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**RECEIVED**  
APR 08 1997

April 8, 1997

Florida Public Service Commission  
Division of Water and Wastewater

VIA HAND-DELIVERY

Mr. Travis Coker  
Division of Water and Wastewater  
Florida Public Service Commission  
2940 Shumard Oak Boulevard  
Tallahassee, Florida 32399

Re: Sports Shinko Utility, Inc. a b/a Grenelefe Utilities;  
Docket No. 961006-WS; Application for Grandfather Certificates  
Our File No. 31098.01

Dear Travis:

It is my understanding that the Commission staff's schedule for taking action in the above-referenced case has been deferred and is currently scheduled for the May 20, 1997 Agenda Conference. As a follow-up to my letter dated March 28, 1997 I felt that I should outline in brief detail the circumstances that led us to this point on the issue of irrigation water service.

It is our understanding that the utility has alleged that they were required to begin metering water by the Southwest Florida Water Management District and to separately charge for that service. While we do not have the information to verify that allegation, we do not contest it at this point for the purposes of this letter. However, Grenelefe Condominiums was receiving water and wastewater service from Sports Shinko Utility, Inc. which included irrigation at a flat rate per residential unit from 1982 forward. Sports Shinko Utility sought a revenue neutral change in

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April 8, 1997  
Page 2

rate structure from Polk County which was designed by the County consultant to provide the same revenues from meter service as had been generated by flat rate service in the past. That matter went to hearing for final action by the Polk County Commission on July 2, 1996. Representatives of Grenelefe Condominium Association including its attorney appeared at that meeting primarily to discuss the issue of any separate charges proposed to be levied for the first time by the utility for non-potable irrigation water. Those representatives were told that there was no issue to be discussed concerning non-potable irrigation water as the County Commission took the position that it did not regulate such irrigation water. Attached is a letter from the County Commission issued at our request after that hearing.

As you may or may not be aware, Sports Shinko Utility, Inc. has long provided both potable irrigation service (primarily to single family residential homes) and non-potable raw water irrigation service. When the rates were restructured by the County, it is evident from the report prepared by Mr. Sheahen on which the County Commission voted, that this revenue neutral rate setting was intended to provide all of the revenues needed by the utility from potable water service, wastewater service, and potable irrigation service. Nowhere included in Mr. Sheahen's numbers were the flows for non-potable irrigation service because the County took the position that those sales were unregulated. Therefore, Sports Shinko's attempts after the decision by the Polk County Commission, to impose a rate for non-potable water service is not only contrary to the actions of Polk County, but is intended to provide substantially more revenue to the utility company than was intended by the Polk County Commission in restructuring rates to allow Sports Shinko to continue with this non-potable irrigation rate and to charge the same as is charged for potable water will allow them to receive substantially more revenue than was ever intended by Polk County's action and contrary to Polk County's action. Polk County's intended action in approving revenue neutral rate restructuring.

It is certainly conceivable that the utility could have implemented a non-potable irrigation rate when they were under Polk County's jurisdiction since the County apparently took the position that they did not regulate those rates for non-potable water service. However, for whatever reason, the utility chose not to. The separate rate for non-potable irrigation service was not

Mr. Travis Coker  
April 8, 1997  
Page 3

implemented until September 1, 1996, well after the PSC gained jurisdiction over the utility including any non-potable water rates.

Any suggestion that there has been any cost basis provided for non-potable irrigation water service is untrue. There was none included in the report prepared leading up to Polk County's review and setting of rates for this utility and my client Grenelefe specifically sought such information and sought to speak on the issue of non-potable irrigation rates. The rates currently being charged for non-potable irrigation service is exactly the same as that charged for potable water. This is further proof that the County did not review the non-potable irrigation service and establish a cost-based rate since it would obviously cost more to produce potable water for irrigation than to provide raw water for this purpose. The two irrigation service systems are, of course, totally separate and utilize different wells and facilities.

