

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

(850) 877-6555

CHRIS H. BENTLEY, P.A.
F. MARSHALL DETERDING
MARTIN S. FRIEDMAN, P.A.
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
JOSEPH P. PATTON
DAREN L. SHIPPY, LL.M. TAX
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

MAILING ADDRESS
POST OFFICE BOX 1567
TALLAHASSEE, FLORIDA 32302-1567

TELECOPIER (850) 656-4029

ROBERT M. C. ROSE
OF COUNSEL

January 29, 2001
VIA HAND DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Re: Sun Communities Finance LLC d/b/a Water Oak Utility
PSC Docket No. 010087-WS
Application for Approval of Reuse Plan
Our File No. 33013.01

Dear Ms. Bayo:

I became aware on Friday, January 26, 2001 of the Staff Recommendation issued on the 25th in the above-referenced case.

The first issue deals with the request for extension of time to file the Reuse Project Plan for the Utility's wastewater system, as we have requested. We appreciate the Commission's indulgence in that regard.

The second issue deals with Show Causing the Utility for failure to file quarterly reports as required by Commission Order No. PSC-00-1165-PAA-WS. We do not believe that we were late in filing any but one of these reports (the one due for the first quarter after issuance of the Order). The second quarterly report and the report on the progress of the conservation measures were just becoming due to be filed at the end of January in our reading of the Order.

However, in order to avoid delay and the cost of dealing with the Show Cause proceeding, and in order to seek to comply with the demands of the Commission and interpretations of those requirements from the staff, I am attaching hereto both the first and second quarter reports as

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Blanca S. Bayo, Director
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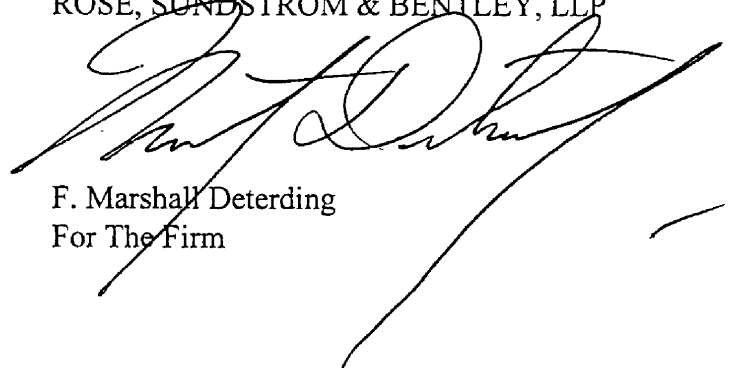
required by Order No. PSC-00-1165-PAA-WS, and a report on the status of the conservation measures for this Utility. I believe this is all that is needed in order to comply with the staff's interpretation of the above-referenced Order. We do believe that for a company this size, the \$300 fine is a bit much, given the fact we believe only one of these three reports was overdue, and this is such a small company. We are, however, enclosing the \$300 payment in order to avoid incurring further costs in this regard, which will ultimately be more costly than agreeing to pay the penalty proposed.

If there is anything else the staff needs or you need in order to expedite the closure of this case, please let me know and I can assure the Commission we are attempting to comply with there requirements and will prepare and file the Reuse Project Plan by June 19, 2001 as suggested by the Staff Recommendation in Issue No. 1.

We will also be on schedule to file the quarterly reports approximately one month after the close of the quarter for the next year and a half as required by the Commission Order, and we will plan to file the status report on the conservation measures undertaken in July and again in next January, as required by the Order.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD/tmg

cc: Jason Fudge, Esquire
Mr. Troy Rendell
Ms. Jennie Lingo
Mr. Neil Bethea
Mr. Tom O'Branovic
Mr. Jan Charron, Regional Manager
Ms. Gabrielle Umbel
Gary Morse, P.E.
Julian Coto, P.E.
Mr. Kevin Bennett

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Sun Communities Finance, LLC d/b/a Water Oak Utility
PSC Docket No. 990243-WS

Water Conservation Report July 19, 2000 through December 31, 2000

Below is an outline of the measures undertaken during the past 5 ½ months related to the water conservation requirements imposed by Commission Order No. PSC-00-1165-PAA-WS. At the end of this report, is a brief statement of those additional water conservation measures expected to be undertaken in the next 3 to 6 months.

1. Meter Replacement - The Utility has undertaken 35 meter replacements in the last 5 ½ months. The total cost of the meter and related parts, along with man hours to replace (at approximately \$10/hour labor and related costs) is approximately \$4,000.

\$ 4,000

 2. Irrigation Audits - The Utility has undertaken audits of irrigation customers and checks of leaks. An outside third-party has been paid for the cost of residential home site irrigation audits, which resulted in a total cost of approximately \$2,600.

