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October 2, 1996

VIA HAND DELIVERY

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

Re: Buccaneer Water Service; Docket No. 960133-WU
Application for Staff Assisted Water Rate Increase
Our File No. 30097.03

Dear Raj:

I am writing to follow up on our recent conversations concerning the Utility's proposal for resolving the issue about how to appropriately deal with the "life-timers" in Buccaneer's service territory. These are the customers who were promised certain concessions by the original developer in the charges imposed upon them for water service. We believe, based upon our discussions, that we have reached a solution that will resolve the issue from the customers', the Commissioners' and Staff's perspectives, as well as to give the customers the benefit of their agreement with the developer.

First of all, it should be noted that the current owner and the related development entity have never proposed to discontinue providing the life-timers with the benefit which they had bargained for contractually with the original developer. The question here was initially one of properly accounting on the Utility books and records for that benefit and of ensuring that billing was done in a manner which best reflected conferring of this benefit.

After discussions with the company representatives, we have concluded that the Utility is unable, without expenditure of substantial funds for re-configuring its bills and reprogramming its billing system, to show the amount of the credit due to the life-timers on the bill itself. As has been done in the past and continues to this day, the Utility proposes therefore to bill the customers the net amount on the utility bill itself. However, in

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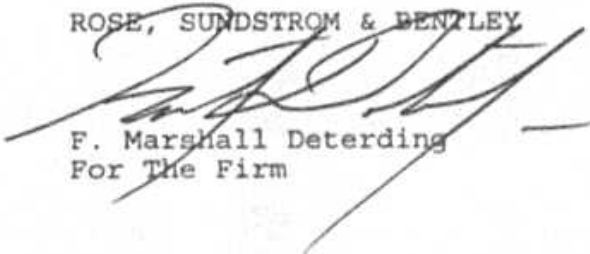
conformance with the request of the Commission, the Utility will begin properly booking the total amount of revenue due based upon application of the rates approved by the Commission in a non-discriminatory manner to all customers. That portion of the life-timers bill which is the responsibility of the developer will simply be booked as a receivable from the developer and either paid directly by the developer or offset against other monies owed to the developer by the Utility. In this way, the books will reflect the proper amount of revenue, the developer will be properly charged for his portion of the bills for the life-timers, the life-timers will receive the benefit of their agreement, and their bills will reflect the net amount.

Based upon our conversations and my conversations with Mr. Shreve, I believe that this will resolve the concerns on this issue raised by the customers and by the Commissioners without creating additional costs or confusion. I believe that we have all agreed that this does in fact resolve the problem.

Should you, any other members of the Staff, or Mr. Shreve have any questions, comments or concerns with regard to this resolution, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY



F. Marshall Deterding
For The Firm

FMD/lts

cc: Ms. Roli Okome
Blanca Bayo, Director
Mr. Stan Rieger
Mr. Neil Bethea
Jack Shreve, Esquire
Ellen Kelleher, Esquire
Ms. Marguerite Nader
Robert C. Nixon, CPA