In conclusion, my client, Grenelefe Association of Condominium Owners No. 1, Inc. has continuously and repeatedly sought to review any proposal by Sports Shinko Utilities for approval of non-potable irrigation service rates and to participate in any proceeding in which those rates would be established. We have not been given that opportunity. The rates imposed by the utility regardless of the reasons behind imposing those rates were implemented in a manner that is plainly contrary to the requirements of Chapter 367, Fla. Stat., and the Commission's rules after the Commission obtained jurisdiction. As such, all such rates collected to date are illegally implemented, must be discontinued and must be refunded with interest to any persons charged. The Commission precedent in this regard is clear.

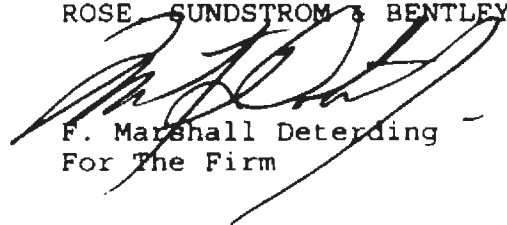
If you have any further questions concerning the facts which led up to this case or the current circumstances, I would be happy to provide you with any additional information which you may feel you need. In the meantime, should any other information come in to the Commission either through the clerk, or to you directly, which relates to the non-potable irrigation water service rates, I hereby request that you provide me a copy so that we may have the opportunity to respond in advance of the Commission staff formally

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Sincerely,

ROSE SUNDSTROM & BENTLEY



F. Marshall Deterding  
For The Firm

FMD/lts  
Encl.

cc: Donna Cyrus-Williams, Esq.  
Charles Peloquin  
Charles Weinkauf  
Clifford Shepard, Esq.



Board of County Commissioners

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Administration Fax: (941) 534-6059  
Operations / Maintenance: (941) 534-7351

Utilities Division

August 19, 1996

Grenelefe Condominium Associations  
P. O. Box 7001  
Grenelefe, Florida 33844  
ATTN: Mr. Chuck Peloquin, General Manager

**Re: Grenelefe Water and Sewer Franchise Potable Water Rates**

Dear Mr. Peloquin:

The purpose of this letter is to clarify the fact that the Board of County Commissioners sitting as the Utilities Commission regulates rates for potable water only. Therefore, the rates approved by the Commission for Grenelefe on July 2, 1996 were for potable water only. Please see section I of Grenelefe's franchise agreement regarding the "potable water" designation.

Billie Messer, Regulatory Analyst Supervisor for the Florida Public Service Commission in the Water and Wastewater Division, may be able to assist you regarding nonpotable water rates. Her direct phone number is (904)413-6990.

If I can be of any further assistance, please call. Thank you for your patience in this matter.

Sincerely,

Paula M. Zwack  
Fiscal & Franchise Manager

Enclosure: Grenelefe Franchise Agreement

8/19/96 Sent via fax and U.S. Mail to C. Peloquin

cc Don Crawford, Utilities Director  
Grenelefe Golf and Tennis Resort, Utilities Dept., 3200 S.R. 546, Haines City, FL  
33844-9782, Attn: Mr. Chuck Edge, Utilities Mgr  
Grenelefe Franchise File  
PSC franchise file box

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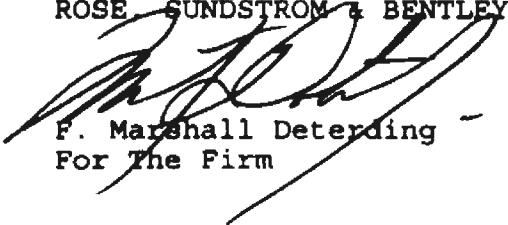
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F. Marshall Deterding  
For The Firm

FMD/lts  
Encl.

cc: Donna Cyrus-Williams, Esq.  
Charles Peloquin  
Charles Weinkauff  
Clifford Shepard, Esq.



Board of County Commissioners

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Utilities Division

August 19, 1996

Grenelefe Condominium Associations  
P. O. Box 7001  
Grenelefe, Florida 33844  
ATTN: Mr. Chuck Peloquin, General Manager

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cc Don Crawford, Utilities Director  
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33844-9782, Attn: Mr. Chuck Edge, Utilities Mgr  
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PSC franchise file box