2,600

Common area irrigation leak checks have involved approximately 16 to 20 hours every second month, for a total during the last 5 ½ months of approximately \$600 labor and \$150 parts and supplies, for a total of \$750.

750

 3. Conservation Messages - The Utility has undertaken to include conservation messages on monthly billings. The initial setup and printing costs related to this addition is estimated to total approximately \$500.

500

 4. Newsletters and Flyers - The Utility has printed and copied residential newsletters and closing package inserts obtained from the St. Johns River Water Management District; the University of Florida Extension Service; and the "Welcome to Florida!" pamphlets. All are being provided to new and potential customers.

In addition, the Utility has held two gardening seminars with the University of Florida Master Gardner program concerning native plantings, xeriscape, irrigation practices, and water conservation. The setup, printing, distribution of flyers, native planning giveaways, etc. have cost approximately \$500.

500

 5. Attendance at Seminar - The Utility's maintenance supervisors attended the PSC's Water and Wastewater Education Seminar on October 12 and 13, 2000 in order to learn about the various matters related to PSC regulation and conservation measures and rate structures.

200
- Total Conservation Expenses: \$ 8,550

Plans for the Coming 2 Quarters - The Utility plans to continue with its conservation measures already begun and institute new ones in the coming 2 quarters. They plan to continue the irrigation audits, meter checks and replacements, as well as continuing all of the education programs already in place. The Utility will also pursue other possible conservation measures to assist in meeting the goal of reducing water consumption, and educating the public about the future conservation measures, especially the planned reuse system and its benefits to them, the environment, and the State's potable water resources.

QTR 1

Sun Communities Finance, LLC-d/b/a

WATER OAK UTILITY QUARTERLY BILLING SUMMARY

| | METER SIZE | NO OF BILLS | WATER USE | WATER REVENUE | SEWER REVENUE | SALES TAX |
|--------|---------------------|-------------|-----------|---------------|---------------|-------------|
| JULY | RESIDENTIAL 5/8X3/4 | 783 | 5656749 | \$7,843.59 | \$13,477.32 | \$702.04 |
| | GENERAL 5/8X3/4 | 11 | 24303 | \$82.44 | \$31.78 | \$8.04 |
| | 1 INCH | 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| | 1-1/2 INCH | 3 | 97200 | \$145.23 | \$60.21 | \$3.00 |
| | 2 INCH | 10 | 155700 | \$589.89 | \$61.21 | \$10.00 |
| | 3 INCH | 2 | 50100 | \$229.70 | \$0.00 | \$2.00 |
| | SUN | 7 | 130080 | \$110.89 | \$133.92 | \$5.78 |
| | TOTALS | | 816 | 8114112 | \$9,001.74 | \$13,764.42 |
| AUGUST | RESIDENTIAL 5/8X3/4 | 781 | 5604579 | \$7,842.44 | \$13,621.07 | \$708.01 |
| | GENERAL 5/8X3/4 | 12 | 63417 | \$108.72 | \$32.97 | \$9.02 |
| | 1 INCH | 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| | 1-1/2 INCH | 3 | 96700 | \$144.97 | \$60.21 | \$3.00 |
| | 2 INCH | 10 | 171700 | \$598.04 | \$60.21 | \$10.00 |
| | 3 INCH | 2 | 52100 | \$230.72 | \$0.00 | \$2.00 |
| | SUN | 8 | 98400 | \$88.37 | \$120.42 | \$5.96 |
| | TOTALS | | 816 | 8088996 | \$9,013.26 | \$13,894.88 |
| SEPT | RESIDENTIAL 5/8X3/4 | 786 | 5036418 | \$7,552.87 | \$13,292.05 | \$895.69 |
| | GENERAL 5/8X3/4 | 12 | 51697 | \$102.75 | \$31.89 | \$9.21 |
| | 1 INCH | 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| | 1-1/2 INCH | 3 | 79300 | \$136.09 | \$60.21 | \$3.00 |
| | 2 INCH | 10 | 133400 | \$578.49 | \$60.21 | \$10.00 |
| | 3 INCH | 2 | 27700 | \$218.27 | \$0.00 | \$2.00 |
| | SUN | 4 | 35460 | \$43.55 | \$66.90 | \$3.54 |
| | TOTALS | | 816 | 5363975 | \$8,631.82 | \$13,511.26 |
| QTR | RESIDENTIAL 5/8X3/4 | 2349 | 16297846 | \$23,238.70 | \$40,390.44 | \$2,105.94 |
| | GENERAL 5/8X3/4 | 35 | 139417 | \$293.91 | \$96.62 | \$26.27 |
| | 1 INCH | 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| | 1-1/2 INCH | 9 | 273200 | \$426.29 | \$180.63 | \$9.00 |
| | 2 INCH | 30 | 480800 | \$1,766.42 | \$181.63 | \$30.00 |
| | 3 INCH | 6 | 129900 | \$678.69 | \$0.00 | \$6.00 |
| | SUN | 19 | 263920 | \$242.81 | \$321.24 | \$16.30 |
| | TOTALS | | 2448 | 17565083 | \$26,648.82 | \$41,170.56 |
| | | | | | X 23.07% | |
| | | | | | \$9,498.05 | |

