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January 18, 2011

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

VIA HAND DELIVERY

110032-WS

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

Re: Plantation Bay Utility Company
General Rate Increase Application
Our File No.: 36062.14

Dear Chairman Graham:

This letter, pursuant to Rule 25-30.430, Florida Administrative Code, requests approval of a test year for Plantation Bay Utility Co. (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 Flagler and Volusia Counties. The Company intends to submit the minimum filing requirements ("MFRs") on or before September 1, 2011.

The Company's water and wastewater rates were last established in Docket No. 050281-WS, a projected December 31, 2006, test year, resulting in Order No. PSC-06-0170A-PAA-WS, which was later amended by a Stipulation approved by the Commission in Order No. PSC-06-0665-S-WS.

The Company requests an historic test year ending December 31, 2010. The requested test year is representative of a normal full year of operation.

Since the Company's last rate proceeding, the Company has experienced increased operating expenses that are not pass-through related nor sufficiently covered by annual indexing rate increases. Further, and more substantially, the Company will need to make substantial upgrades to its wastewater treatment plant in order to bring it into compliance with Rule 62-610.100 (9)(l), Florida Administrative Code. These improvements were originally required to be made by January 1, 2010; however, the Company obtained a variance through July 1, 2013. Engineering design must commence

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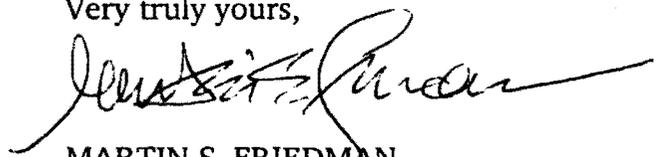
by October 1, 2011. These governmentally mandated improvements will cost in excess of \$1.6 million. Pursuant to Section 367.018(2), Florida Statutes, the Commission is required to approve rates which allow the Company to recover from customers the full amount of these environmental compliance costs. Within that same period of time, there have been no major changes in operational methods.

As a result of the foregoing changes and improvements, the Company will be requesting an increase in wastewater rates projected to be approximately thirty-three percent (33%), thus, eliminating the ability to utilize a limited proceeding, and the increase could be larger depending upon final engineering design.

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,



MARTIN S. FRIEDMAN
For the Firm

MSF/tlc

cc: Ann Cole, Commission Clerk (via hand delivery)
Mr. Doug Ross (via e-mail)

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