

## REQUEST TO ESTABLISH DOCKET

(Please type or print. File original *plus* 1 copy with CLK.)

<b>Date:</b>	6/22/2010	<b>Docket No.:</b>	100337-WS
<b>1. From Staff / Division:</b>	Bart Fletcher / Economic Regulation <i>Bf ALM</i>		
<b>2. OPR:</b>	Fletcher, Maurey		
<b>3. OCR:</b>			
<b>4. Suggested Docket Title:</b>	<u>Application for increase in water and wastewater rates in Pasco County by Mad Hatter Utility, Inc. and Paradise Lakes Utility, LLC</u>		
<b>5. Program/Module/Submodule Assignment:</b>			
<b>6. Suggested Docket Mail List.</b>			
<b>a. Provide NAMES/ACRONYMS, if registered company.</b>		<input type="checkbox"/> <b>Provided as an Attachment</b>	
<b>Company Code, if applicable:</b>	<b>Parties (include address, if different from MCD):</b>	<b>Representatives (name and address):</b>	
WS155	Mad Hatter Utility, Inc.	Larry DeLucenay	
WS446	Paradise Lakes Utility, LLC	Larry DeLucenay	
<b>b. Provide COMPLETE NAME AND ADDRESS for all others. (match representatives to companies)</b>			
<b>Company Code, if applicable:</b>	<b>Interested persons, if any, (include address, if different from MCD):</b>	<b>Representatives (name and address):</b>	
	Rose, Sundstrom & Bentley, LLP	F. Marshall Deterding, 2548 Blairstone Pines Drive, Tallahas	
<b>7. Check one:</b>	<input checked="" type="checkbox"/> <b>Supporting Documentation Attached</b>		<input type="checkbox"/> <b>To be provided with Recommendation</b>
<b>Comments:</b>			

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

June 18, 2010

Nancy Argenziano, Chairman  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Mad Hatter Utility, Inc. and Paradise Lakes Utility, L.L.C.;  
2010 General Rate Increase Application  
Our File No. 28023.01

Dear Chairman Argenziano:

This letter requests approval of a test year ended December 31, 2009 for Mad Hatter Utility, Inc. ("Mad Hatter") and Paradise Lakes Utility, L.L.C. ("Paradise Lakes"), herein sometimes called "the Companies" to apply for increases in water and wastewater service rates. Mad Hatter and Paradise Lakes have common ownership, operations, management personnel, share office space, and are, for all practical purposes, tandem working entities. At present, Mad Hatter has three different rate schedules for each class of customer and Paradise Lakes has its own separate set of rates for each class. The Companies intend to submit an application for general rate relief to the Florida Public Service Commission for their water and wastewater systems (Certificates Nos. 340-W, 2979-S, 458-W and 392-S) which combines the systems for rate setting purposes such that all systems will have a single common rate for each class of service.

Mad Hatter's last general rate case initiated by the Company for this system was processed in Docket No. 910637-WS. The Commission's Final Order establishing rates in that proceeding was Order No. PSC-93-0295-FOF-WS, issued on February 24, 1993. The Utility has had no general request for rate relief processed by the Commission since that time.

Paradise Lakes' last general rate case initiated by the Company for this system was in Docket No. 970633-WS. The Commission's Final Order establishing rates in that proceeding was Order No. 98-0130-ORD, issued on January 26, 1998. This Utility has had no general request for rate relief processed by the Commission since that time.

Since the issuance of the Final Order in the rate proceedings outlined above, these Utilities have also implemented numerous pass-through and indexing adjustments

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pursuant to the provisions of Section 367.081(4)(a) and (b), Florida Statutes.

The Companies believe that the proposed base year and their fiscal year ended December 31, 2009, is representative of current operations, and should be utilized as the test period with certain substantial proforma adjustments for known changes which are expected to occur in the near future. There are no major plant expansions or change in operational methods which have occurred in the most recent 18 months or which will occur during the requested test year.

The Companies do, however, anticipate substantial capital improvements and estimate that the cost of these improvements will be in excess of \$7 million, with \$500,000 going to the Foxwood and Turtle Lakes Wastewater System and \$50,000 to the Linda Lakes Wastewater System. The balance of \$6,450,000 will be spent on major improvements to the water systems.

All of the water systems operated by the two entities utilize the same treatment and distribution methods, the same management and operation personnel, equipment and office space, and are therefore very similar in operation requirements and costs.

With the exception of the very small Linda Lakes wastewater treatment facility, the systems all utilize bulk wastewater service purchased from Pasco County as the method for providing retail wastewater service to their customers. All of the wastewater systems utilize the same management and operation personnel, equipment and office space, and are therefore very similar in operation requirements and costs.

As a result of these operational similarities, all systems have costs that lend themselves to a uniform rate and the establishment of such uniform rates will be in the public interest.

The anticipated rate impact occasioned by the cost of current operations combined with the above noted improvements anticipated to be completed in the next 18 months, results in an overall increase in water rates of 151.68%. The Foxwood and Turtle Lakes Wastewater rate increase is projected at 22.61%, and the Linda Lakes Wastewater increase is projected at 57.71%. These increases represent an overall average rate increase of approximately 72%.

The Companies will be seeking interim rate relief based upon the historic fiscal year ended December 31, 2009 operations, because the Companies are already in a position of earning below a reasonable rate of return during the most recent historical fiscal year.

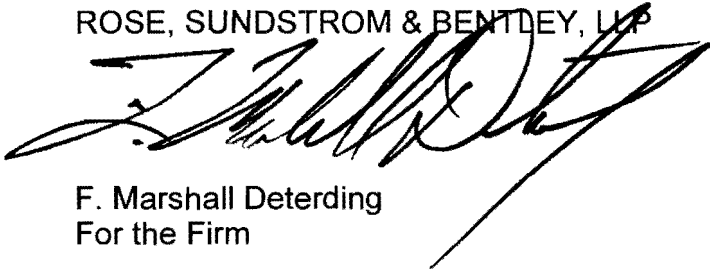
Nancy Argenziano, Chairman  
June 18, 2010  
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Because of the complexity of the filing resulting from the combination of the several systems operated by Mad Hatter and Paradise Lakes for rate setting purposes, the Company requests that the proposed filing of this application for rate relief be scheduled for 120 days after the approval of the requested test year.

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

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding  
For the Firm

FMD\tms

cc: Larry DeLucenay, President

mad\test year approval.ltr