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July 30, 1997

VIA HAND DELIVERY

Ralph Jaeger, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Re: K.W. Resort Utilities Corporation; PSC Docket No. 970229-SU
Limited Proceeding/Reuse Water Rate Increase
Our File No. 20779.04

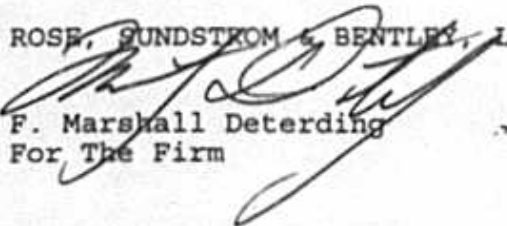
Dear Ralph:

As required by Order No. PSC-97-0850-FOF-SU, issued on July 15, 1997, K.W. Resort Utilities and the golf course reuse customer have had one conference call involving the principals of both entities and their attorneys at which numerous issues were discussed about possible settlement of this pending case. That telephone conference lasted approximately 45 minutes and took place on July 7, 1997.

One of the most significant outcomes of that conference call was the discussion of the possible purchase of the Utility system by the golf course owner. Additional discussions between the principals of the two entities have occurred since that time and a letter of intent for the purchase of that system is currently being prepared. We will keep you advised as discussions progress and let you know of any concrete results as soon as they occur.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC _____
- WAS _____
- OTH _____

Should you have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, L.L.C.
F. Marshall Deterding
For The Firm

FMD/lts
cc: Ms. Blanca Bayo
Mr. Charles H. Hill
Ms. Joann Chase
Mr. Gerard Staudt
Ben Girtman, Esquire
Mr. William L. Smith

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