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06 AUG -9 AM 7:24

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August 7, 2006

Mr. Tom Walden
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RECEIVED-FPSC
06 AUG -9 AM 9:37
COMMISSION
CLERK

Re: Docket No. 060166-WS; Application of Gold Coast Utility Corp., for Amendment of Water and Wastewater Certificates in Polk County
Our File No.: 40057.07

Dear Mr. Walden:

This letter is in response to your correspondence of August 3, 2006, regarding the above-referenced application. The lack of a signed Developer Agreement has no impact on this application. It is our understanding that the Developer is marketing this property, and until a purchaser is found, or the landowners themselves intend to develop, we would not expect for the Developer Agreement to be executed. All of the land encompassed by the application is owned by members of the Collany family and the Developer Agreement was drafted accordingly.

The cost to upgrade the wastewater treatment plant to provide public access reuse is about \$750,000.00, which will be funded through utility investment or loans. The cost of reclaimed water lines will be at the expense of the Developer. Since we are several years away from providing public access reuse, we have not proposed a rate at this time. When that service begins to be provided, Gold Coast Utility Corp. will file for Commission's approval of a rate. As set forth in the Developer Agreement, the \$12,500.00 is a deposit pursuant to rule 25-30.540, Florida Administrative Code. Most, if not all of that deposit is for the cost and expense of the proceeding to expand the utility service area.

Since the current plants are reaching capacity, it is expected that the CIAC levels would be high. However, as mentioned previously, the Utility will be expending approximately \$750,000.00 to upgrade the plant to provide for public access reuse. Further,

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Mr. Tom Walden
Division of Economic Regulation
Florida Public Service Commission
August 7, 2006
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in order to provide service to the Collany Property and other proposed developments, the Utility will need to expand the capacity of this Wastewater Treatment Plant, which is expected to cost approximately \$700,000.00. In addition, Gold Coast Utility Corp., has expended approximately \$300,000.00 to upgrade the plant and facilities, which upgrades include no increase in capacity. As you know, this was an old system and the current owner is undertaking the upgrades to increase reliability.

Should you have any additional questions, please do not hesitate to contact me.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/tlc
Enclosures

cc: Mr. Keith Burge (w/enclosures)
Ms. Blanca Bayo, Commission Clerk (w/enclosures)