

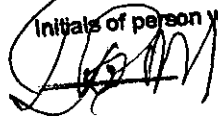
**JAMES L. ADE, P.L.**  
 ATTORNEY AT LAW  
 841 PRUDENTIAL DRIVE - SUITE 1400  
**JACKSONVILLE, FLORIDA 32207**  
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 JLA@JAXBUSINESSLAW.COM

RECEIVED-FPSC  
 08 OCT 15 PM 2:00  
 COMMISSION  
 CLERK

October 14, 2008

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

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

Initials of person who forwarded check  


Dear Ms. Cole:

In connection with the Application of Placid Lakes Utilities, Inc. ("Applicant") for Increased Water Rates in Highlands County ("Application"), Docket No. 080353-WU, please find the following:

1. In the package containing this letter:
  - A. Original and 15 copies of the Application of Placid Lakes Utilities, Inc. for Increased Water Rates in Highlands County with the Affidavit of Peggy Ann Brewer, Vice President and Secretary of Applicant. **097799-08**
  - B. Applicant's check payable to the Florida Public Service Commission in the amount of \$3,500.00.
  
2. In the box shipped simultaneously with this package, the original and 15 copies of the Minimum Filing Requirements containing:
  - A. Financial, Rate and Engineering Minimum Filing Requirements **09800-08**
  - B. Billing Analysis
  - C. Engineering Information
  - D. Supporting Work Papers
  
3. In the shipping tube shipped simultaneously with this package, one set of Applicant's system maps in color. As a small utility company, Applicant requests that only one set of system maps be required to be filed.

\* maps forwarded to ECR.  
 -AM

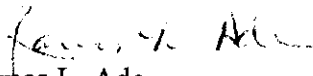
COM \_\_\_\_\_  
 ECR  \_\_\_\_\_  
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 RCP \_\_\_\_\_  
 SSC \_\_\_\_\_  
 SGA \_\_\_\_\_  
 ADM \_\_\_\_\_  
 CLK \_\_\_\_\_

DOCUMENT NUMBER-DATE  
**09799 OCT 15 08**  
 FPSC-COMMISSION CLERK

Ann Cole, Commission Clerk  
October 14, 2008  
Page 2

The above described package, box and shipping tube containing the above described documents are being shipped simultaneously. If you have any questions or need any additional information concerning this matter please do not hesitate to call.

Sincerely,

  
James L. Ade

JLA/lefr

Enclosures

cc: Mr. Marshall Willis w/out enc.  
Ms. Peggy Ann Brewer w/ copy of Application only  
Mr. John Guastella w/ copy of Application only  
Mr. Gary White w/ copy of Application only

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Application of Placid Lakes )  
Utilities, Inc. for Increased Water )  
Rates in Highlands County. )  
\_\_\_\_\_)

Docket No. 080353-WU  
Date Submitted For  
Filing October 14, 2008

**APPLICATION OF PLACID LAKES UTILITIES, INC.  
FOR INCREASED WATER RATES IN HIGHLANDS COUNTY**

Placid Lakes Utilities, Inc. ("Placid Lakes"), 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 water rates and charges and states as follows:

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

Placid Lakes Utilities, Inc.  
410 Washington Boulevard NW  
Lake Placid, Florida 33852

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)

3. Applicant was incorporated on June 11, 1970 under the laws of the State of Florida

and is currently authorized to conduct business in the State of Florida. Applicant is a Class B water utility providing service in Highlands 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 Peggy Ann Brewer, Vice President and Secretary of the Applicant, stating that Applicant will comply with the noticing requirements set forth in Rule 25-22.0407, Florida Administrative Code, for applications for water rate increases, is attached hereto as Exhibit "A".

7. The Applicant was last granted rate relief by the Commission pursuant to Order No. PSC-01-0327-PAA-WU issued in Docket No. 00295-WU (full rate proceeding) and Order No. PSC-02-1657-PAA-WU issued in Docket No. 011621-WU (limited proceeding). 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 \$3,500.00 accompanies this Application as the filing fee for the request for increased water 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 410 Washington Boulevard NW, Lake Placid, Florida 33852.

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 negative rate of return of (3.72%). 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 reasons for the continued deterioration of returns through the historical test year ended December 31, 2007 are that (i) total operating expenses have increased approximately 50% from the 1999 test year used in the Applicant's last rate case related primarily to increases in health insurance costs, electric utility costs and petroleum costs, (ii) real estate taxes have approximately doubled during said period of time and (iii) approximately \$808,380 of plant additions and improvements have been made during said period of time.

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 9.45%. This proposed rate of return is based in part on the Commission's approval of a return on equity invested in water operations of 9.53%.

13. Based on the foregoing and in order to have an opportunity to earn a fair and reasonable rate of return on its rate base for water services, the Commission should allow Applicant to place into effect final rates which will produce increased annual operating revenues

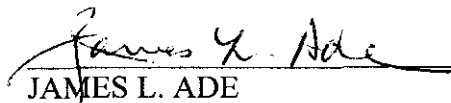
for water operations of \$169,182. Such increase would result in total annual water revenues of \$705,582.

14. Pending the establishment of final rates in this proceeding, Applicant requests interim water 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 additional sales revenues for water operations of \$101,903.

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 in the amount of \$101,903;
- C. That the Commission allow Applicant to place into effect final rates which will produce additional operating revenues in the amount of \$169,182;
- D. That the Commission find that a fair and reasonable rate of return on Applicant's rate base is 9.45% based on a return on equity of 9.53% 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 FLORIDA

COUNTY OF HIGHLANDS


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

1. That she is the Vice President and Secretary of Placid Lakes Utilities, Inc. ("Placid Lakes Utilities");
2. That in her capacity as Vice President and Secretary of Placid Lakes Utilities, she has actual knowledge of the facts and representations set forth in this Affidavit; and
3. That she will cause representatives of Placid Lakes 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 Placid Lakes Utilities filed in Florida Public Service Commission Docket No. 080353-WS.

**FURTHER AFFIANT SAYETH NOT.**

  
\_\_\_\_\_  
**PEGGY ANN BREWER**

Sworn to and subscribed before me this 7<sup>th</sup> day of October, 2008, by **PEGGY ANN BREWER** 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: Lucille J. Buell  
My Commission expires: 12/17/09  
Commission No. DD480247

**EXHIBIT A**

