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FILE COPY

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May 20, 1997

Ms. Edith Xanders
Bureau of Policy Development
and Industry Structure
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 970229-SU, Application of K.W. Resort Utilities Corp. for limited proceeding increase in reuse water rates.

Dear Ms. Xanders:

You may not be aware that the protestant, Key West Country Club, has a motion pending before the Commission to dismiss the limited proceeding on legal grounds. Until the Commissioners rule on the pending legal issues, we won't know whether the Commission is going to proceed with this docket. Therefore, it would be premature to begin responding to substantive matters. If the Commissioners agree with the protestant on the preliminary legal issues, their vote at Agenda Conference to dismiss the utility's application would prevent the costly and time consuming proceedings from having to go forward.

ACK _____ Please note that, based on Mr. Jaeger's comments at the
AFA _____ meeting, the protestant has filed a limited appearance and limited
APP _____ petition to intervene specifically so that the various preliminary
CAF _____ legal matters can be ruled upon by the Commissioners.

CMU _____ The recent meeting between representatives of the utility, the
CTR _____ golf course and the Commission Staff was beneficial in helping to
EAG _____ understand the positions of the opposing entities. However, Mr.
LEG _____ Smith reports that no communication has been forthcoming from the
utility regarding settlement discussions, so he has initiated a
request for discussion. Attached is a copy of Mr. Smith's letter.

LIN _____ Thank you for your consideration in this matter. The

OPC _____

RCH _____

SEC 1

WAS _____

OTH _____

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

Ms. Edith Xanders
May 20, 1997
Page 2

protestant looks forward to receiving the staff recommendation so that the legal issues can be addressed.

Sincerely yours,



Ben E. Girtman

Encl.

cc w/encl.

William Smith, Esq.
Division of Records and Reporting
Division of Legal Services (Mr. Jaeger)
Division of Water and Wastewater (Mr. Hill)

*Law Offices of
Smith, Hemmesch and Burke*

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LAWRENCE J. TANLITZ, *Of Counsel*

May 6, 1997

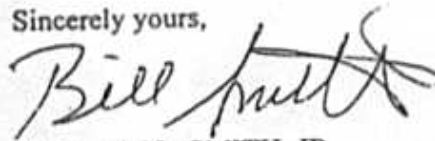
Mr. Gerard Stoudt
Vice President
Key West Resort Utility Inc.
c/o Citicorp Real Estate Inc.
599 Lexington Avenue
25th Floor
New York, New York 10043

Re: Key West Resort Utilities, Inc. vs. Key West Golf Club

Dear Gerard:

It has been some time since we discussed settling the rate case that you filed. I would appreciate it if you would call me in order to see if we can resolve this issue.

Sincerely yours,



WILLIAM L. SMITH, JR.

WLS:bcd

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MAY 11 1997

Office of
BEN E. GIRTMAN