QTR 2

Sun Communities Finance, LLC d/b/a

| WATER OAK UTILITY | | | | | | | |
|---------------------------|---------------|---------------|----------------|--------------|------------------|------------------|--------------|
| QUARTERLY BILLING SUMMARY | | | | | | | |
| | | METER SIZE | NO OF BILLS | WATER USE | WATER REVENUE | SEWER REVENUE | SALES TAX |
| OCT | RESIDENTIAL | 5/8X3/4 | 783 | 8332583 | \$9,205.44 | \$14,665.82 | \$743.72 |
| | GENERAL | 5/8X3/4 | 12 | 52324 | \$103.07 | \$30.89 | \$9.18 |
| | | 1 INCH | 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| | | 1-1/2 INCH | 3 | 87200 | \$140.13 | \$60.21 | \$3.00 |
| | | 2 INCH | 10 | 463600 | \$746.89 | \$60.21 | \$10.00 |
| | | 3 INCH | 2 | 63300 | \$236.43 | \$0.00 | \$2.00 |
| | | SUN | 4 | 48640 | \$50.27 | \$78.14 | \$3.84 |
| | TOTALS | | 814 | 9047647 | \$10,482.23 | \$14,895.27 | \$771.74 |
| NOV | RESIDENTIAL | 5/8X3/4 | 784 | 7638692 | \$8,884.37 | \$14,891.67 | \$744.02 |
| | GENERAL | 5/8X3/4 | 12 | 71668 | \$112.95 | \$36.14 | \$9.26 |
| | | 1 INCH | 0 | 0 | \$0.00 | \$0.00 | \$0.00 |
| | | 1-1/2 INCH | 3 | 97200 | \$145.23 | \$60.21 | \$3.00 |
| | | 2 INCH | 10 | 233100 | \$629.35 | \$60.21 | \$10.00 |
| | | 3 INCH | 2 | 57400 | \$233.42 | \$0.00 | \$2.00 |
| | | SUN | 3 | 43200 | \$41.13 | \$60.21 | \$2.98 |
| | TOTALS | | 814 | 8141280 | \$10,026.45 | \$14,908.44 | \$771.24 |
| DEC | RESIDENTIAL | 5/8X3/4 | 784 | 6553810 | \$8,314.87 | \$14,247.96 | \$726.14 |
| | GENERAL | 5/8X3/4 | 13 | 46667 | \$108.58 | \$36.25 | \$9.07 |
| | | 1 INCH | 1 | 1490 | \$16.70 | \$10.73 | \$1.00 |
| | | 1-1/2 INCH | 3 | 97500 | \$145.39 | \$60.21 | \$3.00 |
| | | 2 INCH | 10 | 111400 | \$567.28 | \$60.21 | \$10.00 |
| | | 3 INCH | 2 | 51700 | \$230.52 | \$0.00 | \$2.00 |
| | | SUN | 4 | 46030 | \$48.93 | \$69.32 | \$3.67 |
| | TOTALS | | 817 | 8908597 | \$9,430.37 | \$14,484.68 | \$754.88 |
| QTR | RESIDENTIAL | 5/8X3/4 | 2351 | 22625085 | \$26,384.78 | \$43,605.45 | \$2,213.88 |
| | GENERAL | 5/8X3/4 | 37 | 170859 | \$322.60 | \$103.28 | \$27.51 |
| | | 1 INCH | 1 | 1490 | \$16.70 | \$10.73 | \$1.00 |
| | | 1-1/2 INCH | 8 | 281900 | \$430.75 | \$180.63 | \$9.00 |
| | | 2 INCH | 30 | 808100 | \$1,943.52 | \$180.63 | \$30.00 |
| | | 3 INCH | 6 | 172400 | \$700.37 | \$0.00 | \$6.00 |
| | | SUN | 11 | 137870 | \$140.33 | \$207.67 | \$10.47 |
| | TOTALS | | 2445 | 24097504 | \$29,939.05 | \$44,288.39 | \$2,297.86 |

X 23.07%
\$10,217.33