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STATE OF FLORIDA

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TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

March 2, 2007

Mr. Richard Holzshuh
Mr. Robert Halleen
Cypress Lakes Homeowners Association
9678 Cypress Lakes Drive
Lakeland, FL 33810-2394

FPSC, CLK - CORRESPONDENCE		
<input type="checkbox"/> Administrative	<input type="checkbox"/> Parties	<input checked="" type="checkbox"/> Consumer
DOCUMENT NO. <u>09910-07</u>		
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RECEIVED-FPSC
07 MAR - 2 PM 4: 11
COMMISSION
CLERK

Re: Docket No. 060257-WS - Application for an increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

Dear Messrs. Holzshuh and Halleen:

I am in receipt of your letter dated February 14, 2007. We also wish to thank you for your participation at the February 13, 2007 agenda conference. I believe that it was very productive, and your comments were well received and offered important information for the Commissioners to make their decision.

In your letter, you inquired about the so-called "impact fees." In the water and wastewater industry, charges assessed for the expansion of facilities are referred to as a plant capacity charges or service availability charges. Plant capacity charges are defined as, "A charge made by the utility for the purpose of covering all or part of the utility's capital costs in construction or expansion of treatment facilities." They are typically paid either by developers in order to receive service for their developments, or by individual homeowners, prior to receiving service. Service availability charges are defined as, "The charge made by a utility for each new connection to the system which charge is designed to defray a portion of the cost of the utility system." These charges are used to ensure that growth pays for itself, and the current customers are only paying costs incurred in the operation of property used and useful in providing service to current customers. This is mandated by Section 367.081(2)(a)(1), Florida Statutes. The developer will be required to pay these plant capacity charges prior to receiving a commitment for water and wastewater service. These charges will be recorded as Contributions in Aid of Construction, and will be deducted from the utility's plant in service. Pursuant to Section 367.021(3), Florida Statutes:

"Contribution-in-aid-of-construction" means any amount or item of money, services, or property received by a utility, from any person or governmental authority, any portion of which is provided at no cost to the utility, which represents a donation or contribution to the capital of the utility, and which is used to offset the acquisition, improvement, or construction costs of the utility property, facilities, or equipment used to provide utility services.

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Mr. Richard Holzshuh

Page 2

March 2, 2007

There is no requirement that these funds are escrowed for an intended purpose. They are used by the utility to offset capital investments in either its existing treatment plant, or for future expansions.

Pursuant to Section 367.081(2)(a)(1), Florida Statutes

The commission shall not allow the inclusion of contributions-in-aid-of-construction in the rate base of any utility during a rate proceeding, nor shall the commission impute prospective future contributions-in-aid-of-construction against the utility's investment in property used and useful in the public service; and accumulated depreciation on such contributions-in-aid-of-construction shall not be used to reduce the rate base, nor shall depreciation on such contributed assets be considered a cost of providing utility service.

In your letter you also inquired about the allocation of employee salaries. We believe the questions concerning the employee positions at Cypress Lakes Utilities, Inc. were adequately discussed during the agenda conference. Further, staff is confident this issue was fully analyzed. Staff sent numerous data requests concerning various aspects of the utility's operation and maintenance expenses. Staff received the name, starting date, and salary of the utility personnel who filled the position that was vacant during the test year.

With respect to the sufficiency of the quality of service provided by Cypress Lakes, staff's engineer, Mr. Edwards, examined the plant facilities and had several conversations with the Polk County Health Department. His statements at the Agenda Conference represents his professional opinion as to the sufficiency of the plant. You are correct that Mr. Edwards's overall assessment of the quality of service was "marginally satisfactory." Discussions at the Agenda Conference between Commissioner Carter and Mr. Edwards indicate that the reason that Cypress Lakes was deemed "marginally satisfactory" rather than "satisfactory" was based on the customer satisfaction element of staff's three-prong test. Both the quality of product and the operating condition of the plant were deemed satisfactory.

Even though Mr. Edwards has rated the quality of service marginally satisfactory, it is clear that you have concerns about the quality of the product. Staff believes the requirement for the utility to do a full engineering analysis will provide a benefit to the customers of Cypress Lakes. This analysis will not only examine the chlorine residual problems, including the potential of a chlorine booster pump, but will also fully examine all options for water treatment. This is important, considering the hydrogen sulfides in well number two. All options should be examined and analyzed. This will include all of the costs involved, so the customers will have full disclosure of any potential rate impact of each option available. To complete such a comprehensive examination will take time on the part of the utility. Staff believes nine months is sufficient time, however, there may be unforeseeable delays. The utility will be required to come before the Commission to request a waiver if additional time is necessary.

Mr. Richard Holzshuh

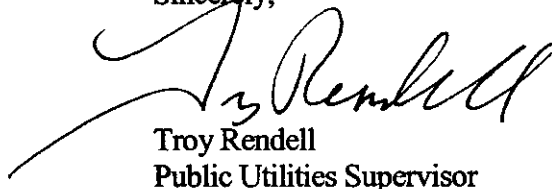
Page 3

March 2, 2007

With respect to the billing information referenced in your letter, the usage data was filed with the Commission on November 29, 2006. This information was labeled as Document Number 10868 in the Commission's internal document tracking system and was actually filed on a disc. We have printed this information and have attached it to this letter for your review. This is public information, and is available for all parties to review.

The Proposed Agency Action Order is scheduled to be issued on Monday, March 5, 2007. This order will be available for review on our website, however, we will also be mailing you a copy. If you have any additional concerns, please do not hesitate to contact me at (850) 413-6934 or by e-mail at troy.rendell@psc.state.fl.us.

Sincerely,



Troy Rendell
Public Utilities Supervisor

Attachment

cc: Division of Economic Regulation (Bulecza-Banks, Revell, Edwards, Lingo)
Office of General Counsel (Fleming)
~~Division of Commission Clerk and Administrative Services~~
Office of Public Counsel

