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April 10, 2007

Jennifer Brubaker, Esquire
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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Re: Mad Hatter Utility, Inc.; PSC Docket Nos. 041342-WU and 021215-WS
Our File No. 28023.16

Dear Ms. Brubaker:

At your request, I have outlined below the situation concerning areas currently served by Mad Hatter that are the subject of the pending proceedings outlined above, and whether or not Mad Hatter is currently serving people outside its territory and the circumstances surrounding that service:

1. Oak Grove Subdivision - As you know, the Utility was involved in litigation with Pasco County concerning the appropriateness of Pasco County having required that developer to take service from the County, rather than Mad Hatter. As a result of that multi-year litigation, the County was required to turn over those facilities to Mad Hatter and allow Mad Hatter to serve. As a result of that litigation and while it was being wrapped up, the Utility determined that a portion of the Oak Grove subdivision, part of which is commercial and part of which is residential, was outside the Utility's existing territory. Both Mad Hatter and the County had mistakenly believed that at least the residential portion was within Mad Hatter's existing service territory. When we discovered otherwise, this Application for Extension of Service was filed.

At the time the extension application was filed, only approximately five residences were receiving service from Mad Hatter outside the service territory. However, because of the circumstances, Mad Hatter had no choice but to make sure those residences continued to receive service, since they had already been receiving service from the County. That number has now grown because of development within that area, to approximately 15 residences currently receiving service that are outside the Utility's territory and who will be within the Utility's territory, if the Commission approves the Settlement Agreement.

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2. Leonard Road Residences - Under the Settlement Agreement, the County has not agreed to allow Mad Hatter to include the two mobile home residences on the south side of Leonard Road to be included within MHU's permanent service territory. Mad Hatter has however agreed to continue providing temporary service to one of those residences where service is currently provided. That service is being provided to an elderly couple in a mobile home whose well went bad. The Utility felt that it was inappropriate for us to discontinue that service, once we had begun providing it to them, under those circumstances. The County's agreement to allow continued service by MHU to those persons as a temporary service, indicates their understanding that it would be inappropriate for those people to be left without water service as well. The County has no ability to serve them immediately.

3. Livingston Road - The four parcels east of Livingston Road where the Utility is proposing to provide service, have service readily available to them from stubbed out lines owned and operated by Mad Hatter, but none of them are currently receiving service from Mad Hatter. The County has n lines near these parcels.

I trust that the above information responds to your request. If there is anything further I can provide to you, please do not hesitate to call.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP

A large, stylized handwritten signature in black ink, appearing to read 'F. Marshall Beterding', is written over the typed name and firm name.

F. Marshall Beterding
For The Firm

FMD/tms

cc: Ann Cole
Troy Rendell
Larry DeLucenay