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MARTIN S. FRIEDMAN, P.A.  
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(LICENSED IN TEXAS ONLY)

March 20, 2003

Ms. Blanca Bayo  
Commission Clerk and Administrative Services Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

Re: Docket No. 020745-SU; Application of Island Environmental Utility, Inc., for  
Original Certificate  
Our File No.: 37025.01

Dear Ms. Bayo:

This letter is in response to the February 20, 2003, correspondence from Patti Daniel requesting additional information in connection with the above-referenced docket.

1. The financial ability of Island Environmental Utility, Inc., to provide wastewater service is based upon the financial ability of its shareholders who are Dean Beckstead and Jack Boyer. Those Financial Statements are available for inspection by the Staff at their convenience. This is to confirm that Wilson Miller, Inc., will handle any engineering work required, Gueltzow Utilities, Inc., will handle any operational issues, and the law firm of Rose, Sundstrom & Bentley, LLP, will handle legal regulatory matters.
2. Since Island Environmental Utility, Inc., is not yet in operation, nor will it be, unless and until certificated by the PSC, it does not have any financial statements. As addressed previously, the Utility is relying upon the financial resources of Jack Boyer and Dean Beckstead.
3. Funding. There are no written financing agreements with Island Environmental Utility, Inc., however, all funding for the Utility will either

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come from the shareholders or through bank financing which will be guaranteed by the shareholders.

4. Need for Service. There are approximately 2000 lots in the proposed service area and there are approximately 950 existing homes utilizing septic tanks for waste disposal. Septic tanks are not an environmentally preferred method of sewage disposal on barrier islands such as the ones which consist of the proposed service area for Island Environmental Utility, Inc. In addition to the existing customers, the availability of central wastewater treatment and disposal will facilitate the construction of homes on the vacant lots.

The only wastewater utility of any size that would be capable of providing service is Knight Island Utility, Inc. Knight Island Utility, Inc., is unwilling to extend its service area, and in fact, as reflected in this docket, it had at one point contemplated selling its system to Island Environmental Utility, Inc. There is another small package plant at the Hideaway Development which serves 102 residences, however, it is anticipated that the package plant will go offline and those customers will be connected to Island Environmental Utility when its system is completed. Thus, there are no other options to providing central wastewater to the proposed territory other than Island Environmental Utility, Inc.

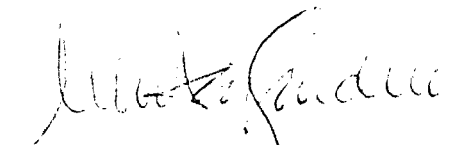
5. Local Comprehensive Plans. The concerns expressed by the DCA were that central wastewater treatment would facilitate additional densities on the islands. Due to the recent comprehensive plan amendment adopted by Charlotte County, the existing lots in the proposed service area may not be further subdivided. Thus, the concerns of DCA have been resolved to its satisfaction.
6. Service Date. Enclosed is a letter from the Englewood Water District which sets for the framework by which the Englewood Water District would treat the wastewater delivered from Island Environmental Utility, Inc. Once the Public Service Commission has granted a certificate to Island Environmental Utility, then it will go forward with formalizing an agreement for the treatment and disposal of the effluent from the Islands. Considering design, permitting and construction, we would

expect service to be commenced two (2) years after Public Service Commission certification.

7. Customers. As mentioned previously, it is expected that there will be 2000 ERCs primarily consisting of single-family residences. We are unable to determine how many of the existing residences will immediately connect to the wastewater system, but we would expect that ultimately they would do so as required by State Law.
8. Ownership of Land. Since Island Environmental Utility, Inc., expects to pump its wastewater to the mainland for treatment and disposal by another entity, this requirement is moot. Any required easements and permits will be obtained in connection with the construction of the infrastructure, including the subaqueous water line from the Island to the Mainland. It is premature to obtain any easements at this time, however, the Utility has the condemnation powers, if necessary, to obtain any required easements.

Should the Staff have any additional questions, please have them contact me.

Very truly yours,



MARTIN S. FRIEDMAN  
For the Firm

MSF/dmp  
Enclosure

cc: Mr. Jack Boyer (w/enclosure)  
Mr. Dean Beckstead (w/enclosure)  
Ms. Pat Brady (w/enclosure)  
Rosanne Gervasi, Esquire (w/enclosure)



## ENGLEWOOD WATER DISTRICT

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Richard L. Rollo, Administrator

October 28, 2002

Mr. Jack Boyer  
Island Environmental Utilities  
P. O. Box 5145  
Grove City, FL 34224

RE: Meeting of September 12, 2002

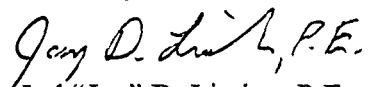
Dear Jack:

This letter is sent to confirm the discussion during our meeting of September 12, 2002.

1. Island Environmental Utilities (IEU) will construct a wastewater collection system (low-pressure or vacuum) on the barrier island off the coast of Charlotte County currently served with water from three (3) private utility systems.
2. The Englewood Water District (EWD) is willing to enter into an agreement to provide bulk sewer service to IEU. In general, the terms of the agreement will follow our Customer Rules and Regulations (CR&R enclosed).
3. Bulk sewer service will be provided at a base facility charge of \$13.96/ERC/month and a usage charge of \$2.80/1,000 gallons of treated wastewater. (see page 19 CR&R)
4. IEU will construct the master lift station, transmission force main and wastewater meter from its collection system to the EWD wastewater treatment plant located on Telman Road.
5. IEU will contribute towards the expansion of the EWD Wastewater Treatment Plant by purchasing capacity in units of 100,000 gpd. The cost of treatment capacity will be in accordance with the CR&R, page 22. The plant capacity portion of the \$1,689.87 Capital Capacity Charge is \$830.00/ERC. IEU may also purchase capacity by sharing in a proportional cost at the time of the next expansion of the EWD wastewater treatment plant from 2.2 MGD to 3.0 MGD. IEU's proportional cost will be based on the actual construction cost of the next planned expansion.

Should you have any additional questions or concerns, please feel free to contact me directly.

Sincerely,

  
Jarl "Jay" D. Linden, P.E.  
Technical Support Manager

JDL/mac  
Ec: Richard L. Rollo, Administrator  
Enc. (1)