Mr. Robert Holzschuh
2262 Cypress Cross Loop
Lakeland, FL 33810-2390

Mr. Robert Halleen
2237 Big Cypress Blvd.
Lakeland, FL 33810

Cypress Lakes
Consumption Adjustments by Billing Code

(5288, RC) Report UB RACONS .RC			Page 1												
all Adjusted Co	Unit Consumption Infor	Res, Inc - Billing System Code by Account													
Det	mation by Billing System Code by Account														
BECode	Account Numbr	Units	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
67201	6720000280	4.63		-82230											-82230
67201	6720000430	12									-2080	0			-2080
67201	6720001212	12								-1930		0			-1930
67201	6720001504	10									-4190				-4190
67201	6720001822	9										-60			-60
67201	6720003002	12							-21010			0			-21010
67201	6720003802	12										0	-3000		-3000
67201	6720003841	12										0	-36480		-36480
67201	6720003823	12									-12600	0			-12600
67201	6720003951	12						-5190				0			-5190
67201	6720003893	12										-3030			-3030
67201	6720004211	12										-2550			-2550
67201	6720004832	12										-300			-300
67201	6720006361	12			-6350							0			-6350
67201	6720006803	12							-17070			0			-17070
67201	6720006531	12							-4850			0			-4850
67201	6720007151	12										-8770			-8770
67201	6720007511	12						-1569				0			-1569
67201	6720007672	12								-4410		0			-4410
67201	6720007721	12										-4880			-4880
67201	6720008311	12						-2180				0			-2180
67201	6720008921	12						-8150				0			-8150
67201	6720009371	12										0	-2510		-2510
67201	6720009474	12						-4000				0			-4000
67201	6720010960	5.8										-1530			-1530
67201	6720011080	5.17													-20250
67201	6720013971	12										0			-1132
67201	6720014581	12			-19800					-1132		0			-19800
67201	6720014883	12	-9599									0			-9599
67201	6720015082	12						-10480				0			-10480
67201	6720015161	12										0	-2180		-2180
TOTAL F OR MONTH 1				-9599											
TOTAL F OR MONTH 2				-82230											
TOTAL F OR MONTH 3				-25150											
TOTAL F OR MONTH 4				-20250											
TOTAL F OR MONTH 5				0											
TOTAL F OR MONTH 6				-31569											
TOTAL F OR MONTH 7				-44062											
TOTAL F OR MONTH 8				-6340											
TOTAL F OR MONTH 9				-28490											
TOTAL F OR MONTH 10				-8500											
TOTAL F OR MONTH 11				-41640											
TOTAL F OR MONTH 12				-2510											
															-1101300
TOTAL U NITS =		348.6													

Cypress Lakes
Consumption Adjustments by Bill Code

(528B, RC) Report UB RACONS .RC Det													ment Consumpti	on Report by Bi	ll Code by Acco	unt	Cr	eated On												
(528B, RC) Report UB RACONS .RC Det													all Adjusted Co	Unit	Mes, Inc - Bill	ing System	Page 2													
(528B, RC) Report UB RACONS .RC Det													all Adjusted Co	neumption Infor	mation by Bill	Code by Account														
BBCode	Account Numb	Units	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total															
67205	6720048390	12														-7370														
TOTAL F OR MONTH 1																0														
TOTAL F OR MONTH 2																0														
TOTAL F OR MONTH 3																-7370														
TOTAL F OR MONTH 4																0														
TOTAL F OR MONTH 5																0														
TOTAL F OR MONTH 6																0														
TOTAL F OR MONTH 7																0														
TOTAL F OR MONTH 8																0														
TOTAL F OR MONTH 9																0														
TOTAL F OR MONTH 10																0														
TOTAL F OR MONTH 11																0														
TOTAL F OR MONTH 12																0														
																-7370														
TOTAL U NITS =		12																												

**Cypress Lakes
Consumption Adjustments by Bill Code**

BE Code	Account Numb	Units	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
87215	8720048480	12		80300											80300
TOTAL F OR MONTH 1				80300											
TOTAL F OR MONTH 2				0											
TOTAL F OR MONTH 3				0											
TOTAL F OR MONTH 4				0											
TOTAL F OR MONTH 5				0											
TOTAL F OR MONTH 6				0											
TOTAL F OR MONTH 7				0											
TOTAL F OR MONTH 8				0											
TOTAL F OR MONTH 9				0											
TOTAL F OR MONTH 10				0											
TOTAL F OR MONTH 11				0											
TOTAL F OR MONTH 12				0											
				80300											
TOTAL U NITS =		12													

Cypress Lakes
Consumption Adjustments by Bill Code

(5285, RC) Report UBR ACONS, RC Detail Adjustment Consumption Report by Bill Code by Account Unit Credit Created On															
(5285, RC) Report UBR ACONS, RC Detail Adjustment Consumption Report by Bill Code by Account Unit Credit Created On															
Bill Code	Account Number	Units	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
67221	672000280	4.83		-82230											-82230
67221	672000430	12									-2080	0			-2080
67221	6720001212	12								-1930		0			-1930
67221	6720001504	10									-4190				-4190
67221	6720001822	9										-80			-80
67221	6720003002	12							-21010			0			-21010
67221	6720003602	12										0	-3000		-3000
67221	6720003641	12										0	-36480		-36480
67221	6720003823	12									-12800	0			-12800
67221	6720003851	12						-5190				0			-5190
67221	6720003893	12										-3030			-3030
67221	6720004211	12									-2550	0			-2550
67221	6720004832	12									-300	0			-300
67221	6720005361	12					-5350					0			-5350
67221	6720005603	12							-17070			0			-17070
67221	6720006831	12							-4850			0			-4850
67221	6720007151	12										-8770			-8770
67221	6720007511	12						-1588				0			-1588
67221	6720007872	12								-4410		0			-4410
67221	6720007721	12										-4880			-4880
67221	6720008311	12						-2180				0			-2180
67221	6720008821	12						-8150				0			-8150
67221	6720009371	12										0	-2510		-2510
67221	6720009474	12						-4000				0			-4000
67221	6720010980	5.8										-1530			-1530
67221	6720011080	5.17					-20250					0			-20250
67221	6720013871	12							-1132			0			-1132
67221	6720014581	12					-19800					0			-19800
67221	6720014683	12		-9559								0			-9559
67221	6720015082	12						-10480				0			-10480
67221	6720015181	12										0	-2180		-2180
TOTAL F OR MONTH 1				-9559											-9559
TOTAL F OR MONTH 2				-82230											-82230
TOTAL F OR MONTH 3				-28150											-28150
TOTAL F OR MONTH 4				-20250											-20250
TOTAL F OR MONTH 5				0											0
TOTAL F OR MONTH 6				-31588											-31588
TOTAL F OR MONTH 7				-44082											-44082
TOTAL F OR MONTH 8				-6340											-6340
TOTAL F OR MONTH 9				-28490											-28490
TOTAL F OR MONTH 10				-9500											-9500
TOTAL F OR MONTH 11				-41840											-41840
TOTAL F OR MONTH 12				-2510											-2510
															-1101300
TOTAL U NITS =		346.6													

(5285, RC) Report UBR ACONS, RC Detail Adjustment Consumption Report by Bill Code by Account Unit Credit Created On

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STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

February 1, 2007

Mr. Robert Halleen
2237 Big Cypress Blvd.
Lakeland, FL 33810

RECEIVED-HPSC
07 FEB -2 PM 3:10
COMMISSION
CLERK

Re: Docket No. 060257-WS-Application for increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

Dear Mr. Halleen:

We have received your letters of January 17, 2007 and January 29, 2007. As we indicated in our telephone conversation on January 30, 2007, staff will send its recommendation via overnight delivery. Also, this will confirm that this item will not be taken up before 1:00 p.m. at the February 13, 2007 Agenda Conference. Below, we will address several of the concerns raised in your letters.

