Firm

CWM/tlc

cc: Steven M. Lubertozzi, Executive Director of Reg. Acct and Affairs (w/encs.)  
(via e-mail)  
Ms. Kirsten E. Weeks (via e-mail)  
Rick Durham, Regional Vice President (via e-mail)  
Patrick C. Flynn, Regional Director (via e-mail)  
John Williams, Director of Governmental Affairs (via e-mail)  
Mr. Frank Seidman (via e-mail)  
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