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TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

May 27, 2003

Mr. Tom McMullen
208 Osprey Villas Court
Melbourne Beach, FL 32951

RECEIVED PSC
MAY 27 PM 4:28
COMMISSION
CLERK

Re: Application for a Staff Assisted Rate Case by Service Management Systems, Inc.

Dear Mr. McMullen:

Thank you for your response to our Preliminary Staff Report dated April 28, 2003. As you point out in your May 26, 2003, letter, the golf course was not specifically identified in the discussion of rates. The golf course is a non potable irrigation customer. Our preliminary irrigation rates were based on usage from all non potable irrigation customers, including the golf course. Our preliminary gallonage rate for non potable irrigation would apply to the golf course. Regarding the charge for the unmetered irrigation of common property, our preliminary recommendation is that these areas be metered and charged the non potable irrigation rate. As we point out in our staff report, these items are preliminary and may change after staff receives information from the customer meeting. However, in our recommendation to the Commission, we will make it clear which rates apply to the golf course and the currently unmetered irrigation customers.

Concerning the absorption field, the staff engineer observed that the utility had began making repairs during the engineering visit on January 30, 2003. Repairs of this type should be completed in as short amount of time as possible to defer any further complications. A post customer meeting inspection of the absorption field will be conducted by staff to formulate an understanding of the extent of the repairs, to determine why the utility has not finished this project, and to get an estimated date for the completion of the project.

You should be receiving a customer meeting notice from the utility shortly. The customer meeting is scheduled for Wednesday 6:00pm on June 18, 2003, at the Grant Street Community Center, 2547 Grant St., Melbourne, FL 32901.

Hopefully this letter has addressed your concerns. The staff report and rates noticed to the customers are preliminary, and a final determination will not be made until after the customer meeting. The opinions in this letter are those of staff and do not bind the Commission's decision on any future matter in this case. Again thank you for your input. Customer comments are helpful to staff's investigation and drafting its recommendation to the Commission. We look forward to

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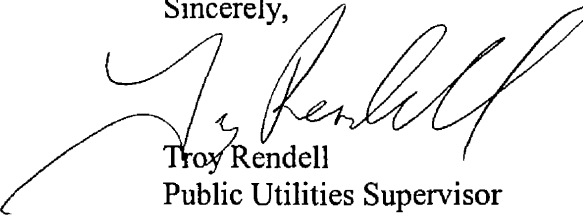
Mr. Tom McMullen

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meeting you at the customer meeting. If you have any further question please contact Mr. Tony Sargent at (850) 413-6968 or Mr. Ryan Fitch at (850) 413-6928.

Sincerely,

A handwritten signature in black ink, appearing to read "Troy Rendell". The signature is fluid and cursive, with a long, sweeping underline that extends to the left and then curves back under the name.

Troy Rendell
Public Utilities Supervisor

TR:rf

cc: Division of Economic Regulation (Willis, Sargent, Fitch, Davis)
Office of General Counsel (Jaeger)
Division of Commission Clerk and Administrative Services (021228-WS)