You indicated you have concerns regarding the significant increase in the amount of "other uses" water that was pumped during the 2005 test year. Specifically, you stated the quantity of "other uses" was 3,695,000 gallons during the test year 2005, 852,000 gallons during the 2001 test year and 538,000 gallons in 2002. Your numbers indicated the amount of "other uses" has increased by 23% since the last rate case proceeding.

On October 27, 2006, staff requested copies of all the utility's flushing data records from January 1, 2005 through October 20, 2006. Staff received the utility's response to our data request on November 10, 2006. After reviewing the data (Water Loss Record), it was determined the test year 2005 total "other uses" was 2,593,000 gallons instead of 3,695,000. Staff has made all necessary adjustments to its calculation of O&M expenses. In addition, staff calculated the amount of "other uses" since the 2002 rate proceeding. The result is a 33% increase. All of these adjustments will be reflected in staff's recommendation to be filed February 1, 2007.

You also stated you have concerns regarding the discrepancy of 1,231,000 gallons of "other uses" which was reported in the utility's MFRs for September 2005 and the 138,000 gallons of water loss which recorded in its "Water Loss Reports". As stated above, during staff's review of both reports, we noticed the discrepancy and requested the utility provide additional information. After receiving and reviewing the utility's data response, staff believes it is appropriate to use 138,000 gallons for the month of September 2005 to determine the amount of unaccounted for water and for the rate setting process.

Mr. Robert Halleen

Page 2

February 1, 2007

Further, you stated that you have concerns regarding the excessive flushing. The utility has indicated that with the development of Phase 12 the large amount of line flushing will decrease. Staff has notified the Florida Department of Environmental Protection (DEP), the Polk County Health Department (PCHD), and the water management district which all have jurisdictional review of this utility regarding the flushing. The utility indicated this flushing was used to address the low chlorine residual recently experienced. Staff will address this in its recommendation.

You also indicated that you raised the issue of an individual residential customer being billed 887,000 gallons. At the time of the customer meeting, staff had submitted a data request to the utility concerning this issue. The utility initially responded by indicating this amount was correct. However, the utility subsequently discovered errors in its filings related to this consumption data. The utility submitted corrected consumption data to use for rate setting purposes. In this corrected data, this usage data was revised to 5,000 gallons, thus an adjustment in the amount of 882,000 gallons was made for ratemaking purposes.

Staff has reviewed complaints received by the Commission's Consumer Affairs section. A complaint was received on December 27, 2006 by Mr. and Mrs. Bonifield. According to the response of the utility, the customer's meter reading was verified on July 12, 2006, due to the account appearing on a variance report for high consumption. The reading was verified as correct and no leaks were detected at that time. Again on August 23, 2006, the customer's reading was again verified and the meter was checked for leaks. Then, again on December 20, 2006, a meter field test was performed in the presence of the customer and the meter was tested to be 100% accurate. The utility sent correspondence to the customer dated January 16, 2007 advising it of the actions described above. In addition, the utility offered a bench test, which would require a written request and a \$20 deposit. A 12-month consumption report was also supplied.

The Commission staff has asked the company to provide for a supplemental report by February 5, 2007, which addresses the matter further. From our records, it appears the utility has addressed the complaint that was filed with the Commission. However, I am not aware of any billing complaint filed by Mr. and Mrs. Snell.

You further addressed a concern over the CIAC schedule provided by the utility. As indicated in our telephone conversation, this issue has no affect on this rate case. Staff auditors requested the utility provide information about any additions since the last case. The requested information was included in the audit work papers. Staff's review of the documentation provided by the utility indicated that one addition was completed in late 2004, and two other additions were completed in 2005. In its response to the audit, the utility agreed with the auditors, and indicated that it recognized certain assets were contributed by a developer and in service that were not recorded in either CIAC or the utility's general ledger. The utility indicated it would properly record these assets in UPIS and CIAC accordingly. Staff will discuss this in its recommendation, as well.

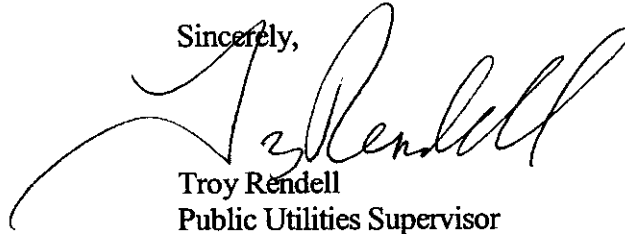
Mr. Robert Halleen

Page 3

February 1, 2007

I hope I have addressed the concerns expressed in your letters. If you have any questions, please contact me at (850) 413-6934.

Sincerely,

A handwritten signature in black ink, appearing to read "Troy Rendell". The signature is fluid and cursive, with a large initial "T" and "R".

Troy Rendell
Public Utilities Supervisor

Division of Economic Regulation (Bulecza-Banks, Edwards, Lingo, Revell)
Office of the General Counsel (Fleming)
Division of the Commission Clerk and Administrative Services
Office of Public Counsel (Reilly)

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STATE OF FLORIDA



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DIVISION OF ECONOMIC REGULATION
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COMMISSION
CLERK

Public Service Commission

December 18, 2006

Mr. Robert Halleen, Director
Mr. Richard Holzschuh, Director
Cypress Lakes Homeowners Association
9678 Cypress Lakes Drive
Lakeland, FL 33810-2394

Re: Docket No. 060257-WS - Application for an increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

Dear Messrs. Halleen and Holzschuh:

I have received your most recent letters dated November 29, 2006 and December 12, 2006. I'm relieved that you have acknowledged receiving both of our previous responses dated November 14 and 21, 2006, with the data you requested. As to your first concern, the "Standard Operating Procedures" (SOP) you refer to are from the Division of Economic Regulation. Specifically, we previously quoted from the Bureau or Rate Filing's SOP No. 1601. SOPs are internal guidelines that attempt to codify the general procedures to be followed by the staff of the Public Service Commission during the processing of the work. They are based upon several items, such as, the Florida Statutes, Florida Administrative Codes, past Commission practice, previous Commission Orders, and past decisions by the Florida court systems. This is mainly decisions by the First District Court of Appeal. Please note this list is not intended to be all inclusive. As to your question of the legal standing of the internal SOPs, I'm not personally aware of any legal challenge to them. However, Commission decisions in interim proceedings are governed by both Florida Statute and past Commission decisions and practice.

Your second concern relates to the source of the rainfall data used by staff in its preliminary analysis. You have acknowledged receiving this information sent by Ms. Jennie Lingo in a letter dated December 6, 2006.

You also express concern over a lack of incentive on the part of utilities to improve operations. Specifically you refer to the previously mentioned SOP. As indicated in my November 21, 2006 letter, the previously quoted sections of the SOPs were for the processing of the interim request only. You further questioned the reasonableness of the level of several operation and maintenance (O&M) expenses by the utility. You requested a copy of staff's entire SOP 2101, so I have attached it.

