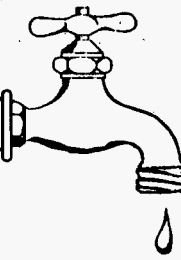


**LAKE SUZY UTILITIES, INC.**



12408 S.W. SHERI AVENUE  
LAKE SUZY, FLORIDA 33821

**ORIGINAL**  
(941) 629-2439

**RECEIVED**

May 4, 1998

MAY - 7 1998

FPSC - Records/Reporting

Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

RE: Docket No. 970657-WS response to functional relationship between water and wastewater utilities.

Dear Sirs:

After review of the information from the PSC staff and Lake Suzy's legal council, we would like to clarify the functional relationship between the water and wastewater systems from an administrative and operational perspective. We feel confident that these systems are interrelated because all of Lake Suzy's customers are being served by the same personnel and or third party businesses.

Administratively, the functions between the water and wastewater systems are interrelated for the following reasons:

1. Lake Suzy shares a common office located at 12408 SW Sheri Avenue; and
2. As President of the corporation, I make all the decisions for the water and wastewater systems including but not limited to the day to day planning, strategic planning, budgeting, purchasing and hiring and firing of all personnel; and
3. Professional services are shared on a common basis between the water and wastewater systems for our accounting (for IRS (Dees and Associates, CPA) and regulatory matters (Regulatory Consultants, Inc.) and engineering (A&M Engineering). A&M Engineering will review all water and wastewater plans as submitted by third parties to ensure the system meets utility standards and they will also design the water and wastewater systems as needed by Lake Suzy.
4. The Office manager (Ms. Wanda Sapp) performs common duties such as billings, customers complaints, customer service, inhouse accounting for receivables and payables, and other regular office functions for both water and sewer customers.

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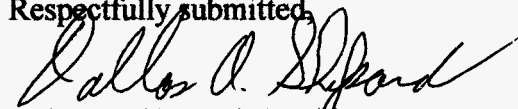
5. As noted in our past rate case and past filing of our annual reports unless an item is specifically designated for water and/or wastewater, Lake Suzy has allocated the above administrative costs based on a percentage of customer basis because of the interrelationship of the two systems.

From an operational standpoint the water and wastewater systems share many of the common duties on an as needed basis.

1. Lake Suzy has retained Avatar Utility Services, Inc. as the WWTP operator who is responsible for the monthly wastewater tests to stay in compliance with FDEP and Avatar also is responsible for taking the monthly bacteriological water samples as we are a consecutive water system. Also Avatar is on standby in the case of an emergency for both our water and wastewater systems in the event Lake Suzy personnel are not in the area.
2. Lake Suzy has one maintenance person along with myself who is responsible for both systems. The responsibilities will range from installing water meters to performing common maintenance at the WWTP plant. If the time can be specifically designated to water and/or wastewater, the associated costs will be allocated as such or the time will be allocated on a percentage of water to sewer customer basis.
3. For billing purposes the water meter reading are used to calculate the sewer bills.
4. Lake Suzy also shares a common maintenance building located at the WWTP. Within this building we have a basic inventory of materials to maintain the water and sewer systems along with common tools.

If you should have any further questions or concerns about the interrelationship between Lake Suzy's water and wastewater systems, please advise.

Respectfully submitted,



Dallas A. Shepard, President  
Lake Suzy Utilities, Inc.