In determining the appropriate amount of revenue requirement and rates, the Commission is required to set rates that are just, reasonable, compensatory, and not unfairly discriminatory. To

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determine the appropriate rates for service, the Commission uses a rate of return methodology as set forth in Chapter 367, Florida Statutes. Under the rate of return methodology, a utility is allowed to earn a reasonable return on its prudently invested property that is used and useful in serving the public, less accrued depreciation plus an allowance for operating capital. This ratemaking process is used for all water and wastewater companies and is also used in the electric and gas industry. It is the same approach used throughout the country by various state and federal utility regulatory bodies.

There are many factors that affect the cost of providing service and hence, the rates charged to customers. Some factors affecting the cost of providing service include: the size and age of the utility system; the quality of the water at its source; the number of customers; and, the geographic spread of the service area. During a rate case, the Commission's accountants, engineers and economists examine the financial and engineering information filed by the company as part of its rate increase application. The Commission's auditors also examine this information and publish the results of their findings in an audit report. All costs found to be imprudent or unreasonable are disallowed for recovery from the ratepayers.

Further, during a rate case, utilities are required to provide justification of expenses that have increased in excess of the change in customer growth and the Consumer Price Index. As I previously explained in our meeting on October 19, 2006, staff is in the process of analyzing all of the utility's requested expenses and capital investments. Staff's findings will be contained in its recommendation to be filed on February 1, 2007. You will receive a copy of staff's recommendation for your review.

You also expressed concern that the current rate setting procedure contains no differentiation between the expenses that the utility can control and those which are not in their control. Once the revenue requirement is set, the Commission must then establish service rates which will afford the utility the opportunity to earn the approved revenue requirement. Currently, there is one predominate type of rate structure the Commission approves for water and wastewater utilities. Pursuant to the Rule 25-30.437(6), Florida Administrative Code, utilities are required to use the base facility and usage charge rate structure, unless an alternative rate structure is adequately supported. The base facility charge incorporates fixed expenses of the utility and is a flat monthly charge. This charge is applicable as long as a person is a customer of the utility, regardless of whether there is any usage. The usage charge incorporates variable expenses and is billed on a per 1,000 gallon or 100 cubic feet basis in addition to the base facility charge.

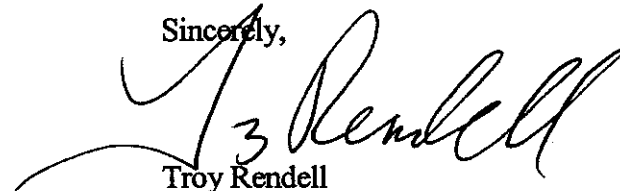
This rate structure is the preferred rate structure for a number of reasons. The base facility charge is based upon the concept of readiness to serve all customers connected to the system. This type of structure allows each customer to pay his/her fair share of the costs, regardless of whether the customer receives residential, commercial, or other type of service. Also, customers that have high consumption levels have higher bills than those with low consumption levels. By using the base facility charge rate structure, a utility recovers its fixed costs through the base charge and its variable costs through the gallonage charge. The base facility charge is applicable to all customers each month, the gallonage charge is based on each customer's actual consumption during the month.

Mr. Robert Halleen
Page 3
December 18, 2006

The Commission also recognizes that water used by residential customers for purposes such as lawn sprinkling and washing automobiles is not collected by the wastewater system. The Commission does this by approving a residential wastewater cap. Usually it is around 6,000 to 8,000 gallons per month. The purpose of implementing a residential wastewater gallonage cap is to recognize that not all water used by residential customers is returned to the wastewater collection system. In other words, the wastewater cap prevents a customer from being charged above 6,000 or 8,000 gallons of water used per month, whatever the cap may be. Any water used over the cap is generally considered being used for purposes such as irrigation; therefore, it is not returned to the wastewater facility. Furthermore, in determining the appropriate wastewater gallonage charge, the Commission approves a common procedure that recognizes that only 80% of the residential water used is collected and treated by the wastewater system; the other 20% of the residential water is used for other purposes and does not get collected by the wastewater system.

Finally, you inquired as to the availability of Cypress Lakes 2003 and 2004 Annual Reports. They are available on our website www.floridapsc.com. If you have any additional questions, do not hesitate to contact me at (850) 413-6934 or e-mail me at troy.rendell@psc.state.fl.us.

Sincerely,



Troy Rendell
Public Utilities Supervisor

Attachment

cc: Division of Economic Regulation (Bulecza-Banks, Revell, Edwards, Lingo)
Office of General Counsel (Fleming)

~~_____~~

COMMISSIONERS:
LISA POLAK EDGAR, CHAIRMAN
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

RECEIVED-EPSC
06 DEC -1 AM 10:40
COMMISSION
CLERK

Public Service Commission

November 30, 2006

Mr and Mrs. Milton and Kathi Palmer
9504 Maidencane Court
Lakeland, FL 33810

RE: Docket No. 060257-WS, Application for rate increase in Polk County by Cypress Lakes Utilities, Inc.

Dear Mr. and Mrs. Palmer:

Thank you for your recent in which you expressed concerns regarding a rate increase requested by Cypress Lakes Utilities, Inc. (Cypress Lakes or Company.) I have been asked to provide you information on the Commission's rate case process and to provide you assurance that your concerns have been acknowledged by Commission staff. To ensure that the Commission staff and the Commissioners have knowledge of your concerns, your letter has been placed on the correspondence side of the docket file for all to review.

As a way of background information, I would like to provide an overview of the Commission's rate case process that I hope you will find helpful. The rate case process begins when a utility files a request for approval of a test year. The test year is the time period on which the utility will base its need for a rate increase. In the Cypress Lakes case, the Company selected a test year of 2005. The Commission approved the test year and a date was established to file its supporting financial data that is referred to as the Minimum Filing Requirements (MFRs). In this case, Cypress Lakes completed its MFRs on August 22, 2006.

As you are probably aware, a customer meeting was held in Lakeland on October 19, 2006. During the meeting, customers were given an opportunity to express their opinions and concerns regarding Cypress Lakes' rates and service. Customers provided verbal comments while others submitted written comments. This input will be taken under advisement when staff formulates its recommendation on the proposed final rates.

You had inquired whether the park was owned by the same owners of the utility. The answer is no. In Order No. PSC-98-0993-FOF-WS, issued July 20, 1998, the Commission approved the transfer of Cypress Lakes Associates, Ltd. To the current owners, Cypress Lakes Utilities, Inc. Utilities, Inc. is the parent company of Cypress Lakes Utilities, Inc. and is an Illinois corporation which owns approximately 80 utility subsidiaries throughout 16 states including 16 water and wastewater utilities within the State of Florida.

November 30, 2006

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With respect to the development of rates, the Commission is required to set rates that are just, reasonable, compensatory, and not unfairly discriminatory. To determine the appropriate rates for service, the Commission uses a rate of return methodology as set forth in Chapter 350, Florida Statutes. Under the rate of return methodology, a utility is allowed to earn a reasonable return on its prudently invested property that is used and useful in serving the public, less accrued depreciation plus an allowance for operating capital. This ratemaking process is used for all water and wastewater companies and is also used in the electric and gas industry. It is the same approach used throughout the country by various state and federal utility regulatory bodies.

There are many factors that affect the cost of providing service and hence, the rates charged to customers. Some factors affecting the cost of providing service include: the size and age of the utility system; the quality of the water at its source; the number of customers; and, the geographic spread of the service area. During a rate case, the Commission's accountants, engineers and economists examine the financial and engineering information filed by the company as part of its rate increase application. The Commission's auditors also examine this information and publish the results of their findings in an audit report. All costs found to be imprudent or unreasonable are disallowed for recovery from the ratepayers.

You also inquired as to whether the Commission evaluates and considers nearby and similar water company rates when setting rates. We often receive this question from customers throughout the state of Florida. However, the Commission is required to establish revenue requirements and rates based on each individual regulated utility's costs and investment. It is very difficult, if not impossible, to compare different regulated utility's rates. Each utility may have different treatment types, capital structures consisting of debt and equity, customer bases, and levels of investment. Some utilities may have older infrastructure that is almost fully depreciated, where some may have new expensive equipment has not been depreciated much.

Also, by statute we do not regulate any municipal or county owned utilities, therefore, we do not have information on their rates. However, there are also many differences between Commission-regulated water and wastewater utilities and municipally-owned utilities that affect rates. For example, municipally-owned systems do not have any income or property taxes and have access to low interest construction loans. Further a city or county may issue bonds to finance capital improvements. Municipally-owned systems often serve a varied customer base and may structure rates which result in general service customers paying more than their fair share of costs than residential customers. Also, cities and counties may subsidize their water and wastewater operations through electric rates or other sources.

Staff is aware of the customers concerns over odor. As explained at the November 2, 2006 customer meeting, the Commission will consider all quality of service issues when making its decision in this rate case. Pursuant to Rule 25-30.433(1), Florida Administrative Code:

The Commission in every rate case shall make a determination of the quality of service provided by the utility. This shall be derived from an evaluation of three separate components of water and wastewater utility operations: quality of utility's product (water and wastewater); operational conditions of utility's plant and facilities; and the utility's attempt to address customer satisfaction. Sanitary

Mr and Mrs. Milton and Kathi Palmer

Page 3

November 30, 2006

surveys, outstanding citations, violations and consent orders on file with the Department of Environmental Protection (DEP) and county health departments or lack thereof over the preceding 3-year period shall also be considered. DEP and county health department officials' testimony concerning quality of service as well as the testimony of utility's customers shall be considered.

Staff is currently working closely with the Department of Environmental Protection concerning these issues and will address them in its recommendation to the Commission.

Cypress Lakes's rate case is being processed in accordance with the Commission's Proposed Agency Action (PAA) procedure. Under this procedure, staff performs a thorough analysis and solicits customer comments for consideration. After all relevant information has been analyzed, staff prepares a recommendation that is presented to the Commission for action at a formal public forum known as the Commission's Agenda Conference. This process is less formal and less expensive than the traditional rate making process that requires the Commission to hold an evidentiary hearing on the utility's request for rate relief.

With respect to Cypress Lakes's case, the staff recommendation is scheduled to be submitted January 10, 2007, and is scheduled to be heard by the Commissioners at the January 23, 2007, Agenda Conference. Once the Commissioners vote on the staff recommendation, a PAA Order will be issued within 20 days. After the PAA Order is issued, any substantially affected person may protest the order within 21 days. If there is no protest of the PAA Order, the Order becomes final.

I hope the above information has been helpful. If you have any additional questions, or require further assistance, please call me at (850) 413-6934 or e-mail me at troy.rendell@psc.state.fl.us.

Sincerely,



Troy Rendell
Public Utilities Supervisor

cc: Commissioner Lisa Edgar, Chairman
Commissioner Katrina J. Tew


Division of Economic Regulation (Bulecza-Banks, Joyce, Edwards)
Martin S. Friedman, Esq. (Cypress Lakes Utilities, Inc.)

STATE OF FLORIDA

COMMISSIONERS:
LISA POLAK EDGAR, CHAIRMAN
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

05 NOV 22 AM 11:17

COMMISSION
CLERK

Public Service Commission

November 21, 2006

Mr. Robert Halleen
2237 Big Cypress Blvd.
Lakeland, FL 33810

Re: Docket No. 060257-WS-Application for increase in water and wastewater rates in Polk County

Dear Mr. Halleen:

We have received your letter of November 14, 2006, and discussed below are the items which we believe you desire a response.

In your letter, you indicated that you would like a copy of my Power Point presentation shown at the customer meeting. I have enclosed a copy for your review.

You also indicated that you would like a copy of all customer complaints we have received to date. I have enclosed copies of all customer complaints we have received. Your letter indicated that there were customers who had filed complaints with the homeowners association. We would like to receive any copies you have on file for our review.

You also indicated that you had received several inquiries concerning the justification of interim rates for the utility. I have enclosed a section of our Standard Operating Procedure (SOP) No. 2101, which details the steps staff undertakes in developing its interim recommendation.

Section E. 2. of this SOP states, that,

“ [A]ll adjustments necessary to compute the test year achieved rate of return, in accordance with the regulatory philosophies applied in the last rate case, are required. The interim rate procedure is a prima facie analysis of the utility’s application. This basically means that the application is taken on its face value with the assumption that the utility’s reported rate base, operating income and cost of capital are supported by its books and records. **The reported values are accepted, except for the specific adjustments required, as detailed below.**” (emphasis added).

Section 4. states that, "[I]nterim rates are calculated by applying the interim percentage rate increase to all existing rates. **Rate structure changes are inappropriate for interim purposes.**" (emphasis added).

Staff does not conduct an extensive examination of the MFRs or other utility records in the preparation of the interim recommendation. A detailed review of the utility's books and records by the field auditors and Tallahassee staff are conducted for the most part after the interim recommendation has been approved or modified by the Commission.

It appears that the Commission approved higher interim rates than requested, but as I pointed out at the customer meeting, the utility did not properly calculate the appropriate requested interim water rates based upon its requested interim water revenue requirement. Staff did in fact make a number of adjustments to the utility's request. These are noted on Schedule Nos. 1-C and 3-C, pages 11 and 15, respectively, of Order No. PSC-06-0661-FOF-WS, issued August 7, 2006, In re: Application for increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc. These adjustments were approved by the Commission without comment, and had the effect of lowering the requested interim rates, from what the rates would have been if the utility had initially filed the correct requested rates.

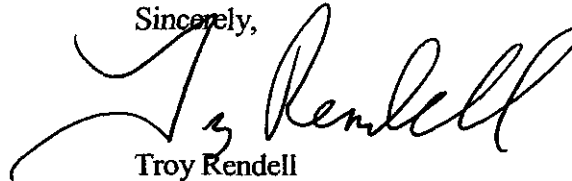
The utility requested a rate structure change for its wastewater rates, as evidenced by a requested decrease in the Base Facility Charge, and a requested increase in the gallonage rates from the rates approved in its 2003 rate case. Consistent with past Commission practice, rate structure changes are not appropriate for interim purposes. Staff will consider the utility's request for rate structure changes in its final recommendation.

You also indicated whether it would be possible to conduct a Power Point presentation or handouts for the Agenda Conference. It is your decision; however, I would suggest that it may be more efficient if you prepare handouts for the Agenda. In your handouts, you can include any information that you believe would be helpful to the Commission in determining final rates for Cypress Lakes. I would suggest that you bring at least 15 copies of your handouts for the Commissioners, staff, court reporter, and the Office of Public Counsel.

Mr. Robert Halleen
Page 3
November 21, 2006

I hope I have addressed the concerns expressed in your letter. If you have any questions, please contact Jay Revell at (850) 413-6425, or me at (850) 413-6934.

Sincerely,

A handwritten signature in black ink, appearing to read "Troy Rendell". The signature is fluid and cursive, with a large initial "T" and "R".

Troy Rendell
Public Utilities Supervisor

TR:jr

TR:jr

Enclosures

Division of Economic Regulation (Rendell, Edwards, Lingo, Revell)
Office of the General Counsel (Fleming)
Division of the Commission Clerk and Administrative Services

ORIGINAL

Application for a Rate Increase in Polk County by Cypress Lakes Utilities, Inc.

DOCKET NO. 080267-WS

CONSUMER

Name Kathi Palmer
 Address 9504 Maidencore Ct
Lakeland 33810

COMMISSION
CLERK

NOV 22 AM 9:29

RECEIVED

If you want to let the Public Service Commission know how you feel about this case,
 you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.
 Correspondence will be placed in the file of this docket.

CONSUMER COMMENTS

- CMP
- COM
- CTR
- ECR
- GCL
- OPC
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- SGA
- SEC
- OTH

I am disappointed with the water quality here and am concerned about the health risks. Out of all the places I have lived, this is the most expensive water and the worst quality. Other states & municipalities manage to provide decent water at 1/3 the price or less. It is not acceptable to raise rates when it can be produced for less elsewhere. I feel the problem is mismanagement and I should not have to pay for your inability to properly manage already exorbitant costs for poor quality water. I am at the end of a cul de sac and because of poor design in these pipe layouts, I have even worse water. It is brown and it smells. You should decrease my costs so I can afford a water filtration system to compensate for poor design and poor quality. If I get sick as a result of this water, you will hear from me again.

Fold and tape -- see back for address

Ravonda Claitt

From: NET SatisFAXtion [postmaster]
To: Consumer Contact
Subject: 8638153453, 1 page(s)

Attachments: FAX.TIF

You have received a new fax. This fax was received by **NET SatisFAXtion**. The fax is attached to the message. Open the attachment to view your fax.

Received Fax Details

Received On: 11/21/2006 8:20 AM
Number of Pages: 1
From (CSID): 8638153453
From (ANI):
Sent to DID:

Duration of Fax: 0:01:02
Transfer Speed: 9600

Received Status: Success
Number of Errors: 0
Port Received On: RockForceOCTO+ Port 6



FAX.TIF (32 KB)

Ravonda Claitt

From: NET SatisFAXtion [postmaster]
To: Consumer Contact
Subject: 8638153453, 1 page(s)
Attachments: FAX.TIF

You have received a new fax. This fax was received by **NET SatisFAXtion**. The fax is attached to the message. Open the attachment to view your fax.

Received Fax Details

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Number of Pages: 1
From (CSID): 8638153453
From (ANI):
Sent to DID:

Duration of Fax: 0:00:52
Transfer Speed: 9600

Received Status: Success
Number of Errors: 0
Port Received On: RockForceOCTO+ Port 6



FAX.TIF (20 KB)

Notes Regarding Public Service Commission & Cypress Lakes Application for Rate Increase – October 19, 2006 Meeting

Questions & Comments:

1. Before I moved to Cypress Lakes I understand that water was part of lot rent. I would like to know if the Cypress Lakes Utilities is owned by the same principles that also own Cypress Lakes. I have heard speculations that water / sewage rate increases are just another way to increase lot rents outside the statutory limits ?
2. I am not satisfied with the quality of the water available. We moved from one house to another (on an adjacent street) and the water quality appears significantly impacted. The smell of hydrogen sulfide is strong and flushing does not seem to provide much relief. I understand we are using water from well #2.
3. I would like to know if the Cypress Lakes Utilities rates are competitive with nearby and similar water company rates and if the Public Service Commission evaluates rate increases with other local utilities and if so how can we review these rate comparisons?
4. Since the water /sewer service represents a monopoly, can the Commission advise what justifies a rate increase ... Is it based only on profitability (and return on investment) or is there a measure of the efficiency of the utility and is mismanagement ever considered ?
5. I am surprised by the numerous occasions of hydrant flushing that go on in the park. It is common for hydrants to be flushed for several days at a time (24 hours a day). How can this be justified ?

Milton R. Palmer (Resident for 3 years in Cypress Lakes)

9504 Maidencane Court
Lakeland, FL 33810

ORIGINAL

Application for a Rate Increase in Polk County by
Cypress Lakes Utilities, Inc.

DOCKET NO. 060257-WS

RECEIVED

NOV 21 AM 8:35

COMMISSION
CLERK

Name Richard Grohce

Address 9754 Cypress Lakes Dr.

Lakeland Fl. 33810

If you want to let the Public Service Commission know how you feel about this case,
you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.

Correspondence will be placed in the file of this docket.

CONSUMER COMMENTS

At the time of purchase in 1990, water
and sewer was included in cost of
rent - later, rent was reduced by
\$20/month to cover cost of water and
sewer which was to be billed separately.
Since then, rent has increased by
5% / year, and is now about double
the original rent.

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Part of this increase covers cost
of water used in common areas.

Since there are now about 1300
users vs. the original 100-200, the
profit of the water supplier must
be greater as equipment, etc seems
to be the same.

We feel the increase proposed is
excessive.

COMMISSIONERS:
LISA POLAK EDGAR, CHAIRMAN
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

November 14, 2006

RECEIVED-PPSC
06 NOV 15 AM 11:03
COMMISSION
CLERK

Mr. Robert Halleen
2237 Big Cypress Blvd.
Lakeland, FL 33810

Re: Docket No. 060257-WS-Application for increase in water and wastewater rates in Polk County

Dear Mr. Halleen:

We have received your letters of October 23, November 1, and 8, 2006, and discussed below are the items which we believe you desire a response.

In your letter of November 1, you indicated that you had not received the two-year water usage data for the utility. We have enclosed a copy for your review.

You indicated that you needed additional information concerning the utility's plant in service that was not in the filing but had been provided to the audit staff. Enclosed are sections 15-20 of the audit work papers. These sections include all work papers provided to us by the field auditors to the Tallahassee staff.

You indicated that you had concerns over audit findings 12 and 13 concerning developer contributions to the utility. At this time, we have not fully analyzed these findings. However, our decision on these two findings will be addressed in our recommendation to be filed on February 1, 2007.

You also expressed concern over an anomaly in the water flow for the Max Day. The utility has stated that its "Maximum Day" reading of 492,000 gallons on October, 5, 2005, was, as you stated, an anomaly. A problem occurred with a component of the disinfection system. The utility indicated that corrections have been made and extensive water main flushing was performed, in order to reestablish an adequate chlorine residual throughout the system.

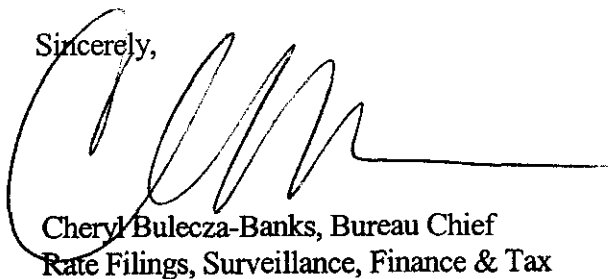
In your letter of November 8, you indicated that the flushing stopped for the day of the customer meeting and began again the next day, and you asked who was paying for the flushed water. As we indicated at the customer meeting, the customers are not paying for the

Mr. Robert Halleen
Page 2
November 14, 2006

water. All costs associated with flushing are the responsibility of the utility and will not be included in the calculation of the proposed rates.

I hope I have addressed the concerns expressed in your letters. If you have any questions, please contact Jay Revell at (850) 413-6425, or Troy Rendell at (850) 413-6934.

Sincerely,



Cheryl Bulecza-Banks, Bureau Chief
Rate Filings, Surveillance, Finance & Tax

CBB:jr

Enclosures

Division of Economic Regulation (Rendell, Edwards, Lingo, Revell)

Office of the General Counsel (Fleming)

~~Division of the Commission Clerk and Administrative Services~~

ORIGINAL

Application for a Rate Increase in Polk County by
Cypress Lakes Utilities, Inc.

RECEIVED #750

08 OCT 31 AM 10:46

DOCKET NO. 060257-WS

COMMISSION
CLERK

Name VICKI KIEFER

Address 2922 PEAVINE TRAIL (LOT 1054)

LAKELAND, FL. 33810

If you want to let the Public Service Commission know how you feel about this case,
you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.

Correspondence will be placed in the file of this docket.

CONSUMER COMMENTS

I THINK IF YOU APPROVE ANOTHER RATE INCREASE FOR THIS WATER COMPANY THAT 3 OUT OF 4 HOMES IN THIS COMMUNITY WILL GO UP FOR SALE, MINE INCLUDED! I HAVE LIVED HERE NEARLY 10 YRS AND MY WATER/SEWER BILL HAS TRIPPLED SINCE MOVE IN, AND YOU STILL CAN'T TALK IT! AT LEAST 2 OR 3 TIMES A MONTH IT SMELLS LIKE A SEWER - IT IS GREY OUT OF THE TAP - YOU HAVE TO REPLACE TAPS, KNOBS & DRAINS EVERY 3 YEARS DUE TO CALCIUM & LIME CORROSION - AND YOU CAN'T DRINK IT! I WISH I OWNED A MONOPOLY UTILITY THAT GAVE HORRIBLE SERVICE, HAD AN UNDRINKABLE PRODUCT AND COULD CHARGE MY CUSTOMERS A 300% RATE INCREASE!!!!

LIKE THE WATER - THIS STINKS!

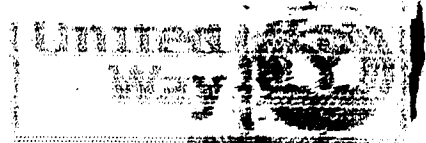
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Fold and tape -- see back for address



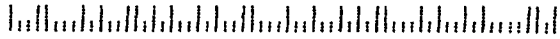
Mr. Kenneth Kiefer
2922 Peavine Trl.
Lakeland, FL 33810

TALLAHASSEE, FL 32309
77 OCT 2003 PM 7:1



Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

32399+0850



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ORIGINAL

Application for a Rate Increase in Polk County by
Cypress Lakes Utilities, Inc.

DOCKET NO. 060257-WS

RECEIVED-PASC

06 OCT 26 AM 8:47

COMMISSIONER
CLERK

Name PAUL & JAN BRAUCHER

Address 9513 TROON LN.

LAKELAND, FL. 33810

If you want to let the Public Service Commission know how you feel about this case,
you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.

Correspondence will be placed in the file of this docket.

COMMISSIONERS + STAFF,

CONSUMER COMMENTS

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Well, here we are again, worrying about yet another rate increase in our water bill. It's just one more in a long list of increases we have to suffer with and try to figure out how we're going to pay for them since our income (fixed) doesn't increase. Oh yeah, we're getting a 3.3% increase to our SS. check. Wow! That should even things out. But then most of you government workers don't get 3.3% so it's no problem for you. Just give yourself another raise and it's happy days again. I understand that prices of everything goes up but they shouldn't because of mismanagement, stupid mistakes, or pay raises! Respectfully, Paul Braucher

Fold and tape -- see back for address

ORIGINAL

Application for a Rate Increase in Polk County by
Cypress Lakes Utilities, Inc.

RECEIVED-PSC

OCT 25 AM 8:47

DOCKET NO. 060257-WS

COMMISSION
CLERK

Name Richard & Aimee Rodat

Address 2304 Mulligan Drive
Lakeland, FL 33810

If you want to let the Public Service Commission know how you feel about this case,
you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.

Correspondence will be placed in the file of this docket.

CONSUMER COMMENTS

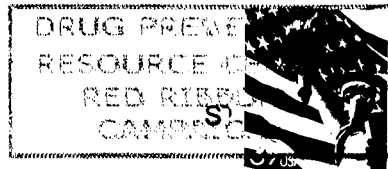
PSC Commissioners: I am sure that you are aware of the problems at Cypress Lakes. My wife and I feel that we should be given a decrease instead of an increase. Here are the facts: The water pressure is so low at times of the day it is almost impossible to shower. The water actually stinks and the color is not clear. If we try to brush our teeth in the morning, the smell gags us. We have found that our morning coffee tastes like it's a day old and has been pre-heated several times. This has made us go to bottled water for drinking. The only good thing I can say about the water is that it is good for flushing the toilet, and yes, it does leave a ring in the toilet.

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SGA
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Richard & Aimee Rodak
2304 Mulligan Drive
Lakeland, FL 33810

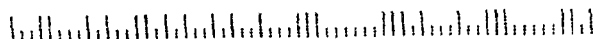
LAKELAND, FL 338

23 OCT 2006 PM 3 T



Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

32399+7013-40 0001



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ORIGINAL

Application for a Rate Increase in Polk County by
Cypress Lakes Utilities, Inc.

DOCKET NO. 060257-WS

RECEIVED PSC
06 OCT 25 AM 8:47

CLERK

Name Mr + Mrs LARRY FATZINGER
Address 2854 PEAVINE TRL
LAKELAND, FLA

If you want to let the Public Service Commission know how you feel about this case,
you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.

Correspondence will be placed in the file of this docket.

CONSUMER COMMENTS

The water pressure is often low and the quality is nothing special.
We already pay for a sewer cost for water that doesn't go into the sewer when we water the lawn. How much profit is enough.

- CMP
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- GCI 1
- OPC
- PCH
- SCR
- SGA
- SEC
- OTH

D FL 338
23 OCT 2006 PM 2 L



Barbara L. Fatzinger
2854 Peavine Tr
Lakeland, FL 33810

Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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ORIGINAL

Application for a Rate Increase in Polk County by **Cypress Lakes Utilities, Inc.**

DOCKET NO. 060257-WS

RECEIVED
05 OCT 26 AM 8:46

COMMISSION
CLERK

Name GEORGE PARNAY
Address 2112 FIRESTONE WAY
LAKELAND FL 33810

If you want to let the Public Service Commission know how you feel about this case, you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.

Correspondence will be placed in the file of this docket.

CONSUMER COMMENTS

THERE HAVE BEEN TWO DIFFERENT OCCASSIONS WHEN MY WATER BILLS HAVE BEEN EXTREMELY HIGH (\$125⁰⁰ OR MORE INSTEAD OF \$25⁰⁰ MINIMUM). IT IS RATHER STRANGE THAT THIS HAPPENEN WHEN I WAS NOT HERE (I WAS A SNOWBIRD FOR 2 YEARS) I CHECKED EVERYTHING AND COULD FIND NOTHING WRONG - THEY WENT BACK TO NORMAL. I TALKED TO A LOT OF PEOPLE IN THE COMMUNITY THAT HAD THE SAME PROBLEMS.

CMP

COM

CTR

ECR 1

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Fold and tape -- see back for address

ORIGINAL

Application for a Rate Increase in Polk County by
Cypress Lakes Utilities, Inc.

RECEIVED PSC
05 OCT 23 AM 10:04

DOCKET NO. 060257-WS

COMMISSION
CLERK

Name JERRY HAVERSTOCK

Address 2134 FIRESTONE WAY.

RESIDENT - SINCE OCT 2001

ALSO ON BOARD OF "ADVISORY COUNCIL" TO H.M.O.

If you want to let the Public Service Commission know how you feel about this case,
you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.

Correspondence will be placed in the file of this docket.

CONSUMER COMMENTS

WHILE THE "MEETING" COMMENTS ARE FRESH IN MY MIND:

- 1. MANY AREAS WITHIN CYPRESS LAKES, WATER UNDRINKABLE —
- 2. SOME AREAS/STREETS; WATER IS "OK" (GENERALLY)
BUT "FILTERS" ARE STILL NEEDED! WHY!

3. IF "SYSTEM DISTRIBUTION" IS ENGINEERED WRONG,
HOW OR WHEN WILL IT BE CORRECTED.

4. WHY SHOULD ANYONE PAY FOR "BAD" WATER
IS THE "WELL" CONTAMINATED?

5. WHY SHOULD ANYONE NEED FILTERS. —
IF WATER HAS QUALITY.

6. THIS "SYSTEM" IS BROKEN! UNACCEPTABLE!

7. MENTIONED DURING MTA... 3 DIFFERENT COMPANIES
HAVE OWNED THIS H₂O SYSTEM... WHY?

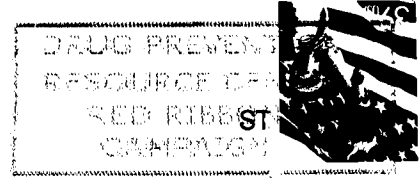
IS IT BECAUSE, THEY FOUND IT TO BE
A DEFECTIVE VENTURE?

CMP
COM
CTR
ECR
GCL
OPC
RCA
SCR
SGA
TEC
OTH

Field and tape - see back for address

The Haverstocks
2134 Firestone Way
Lakeland, FL 33810

LAKELAND FL 338
20 OCT 2006 PM 1 L



Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

32399+0850 [Barcode]

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Tape

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8. THERE HAVE BEEN "INSPECTORS" TAKING SAMPLES OF WATER FROM PLANTS IN AN AREA, AND "PARK MAT" HAVE "RAY THEM OFF" SO THAT HIS TESTS STOPPED. "WHAT IS MAT HIDING?"

ORIGINAL

CONSUMER

RECEIVED FPSC

Application for a Rate Increase in Polk County by
Cypress Lakes Utilities, Inc.

09 OCT 23 AM 9:52

DOCKET NO. 060257-WS

COMMISSION
CLERK

Name MARIO & JOAN CIUFFETTI

Address 2233 BIG CYPRESS BLVD,
LAKELAND, FL. 33810

If you want to let the Public Service Commission know how you feel about this case,
you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0609.

Correspondence will be placed in the file of this docket.

CONSUMER COMMENTS

CMP
COM
CTR
ECR
GCL
JPC
RCA
SCR
SGA
SEC
DTH

WE HAVE ALWAYS FELT A CONCERN ABOUT
THE TASTE & ODOR OF THE PROVIDED
WATER FROM CYPRESS LAKES UTILITIES, INC
IN MAY OF 2003, I HAD A HOUSE
WATER FILTER INSTALLED IN THE LINE
OUTSIDE MY HOME. THE FILTER IS
AN OMNI-FILTER MODEL # R-14
AND USES A FILTER # TO1-DS WHICH
IS A CARBON WRAPPED FILTER.
IN THE FOLLOWING 14 TO 16 MONTHS,
I CHANGED THE FILTER EVERY 3 MONTHS.
FOR THE NEXT 10 TO 12 MONTHS, I CHANGED
THE FILTER EVERY 6 TO 8 WEEKS. FOR THE
PAST 6 TO 8 MONTHS, I NOW MUST CHANGE
THE FILTER EVERY 3 TO 4 WEEKS. THIS TELLS
ME THAT THE QUALITY OF THE WATER DELIVERED
HAS DETERIORATED!

DOCUMENT NUMBER-DATE

Fold and tape -- see back for address

09910 OCT 31 5

FPSC-COMMISSION CLERK

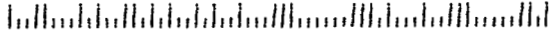


LAKELAND 338

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